SIGNET JEWELERS

# Roadshow

# January 2009

H.SAMUEL THE JEWELLER

ERNEST JONES THE DIAMOND & WATCH SPECIALIST

SIG LISTED NYSE

KAY JEWELERS Every kiss begins with Kay®

JARED® The Galleria Of Jewelry

# Safe Harbor Statement

## (Private Securities Litigation Reform Act of 1995)

This presentation include 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 presentation 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.

Certain financial information used during this presentation are considered to be 'non-GAAP financial measures'. For a reconciliation of these to the most directly comparable GAAP financial measures, please refer to pages 36-37.



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# World's Largest Specialty Jeweler




**Kay Jewelers - #1 in US**
**Sales: c.$1.4bn Stores: 926 in 50 states**




**H.Samuel - #1 in UK**
**Sales: c.£250m Stores: 351**




**Jared - #1 Off-Mall "Category Killer"**
**Sales: c.$700m Stores: 171 in 35 states**




**Ernest Jones - #1 UK upper middle market**
**Sales: c.£205m Stores: 206**

Expected at January 31, 2009

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# Strong Operationally

- Operational strengths
  - more externally qualified staff
  - leading middle market supply chain / merchandise practices
  - largest marketing budget
  - high return real estate
- Ability to maintain competitive advantages
- Experienced management



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# Operating Performance Fiscal 2009

- "Group same store sales were down by 15.2% in the 9 weeks to January 3, 2009."
- "In the 48 weeks to January 3, 2009
  - same store sales down 8.1%
  - total sales down 5.5% at constant exchange rates"
- "Income before tax expected to be between $180m and $195m after charging $10.5 million of costs related to move of domicile….within range of market forecasts"

Source: Signet Christmas Trading Statement January 8, 2009



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# Financial Performance Fiscal 2009

- "A cash outflow of about $30m before foreign exchange adjustments
  - after dividend payments of $124m
  - capital expenditure of c.$115m"
- "Year end net debt forecast to be $470m to $490m
  - gearing expected to be c.29% at year end"
- "Trading within the requirements of borrowing agreements
  - in advanced negotiations with lenders to amend the fixed charge covenant"

Source: Signet Christmas Trading Statement January 8, 2009



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# US Jewelry

## *"Further growth from a proven strategy"*







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# US Business Characteristics

- Driven by bridal and gift giving categories
  - c.75% of sales diamond jewelry
  - c.45% bridal related
  - bridal more resilient than gift giving
- Kay and Regional brands
  - customer's household income c.$67,000
  - average transaction value of c.$330
- Jared
  - customer's household income c.$92,000
  - average transaction value of c.$710



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# Fiscal 2009 Financial Performance

- Same store sales down 16.4% over Christmas
  - gross margin expected to be up c.250 bpts
  - highly promotional retail marketplace
- 9.5% same store sales decline for 48 weeks
- 5.9% total $ sales decline for 48 weeks
- Operating margin anticipated to be about 7%
- c.4% space growth
- Again outperformed main competitors



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# Holiday Competitor Performance

- Zale (inc. Canada) down 19.5%
- Finlay Ent. down 20.1%
- Birks & Mayors (US) down 31%
- Shane total sales down 32%
- Tiffany (US) down 35%
- JC Penney down 9.6%, fine jewelry continued to experience softer sales
- Wal-mart, jewelry sales were soft
- Many reported lower gross merchandise margins



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# Trading Environment

- Extremely challenging retail marketplace
  - lack of consumer confidence
  - highly promotional
- Jewelry sector & supply chain very fragmented
- Many competitors and suppliers in weak financial condition
- Industry consolidation accelerated in 2008
  - expected to continue in 2009



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# Priorities in Fiscal 2010

- Action to realign trading stance
  - maximize gross margin dollars
  - cost reduction
  - reduce inventory levels
  - continued focus on performance of receivables
  - lower capital expenditure
  - cash generation rather than space growth
- Maintain sector leading position
  - utilize key competitive strengths
  - be best placed for when consumer recovers



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# Maximize Gross Margin Dollars

- Staff training
- Development of exclusive merchandise
  - proven ability e.g. Leo range
  - Jane Seymour, Le Vian, Russell Simmons
  - marketing leverage
- Selective promotional activity
  - greater frequency of targeted activity
  - more rapid clearance of slowing SKUs
  - enhanced value focus in catalogues
- Possible gross merchandise margin opportunity from commodity costs



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# Cost Control Actions

- Review all costs
- Flex store staffing
  - minimum level required
  - retain well trained, motivated staff
- Realign marketing spend with focus on most productive bands and media
- Home Office savings
  - further reduce staff levels
  - focus on core activities
  - reduce initiatives with medium term benefits



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# Tight Inventory Management

- Realign inventory to lower sales
- Improve distribution center efficiency
- Enhance product recall systems
- Clear slow moving lines more rapidly
- Closed rough diamond initiative



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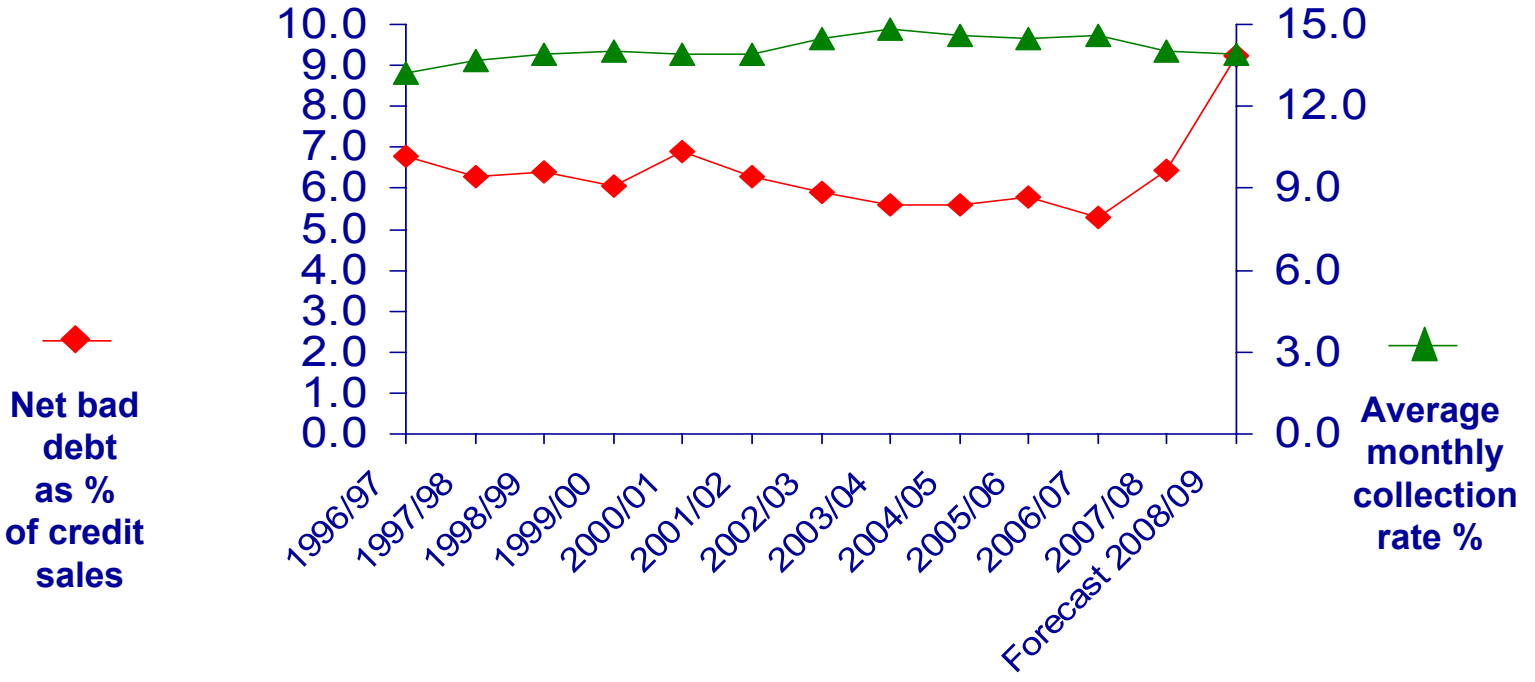
# Full Year Receivables Performance




