FINAL TRANSCRIPT

Thomson StreetEvents℠

SIG - Signet Jewelers Investor Day And Store Tour

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PRESENTATION

Mike Barnes - *Signet Jewelers - CEO*

Good morning, and welcome to everybody. I am Mike Barnes, Signet's Chief Executive, and it is a pleasure to have all of you here. Thank you for coming. Before we start let me ask you if you don't mind to ensure that your mobile phones, BlackBerry's, iPhones etc. are off as they may interfere with our audio visual equipment. We appreciate you (inaudible) that.

I would also like to welcome those of you joining us by webcast through the Signet website. During today's presentation we will, in places, discuss Signet's business outlook and make certain forward-looking statements. Any statements that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. We urge you to read the risk factors, cautionary language and other disclosures in the annual report on Form 10-K that was filed with the SEC March 30, 2011, and we also draw your attention to this slide on the screen.

Before we get going, I would like to make apologies for Ron Ristau, our Chief Financial Officer for Signet. He had an unfortunate family situation that he had to attend to today, and he (technical difficulty) sends his apologies and best regards and happy to speak with you over the phone or in future meetings (technical difficulty).

Before we begin our presentation by divisional management, I am going to speak a little bit to our strategy to take advantage of the evolving specialty retail marketplace. Signet's trading record, our scale and market share gains and proven ability to launch successful differentiated brands are all powerful reasons why we are well placed to do so.

Rob Anderson, our Chief Executive of the UK Division will then update us on the UK jewelry market and our growth strategy for the UK Division. Rob has been with Signet since 2000 and has been the UK Chief Executive Officer since the beginning of 2003.

Mark Light, our President and Chief Executive Officer of the US Division will speak next. Mark has built quite a career in the US Division of Signet and he became the US Chief Executive Officer in January of 2006. I would also like to note that this year Mark was recognized and inducted into the National Jewelry Retailer Hall of Fame after more than 30 years in the industry. Congratulations, Mark.

Ed Hrabak and George Murray, our Senior Vice Presidents of Merchandising and Marketing respectively, will then follow Mark. There will be time at the end of the morning for you to ask questions as well. Then we will have a short lunch break, after which

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we will all travel to Paramus for the store tours, which will be well worth while I assure you to join us on the store tours. We hope you can all make it this afternoon.

And for those of you interested in making purchases while you are in the stores, we encourage it, but we also offer you a 25% courtesy discount on any merchandise purchases, excluding loose diamonds although loose diamonds will still be for sale.

One other thing just before we start with the presentations, I would like to update you on current trading. Normally we would not do this in the middle of a quarter but given that we do have our Investor Relations Day today and considering a lot of the market volatility that we're all thinking about out there in the past couple of months, I'm going to make an exception. I have therefore pleased to announce that our same-store sales in the first eight weeks of the third quarter were broadly in line with those reported for our second quarter.

As you will recall, we had a very strong 9.9% same-store sales reported in the second quarter. So that is a great way to start the day.

So why invest in Signet? Talking about the factors that have driven the strong sales performance that I just mentioned are the same ones that are behind our record of gaining profitable market share over a number of years. We believe this is a result of many sustainable competitive strengths. Importantly, we are adding to these competitive strengths through the initiatives that we will talk about today.

We believe the excellence and execution by our experienced and well-trained team of professionals will help us gain a further profitable market share and drive operational leverage within our business.

Now we'll look at competitive strengths in a little more detail. Our greatest competitive strength is its superior in-store experience. We have a consistent goal to outperform all our competitors in customer service which is still extremely important and central to jewelry transactions unlike many other forms of retail in today's world.

We also focus on our in-house repair and design capability as we have 1000 plus jewelry artisans within our stores between design and repair. Finally, our after sales services, such as our warranty program and our extended service plans are very critical to the customers' experience within our stores.

Absolutely crucial to our providing superior in-store experience are our outstanding store teams -- this shouldn't be taken for granted. This is not something that we created overnight but rather it has taken many, many years to develop. We strive to recruit the best and brightest. Then we focus on continual training and development so they have all the support that they need to succeed in providing that wow factor that our guests are looking for and in driving sales.

You can see some of our extensive training materials. You may have seen some in the room next door as you had breakfast and as you walked into (inaudible) facilities at lunchtime as well.

The development of our team requires incredible support from our field and our central functions. It also requires tremendous systems dedication. We need to be able to identify, to understand and effectively implement best practices. Much of this is based on monitoring individual performance across key performance indicators, by receiving customer feedback on a store-by-store basis, and through sophisticated market research.

This is key not only to store operations but it also applies to all other parts of our business. We have an experienced and long-tenured management team in most areas that we complement by the recruitment of new expertise, as necessary.

Our scale also means we are better able to invest in innovative systems to effectively maximize our efficiencies. A good example is the performance matrix that you will see demonstrated in the store this afternoon. But this is just one example of the innovative systems we have within our business.

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Another is the customer assisted selling system which will be demonstrated later this morning and more fully during the Jared store visit. This system is in all Jared stores and is expected to be rolled into Kay over the next 12 months.

As with many other aspects of our business, our investment in training and systems is based on a "test before we invest" philosophy. We thoroughly test and refine before we aggressively roll out any new initiatives.

But while we do consider the in-store experience to lead our list of competitive strengths, we have many others. Other competitive strengths include our supply chain leadership; the development and the growth of differentiated branded merchandise; high customer awareness driven by our ability to advertise on national television and utilizing quality advertising campaigns; quality and the superior locations of our stores; and finally within the US, our in-house customer financing capability. You'll hear a lot more about these from our team later on.

Let's talk about brands for a minute. Earlier I highlighted the growth of merchandise brands within the specialty jewelry sector and our leadership and their successful development. If we were to take a look at a typical or what we would consider a traditional jewelry store, you might have a diamond counter, a gold counter, a colored gemstones area and a watch counter. The majority of branding you would see would primarily be in watches in a traditional store. But this is changing.

Brands have become increasingly important for consumers all around the world, and while the jewelry industry may be a little late to the party, it is not immune to it. Consumers are wanting a reason to buy. They want innovation, newness, something that makes a statement. Brands do just that.

So with the strength of our differentiated and exclusive brands along with strong partnerships with other third-party brands, this has become a powerful driver of our performance.

Let's take the US business for example. About 10 years ago, brands made up less than 10% of our merchandise sales and most of this was in the watch category. Five years ago, brands made up around 15% of our US merchandise sales, with the Leo Diamond, our first differentiated brand accounting for much of this increase. Last year, brands accounted for approximately one-third of our US sales with differentiated and exclusive merchandise accounting for about 22% of all US merchandise (inaudible) and that was up by 300 basis points over the prior year.

This year we are on track for much further significant increases in this area as well. We will continue to respond to our customers' demand for brands. Our merchandise strategy is consumer pull rather than retailer push. This is based on our "test before we invest" strategy and significantly increases our ability to succeed.

Now I'm turning to some of our current initiatives to create new competitive strengths. Our store designs in both the US and the UK are increasingly reflecting the growing importance of all brands. For example, illustrated here is Omega Boutique in an Ernest Jones store within the UK. And in the US market, we are also testing Tag Heuer boutiques within Jared.

Another major initiative is digital marketing with important upgrades for our website is being undertaken in both the US and in the UK. Social media and mobile applications have been in the UK for a while and US capabilities are being launched [shortly].

We are also greatly increasing the use of customer-assisted selling systems in-store which both improves the in-store customer experience and enable us to make substantial use of virtual inventory, which is far and away my favorite kind of inventory. We started using these systems in Jared about five years ago in the diamond ring category and last year we successfully tested it in Jared's Le Vian collection as well.

We now have multiple interfaces in every Jared store, and we're rolling out 275 Kay locations to the system this fall and also testing this system in the UK.

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We build our competitive strength by identifying and responding to major long-term changes in consumer habits as well as by the evolution of our merchandise such as the growth in brand merchandise which I've mentioned already.

Other ways that we have evolved meets the needs of the changing (inaudible).

The development of Jared, an off-mall destination format, non-promotional policy that offers great service, selection and value was designed to cater to an underserved sector in the jewelry market. It is now one of the largest jewelry chains within the US with 180 doors supported by national television advertising and we feel we have the opportunity to grow this chain around 300 locations nationwide.

Kay, the brand Kay has capitalized on the increasingly shopped off-mall and outlet locations by successfully developing store formats for these types of centers. This greatly increases the potential store base for Kay while complementing the strong mall-based brand penetration.

In the UK, there is a continuing shift in shopping patterns from tradition High Street locations to major regional malls and with H.Samuel and Ernest Jones, we have developed formats well suited to maximize the business in these locations. These are generally larger in size. They are newer in design allowing for an improved customer experience and an expanded merchandise selection.

And as we've discussed, we have a major initiative underway to take advantage of the technology provided to the consumer with the best of both the traditional store and the digital environment.

Responding to the consumer will always be a priority for us. We will continue to test and evolve our business models going forward as we've successfully done in the past and as we continue to lead the evolution of our industry.

There are three guiding principles I would like to talk about a little bit that really constitutes a lot of our management approach to the business. First is flexibility. Often times size lead to a lack of ability to respond quickly. At Signet, our investment in people and systems means that we have been able to identify trends early and respond rapidly.

We execute to the latest trend rather than to a budget plan that may have been conceived many, many months ago. We have to follow the trend on a current basis. Clearly that is important at all times but it's even more important in this challenging environment that we face in today's world.

Second, our ability to manage expenses and assets. Over the last four years, we've demonstrated an ability to react quickly and effectively to manage both of these. In fiscal 2010, we reduced costs by $100 million, inventory by $225 million, and capital expenditure by $70 million.

In fiscal 2011 and in this year to date, we have demonstrated the ability to thoughtfully reinvest in the business thereby driving same-store sales and sharply rebuilding our operating margins.

