Signet Enters into Amended Borrowing Agreements

March 16, 2009 5:43 PM ET

Signet Jewelers Ltd ("Signet"), the world's largest specialty retail jeweler, today announced that it has entered into amended borrowing agreements.

Discussions to make amendments to, and reduce the size of, the Group's borrowing facilities were initiated by Signet in November 2008, in light of a significant deterioration in the economic environment. The goal of the discussions was to provide the Group with additional financial flexibility in the medium term, while more appropriately structuring the borrowing facilities required by the significantly lower level of net debt now expected, based on the Group's revised operating and expansion strategies. Signet anticipates that it will be in compliance with the terms of the original borrowing agreement when it announces results for the year ended January 31, 2009 on March 25, 2009.

The amendments relate to the terms of a $380 million 2013 to 2018 US Private Placement Note Term Series Purchase Agreement entered into on March 30, 2006 (the "Note Purchase Agreement") and a $520 million unsecured multi-currency five year revolving credit facility agreement entered into on June 26, 2008 (the "Facility Agreement"). At January 31, 2009 the amount drawn under the Facility Agreement was $135.0 million.

Under the amended agreements, Signet will prepay $100 million of the notes at par plus accrued interest on March 18, 2009 and the revolving credit agreement is reduced in size to $370 million with immediate effect. In addition, the margin paid on the revolving credit agreement and the coupon on the notes have been increased. The most stringent condition under the original agreements was a fixed charge cover covenant. The definition of this covenant has been amended to include depreciation in the earnings, and exclude service charges and rates from expenses. This covenant is set at 1.4:1, using the amended definition, until the end of fiscal 2012, equivalent to a reduction to about 1.1:1 from 1.4:1 under the former definition of fixed charge cover. The fixed charge cover is then set at 1.55:1 until the end of fiscal 2013. The amended agreements also reduce the permitted ratio of net debt to earnings before interest, tax, depreciation and amortization covenant to 2:1 from 3:1 (2.5:1 in the third quarter of each fiscal year) and places restrictions on the Group's ability to undertake certain activities, including cash distributions to shareholders. A more detailed description of the amendments is set out below. Amendment fees and other related costs of $9.5 million will be charged in fiscal 2010.

Walker Boyd, Group Finance Director, commented: "The amended borrowing agreements give Signet greater long-term security in its financing and the reduction in facility size more closely matches the future financing requirements of the Group. The conclusion of these negotiations reflects the strong working relationship that Signet has with our lenders and we appreciate their support of the Group in the current difficult economic environment."

Amended Facility Agreement

The terms of the amended Facility Agreement (the "Amended Facility Agreement"), inter alia, include:

- the ability by Signet to draw $370 million in the form of multi-currency cash advances and the issuance of letters of credit; and
- an increased margin of 2.25% above LIBOR (from 1.20% above LIBOR), subject to adjustment depending on the performance of the Group, with the minimum being increased to 1.75% above LIBOR (from 1.0% above LIBOR) and the maximum being increased to 2.75% above LIBOR (from 1.75% above LIBOR).

The continued availability of the Amended Facility Agreement is conditional upon the Group achieving certain financial performance criteria, including those set out below:

- the ratio of Consolidated Net Debt to Consolidated EBITDA (Earning Before Interest, Tax, Depreciation and Amortization) shall not exceed 2:1 for each quarter, except the third quarter when it shall not exceed 2.5:1;
- Consolidated Net Worth (total net tangible assets) shall not fall below $800 million;
- the ratio of EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortization, Rents and Operating Lease Expenditure) to Consolidated Net Interest Expenditure plus Rents and Operating Lease Expenditure excluding Service Charges and Rates

shall be equal to or greater than 1.4:1 for the trailing 12 months at each quarter end to January 2012, increasing to 1.55:1 until January 2013 and then to 1.85:1 for subsequent periods. The ratio of 1.85:1 is equivalent to 1.4:1 under the original Facility Agreement;
- beginning with fiscal 2011, the facility will be reduced, on a pro rata basis with the notes outstanding (see below), by at least 60% of any reduction in net debt from the prior year end; and
- no "Shareholder Returns" (defined as including dividends, share buybacks or other similar payments) during fiscal 2010 or fiscal 2011, and thereafter such returns may only be made if the amended fixed charge cover is above 1.7:1, there are no subsisting defaults and the directors confirm that they expect Signet to continue to comply with the covenant in the following 12 months.

The Amended Facility Agreement retains certain provisions which are customary for this type of agreement, including standard "negative pledge" and "pari passu" clauses.