- ⇨Strict credit standards and procedures
- ⇨Monitor & adjust authorizations as appropriate
- ⇨Invest in credit collection procedures



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# Reasons for In-house Credit

- Important element of jewelry sales transaction
- Credit risk hidden not eliminated by outsourcing
- Factors under our control
  - score cards
  - collection strategies
  - customer service
- Competitive sales advantage



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# Reduce Space Growth

| | Kay Mall | Kay Off Mall | Regionals | Jared | Total | Change |
|---|---|---|---|---|---|---|
| **Jan 2007** | **772** | **60** | **341** | **135** | **1,308** | **10%** |
| Opened | 23 | 45 | 21 | 19 | 108 | |
| Closed | (6) | - | (11) | - | (17) | |
| **Jan 2008** | **789** | **105** | **351** | **154** | **1,399** | **11%** |
| Opened | 27† | 30 | 3 | 17 | 77 | |
| Closed | (21) | (4) | (50)† | - | (75) | |
| **Jan 2009 Expected** | **795** | **131** | **304** | **171** | **1,401** | **4%** |
| Openings (forecast) | 3 | 4 | 1 | 9 | 17 | |
| Closures (forecast) | (6) | (2) | (52) | - | (60) | |
| **Jan 2010 (forecast)** | **792** | **133** | **253** | **180** | **1,358** | **0%** |

* A Jared store is equivalent to just over four mall stores in size
† Includes 14 rebranded stores



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# Kay

| | | 2003/04 | Forecast 2008/09 |
|---|---|---|---|
| **Sales** | (million) | $1,080 | **c.$1,400** |
| **Stores at y.e.** | | 717 | **926** |
| **Average sales per store** | (000) | $1,528 | **c.$1,500** |

- ⇨ Sales c.40% greater than No.2 brand in market
- ⇨ High brand name recognition driven by multi channel marketing using “Every kiss begins with Kay”
- ⇨ Every store has a qualified diamontologist



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# Jared

| | | 2003/04 | Forecast 2008/09 |
|---|---|---|---|
| **Sales** | (million) | $323 | **c.$700** |
| **Stores at y.e.** | | 79 | **171** |
| **Average sales per store** | (000) | $4,573 | **c.$4,500** |

- ⇨ No. 1 off-mall middle market jewelry chain
- ⇨ National network TV advertising commenced Christmas 2007
- ⇨ National radio advertising commenced 2008/09
- ⇨ At maturity store contribution rate and ROCE similar to mall brands



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# Profitable Market Share Opportunity

- Long term industry growth
- Fragmented sector
- Rationalization taking place
  - independents withdrawing
  - financial pressures causing regional brands to close stores
  - increasing number of bankruptcies
- Signet has superior retail execution, operating metrics and balance sheet



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# Long Term Industry Growth




Sources: (a) IDEX
(b) US Department of Commerce



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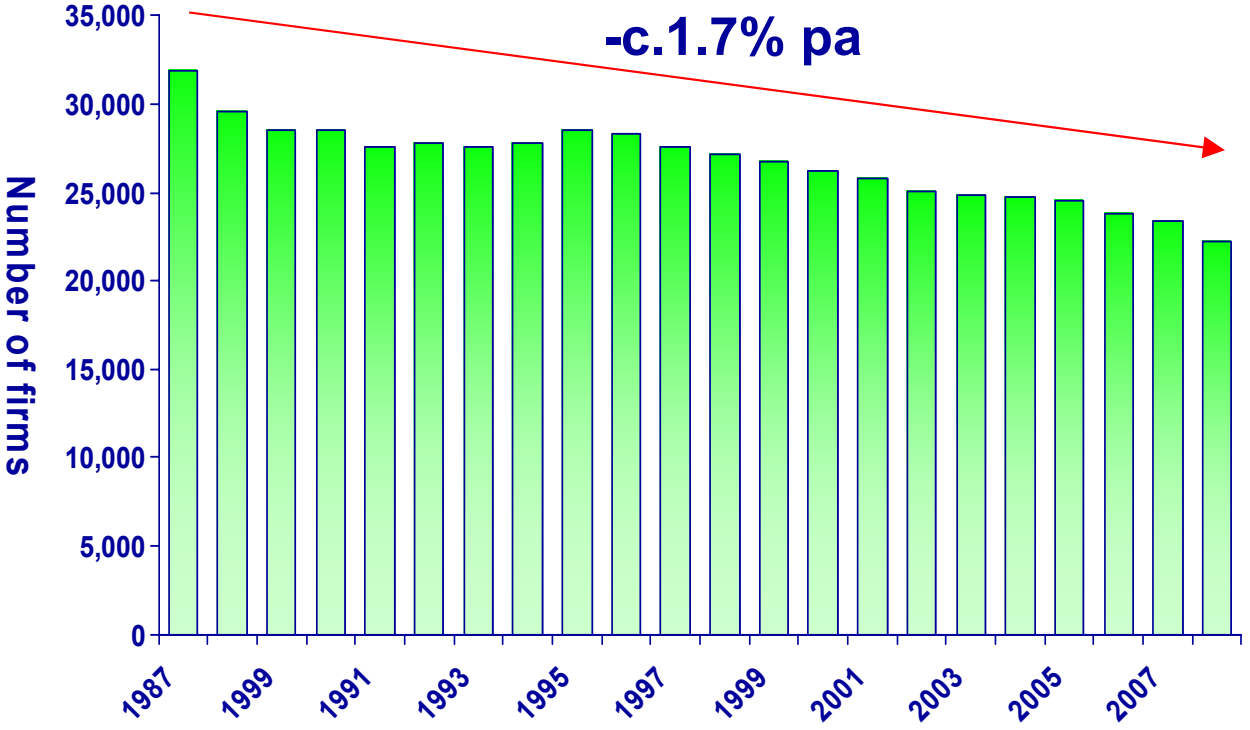
# Fewer Specialty Jewelry Firms