Third, a little bit about the innovation. While we have tightly managed expenses and assets, we have not risked the long-term health of the business. Over the last three years we have continued to innovate. We have taken major steps introducing depreciated brands and put in place the foundation for further investment in sales-enhancing technology. The success of our management approach has been reflected in our ability to outperform the competition and continue to gain profitable market share.

Now I'd like to take a little bit of time to discuss management priorities. We'll start with building and maintaining a strong balance sheet. Let me take a couple of minutes to cover this topic. It is straightforward.

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Over the past three years, we focused on cash generation. We believe having a strong balance sheet is an important competitive strength. This is especially so in a capital intensive retail business with significant lease commitments. So that's step one, to raise cash. What next?

Next, we paid off our debt, in particular the elimination of the private placement notes that carried expensive interest costs and restrictive terms. We took care of this in the fourth quarter of last year. Following that and earlier this year, we put in place a new revolving credit facility with an increased capacity at lower rates and more favorable terms.

While we continued to invest in our business strategy even during the downturn, we had to pull back in many ways as so many companies did. So next to catch up certain deferred investments, we approximately doubled our capital spending for the business in fiscal 2012 to be sure that we are maintaining a store environment appropriate for the industry leader that we are.

We have also increased the number of store openings, and Mark will go into that in more detail including our thoughts going into next year.

In addition, much of the capital spend is being invested in our infrastructure to be sure we continue to have a solid foundation to build growth upon, to improve our overall execution, and to allow us to take a stronger stance in the fast evolving world of digital media.

Most recently during our last earnings announcement, we are pleased to announce that the Board approved and reinstated the payment of an ongoing dividend of $0.10 per share per quarter. Even in this extremely volatile world in which we operate, this shows our measure of confidence in our strong business model and our ability to continue delivering strong cash flows on a year-to-year basis.

So after raising cash, paying off debt, restructuring for higher capacity at a better cost on our revolving credit facility, and most importantly, investing intelligently back into the business, our Company is still left with a very strong balance sheet.

That kind of brings us up-to-date as to where we are today. Where do we go from here?

We believe we must maintain the strong balance sheet that we worked so hard to build. But how do you define what a "strong balance sheet" is? What is an appropriate amount of cash to have in order to ensure future strength and financial flexibility of our Company?

In today's environment we determined that a range of about 7% to 9% of net sales or at this time somewhere in the $300 million range will achieve those goals. We base this on benchmarking studies of similar companies and our internal view of future working capital requirements. This decision now gives us a guideline of available funds over and above the cash reserves for future investments.

These investments would include continued reinvestment in our business. We will continue to increase productivity within our existing store space. Continued investment in building new stores and as we see customer shopping patterns evolve and quality space in sought after markets become available, we will do so.

Continued investment in new and innovative product ideas, brand and marketing. You are going to hear a lot more about this from our management team after I finish.

Number two, we will invest in support of new initiatives. We will continue to be open to opportunities for growth in new geographies, new distribution channels, new concepts or within our ever-important supply chain. We'll do this organically or through acquisition and/or joint ventures in a very measured fashion only when the risk/reward benefit is favorable and we can clearly leverage our strength and drive shareholder value.

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We think there may be opportunities worth vetting obviously within a reasonable period of time in some of these areas now. I can assure you though, whether our future investments are done organically or otherwise, at this time we're only interested in opportunities that fit well into our business model, that meet our strict criteria for financial returns, strengthen our Company for the future and are of a nonmaterial side so as not to distract our management from any of our current successful initiatives that this management and their teams have executed so well.

We will then utilize any additional free cash flow to enhance shareholder value through appropriate means, which could include such vehicles as share repurchases and/or additional dividends (inaudible).

Now I would like to turn it over to Rob Anderson, our CEO of the UK Division, to give you an update on the UK business.

Rob Anderson - *Signet Jewelers - CEO, UK Division*

Good morning. It is a pleasure to be here. As most of you will not be as familiar with Signet UK business as you are with Kay and Jared, I'll begin with a brief business overview highlighting the similarities and differences to the US. I will then outline the growth strategy for the UK business. In particular, how we are giving more reasons for the consumer to shop at our stores rather than those of competitors by differentiating H.Samuel and Ernest Jones through branded merchandise, store design and quality of in-store experience.

I will also look at our multi-channel initiatives though we are leaders in the UK jewelry sector, and adding further new initiatives this year.

Lastly, a brief look at how we continue to improve execution for the financial performance of the business.

In the UK, Signet trades as two brands, H.Samuel and Ernest Jones. H.Samuel is the number one jeweler by sales with 338 stores. It is location in almost every medium and large retail center with a typical net stores size of 1100 square feet. Its customer is middle market with a typical household income of between GBP15,000 and GBP40,000.

To help you position the brand, it has a strong fashion watch selection including Diesel, DKNY, Fossil and Police, as well as more traditional watches such as Seiko and Citizen. The only competitor of any size is F.Hinds who has about 100 stores; the rest are independents. H.Samuel represents about 11% of Signet's sales.

Ernest Jones is the number two jeweler by sales with 202 stores. It's represented in most large retailer centers with an average net store size of approximately 900 square feet. Its customer is upper middle market with a typical household income of GBP30,000 to GBP50,000 or about $50,000 to $80,000. It also has a strong fashion watch representation through brands such as Armani, Gucci and Christian Dior as well as more traditional watches such as Rotary and Tissot.

In selected locations, it also has prestigious watches such as Breitling, Omega, Rado and Tag Heuer.

Ernest Jones also has a strong diamond business. There are three chains that compete with Ernest Jones, particularly in major regional malls. The largest is Goldsmiths, followed by Beaverbrooks and Fraser Hart. There are also a significant number of independents. Ernest Jones accounts for about 9% of Signet's sales.

This retail map gives you an overall feel of the market. While not shown, most of our competitors are independents which we estimate to account for about 80% of the approximately 5200 specialty jewelry doors and the market is very fragmented as in the US. Unlike the US, jewelry and watch sales in the UK are mostly made in the specialty sector. It accounts for about 75% of the total against about 43% in the US.

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The largest non-specialty operator is Argos, which is a catalog showroom. It operates at bottom end of the market as does Warren James, the discount jeweler.

While the market position of the US and UK division are very similar, there are major differences in merchandise mix reflecting cultural differences. In the US, you can see that the dominant category is diamonds while in the UK, there is a more even category share led by diamonds and watches particularly fashion watches then followed fairly closely by the gold and silver category.

Thirdly, in the US, providing customer finances is important. This is not a significant in the UK marketplace.

So turning to our strategy for growth. In the challenging marketplace, we have a number of internal initiatives to drive the business and to attract customers. For example, differentiating H.Samuel and Ernest Jones from competitors through store design, merchandise and marketing plans; leveraging our scale to invest in multichannel opportunities, e-commerce and to continue to integrate these activities with our stores; and to continue to focus on execution particularly in regards to staff training and customer service.

In the current economic environment, the strong typically get stronger as they continue to invest in competitive strengths while others struggle financially and operationally.

I will now cover each of these in more detail. First, differentiated retail formats. We continue to update our store designs. These are our newly opened stores, the Westfield Stratford City development, the largest urban mall in Europe. Our stores are much nearer in layout to a typical US store than those operated by our competitors, and help differentiate us in the marketplace. These designs are much better suited to attract new customers and providing superior customer service than the typical UK jewelers.

These new stores move our standard designs -- move on our standard design features, increase the focus on merchandise brand in-stores. This is particularly so with the Ernest Jones format where we are increasingly making use of in-store branded boutiques such as for Breitling shown on here.

Second, there is an increased emphasis on branded merchandise both in H.Samuel and Ernest Jones. It is very important as we introduce more of these brands to maintain appropriate opening price points. At H.Samuel, the focus is on partnering with third-party brands that cater to the middle-market DKNY, Guess and Chamilia. H.Samuel's scale makes it a key partner for these brands.

At Ernest Jones, there is more of a focus on differentiated brands, some of which are specific to the UK market such as the Amanda Wakeley range, while others such as the Leo Diamond, Le Vian, and Tolkowsky, draw on our US experience.

Moving onto marketing initiatives, we have carefully measured the effectiveness of our initiatives, TV, in-store catalogs, media inserts, door drops, press advertising and CRM, and continue to refine the mix.

Partnering with major brands is also increasingly important. For example with Chamilia on TV for Mother's Day, the watch brand at Christmas. In-store events focused on particular ranges have been successfully tested and are being rolled out this fall. Among the most significant have been Le Vian and Chamilia events.

Multichannel is becoming a key part of our strategy. It is about creating synergy from an existing infrastructure, such as stores or websites and developing a customer-centric model allowing customers to research, contact, browse, purchase through any medium. We start from a strong position, with the number one and two store brands and the two leading jewelry websites in the UK. But also have Facebook pages and Twitter feeds for both brands.

We continually upgrade our capabilities. Two of the new developments we have introduced this year or will be shortly launching include fully transaction iPhone phone apps for both brands; ratings and reviews on our website for all products, enabling

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customers to see written reviews to assist their purchasing decision; via Webchat on both websites, allowing our customers to instantly communicate with us for the buying process; adding personalized jewelry options; and we are texting in-store terminals in H.Samuel in Westfield Stratford City.

We have further important developments planned for next year. (technical difficulty)

Finally, at the heart of all we do is the in-store customer experience, in particular customer service. Therefore staff training and retention remain a priority. In addition, we are particularly focusing on making the best use of our great store team members by ensuring optimal staffing at peak periods, investing in IT to minimize in-store admin tasks.

We are also investing in technology to simplify our business processes to enable the central functions to add more value to the business.

A long-term initiative has been to shorten lease periods, enabling us to take advantage of the weak UK property market.

In fiscal 2011, the UK division reported operating income of $57 million, an operating margin of 8.2%, and contributed 15% of Signet's total operating income. The return on capital employed was almost 25%. The business was strongly cash flow positive.