Amended Note Purchase Agreement

Coincidental to entering into the Amended Facility Agreement, amendments were made to the Note Purchase Agreement. The original Note Purchase Agreement took the form of fixed rate investor certificate notes (the "Notes"). These Notes represent 7, 10 or 12 year maturities, with Series (A) $100 million 5.95% due 2013; Series (B) $150 million 6.11% due 2016 and Series (C) $130 million 6.26% due 2018. The financial covenants of the original Note Purchase Agreement were substantially the same as in the original Facility Agreement.

The terms of the amended Note Purchase Agreement (the "Amended Note Purchase Agreement"), where they are different to those in the Amended Facilities Agreement disclosed above, are, inter alia:

- the coupon was increased by an additional 2.0% (subject to a further 1.0% increase until fiscal 2013 if the amended fixed charge coverage ratio is less than 1.6:1, and an additional 1.0% increase if Note holders are subject to increased capital charges as a result of a requirement to post additional reserves under applicable insurance regulations, as determined by the insurance regulator);
- to prepay $100 million at par plus accrued interest on March 18, 2009. Subsequent prepayment offers, at par, are to be made in February of each of the following years – 2010, 2011, 2012 and 2013. The minimum amount of each such offer being the Note holders' pro rata share of 60% of any reduction in net debt that occurred over the preceding fiscal year. Any proportion of the 2011, 2012 or 2013 offers rejected by Note holders may be applied to Shareholder Returns, as defined in the Amended Facility Agreement; and
- subsequent to January 2013, Shareholder Returns may only be made if total offers to prepay of $190 million of the Notes have been made, and that an additional prepayment offer at a 2% premium to par has also been made, in which case the Shareholder Returns may be no greater than the proportion of the additional offer rejected by the Note holders

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Signet operated 1,959 specialty retail jewelry stores at January 31, 2009; these included 1,401 stores in the US, where the Group trades as "Kay Jewelers", "Jared The Galleria Of Jewelry" and under a number of regional names. At the same date Signet also operated 558 stores in the UK, where the Group trades as "H.Samuel", "Ernest Jones" and "Leslie Davis". Further information on Signet is available at www.signetjewelers.com. See also www.kay.com, www.jared.com, www.hsamuel.co.uk and www.ernestjones.co.uk.

INVESTOR RELATIONS PROGRAM DETAILS

Full Year Results, Wednesday, March 25, 2009

The Full Year Results for the 52 weeks ended January 31, 2009 are expected to be announced at 7.30 a.m. EDT on Wednesday, March 25, 2009. On that day there will be a conference call chaired by Terry Burman at 9.00 a.m. EDT (1.00 p.m. GMT and 6.00 a.m. Pacific Time) and a simultaneous audio webcast with slide presentation available at http://www.signetjewelers.com. The dial-in details for the conference call are:

US dial-in:	**+1 718 354 1171**	
US 48hr. replay:	**+1 718 354 1112**	**Pass code: 4086123#**
European dial-in:	**+44 (0) 20 7138 0816**	
European 48hr. replay:	**+44 (0) 20 7806 1970**	**Pass code: 4086123#**

Citi Retail Reverse Roadshow, to be held in London on Friday, March 27, 2009

Signet will be taking part in the Citi Retail Reverse Roadshow to be held in London on Friday, March 27, 2009. Present will be Walker Boyd, Group Finance Director and Tim Jackson, Investor Relations Director.

Morgan Stanley Retail Field Trip, Wednesday, April 1, 2009

Signet will be taking part in the Morgan Stanley Retail Field Trip on Wednesday, April 1, 2009 in Phoenix, Arizona. Present will be Walker Boyd, Group Finance Director and Mark Light, Chief Executive Officer of the US Division.

This release includes statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management's beliefs as well as on assumptions made by and data currently available to management, appear in a number of places throughout this release and include statements regarding, among other things, our results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which the Group operates. Our use of the words "expects," "intends," "anticipates," "estimates," "may," "forecast," "objective," "plan" or "target," and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, the merchandising, pricing and inventory policies followed by the Group, the reputation of the Group, the level of competition in the jewelry sector, the price and availability of diamonds, gold and other precious metals, seasonality of the Group's business and financial market risk.

For a discussion of these and other risks and uncertainties which could cause actual results to differ materially, see the "Risk and Other Factors" section of the Annual Report & Accounts of Signet Group plc furnished as an exhibit to its Report on Form 6-K furnished with the U.S. Securities and Exchange Commission on May 1, 2008 and other filings made by the Company with the Commission. Actual results may differ materially from those anticipated in such forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein may not be realized. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

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