Source: Jewelers Board of Trade



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# Competitors Under Pressure

| | Sales $m | | No. of stores | |
|---|---|---|---|---|
| | 2007 | 2002 | 2007 | 2002 |
| Kay[a] | 1,490 | 1,011 | 894 | 676 |
| Zales[ab] | 1,089 | 1,004 | 789 | 757 |
| Jared[a] | 756 | 259 | 154 | 67 |
| Helzberg[d] | 500 | 550 | 268 | 254 |
| Fred Meyer[de] | 465 | 475 | 400 | 442 |
| Gordon's[ab] | 329 | 321 | 282 | 298 |
| Friedman's[cd] | 300 | 674 | Liquidated 2008 | 665 |
| Bailey Banks & Biddle[ab] | 284 | 315 | 69 | 120 |
| Shane[g] | 270 | n/a | In Chapter 11 | n/a |
| Whitehall[af] | 243 | 341 | Liquidated 2008 | 378 |
| Other Specialty | c.25,000 | c.19,700 | c.22,000 | c.23,000 |

a Source: Accounts
b July 2002 or 2007 year end
c Includes Crescent
d Source: National Jeweler estimate
e Includes Littman's and departments in supermarkets
f Includes Lundstrom
g Chapter 11 filing



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# Industry Leading Performance

| | Sales Growth 5 year c.a.g.r. | Operating Margin 5 year average | EBIT/Total Assets [a] 5 year average |
|---|---|---|---|
| Signet US [b] | 9.4% | 12.0% | 14.9% |
| Zale Corp [c] | (0.9)% | 4.8% | 8.2% |
| Typical US Specialty Jeweler [d] | 4.4% | 5.5% | 7.7% |

(a) Total assets excludes goodwill
(b) To y.e. February 2, 2008
(c) To y.e. January 31, 2008 based on SEC Filings
(d) To y.e. December 31, 2007 based on JA Cost of Doing Business, sales data from US Census



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# UK Jewelry

## *"Making existing space work harder"*

H.SAMUEL
THE JEWELLER

ERNEST JONES
THE DIAMOND & WATCH SPECIALIST

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# Financial Performance Fiscal 2009

- Same store sales down 10.9% over Christmas
- 3.5% same store sales decrease for 48 weeks
- 4.2% total sterling sales decline for 48 weeks
- Gross margin expected to be broadly similar to last year
- Operating margin anticipated to be c.9%
- Good cash flow generation



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# H.Samuel

| | | 2003/04 | Forecast 2008/09 |
|---|---|---|---|
| **Sales** | (million) | £281.4 | **c.£250** |
| **Stores at y.e.** | | 407 | **351** |
| **Average sales per store** | (000) | £699 | **c.£720** |
| **Average unit selling price** | | £35 | **c.£48** |
| **Merchandise mix** | | | |
| **Gold jewelry** | | 32% | **30%** |
| **Watches** | | 24% | **26%** |
| **Diamond jewelry** | | 17% | **22%** |
| **Gifts** | | 18% | **12%** |

- ⇨ No.1 in UK market, c.6.5% jewelry market share
- ⇨ Only specialty jeweler with national TV advertising
- ⇨ Most visited UK specialty jewelry website

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# Customer Oriented Design

## Before




## After




## Liffey Valley



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# Ernest Jones

| | | 2003/04 | Forecast 2008/09 |
|---|---|---|---|
| **Sales** | (million) | £207.1 | **c.£205** |
| **Stores at y.e.** | | 197 | **206** |
| **Average sales per store** | (000) | £1,083 | **c.£1,050** |
| **Average unit selling price** | | £139 | **c.£200** |
| **Merchandise mix** | | | |
| **Gold jewelry** | | 25% | **25%** |
| **Watches** | | 32% | **35%** |
| **Diamond jewelry** | | 34% | **33%** |

- ⇨ No.2 in UK market, c.5.6% jewelry market share
- ⇨ Enhanced merchandise range
- ⇨ Roll out of new store design

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# Benefits of Enhanced Design




- Increased differentiation
- Enhanced utilization of store space
- Expanded display of watches, with clearer branding
- Improved diamond bridal sales area



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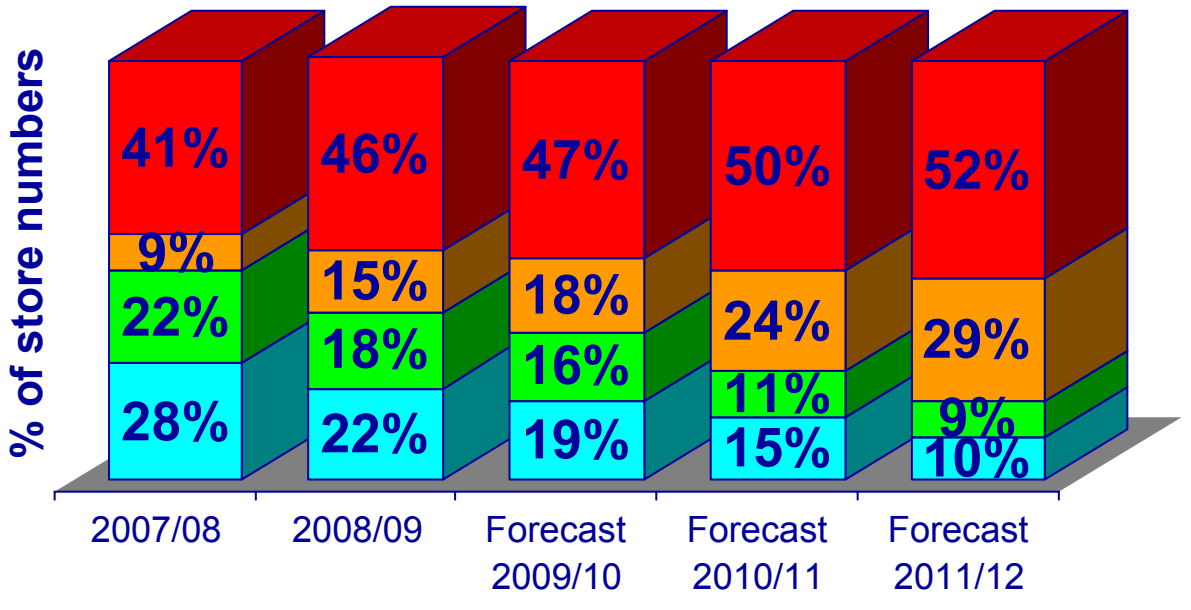
# Customer Oriented Format



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# Priorities in Fiscal 2010

- Action to realign trading stance in extremely challenging marketplace
  - work with suppliers to minimize impact of input cost increases
  - maximize gross margin dollars in highly promotional environment
  - cut costs
  - reduce inventory
  - lower capital expenditure & selective space reduction
- Maintain sector leading status
  - increased speed of response
  - focus on key competitive strengths
  - be best placed for when consumer recovers



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# Industry Leading Performance

| | Sales Growth 5 year c.a.g.r. | Operating Margin 5 year average | EBIT/Total Assets [a] 5 year average |
|---|---|---|---|
| Signet UK [b] | 0.5% [c] | 12.7% | 23.5% |
| Typical UK Specialty Jewelers [d] | 3.5% | 6.9% | 10.2% |

(a) Total assets excludes goodwill
(b) To y.e. February 2, 2008
(c) At constant exchange rates
(d) Based on latest Companies House filings for 5 largest specialty jewelers excluding Signet