So far this year to the end of July, same-store sales have been slightly positive. This means we have been outperforming the UK non-food retail sector as a whole. A good performance when the UK consumer is experiencing the worst squeeze on disposable income for at least 30 years.

Year to date, operating income is little changed from last year, particularly if the disposal gain of $900,000 in fiscal 2011.

One final difference to the US division is that nearly all the operating income in the UK is earned in the fourth quarter. Therefore, we are currently very focused on our final preparations for the holiday season.

Just before we finish on the UK business, I will hand back to Mike. Thank you.

Mike Barnes - *Signet Jewelers - CEO*

Thanks for that update, Rob. We appreciate it very much. Let me leave you with a few reasons why the UK business is a valuable long-term competitive asset for us.

First, it's a strategic partner for any international mid-market watch and jewelry distributor. I know how important that is from my many years at Fossil, where I was a vendor for Signet for over 15 years.

Second, our UK division is the clear market leader within the UK market. And finally, UK division is not only the leader in the UK market; it is the largest midmarket specialty jeweler within Europe. So it is extremely important to our business model and something that we continue to invest in very strongly.

We saw a lot of the initiatives that Rob spoke to and I think that it will benefit us much, much in the future especially as the economy within the market [increases].

Now I would like to turn it over to Mark Light, our US Chief Executive Officer, and have him and his team take you through the US division. Mark?

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Mark Light - *Signet Jewelers - President and CEO, US Division*

Thanks, Mike. Hello, everybody. We are very pleased to be here and explain why we believe Signet is a very special Company. This is based very much on the people and the culture that have built the success of Kay and Jared the last 20 plus years. It is about an in-depth understanding of the consumer, and equipping our great team of people with the training and the skills to exceed our customers' expectations.

In particular, we want to demonstrate why we believe that we can continue to profitably grow the business in the future.

Our growth strategy has multiple elements and here are three of those.

First, driving store productivity and operating leverage. We aim to achieve this by further developing our leadership of the bridal category, continuing to develop branded merchandise that differentiates us in the marketplace.

Second, by resuming space growth. Over time we see the potential to increase selling space by about 40%. In fiscal 2011, we opened six stores. This year we are on track to open 23 stores. We are targeting to open significantly more in fiscal 2013.

Third, by using technology to enhance sales and enhance execution. Looking at each of these in turn, let's start with the bridal category, which accounts for about 50% of our sales. We have established some major initiative and continue to focus strategy on driving sales in this category.

The bridal marketplace is dominated by specialty jewelers, reflecting the high important that the bride and bridegroom-to-be place on the in-store experience, which is even more important than any other jewelry transaction.

The purchase of a diamond engagement ring is one of the most important emotional purchases anyone will ever make. Our store team members make it a very special event for those individuals. Central to this is the training we provide our team members. It is our people that make the difference.

This afternoon you will get a chance to meet some of them. See for yourself just how good our people are. To help them succeed, we provide our team members continuous training in customer service, product knowledge and [selling] skills. We also focus on the identification of best practice and its incorporation with our day-by-day, store-by- store execution.

We have a computer-based selling system for the bridal category in Jared and they are now rolling out a similar system in our Kay stores. This is a very good example of using technology to improve customer service and execution.

Another example, enhancing our guest experience index. On a monthly basis, each store receives a report based on customer feedback across a range of different key performance indicators. They are benchmarked against all our other stores and helps our field management identify best practice, and to target the training in the most appropriate manner. This is part of our computerized store information system and it integrates the customer feedback with scheduled targeted training that ensures the correct materials are used, monitoring that the training actually takes place.

So we are actually now splitting the responses between the bridal category and other purchases so we can get to a better understand the bridal customer to target training even more accurately.

We have also carried out a major research project to understand the better psychology of our bridal customer, something that our scale enables us to do. Our learning from this has been incorporated into our marketing and into our store training program for this fall.

When we visit the stores this afternoon, you will see the selling system demonstrated, guest experience index report and the support given to the in-store training.

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As our team members are so important to us, we seek to recruit and retain the best and the brightest and to motivate and reward them accordingly. We have a strict policy of promoting from within our field management. All of our district managers and above must have served as one of our store managers. Even if we recruit a vice president of field operations from a competitor of ours, they have to start by managing a Kay or a Jared store.

Central to building our unique culture and to our low staff turnover figures for field management, we believe is consistently under the industry average. As a result, we continue to build on many years of training rather than having to keep relaying the foundation. This makes our training much more productive.

If staff leaves us, the reason that is often given is that our expectations, our performance standards are too high for them(inaudible).

Now turning to merchandising and our supply chain expertise. Given our scale, we have invested in sector-leading merchandising systems and more importantly, team members that use them provide our guests with the right merchandise at the right time and in the right place. They are lead by Ed Hrabak will be presenting next.

A measure of their expertise is that in fiscal 2010, reflecting sharper lower sales, we reduced our inventory by $225 million while increasing our margin. Average inventory has further decreased by over 11% in the second quarters of fiscal 2010 and fiscal 2012 despite a significantly higher increasing commodity costs while sales for the same period increased by more than 18%.

An important development over recent years is the increasing use of virtual inventory both in-store and online. Again we are hugely the preferred retail partner of our vendors.

We also believe that we have the best supply chain within the midmarket specialty jewelry sector. For example, last year 45% of diamonds we sold were purchased cut and polished on the international diamond market. Our scale also enables us to buy complete merchandise cost effectively. In addition, a strong a balance sheet reduces supply chain costs and allows us for greater flexibility in production and timing of delivery to better meet the variations of the customers' buying patterns.

Our expertise, systems and balance sheet also mean we can effectively smooth the impact of volatile gold prices on hedging. Our successful track record means that manufacturers and designers often bring their best ideas to us first. We can negotiate exclusive agreements which, with our other competitive strengths allows us to develop differentiated and exclusive branded merchandise.

Within the bridal category, we have three established different brands. The Leo Diamond is widely recognized as the most successful branded diamond program. It has been carefully developed for the past 11 years and is sold in Kay, Jared, our regional brands, and in Ernest Jones in the United Kingdom.

The Peerless Diamond is an Ideal Cut diamond exclusive to Jared and Hearts Desire, a range of bridal semi-mounts and fashion jewelry also using Ideal Cut diamonds.

In addition, we are developing two new bridal branded ranges. Neil Lane Bridal is our first differentiated branded setting and will be available in all of our stores by the end of the third quarter. And the Tolkowsky Diamond, an Ideal Cut diamond currently sold in just over 600 of our Kay stores. Ed will give you further insight.

An important factor in our successful development of differentiated bridal merchandise is our ability to use national television advertising cost effectively. This is very attractive to our potential partners. As part of our increased focus on the bridal category, we are testing different marketing strategies to better reach our target customer.

Now I would like to show you one of our Kay ads, Leo Diamond, our top-selling differentiated brand.

(Video playing)

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Mark Light - *Signet Jewelers - President and CEO, US Division*

(inaudible) exactly the ones you were looking for. We actually call that the universal language. (inaudible).

Given that the average selling price for a typical bridal purchase is significantly higher than the average, the ability to offer consumer finance is a must. To be able to manage it in-house is an important competitive strength. By carrying out this function in-house, we can tailor our scorecards to the bridal customer which have different characteristics when making a bridal purchase from when they make other credit transactions.

I'd like to emphasize that our customer finance function is designed to support the sale of jewelry and not to sell credit. We also found that the lifetime value of an in-house credit customer is 3.5 times more than that of a noncredit customer.

As well as branded differentiated and exclusive merchandise in the bridal category, we also have great success in the non-bridal category with merchandise such as Charmed Memories, Le Vian, Love's Embrace and Open Hearts by Jane Seymour. By helping create a unique store destination and by providing our sales associates a powerful selling proposition, these brands can help drive store productivity two ways. One by increasing the volume of transactions and by helping to drive average selling price, particularly so in the bridal category and with Le Vian.

As a group, the exclusive and differentiated branded ranges, both bridal and non-bridal categories, continue to show very good momentum.

In addition to differentiated brands, we are also building out assortment of third-party brands such as Pandora and Triton, and within the timepiece category, Bulova, Citizen, Movado and Tag Heuer.

Jared continues to have great success with Pandora due to our superior in-store experience, disciplined execution by our merchandising team, and national television advertising. Again, our scale and consistency of execution across all of our stores makes us an attractive partner for brand owners targeting our sector of the market. We continue to focus on brands that meet our customers' demands.

The core merchandise that we sell benefits from strong brand value that are created by a long-running Kay and Jared advertising programs. We offer a customer -- our customers a strong value proposition that is based on superiorly quality at great prices, supported by additional customer service points such as our lifetime diamond warranty program and trade-in policy, crediting the customer with the full value of the original purchase if they trade up to a piece that is more than twice the original (technical difficulty).

This strong value proposition, which is explained to our customers by our great store teams is based on our quality of execution in all parts of our business and on our scale. This merchandise has been central to our consistent outperformance of our competitors over many years and continues to help drive our profitable market share gains.

Now turn let's turn to space growth opportunity. In fiscal 2012, we plan to open 20 Kay stores, nine will be in malls and 11 off mall, three Jared stores. We also expect to exit 35 stores at the end of their leases. Overall the change in space during the year is expected to be neutral, but the quality of the sites will have been enhanced.

Longer term, we see the potential for about 850 Kay mall stores, about 500 Kay off-mall locations and 300 Jared stores. Both Kay and Jared therefore have the potential to increase space by more than 40%. After adjusting for a continued reduction in the number of regionally branded stores to about 100, this gives us a potential net space increase of about 40%.

As I indicated earlier, we are seeing more real estate opportunities and are now targeting to open 40 to 50 stores in fiscal 2013.