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# Regulation G



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# Christmas 2008/09 Sales

The Group has historically used constant exchange rates to compare period-to-period changes in certain financial data. This is referred to as 'at constant exchange rates' throughout this presentation and constitutes a "non GAAP financial measure". The Group considers this to be a useful measure for analysing and explaining changes and trends in the Group's results. The impact of the re-calculation of sales at constant exchange rates, including a reconciliation to the Group's results, is analysed below.

| | Growth at actual exchange rates % | Impact of exchange rate movement % | Growth at constant exchange rates (non-GAAP) % |
|---|---|---|---|
| US | (14.0) | - | (14.0) |
| UK, Channel Islands & Republic of Ireland | (33.4) | 23.7 | (9.7) |
| | **(19.4)** | **6.3** | **(13.1)** |

Prepared under US GAAP



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# YTD 2008/09 Sales

The Group has historically used constant exchange rates to compare period-to-period changes in certain financial data. This is referred to as 'at constant exchange rates' throughout this presentation and constitutes a "non GAAP financial measure". The Group considers this to be a useful measure for analysing and explaining changes and trends in the Group's results. The impact of the re-calculation of sales at constant exchange rates, including a reconciliation to the Group's results, is analysed below.

| | Growth at actual exchange rates % | Impact of exchange rate movement % | Growth at constant exchange rates (non-GAAP) % |
|---|---|---|---|
| US | (5.9) | - | (5.9) |
| UK, Channel Islands & Republic of Ireland | (15.2) | 11.0 | (4.2) |
| | **(8.3)** | **2.8** | **(5.5)** |

Prepared under US GAAP



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# Appendix



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# Move to US Primary Listing

- Rationale for US primary listing
  - more familiar with business
  - better understanding of US economic environment
  - lower foreign exchange exposure
  - more appropriate peer group
- Rationale for Bermuda domicile
  - minimise impact on shareholders
  - no adverse tax consequences
- Became effective September 11
  - secondary listing on LSE



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# Group 5 Year Record


| | Page |
|---|---|
| Group Comp. Performance | 2 |
| Group Financial Performance | 3 |
| Group Financial Performance | 3 |
| Capital Expenditure, Depreciation & Amortisation | 4 |
| Credit Facilities | 4 |




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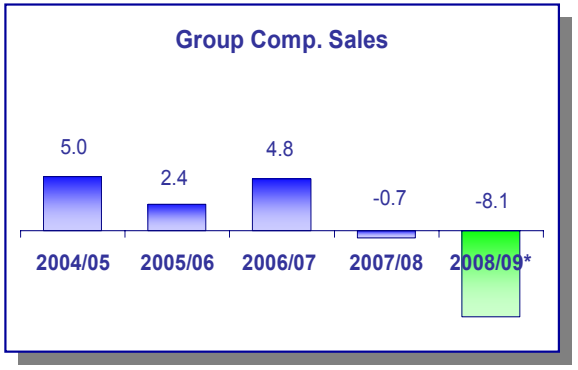
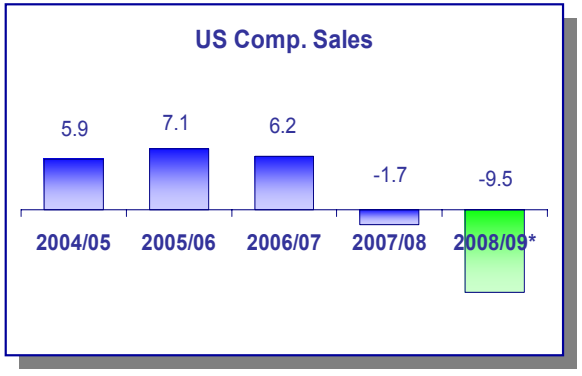
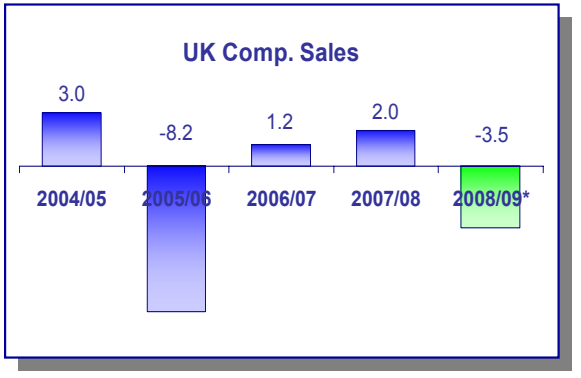
# Group Comp. Performance




*** 2008/09 are 48 weeks to January 3, 2009**



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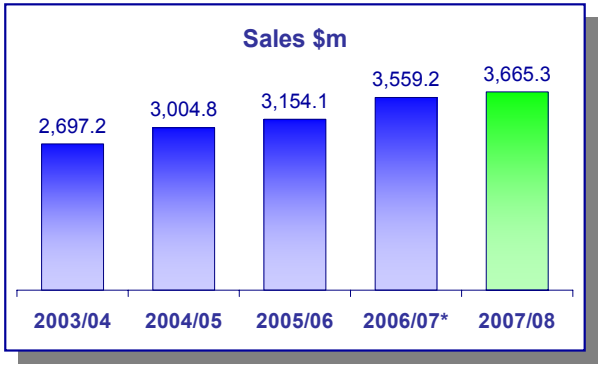
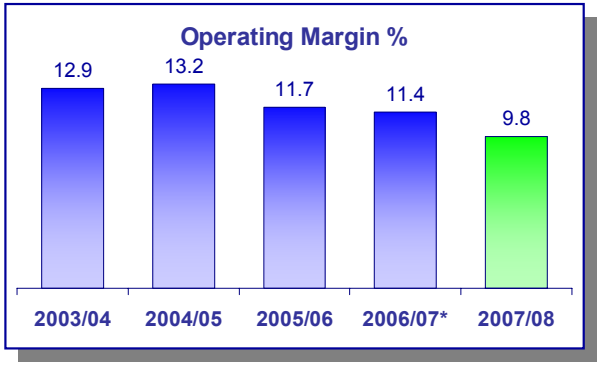
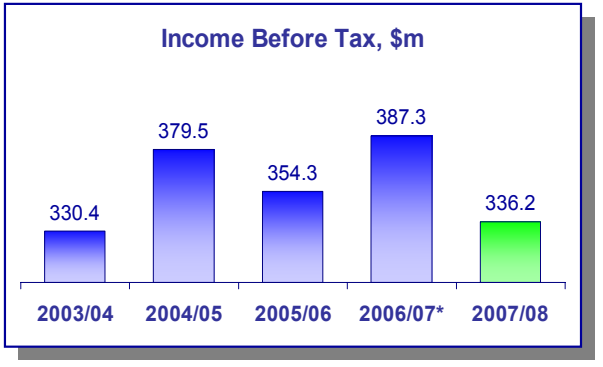
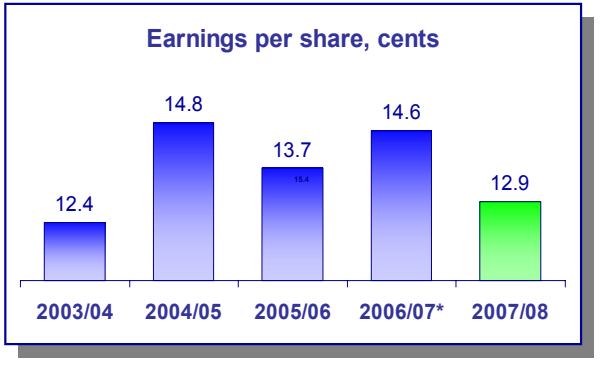
# Group Financial Performance