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Another driver of growth is the use of emotionally connected technology. This is technology that enhances the consumer experience whether in-store or through a wide range of digital communications. We utilize our insights into our customer to use technology to better meet their requirements. For example, being able to provide jewelry that meets their desire to have individually tailored pieces or a wider selection through the use of virtual inventory and in designing the wider customer interface using the appropriate emotional prompts.

George Murray in his presentation will cover e-commerce where we plan to more than double our sales in the next few years and the use the use of our digital communications.

A theme that you will have noticed has been the benefit of scale and that applies to technology as well. We can leverage our investments across a much larger sales base than our competitors and so continue to develop sector-leading technology and systems.

Just before I end, I just want to show one of my favorite slides. I want to remind you the outstanding performance year-to-date which by the way was a record period for the US division.

There will now be a 15-minute break and then we will start again with the presentation of Ed Hrabak. So we have 15 minutes. Thank you all.

(Coffee break)

Ed Hrabak - *Signet Jewelers - SVP, General Merchandising, US*

Okay, welcome back. I hope you are feeling refreshed and ready for the next two presentations where George Murray and I will look at aspects of our growth strategy in a little bit more detail.

We'll start with our initiatives in the bridal category which represent approximately 50% of our overall business. Our goal is to have the most comprehensive assortment in the marketplace for the midmarket consumer offering exclusive merchandise -- differentiated brands, as well as unbranded merchandise, while always providing a great value to the consumer.

In both our bridal and fashion categories we are also looking to create branded collections that have lasting equity. Therefore, the merchandise not only has to be great at launch, but we also need to continue to innovate and keep the merchandise fresh and relevant over time.

I will also speak to our world of virtual inventory and a personalization and customize jewelry program that is not only exclusively ours, but also light-years ahead of the competition. A program where we can offer products to our customers, only limited by their imagination.

So what is a comfort offering for the bridal category in our sector of the market? Bridal, as I stated, is a major portion of our total sales but a smaller percentage of our unit sales. Many times this is the first significant jewelry purchase that this customer has ever made, and our merchandise offerings need to be the ones that come to their minds first when they begin looking for this lifelong purchase.

When that customer does walk into our store or visits our website to gain information, we have to make every presentation count. Not only do we have to make it count, we have to be the best as surveys show a couple will often visit several retailers before making their final choice. This is where the skill, judgment and discipline of our merchandising team, supported by time-tested processes, such as our "test before we invest" approach and industry-leading systems are crucial.

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We utilize a customer pull merchandising model rather than a retailer push model. This means we will have the right inventory in the right place at the right time to continue to meet the evolving needs of our customers. This model is heavily dependent on our scale and systems. For example, we often test merchandise initially in 50 stores, then expand the test to 250 stores so that we can get a statistically valid test and eliminate any store or regional biases.

Over the last few years, we have been focused on expanding our existing bridal assortment as well as adding two new differentiated merchandise brands to reinforce our leadership in the bridal category.

First, the Leo Diamond just celebrated its 10 year anniversary as a Signet exclusive brand. We continue to grow the Leo Brand with a constant flow of new product introductions and store count expansions in both the anniversary and bridal categories. This fall we are also launching to all mall store locations a brand-new Leo display and new brand packaging to continue to invigorate the brand.

Last year we began to introduce Neil Lane Bridal to both our Kay and Jared stores. This spring we expanded the brand to all Kay and Jared stores and this fall we have expanded Neil Lane Bridal to all of our regional brands. Neil Lane Bridal price points range from $2500 to $7000 in all stores with a top store assortment of price points up to $15,000.

Last year we also began to introduce the Tolkowsky Diamond brand to our stores. Following our test and run strategy, we have been expanding a Tolkowsky solitaire program to our mall stores while at the same time testing and expanding a Tolkowsky bridal collection. This fall we will have a Tolkowsky Diamond program in approximately 50% of our mall stores with price points in all stores ranging from $1500 to $7999 and top store is having price points up to $15,000.

And even as we expand these new brands, we are already testing new product and brand extensions within these brands, as well as Hearts Desire merchandise in the Jared division.

Turning to value in the bridal category, price is just one piece of the puzzle and due to our experience, size, strong balance sheet, systems and long-standing vendor relationships, none of our competitors can buy as effectively as we do. For example, in fiscal 2011, 45% by value of all the diamonds that we sold, we selected and purchased the polished diamonds ourselves.

With our strong balance sheet we are also able to take advantage of opportunistic purchases in the diamond markets when we see value opportunities. Our strong financial position and scale means that vendors are willing to work with us to build flexibility into the timing of merchandise deliveries so we can pull forward or delay orders at short notice.

For example, we can change and get deliveries of merchandise within the holiday timeframe if we identify unexpectedly strong demand for particular items. In addition, our financial strength and success makes our suppliers want to work with us on exclusive programs, along with bringing us new merchandise concepts and ideas first.

Another important aspect of value in the bridal category is quality, particularly at the lower price points where diamonds are not independently certified. Some of our cost advantage we pass on to the consumers by offering superior quality. However, this requires very well-trained members in our stores to demonstrate this to our customers. This makes consistency of quality very important so that when a piece of merchandise is taken out of the showcase, the team member has a high degree of confidence in what they are selling. This confidence is then communicated to the consumer.

This consistency of quality has to be maintained across all of our stores and over time. This requires very experienced diamond buyers and stringent quality control.

Our loose diamond buyers have over 120 years of combined buying experience in the key diamond markets across the world, and our buyers within the bridal category each average over 20 years of industry experience.

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Earlier, Mark identified increasing our average selling price point as one way of driving store productivity. Let me give you an example of how this might work. The opening price point for a one carat uncertified solitaire set in a very simple setting would be $3199. A diamond of the same size but one quality grade higher and certified would sell for $4599. A Leo Diamond, a one carat again, certified but also one step higher in color and clarity combined with the Gemex certification demonstrating the Leo's superior fire, sparkle and brilliance would be $6,499. Historically this was the highest price point within the mall divisions.

Now with the launch of the Tolkowsky Diamond, we have a diamond of similar quality as the Leo, however having the added benefit of being cut to ideals standards. With a price point of $7,999, we can offer a one carat diamond that will fit any customer's desire and budget.

To take advantage of this opportunity, again you need very well-trained team members in store to not only point out the subtle quality differences, but to assist the customers in ascertaining the factors that are most important to them. In many instances it may be a combination of attributes that they are seeking. Here, having associates in every store that are graduate Diamontologists is extremely important.

Next, as we are facing a tough economy, having credit options that will enable our customers to purchase the bridal ring of their dreams is of equal importance. Another way the average selling price is being increased is by the introduction of Neil Lane Bridal. Currently the most profit popular price points for this collection range on average over $6,000, which is well above our typical price point in Kay.

In similar fashion to our exclusive bridal initiatives, our fashion brands have been strategically deployed to complement, not overlap with each other. For example, Charmed Memories offers our customers the ability to make a significant jewelry purchase for as little as $29, while a designer line such as Le Vian garners an average sale of well over $1000.

Jane Seymour's Open Heart Collection can certainly speak to a romantic situation, but it can also touch customers in other ways. Our analysis has shown it can be expressing the emotions of a mother to daughter or vice versa, friend to friend, an expression of sympathy or hope or any situation where keeping your heart open is sage advice. On the other hand, Love's Embrace was designed for the romantic gift giving occasion.

Our ability to drive brand awareness and purchase intent for these exclusive product ranges is achieved through our capacity to advertise on a national level for both Kay and Jared utilizing both television and radio.

These branded, differentiated and exclusive programs have enjoyed rapid sales growth over the last three years. In fiscal 2011, they accounted for about 22% of US merchandise sales against 9% in fiscal 2008, and we would expect to further increase this year.

The growth of differentiated brand is not just about launching a new product with a name. It involves a careful nurturing of each brand and keeping the merchandise range fresh and relevant to the target customer. Let me demonstrate what this means from a merchandising perspective for you.

When we launched Open Hearts by Jane Seymour in 2008, the collection was centered around a Jane's original iconic design. In 2009, the Angel design, which has proven to the very successful, was added along with the introduction of a watch collection. In 2010, we introduced a nature themed collection, a key collection, and a collection of Open Hearts charms as part of our Charmed Memories program. This year we introduced colored stones to the collection.

Following our test and run strategy, this was initially tested in a select group of stores earlier this year and will be expanding to all stores for holiday.

We have also been introducing new designs that enable us to continue to offer merchandise at opening and other key price points which is helping to offset the impact of higher commodity costs. Therefore we can grow our differentiated brands each

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year through these types of refinements and logical product extensions without a major new launch. This is all part of creating long-term brand equity and therefore reinforcing our competitive strengths.

Turning now to virtual inventory and personalized jewelry. We first began using this concept with the virtual diamond vault in Jared. We have also translated this concept into the Le Vian selling system that was demonstrated during last year's store visit. Both of these involve a structured selling system for our sales associates to offer our customers unique merchandise selections outside of the typical store assortments. We have also utilize virtual inventory on our websites, for example with our Design a Ring capability on the Jared website, we are able to offer our guests a selection of over 15,000 exclusive loose diamonds offering a broad range of attributes across many different price points.

This year we are expanding these features to Kay with the launch of Design a Ring capability on the Kay website and the introduction of the customer assisted selling system to 275 Kay stores this fall. The customer assistant selling system screens are currently mounted on the showcases. However, we are also testing a tablet-based system.

A new extension of the concept that we have been testing this year is personalized jewelry, which I will demonstrate for you in a minute. This exclusive program of personalized and customized jewelry goes far beyond what the initial perceptions of what personalized jewelry might be and really meets the evolving needs of our customers. Because we offer our customers a real-time view of their customized jewelry, they can actually see the completed piece online before they place their order. None of our competitors have this capability.

In addition, none of our competitors offer the wide range of personalization options of gemstone choices, metal types, engraving and sizing that we are able to offer. With millions of different combinations to choose from, it is much more than just the opportunity to add a name or a birthstone to jewelry. This program gives our customers the opportunity to truly take almost any design and make it their own.

Our customers can from the comfort of their own home, lay out thousands of design options, order their selection, have it custom-made for them and then delivered to their home or local store within two weeks.

Let me demonstrate how this works. Before I really get into the presentation, I just want to say that previously these types of orders were either nonexistent because the manufacturers didn't want to deal with them, or even the sales associates didn't want to. They wanted to sell what they had right now, get credit for it at that point in time.

Why the manufacturers didn't want to do it is again, most of the manufacturers are set up to be assembly run. They want to produce hundreds of an item to thousands of an item at one particular run. The one-off ring or pendant or necklace or bracelet is totally inefficient for them. So what we've done is we've partnered with a supplier. It is an exclusive arrangement where they have set up a factory for us that is geared towards the one-off and that is how they are able to do it.

First of all, they take all the orders. Secondly, they can do it and deliver it in two weeks. So again, we will look to on our website here -- personalized jewelry. What you will see here is all of the different personalized category options. So you've got diamond jewelry, baby and children's jewelry, men's jewelry, initial jewelry, personalized rings so on and so forth, so just about every category you are able to personalize.

So let's try for our example here, personalized bracelet. So Paul, let's try this bracelet here. It is a gemstone bracelet. So what you will see now is this bracelet set up without any stones in it. It is basically set up and it defaults to the lowest quality of metal, stone types etc. So right now you are seeing that it is basically a blank mounting. It is priced at $187. It is priced in Sterling silver.

So let's say there is three different bracelet lengths, 6, 7 and 8 inch. Let's go with the average. We will say it is a 7-inch bracelet. So if you click that, you see the cost just moved up to $193. So again just by adding one additional inch increased costs. The customer sees that so they are able to toggle back and make their choice.

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So let's move from the length of bracelets. Let's go now to color stones. Let's try the bracelet in the birthstone for February, which is amethyst. So again, the bracelet is now populated with the gemstone. You see now also that the price point has moved up to $380. You know what, actually my wife said she wanted both birthstones in there, so let's do February and let's do aquamarine for March. So again, you see now that bracelet is populated with both gemstones, and the price has moved up to $424.

Our next choice is the metal content. So again, if is it defaulted to $424 in Sterling silver. Let's go to 10 carat white gold, Paul. $400. Now to go from Sterling silver to white gold in 10 carat, it is now $2600. Still not expensive enough.

Let's go to 14 carat. Now you see the price has gone up to $3972. And if you are a little bit more traditional, let's see what it looks like in yellow gold. The price stays the same because obviously 14 karat yellow, white, same price. But now the customer can see white gold, yellow gold, etc. and knows the price point. The key to this is they see what it looks like, they see the pricing in real time. It is what they've developed, it is what they've customized, personalized and it is theirs in two weeks once they click.

Turning now to managing our merchandise margin. This is a complex mixture of art and science delivered by experienced management and sophisticated systems support and analysis. Significant input cost inflation is something that the jewelry sector has been experiencing for many years. Higher commodity costs are nothing new. We have therefore developed a detailed understanding of how the consumer shops and reacts to price changes as well as our associates.

As jewelry is an infrequent purchase of a complex product, the consumer usually has very limited price visibility over time. Typically the consumer has a dollar budget, not a product specific constraint. Therefore the wide range of price points, for example from $89.99 to $1799.99 for an iconic item in the Love's Embrace collection means that a suitable item is normally within the customer's price range.

Due to our use of average costing of inventory and of hedging of gold, it takes time for commodity costs to impact gross merchandise margin. As a result, we have time to very carefully plan pricing action and product selection when creating our merchandise assortment.

And last but certainly not least, when considering pricing we have the additional advantage of having the lowest cost supply chain in the midmarket specialty sector.

Having implemented price changes, we can then carefully monitor their impact on gross margin dollars earned, adding further to our understanding and insight so better influencing future decisions. As a result, we have successfully managed our merchandise margin for many years.

In conclusion, I believe I have demonstrated why our experience, systems and scale enable us to execute in a superior manner and rather than relying on gut instinct, we make well-informed decisions. Therefore given our "test before we invest" philosophy, we are more likely to succeed than others in presenting to our guests differentiated and sought after merchandise that also provides them with great value.

I'd now like to turn it over to George Murray.

George Murray - *Signet Jewelers - SVP, Marketing US*

Thanks, Ed, and good morning. It is a pleasure speaking with all of you. Signet starts with a deep understanding of our customer wants and needs through a primary research, data mining and on-trend insights. We have a "test before we invest" culture, and we drive sustainable consumer centric competitive advantages across our entire company.

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Our emotional end benefit-based advertising campaigns utilize romance and appreciation. They build brand awareness and equity for Kay with our Every Kiss Begins with Kay and Jared's with our He Went to Jared campaigns. We utilize national television, which is particularly effective for jewelry, as it is a visual product with an emotional message. There is also very limited competition from other jewelry companies on national television.

National television has a number of advantages, including communicating brand positioning and building brand equity; greater marketing leverage because every store benefits from each additional impression; we are able to develop brand-name recognition were quickly for our merchandise launches and penetrating new markets. It provides us the ability for product placements in programs such as Kay's integration in NBC's Christmas at Rockefeller Center and Jared's integration on ABC's Marry Me Mondays on the Bachelor.

We also make extensive use of multiple touch points with consumers in store, online, credit, repair, extended service plans, warranties, gift cards. We proactively market to our customer via phone, mail and e-mail in a fully integrated manner. This integrated approach is becoming increasingly important as today's consumer expects us to be able to contact us in whatever way is most convenient for them.

We are therefore making a significant investment in digital media. We aim to be best in class in our industry. And during this year, we have been making the first of many significant improvements to our websites.

In the US, we typically spend in the range of 6.5% of our sales on marketing. This is 50% greater than the sector as a whole based on data produced by Jewelers of America. Over the years we have been investing and building our store brands, effectively creating a brand equity barrier to our competitive set. We have also created a proprietary database of 27 million names built up over more than 15 years and have very strong customer profiles to do integrated marketing campaigns and drive incremental customer lifetime value.

Our scale allows us to build behavioral models for marketing based on our customers' responses to our offers and events. We continually test alternative strategies with a champion/challenger approach.

Our Jared TV campaign talks to Jared's superior product selection and uses humor and referential power to drive traffic to our stores. Last year the commercial we introduced called GPS featured a female voice GPS taking control of a car. This year we have a sequel in which Dave, the car's owner, is literally driven back to Jared by the woman who lives in his GPS.

We are going to show you a sneak peek of GPS, which will launch this holiday.

(Video playing)

We carry out extensive consumer research to better understand our guests and potential guests so that we can communicate with them more effectively. The Jared guest is typically a college-educated, married male with household incomes in the range of $75,000 to $125,000 plus.

This year we carried out a series of major research initiatives in the bridal category including a major study to determine the size of the US bridal market. It has provided us with a good estimate of the size of the category, which is over $11 billion. As you would expect this is predominantly rings, in particular diamond engagement rings.

We conducted qualitative research into the psychology of the emotional needs and the barriers of our bridal customer followed by quantitative studies testing the various hypotheses to understand the differences of shopping and purchasing patterns of different demographic cohorts, such as the Gen Y group.

The needs and views of our credit offering was also studied. These research initiatives serve as the basis for advertising creative development and very importantly, training of our store team associates.

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Our strategy of providing exclusive, branded and differentiated merchandise is key to our market leadership and is particularly important in our bridal merchandise. With our new Neil Lane Bridal collection, we have partnered with a man who, first and foremost, is a jewelry designer. Over the last 30 years, Neil Lane has become the go-to bridal ring designer for Hollywood's biggest stars. By the way, at Neil Lane is the designer of engagement rings on the Bachelor TV show.

Earlier today Mark showed you a Kay ad for the Leo Diamond bridal collection, and I would like to show you now a new Neil Lane Bridal ad. This ad will launch at Holiday and incorporates our research findings and introduces Neil as a jewelry designer to the stars with handcrafted rings that are original Neil Lane designs for the star in your life.

(Video playing)

Now we turn to the digital environment. This is a priority area of investment for us, and our goal is to lever online what we do in-store. That is to provide a superiorly experience with great customer service and interaction. As part of this process we are also looking to achieve a more seamless interface between our in-store and online experience.

We have been steadily adding features to both sites. For example, the ability to personalize jewelry that Ed just demonstrated. We are developing a strong brand presence and an emotional connection with user generated content on our jewelry which allows customers to give ratings and reviews and with our merchandise getting an excellent average score of 4.5 out of 5.

This slide depicts the new Kay home page with the site updates that include a simplified site design and simplified checkout process, automatic recommendations for cross-sell and up-sell, the ability to compare the attributes of multiple products, the consumer provides product reviews and ratings and in-house credit information for new credit customers is available as well as payment and open to buy information for existing credit customers.

This feature is a major advantage of having an in-house credit system function. Our research indicates that store credit is a useful and attractive option to many customers and is effective at enabling fine jewelry purchases particularly in the engagement and bridal categories.

We will be (technical difficulty) featured in the Kay site this week. This will have the same functionality as the Jared.com capability, but will have its own unique collection of thousands of diamonds that are specifically targeted to our Kay consumer demographic.

With Kay, our customers are more likely to be male, college graduates, married with household incomes in the $50,000 to $75,000 plus range.

This is the new redesigned to Jared home page. Beyond the functionality upgrades that I mentioned a few moments ago for the Kay site, we have also -- which have also been applied to the Jared site, we have also center justified our sites, updated our store locator functionality, developed an e-mail preference center, worked aggressively to improve our SEO, search engine optimization, and as a result, our traffic counts on both sides are up significantly as is our conversion rates.

We've also refocused and re-prioritized our SEM, search engine marketing, or paid search.