* 53 week year
Prepared under US GAAP



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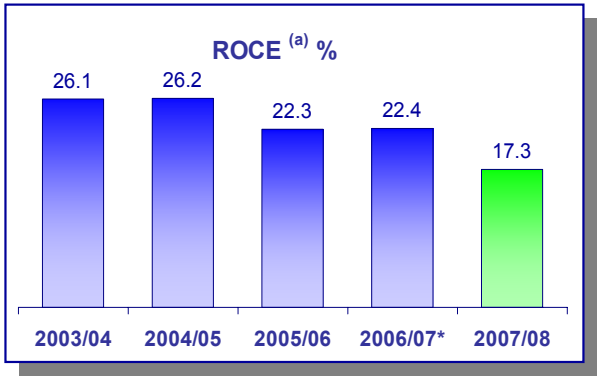
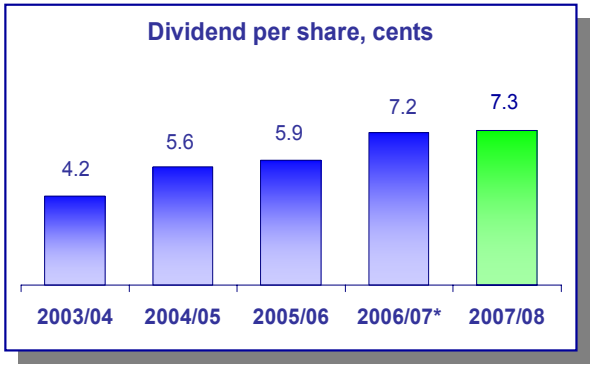
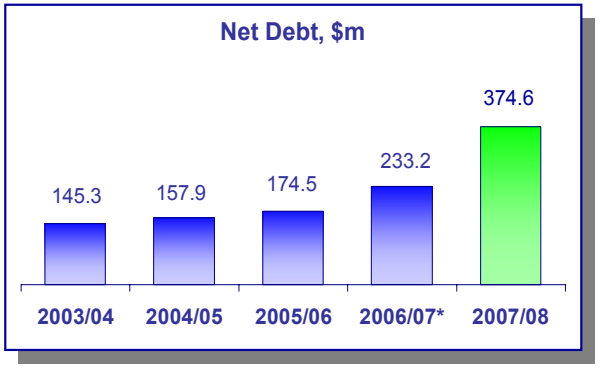
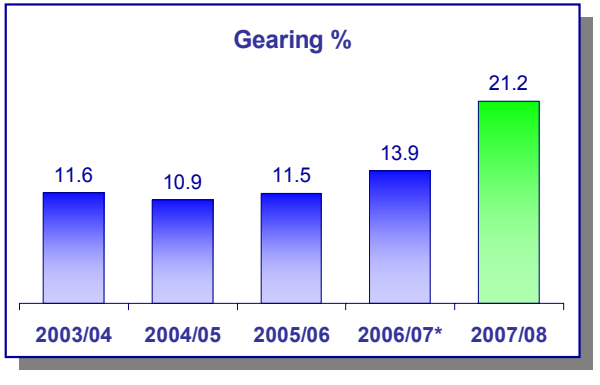
# Group Financial Performance




(a) ROCE excluding goodwill
* 53 week year



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# Capital Expenditure, Depreciation & Amortisation

| | 2004/05 $m | 2005/06 $m | 2006/07 $m | 2007/08 $m | 2008/09 forecast $m |
|---|---|---|---|---|---|
| **Capital expenditure** | | | | | |
| **US** | 77.6 | 88.4 | 101.1 | 111.1 | c.77.0 |
| **UK** | 53.5 | 48.2 | 23.3 | 29.3 | c.38.0 |
| **Total** | **131.1** | **136.6** | **124.4** | **140.4** | **c.115.0** |
| **Depreciation and amortisation** | | | | | |
| **US** | 45.2 | 51.3 | 61.3 | 72.1 | c.81.0 |
| **UK** | 32.4 | 31.9 | 37.1 | 42.0 | c.34.0 |
| **Total** | **77.6** | **83.2** | **98.4** | **114.1** | **c.115.0** |



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# Credit Facilities

| | |
|---|---|
| 2006 Private Placement (7, 10 & 12 year maturities) | $380m |
| 2008 Bank Facility Agreement (5 year) | $520m |
| 2008 Conduit (364 days) | $100m |
| | $1,000m |
| Fixed charge covenant | 1.4x |
| **2007/08** | |
| Gross debt | $(416)m |
| Cash | $42m |
| Net debt at February 2, 2008 | $(374)m |
| Fixed charge cover | 1.8x |
| **2008/09 Forecast** | |
| Net debt at January 31, 2009 | $470-490m |
| Fixed charge cover | c.1.5x |



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# US Jewelry Division


| | Page |
|---|---|
| Summary Financials | 5 |
| Merchandise Mix | 6 |
| Diamond Supply Chain | 6 |
| Test Before We Invest | |
| - Merchandise | 7 |
| Average Retail Price of Merchandise Sold | 7 |
| Average Sales Per Store | 8 |
| Jewelry Sector Performance | 8 |
| Growth in US Stores | 9 |
| In-house Credit Requirements | 9 |
| Receivables Profile | 10 |




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# US Summary Financials

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---|---|---|---|---|---|
| **Sales - $m** | 1,866.8 | 2,060.5 | 2,308.8 | 2,652.1 | 2,705.7 |
| **Comp. store sales growth** | 4.6% | 5.9% | 7.1% | 6.2% | (1.7)% |
| **Total sales growth** | 7.9% | 10.4% | 12.1% | 14.9% | 2.0% |
| **Operating income - $m** | 231.3 | 264.2 | 295.9 | 318.9 | 265.2 |
| **Operating margin** | 12.4% | 12.8% | 12.8% | 12.0% | 9.8% |
| **ROCE** (1) | 21.3% | 22.2% | 22.1% | 21.2% | 15.1% |

(1) Excluding goodwill
Prepared under US GAAP



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# US Merchandise Mix

| | 2004/05 % | 2005/06 % | 2006/07 % | 2007/08 % | 2008/09 % Estimate |
|---|---|---|---|---|---|
| **Diamonds & diamond jewelry** | 72 | 72 | 74 | 75 | 75 |
| **Gold jewelry** | 8 | 8 | 7 | 7 | 7 |
| **Other jewelry** | 13 | 13 | 12 | 11 | 11 |
| **Watches** | 7 | 7 | 7 | 7 | 7 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