This fall, we will also be launching a mobile friendly sites for both Kay and Jared. These sites will include features that customers find valuable, like a GPS driven store locator, product browsing as well as product reviews so that they know what to ask for when they walk into our stores. We will be making these sites transactional in later releases.

We have also been developing an understanding of the social media through initiatives such as Facebook page for Open Hearts by Jane Seymour as well as an Open Hearts by Jane Seymour YouTube channel and we Keepanopenhearts.com microsite. Since the introduction, the microsite has had nearly 100,000 visitors. The site communicates the philosophy of keeping an open heart with consumers through e-mail, e-cards and text messaging and offers the consumer the opportunity to submit their own Open Hearts story.

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We will be launching a Kay Facebook page in the next three months followed by one for Jared. These improvements in our electronic communications capabilities are just the first year of a multiyear initiative.

Our market leadership, financial resources, ability and commitment to invest in and develop people means that we can invest far more in our capabilities than our competitors and leverage our investment across both Kay and Jared and increasingly H.Samuel and Ernest Jones in the UK.

In penetrating our messages deeper into the digital environment, we leverage our television media buys and production expenditures by testing online video advertising, utilizing our TV spots in these premium video content sites. These are particularly useful for targeting Gen Y, our primary audience for bridal who is also a key user of digital media.

Shown here are a couple examples of online cobranding with network TV sites.

I hope I've demonstrated to you our market leadership in the traditional forms of advertising and the competitive advantages that brings us. In addition, I believe you will also have seen our increased commitment to the digital environment and how we are integrating our in-store and online capabilities with a consumer centric approach.

I will now hand it back to Mike for a few closing remarks before we begin the Q&A session.

Mike Barnes - *Signet Jewelers - CEO*

Thanks, George. That was great. And I would like to say thank you to the other presenters that we had here today. Really appreciate you guys taking the time and effort to come here and speak with our investment community. I think it is very beneficial to all of us, quite frankly.

I would also like to say thanks to all the team members behind the scenes that logistically made this meeting happen because it is not an easy endeavor but we certainly are glad to be here, and we are certainly glad you could join us today.

In conclusion, our outstanding performance, it is not chance. This is based on sustainable competitive strengths that we have, many of which you heard about today. Our business model is built on truly understanding the consumer and continually evolving to better respond to their ever-changing needs in the marketplace. It is about recruiting, training and retaining great people, providing them with compelling product initiatives supported by outstanding advertising and then delivering a superior in-store experience.

We will now be happy to take questions. I would ask you to please wait for a microphone to be passed before you begin your question as we are being webcast this morning. Thank you.

QUESTIONS AND ANSWERS

Valerie Brown - *AllianceBernstein - Analyst*

Hi, it's Valerie Brown with AllianceBernstein. I have a question about your virtual inventory strategy. Does the virtual inventory support your e-commerce site as well as the stores? And can a sales associate in either Jared or Kay fulfill a customer's request from that centralized inventory?

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Mike Barnes - *Signet Jewelers - CEO*

That's a great question. Thank you very much. Actually yes, the virtual inventory is very flexible. Ed, would you like to come up and talk about how it can be utilized in-store and online, etc.?

Ed Hrabak - *Signet Jewelers - SVP, General Merchandising, US*

To answer your question quickly, yes, it can be accessed by the consumer at home on the Design a Ring for the diamonds, the Design a Ring functionality; personalization is at home or in store. Again, those screens that we will have up -- we have 275 Kay stores with it. You will see that. Jared has it all. So as they start getting comfortable in training, they will be able to -- if the customer doesn't find something in the store, they will be able to take them over to that screen and help them find something and build something for them. Yes, so either way.

Unidentified Audience Member

On the store opening plan that you gave earlier, the 40 to 50 stores -- I guess first of all, are those net or gross, and which bands do you expect to be opening more stores in over the next few years?

Mike Barnes - *Signet Jewelers - CEO*

First off, we are very excited that we are able to at least ramp up our store openings a little bit over this year and certainly over the previous year where I believe it was only six. But Mark, why don't you give a little bit more detail on what kind of stores we are planning to open and how that is going to net out?

Mark Light - *Signet Jewelers - President and CEO, US Division*

Sure. First of all, where did that question come from? The number was a gross number, the 40 to 50 was gross prior to store closings. Historically prior to the recession we would have closed anywhere from 15 to 20 stores a year as you went after the recession, we ramped up in this and we're projecting 35 this year. So next year it will be in the 20 to the 30 store closing zone.

I want to start off by saying that we actually are very excited and we have a team ramped up and ready to open stores, and they are ready to open stores relative to our criteria. It's got to hit our strict hurdles as it relates to the pro forma and we have very strict real estate criteria -- center court corners or food court corner in a mall for Jared and has to have a minimum traffic count accessibility, visibility and co-tenancy.

But once those opportunities arise, our team is ready to go for it. The one challenge that we are having quite frankly is our development community is not ready to ramp up as rapidly as we are. The developers are -- obviously had some challenges during the recession and they have some markets that they are probably have too much inventory. So we will ramp up and we have the capabilities but we can only ramp up as fast as our developers will ramp up.

To answer your questions, it's going to be primarily -- it will be Kay, Kay off mall and then we will have a good amount of Jared stores opening. So I don't know if we can give numbers.

Mike Barnes - *Signet Jewelers - CEO*

Well, you said 40 to 50 stores.

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Mark Light - *Signet Jewelers - President and CEO, US Division*

40 to 50 stores but the breakdown of Kay to Jared?

Mike Barnes - *Signet Jewelers - CEO*

Yes, go ahead.

Mark Light - *Signet Jewelers - President and CEO, US Division*

All right, so in the Jared's zone -- there you go -- I got a green light. In the Jared zone, it will probably be anywhere from six to 10, and then the balance will be Kay mall and off mall.

Those are the gross numbers again, yes.

Mike Barnes - *Signet Jewelers - CEO*

Those are the gross numbers, and I think as Mark spoke earlier today about the overall real estate growth strategies that we have and the opportunity that we are excited about that we could add up to 40% really on a gross fashion to our real estate space out there. That is over a period of time obviously. That is over a fairly long period of time.

Just to reiterate last year, we opened about six stores in the US. This year is going to be about 23. Now we are looking at 40 to 50 for next year so we are ramping up but it's going to take time still.

Unidentified Audience Member

A question on the comp results that you guys are generating. Can you peel it back a little bit by nameplate in terms of maybe just traffic versus average selling price? What are the major drivers and the buckets that we should think about in giving these results?

Mike Barnes - *Signet Jewelers - CEO*

It is pretty broad-based out there. I mean we are seeing both great comp results in the US in both the Kay nameplate as well as in Jared -- double digit comp results, Mark, I believe in both of those for the past quarter. So that is pretty exciting for us.

What is driving that? A lot of things are driving it. We get the question a lot about are price increases driving it? Well partially so, that's part of it but there is also the opportunities that we have with the merchandise that we are driving especially in this branded area of the exclusive merchandise that we have and the differentiated ranges, we are able to upsell our customers. We are giving them offerings that they haven't seen before and they are willing to pay more for it.

You heard I believe Ed made the comment about Neil Lane was just something that we are really rolling out and ramping up this year. It was in test mode last year. The average price point is over $6,000 in a mall-based jewelry store, one of the best-selling price points. Is that correct?

So there is a lot of opportunity for us to bring our customers up in price, not just price increases but it's also providing innovative, fashionable product they haven't seen before and they are willing to pay more for it.

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Unidentified Audience Member

I know you want a question about capital, so let me go for it. Have you thought about or what are your thoughts regarding your rough diamond initiative that you guys started I think in 2007? It sounds successful and then kind of cut back on due to your balance sheet and the environment. Since your balance sheet is much stronger now, what are your thoughts on that? Thanks.

Mike Barnes - *Signet Jewelers - CEO*

Number one, thank you. Our supply chain is very important to us and especially when you are a leader in an industry, it's got to be very important to you. Because obviously we are buying more diamonds than anybody else out there and it is something that we need to stay focused on. Smaller guys can always find a little bit of product here, a little bit of product there but we have to focus on what is going to be sustainable long-term supply chain for us in the future and make sure that we secure that as best we can. So that is number one.

That's really important that we secure that for the long-term future and sustainability in this Company.

We are always looking at ways to build partnerships with our suppliers out there. Some of these are just buy/sell relationships. They sell, we buy. That's great. Some of them are very strategic in nature. A lot of exclusive partnerships that we have out there.

I can say that Ed and his team are working diligently working with all of our vendor community and out there internationally within the supply chain community at large to find ways to give us better supply chain competitive advantages going forward. I would not count out that there may be opportunities for us to go more vertical there and please don't read into that that we're going to go out tomorrow and buy a big diamond mine somewhere. That is not going to happen.

The partnerships that we talk about are very strategic in nature and there could be, as I said, acquisitions or could be joint ventures even within the supply chain side. But if we do something, it is definitely -- we are going to use the same philosophy we used throughout our business model and that is we are going to test before we invest. And it is the same thing with supply chain as it is for the rest of our business model. We will take it slow, we will do it in a measured way, and we will make sure that it benefits the future success of our Company.

Unidentified Audience Member

When we look at operating margins, it looks like you could be approaching the Company's all-time high at the end of this year potentially. But looking back several years when you guys were around that 13.5% margin the business was very different in terms of ASPs and branded jewelry penetration. Can you talk about your view over the next several years of operating margin drivers and just profitability in general?

Mike Barnes - *Signet Jewelers - CEO*

Sure, absolutely. We think we still have a lot of headroom available to us in the operating margin. What is important to us is we want to drive strong double-digit sustainable operating margins, and I use that word sustainable for a reason. We will continue to invest in our businesses. We have to do that for the future of our Company and for growth in the future. So we are going to invest in our systems, we are going to invest in technologies, we're going to continue to develop the most innovative best product in the industry. We are going to develop brands and marketing initiatives etc.