Excluding repairs, warranties and other miscellaneous sales



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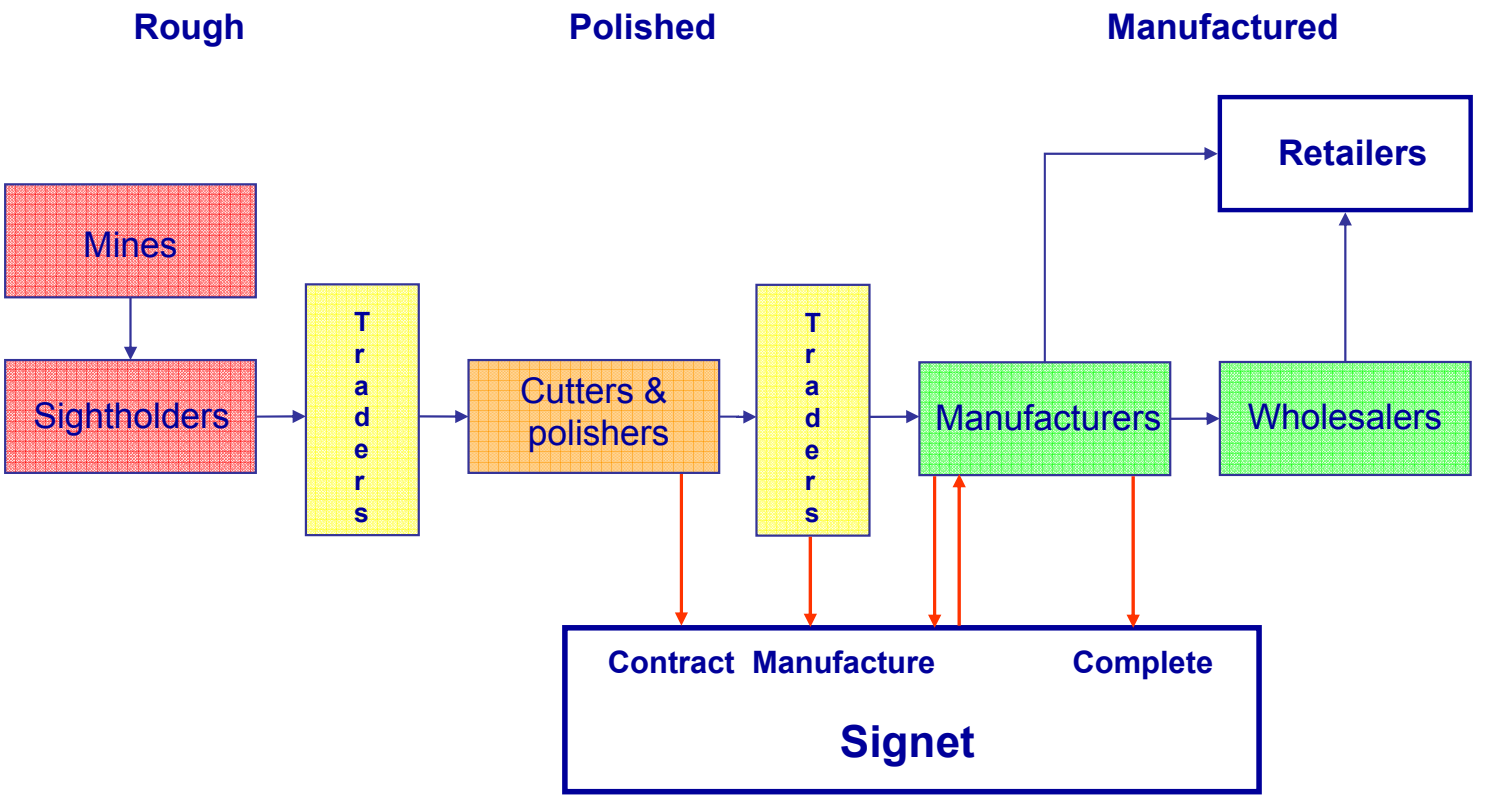
# US Diamond Supply Chain

## 75% of US merchandise mix



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# "Test Before We Invest"

| | Leo Diamond | LeVian | Peerless & Hearts Desire |
|---|---|---|---|
| **2000** | Selected Jared stores | Selected Jared stores | |
| **2001** | All Jared & 300 malls | All Jared & 50 malls | |
| **2002** | All stores<br>Styles expanded | All Jared & 200 malls | |
| **2003** | Additional cuts tested | All Jared & 300 malls<br>Tested LeVian galas | |
| **2004** | Increased availability of ranges | Tested chocolate diamonds in Jared | Identify opportunity<br>Find suppliers |
| **2005** | Bridal test | Increased assortment | Test basic range |
| **2006** | Fashion jewelry | Expand to all Kays<br>Jared: Chocolate diamonds | Initial roll out<br>Add fashion items |
| **2007** | Increased selection | Expand to all mall stores<br>Jared: Test timepieces | Additional cuts |
| **2008** | White gold ranges | Jared: Testing 55 boutiques<br>70 gala events<br>Testing LeVian gold | Expand styles |



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# Average Retail Price of Merchandise Sold ($)

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 Estimate |
|---|---|---|---|---|---|
| **Kay** | 282 | 305 | 317 | 327 | 330 |
| **Regionals** | 304 | 324 | 332 | 343 | 345 |
| **Jared** | 644 | 697 | 719 | 747 | 715 |



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# Average Sales Per Store

| | 2004/05 | 2005/06 | 2006/07* | 2007/08 | 2008/09 Estimate |
|---|---|---|---|---|---|
| **Kay** ($'000) | 1,584 | 1,665 | 1,815 | 1,710 | c.1,500 |
| **Jared** ($'000) | 4,975 | 5,453 | 5,676 | 5,341 | c.4,500 |
| **Regionals** ($'000) | 1,533 | 1,514 | 1,517 | 1,344 | c.1,150 |

Includes only stores operated for the full financial year

* 53 week year



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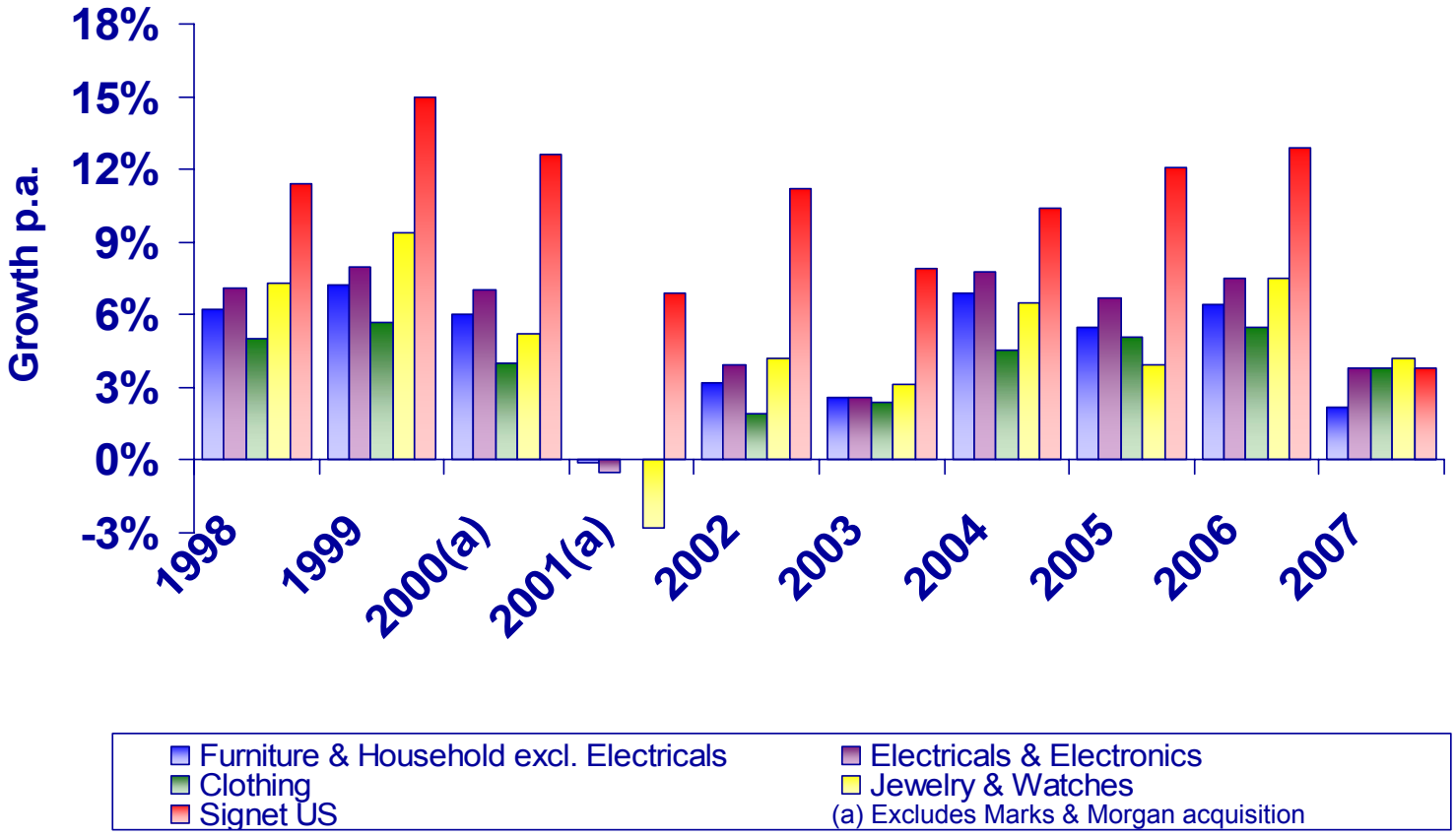
# US Jewelry Sector Performance




Source: US Department of Commerce, revised August 4, 2008



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# Growth in US Stores

| | Kay & Regionals | Jared* | Total | Space increase | Cumulative space increase |
|---|---|---|---|---|---|
| **Jan 2000** | 799 | 28 | 827 | +10% | +10% |
| **Jan 2001** | 956 | 43 | 999 | +26% | +39% |
| **Jan 2002** | 970 | 55 | 1,025 | +6% | +47% |
| **Jan 2003** | 983 | 67 | 1,050 | +6% | +56% |
| **Jan 2004** | 1,024 | 79 | 1,103 | +7% | +67% |
| **Jan 2005** | 1,063 | 93 | 1,156 | +8% | +80% |
| **Jan 2006** | 1,111 | 110 | 1,221 | +9% | +96% |
| **Jan 2007** | 1,173 | 135 | 1,308 | +11% | +118% |
| **Jan 2008** | 1,245 | 154 | 1,399 | +10% | +140% |
| **Jan 2009 planned** | c.1,250 | 171 | c.1,420 | +4% | +149% |

* Jared equivalent to about 4 mall stores



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# In-house Credit Requirement

- High bridal participation c.45%
- Characteristics of bridal customer
  - young
  - limited, if any, credit history
  - high level of financial commitments as setting up home, or
  - older customer making anniversary purchase
- Young consumer not typical bank credit customer
  - requires specialist knowledge



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# US Receivables Profile

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---|---|---|---|---|---|
| **Average outstanding balance** | $729 | $792 | $841 | $957 | $997 |
| **Average monthly collection rate** | 14.8% | 14.8% | 14.5% | 14.6% | 13.9% |
| **Credit sales as % of sales** | 50.5% | 51.2% | 51.6% | 51.7% | 52.6% |
| **Net bad debt as % of credit sales** | 5.5% | 5.5% | 5.8% | 5.3% | 6.5% |



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# US Jewelry Market


| | Page |
|---|---|
| US Jewelry Market | 11 |
| Major Jewelry Retailers | 11 |
| Sales Per Store | 12 |




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# US Jewelry Market

| | 2003 | 2006 | 2007 |
|---|---|---|---|
| US Market size | $53bn | $63bn | **$65bn** |
| Chain Jewelers ($100m+ sales) | 14% | 15% | **15%** |
| Independent Jewelers | 36% | 33% | **33%** |
| **Total specialty** | **50%** | **48%** | **48%** |
| Chain Department Stores | 12% | 12% | **11%** |
| Mass Merchants | 10% | 10% | **10%** |
| TV Home Shopping | 4% | 5% | **5%** |
| Other (General, clothing & misc.) | 20% | 19% | **19%** |
| **Total non-specialty** | **46%** | **46%** | **45%** |
| Internet sales | 4% | 6% | **7%** |
| **Total** | **100%** | **100%** | **100%** |

Source: National Jeweler/Signet estimates



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# Major Jewelry Retailers 2007

| General Retailers | Sales $ bn | Specialty Retailers | Sales $ bn |
|---|---|---|---|
| Wal-Mart | 2.8[1] | Signet US | 2.7 |
| QVC | 1.5[1] | Zale Corp US | 2.0[2] |
| JC Penney | 1.0[1] | Tiffany | 1.5[2] |
| Sears | 0.9[1] | Helzberg | 0.5[1] |
| Finlay | 0.8[2] | Fred Meyer | 0.5[1] |
| Macy's East | 0.5[1] | Tourneau | 0.4[1] |
| Jewelry Television | 0.5[1] | Cartier | 0.4[1] |
| Costco | 0.5[1] | Ross-Simons | 0.3[1] |
| Target | 0.5[1] | Blue Nile | 0.3[2] |
| Neiman Marcus | 0.5[1] | Friedman's | 0.3[3] |
| % of Market | 14.5% | % of Market | 13.6% |

1 Source: National Jeweler estimate
2 Source: SEC filings
3 Entered Chapter January 11, 2008 and subsequently liquidated 377 locations, selling the remaining 78 to Whitehall Jewelers, which itself went into liquidation in August 2008