So I do believe there is more headroom there that we can go further. We've done a great job and kudos to the team for really managing our gross merchandise margins in an extremely effective way and making sure that we were able to at least maintain

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our gross merchandise margin and actually I think we squeaked them up a little bit even in these trying times with the product commodities going through the roof in so many different ways.

So I think we will continue to work to at least maintain our gross merchandise margins and that as we see more productivity driven through these stores that we're going to be able to continue to see an increase in the operating margin overall.

Unidentified Audience Member

Could you provide us with some recent color on consumer financing trends? And given the macro outlook, what is sort of your outlook generally in terms of consumer financing? It's such a big part of your business.

Mike Barnes - *Signet Jewelers - CEO*

It is a big part of our business, and I think that the team did a good job in pointing out the fact that -- and this is an important distinction to make. We don't sell credit. We use credit to help us facilitate the sale of our jewelry. And that is why it is so important that this is an in-house function that we have in the United States, that it's under our control and that we have a team of people that over many, many years have developed systems to accurately score the credit risk of our customers, appropriately grant credit to them and help us to utilize that in such a fashion that it actually drives our sales -- I believe Mark or somebody made the point that our credit in-house credit customer is worth about 3.5 times over the lifetime than a non-in-house credit customer.

What we do that is different from just somebody that is out there selling credit is if you have credit on a credit card, they want you to spend as much money as you can, max it out, make the minimum payment every month and take 47 years to pay it off and pay about 20 times what you originally bought for it because of all the interest charges.

Our goal is to have our consumers come in and put down a reasonable amount for a down payment and then pay it off. The average payoff is about 12% to 14% per month. So we actually have less than a year for the consumer to pay off their purchase that they made with their in-house credit card.

What that does is it opens up their personal open to buy, come back into the store and spend some more money on jewelry. So that is an important distinction to make and how we run our credit facilities versus how a lot of other people run theirs.

Unidentified Audience Member

Maybe you can give us a little sense of where you are as an industry in non-bridal. It is always hard when you look at the industry leader to determine kind of how much of a dip there was. Just looking at your numbers, there was a one kind of down 10 comp and then it kind of quickly started calling it back. And my guess is a lot of that is just taking market share whereas if you look at the mass bankruptcies that went on and the near bankruptcies in some cases, would suggest that there was a much more prolonged dip than you experienced.

So I guess my question is if you look at maybe '06, sort of one of the peak years versus where we are now, how much did the industry stand to gain back in the concept of past peak or pent-up demand that should accrue to you as much as anyone else as the market share leader?

Mike Barnes - *Signet Jewelers - CEO*

Thank you for the question. It is clear that if you look at the statistics over the last 10 years, and we have very good numbers on the US market fortunately, we have gained market share. We moved in the past 10 years from being the number two player in the market to being the number one player in market share and almost twice the size of the next competitor in market share.

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And this has been done from -- over the past 10 years in a very regimented, organized way. We've taken market share year in and year out even during the down times. In fact, I think that during the tough times, it is a better time to take market share than any other time especially when you are a strong company and you are willing to invest in your future which is what we have been willing to do.

Even in the tough areas -- toughest areas of our business, we've continued to make those investments. We have taken market share. It is very well documented. I believe last year we had about a 10.3% market share in the United States within the specialty retail jewelry sector part of the market. And that is double-digit market share that the year before we asked the question -- dare we say we're going to get double-digit market share. Well we did and we think there is a lot further that we can go in that area, too, with all the competitive advantages that we have.

There are a lot of people as you mentioned, that there were several major bankruptcies of companies during the downturn. And thousands and thousands of independent jewelers went out of business. I think that what we will continue to see is a consolidation in the industry.

This is still one of the more fragmented industries within the retail sector of the business. There is still a lot of quote unquote mom-and-pop jewelry stores out there. But over time, I think we'll continue to see a consolidation of that slower albeit slower because the economy is better than it was back in the worst days and hopefully it will continue to improve from here. But with the strategic competitive advantages that we have, with our ability to advertise on national television which of course independents can't do at all, with the strategic exclusive and differentiated brand ranges that we have, that nobody else can get, I think we will continue to see that continue for the future.

Unidentified Audience Member

Can you give us the breakdown from bridal for Jared, Kay, and then kind of where you are hoping those (technical difficulty)?

Mike Barnes - *Signet Jewelers - CEO*

A breakdown on?

Unidentified Audience Member

Out of the bridal businesses.

Mike Barnes - *Signet Jewelers - CEO*

I think the bridal business, Ed, it's about half our business right now. And we have continued to grow that business over a long period of time. We think there is a lot of opportunity for further growth in the bridal category. Do you want to talk about some of the key initiatives and why we think that is a great opportunity for us long-term?

Ed Hrabak - *Signet Jewelers - SVP, General Merchandising, US*

Again, we've done -- the programs we have I think George's team has done a lot of the research there and showed the size. We really wanted to understand because there is a lot of numbers thrown out there what really was the size of the bridal market and what was the long-term outlook for the bridal market. Is it sustainable? And it looks like it is and it is a very sizable market.

So we are continuing to look at products that provide discernible features and benefits to the consumer be it Tolkowsky with an Ideal cut, Neil Lane with a fashion element, other programs that really are filling what the customer is asking us for, what

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their purchase amounts, whether it is a look, a specific quality. And it is again what we do, we test before we invest, we do a lot of research and find out what that customer is looking for.

So bridal continues to be a very strong category for us. We are testing a lot of different products there. Already within Neil Lane we're expanding into bands, anniversary bands, jewelry aspects of that. So again to continue as I said in the presentation to build upon those successful brands and expand them with logical line extensions and other category extensions.

Mike Barnes - *Signet Jewelers - CEO*

That's great, Ed. Thank you so much. You know, the other thing about bridal is that with it becoming more of a branded business and less generic in so many ways, we've had the Leo Diamond for quite some time now. It is about 10 years that we've anniversaried with it. And it is to the best of our knowledge, the largest branded diamond that is sold in the marketplace. And it is still our largest differentiated brand exclusive and it is still very important to us for the long term.

But now we are seeing some of these new brands develop. You know this Neil Lane Bridal which is very exciting, the Tolkowsky Diamond. I don't know if we mentioned it but Tolkowsky is the name of the gentlemen that actually invented the Ideal cut diamond. What a great branding strategy we can put behind that as our experienced teams within the stores talk to the customers about what their diamond means to them. It's a very emotional purchase.

It also helps us drive the branding on two levels. You know we have our proprietary brands with the Kay jewelers and Jared, the Galleria of Jewelry. These are our proprietary brands that we are out there on national television able to drive and at the same time we can drive our merchandise brands that we have, the Leo Diamonds, the Tolkowskys, the Neil Lanes, etc. So it is a great opportunity for us in the bridal category.

And by the way, we have done the research, and during the good times, during the bad times, it is pretty consistent the same number of people are getting married every year. It's not falling off and it is something that is more of a continuity business. It doesn't depend upon a certain time of the year like the holiday season during Christmas or Valentine's Day or Mother's Day, which are all very large times for us in our business but bridal is important. It is something that happens 12 months a year and we are focused on it. We think that we can still garner a larger market share in that part of the business.

Unidentified Audience Member

I had two questions for you, if I may. The first one was just I was curious how you approached coming into the Company as a leader, just coming into a strong Company that has a culture and a history of promoting from within and I imagine one of the things that I'd be afraid of if I had been in your shoes was -- jeez, I don't want to screw this up but I want to add value, too. So I'm curious how you went and approached that task?

Mike Barnes - *Signet Jewelers - CEO*

That's a good point. Number one, I came from a great company, and I was there for over 25 years. I built an extensive career and really I thought I would never leave there. But when as I began looking at this opportunity as I spoke to a lot of our Board members and realized just what a fantastic opportunity this was and how much further we could go with it, I was very excited about it.

How did I feel about coming in? Number one, they have a great strategy. We have a great team of very experienced executives, some of which are here today that have done a fantastic job driving this business very strongly for many years. Let's keep doing that. Let's don't stop. We are taking market share year in and year out. Our business is getting stronger.

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I'll tell you what excited me is I felt like wow, this business has already started that evolution that needed to take place and that we are driving very fiercely right now towards things like branded merchandise. It is no longer your grandmother's jewelry store anymore. It is not just generically based where you walk in and there is just diamond sections and gold sections and chains over here and this and that and the other. This is something that speaks to the consumer and what they are looking for.

We are driving product innovation, and we are driving brands and that is my history. That is what I come from. I come from a company that was totally branded in every way and now I feel like I've joined a new industry that is still very related. In fact, we sell a lot of watches especially in the UK division. It is a very, very large market part of our business.

And now we are moving in an evolutionary way towards more branding, more excitement, more innovation and that is exactly what I wanted to see happen. I think it's fantastic.

Unidentified Audience Member

Great. And then my second question had to do with five years from now when you are at your Analyst Day, what do you think the penetration will be or could be of the differentiated merchandise exclusives versus the 22% today?

Mike Barnes - *Signet Jewelers - CEO*

More. We haven't set a target on that. Honestly we're going to let these brands find their own levels. I think that we made it clear throughout our presentations that we run a pull model of doing business. We don't run a push model. We're not going to go out there and say well we think that this should be a big part of the business and we made that decision and by golly we're going to go buy a lot of it, we're going to put it in all of our stores, we're not going to test it and go from 50 to 250, tweak it, get it right and then roll it out. We're just going to put it in every store and we're going to just try to drive it because we think it is the right thing to do. It's not the way we operate.

We are on a pull model. We go out there and we test and react, and we test and react and we keep doing this until we get it right and then we roll it out. And that to me is the most effective way of doing business.

Again historically, it fits exactly the way I did business for over 25 years before I joined this Company, and it is exactly the right way to do business in my opinion and that is something we are going to continue doing.

So we will let them find their own level. I think that we will continue to see, as I mentioned, last year the exclusive and differentiated brands increased by 300 basis points over the prior year and we will see that number grow again this year pretty substantially. So I think that five years from now, there is a good chance that they are a sizable part of our business.

Unidentified Audience Member

I guess, Mike, I didn't hear you talk about the UK business when you gave your quarter-to-date update. There is obviously a lot of fear in the market. Can you maybe talk about what is happening in the UK business so far this quarter?

And then on the commodity cost increases, obviously people are worried about that as we head into next year. Has the Company ever seen such an increase in the short-term period like they've seen, and does the private label or branded penetration help you offset the rise in commodity costs?

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Mike Barnes - *Signet Jewelers - CEO*

Yes, there are -- thank you very much for those two questions. I'm going to take the second one first and talk about commodity costs. Commodity costs are something that this industry sees year in, year out and has seen over many years. Gold has been going up in particular for many, many years.

Just to kind of level set where diamonds were at -- and Ed jump in here if you can help with this -- diamonds were increasing and they kind of peaked out in 2007 or 2008 areas. Is that about right? 2008 was the high.

And then as we went into an economic downturn, we saw prices in diamonds kind of taper down, level off, even go down a little bit. Clearly this year as we came out of the economic downturn last year and certainly into this year, we started seeing diamond prices rising again pretty spectacularly. You can again see that just like you can see the effects of the average inventory costing, you can see the effects of what your cost is doing well in advance and you can prepare for that.

You can see it in diamonds as well because you can watch two different kinds of prices, rough prices, which is going to eventually dictate where the polished prices are going with diamonds.

So we have the data available to us to make the appropriate plans and offset the commodity costs. Have we ever seen it like this before to this level? I don't know. I do know that if you take gold and you look at the tremendous spike that it has had over the last number of years, there was a time back in the 1980s that if you inflation-adjusted, you could almost overlay those and you had that same similar type of a spike. And then of course it abated and went back down.

Will it go down? Unfortunately I'm not a prognosticator and I can't predict that. What I can predict is that we will continue to make the appropriate right decisions for our Company as we see the commodities change. The one thing about commodity pricing that we ought to just put out there, we are all on a level playing field. Everybody's got to deal with it. Whoever deals with it more effectively wins and we feel like that we've got the experience and the team to do that.

As far as the UK business, number one, I would say based upon the type of economy and the environment that the UK in general is going through, I am very pleased with the results of our business in that market. Rob pointed out some factors such as we are outperforming other nonfood retail companies within the UK. And more importantly, we continue to invest in that market.

Because of the strength of our company we are not hunkering down on the UK just trying to survive. We are making some very key investments. Rob, do you want to just talk about a couple of those a little bit more as to what you are doing to really invest in the future of driving that business?

Rob Anderson - *Signet Jewelers - CEO, UK Division*

I think before I say that, I think one of the differences that I noticed coming over to the States between the two countries is the way austerity measures have been applied in the UK, which have been quite profound and have impacted a lot of people very hard. What that looks like is to a lot of people increased taxation, to a lot of people, fewer hours of work.

So although unemployment is moving up marginally, under-employment is increasing a lot in the UK at the moment. So people who work by the hour have got less hours.

So everybody is feeling the pinch to a greater or a lesser extent, and that is really impacting the whole economy and that is reflected in the retail sales figures. Because one of the things that Mark and I have talked about over the last few months is why is it that the UK marketplace, general retail marketplace isn't performing as the American one is? And again, I'm probably going to get lynched on my way out here. I'm outnumbered with Americans.

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But I think we've had it a lot tougher in terms of the austerity measures that have been applied to our economy. And people are very mindful of that.

I think in terms of so what are we focused on? I think we are focused on similar things to the American business. First and most importantly are our people and we stay very focused on the training programs that we've got. We stay very focused on engagement. Engagement is a word that is bandied about a lot.

We spend a lot of time investing in engagement in our business. We seek opinions from our employees on a two yearly basis in terms of questionnaires and what have you, and we respond to those. And in our business over the last 10 years, we've come from being one of the worst people in terms of labor turnover to one of the best.

And if I benchmark John Lewis in the UK as the best in class, our turnover figure is similar to theirs now which just illustrates the commitment and the engagement we've got from our people.

From a product point of view, the next thing we are very focused on that. We've got very strong relationships with the US business and that is not just me and Mark having a conversation once a month. But rather the way through our organization these guys will testify, we've got relationships. So we know what's going on over here. They know what's going on in the UK.

And if you look around the room or around the anteroom, a lot of the brands that we've got, all of those brands -- we've either got them in the UK or if we have not, there is a bloody good reason why we haven't.

Jane Seymour is one of the brands we haven't got. We tested it in the UK. It didn't hit the spot in the sort of engagement point of view with the UK consumer as it did with the US consumer. So we tested it, did it work. We don't want to flog a dead horse so we moved away from it.

The other thing is real estate. When you look at the quality of our real estate in the UK, we have strict principles as they have in the states. If you entered a new Westfield Stratford development in London or the Stratford West London site which has been there for a couple of years now, you will see we've got the best locations, we've got corner sites, we've got the best jewelry stores in both of those malls.

So what we're doing in a time of difficulty here is trying to strike that balance between investing in the important things in the business. But at the same time, we've got to be prudent about our costs where we can, and it's an interesting process that we are engaged in on a day-to-day basis.

Mike Barnes - *Signet Jewelers - CEO*

Thank you very much, Rob. Appreciate that. What is the other big mall there, is it Westfield White City? Is that the name?

If you go to -- if you have the chance to get to the UK and you have the opportunity to visit either White City Westfield mall or the new Stratford Center, Rob is exactly right. We have some outstanding stores in these locations. And as was spoken to earlier, the consumer is changing their shopping patterns.

I think it's important for us to note again the fact that we are following that evolution. We are not staying in a traditional methodology of you need to have kind of a mom-and-pop jewelry store in each one of these cities. You know, the consumer is changing their pattern of how they shop and where they shop, and we are following that.

That was the reason that we went after an underserved part of the market here in the US with Jared, which is a freestanding store that does very well especially when it sits at the front of a very strong power center with a very strong destination anchor

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attached to it. And we have the right traffic patterns that we scientifically check the traffic, the visibility, all of these different methodologies and it has worked very well for us.

And this move that Rob and our team in the UK are making into some of these really big regional malls I believe the Stratford that you just mentioned, you said it is the largest enclosed mall in Europe now. These malls are spectacular and they drive a lot of traffic. And these stores that we are building in there are beautiful.

So we are following the consumer where they are evolving to, and we are making sure that we continue to do that. But on top of that, we are making investments in the business to give his well-trained staff an opportunity to really drive business as best they can in the environment that is dealt to them right now.

And we are making these product investments. We are continuously working on new product ranges and we are leveraging some of the brands that are so successful for us in the United States. And then again as Rob pointed out, there are some brands that are more exclusive like Amanda Wakeley, to the UK market that has been very successful for us as well. So it is the same strategy and basically the way we look at it is we are putting together a global strategy, but we are making sure that we execute it locally to fit the needs of the market. Last question.

Unidentified Audience Member

Then I'll make it two. The first question is, is same-sex marriage a business opportunity for you? And I'm curious to find out if in your consumer research you figured out a strategy for addressing that market. Maybe you sell two rings, I don't know (inaudible)

And then secondly, I'm curious about your factory outlet strategies for both Kay and Jared. Do you view that as a significant opportunity to grow your doors?

Mike Barnes - *Signet Jewelers - CEO*

We consider all consumers to be a huge opportunity for us to drive our business. The bridal business, as we said, in whatever form it takes is an extremely important business to us, and we are going to do everything we can to maximize that business and to speak to all consumers as well as we can, wherever they are at and whatever their needs might be.

To answer that, it is just part of our bridal strategy. We will do everything we can to increase our market share within that part of our business.

Outlet strategies, you know we do have some outlet doors. Do you want to talk about that a little bit, Mark, and where you are at on the numbers that you have approximately and what you're looking to do in that area?

Mark Light - *Signet Jewelers - President and CEO, US Division*

On the Kay outlet strategy, I first want to start straight up. We don't go out and by closeout merchandise. We populate our Kay outlet stores with more of what the inventory mix is clearance type of aged inventory. So if a typical store has 4% or 5% of their inventory in aged inventory, a Kay outlet store will have up to 25% of their inventory but they will have the same offering as every other Kay in the country. All the same services, same warranty, same policies. That is first off.

Currently have roughly about 15 Kay outlet stores. We see the potential of up to 100 Kay outlet stores and in that number that I shared with you earlier that we believe that Kay can be -- we can have up to 500 off-mall Kay stores -- within that number, is an incremental 90 outlet strategies.

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Unidentified Audience Member

(inaudible - microphone inaccessible)

Mark Light - *Signet Jewelers - President and CEO, US Division*

Jared, it is not in our plans to do Jared. The Jared concept is a single price strategy, and we don't have any plans of having Jared be an outlet strategy. Right now where we can use our Kay outlets and our existing stores to deal with the Jared aged inventory issues. So it is not in our current plans right now.

Mike Barnes - *Signet Jewelers - CEO*

Thanks, Mark. And I'm sure that Ed has apologized for the unbelievable management of the merchandising and the buying groups and the fact that they are having a tough time giving your outlets enough closeout merchandise. But sorry about that.

So anyway, we want to thank you all again for attending our Investor Relations Day. It has been a pleasure to spend this time with you and look forward to doing it again the next time. We do have lunch available. Please join us for lunch and if you move towards either the back or the side rooms, we have tables set up to make a nice lunch for you.

And then at 12.30, we are going to gather and head downstairs to get on the buses for the store tours which will start about 12.30.

Thank you all very much. Enjoy lunch. Thanks for coming again. We appreciate it.

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