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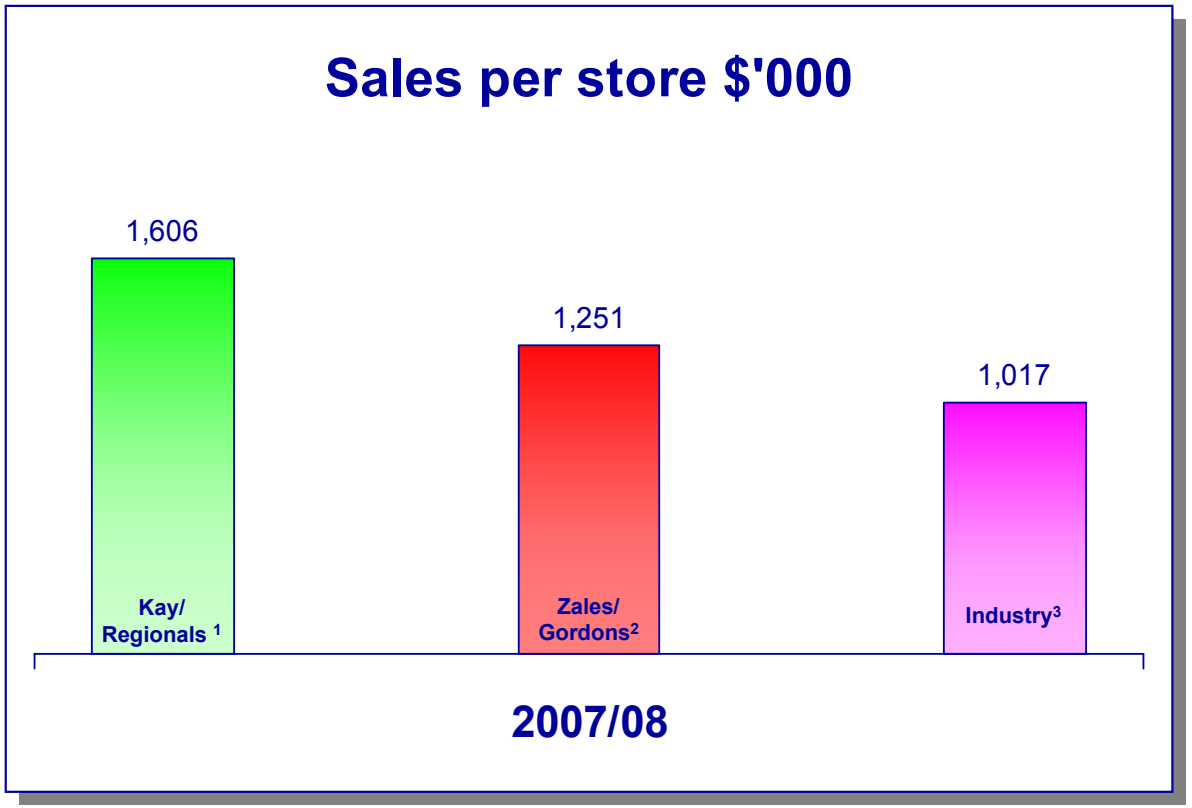
# Sales Per Store




1 y.e. February 2, 2008
2 y.e. July 31, 2008
3 y.e. December 31, 2007



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# Jared


| | Page |
|---|---|
| Jared Investment Model | 13 |
| Jared Performance | 13 |
| Jared Locations | 14 |
| Jared Off-mall Presence | 14 |
| Jared Development | 15 |
| Test Before We Invest | 15 |
| Regional Brands | 16 |




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# Jared Investment Model

- Investment – c.$4.0m per store
- First full year sales – c.$3.4m
- Year 5 sales - $5m to $6m
- At maturity, EBIT% similar to mall stores
- 67 Jared stores over 5 years old
  - achieved average sales of c.$5.6m in year 5
  - sales continue to grow beyond year 5
  - store contribution rate similar to mall stores
  - meeting investment criteria
- Average sales in stores 6 or more years old in 2007/08 $6.4m



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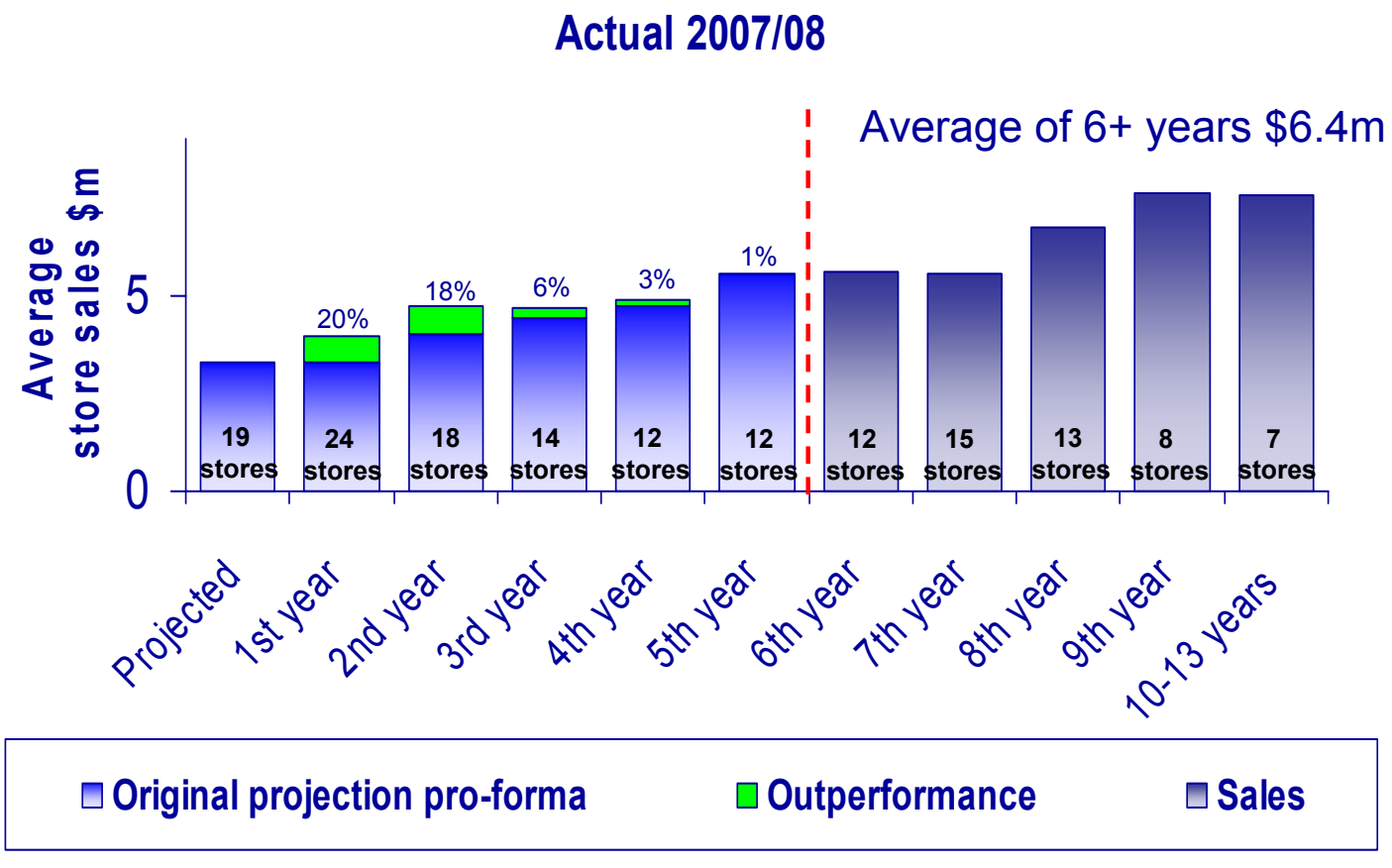
# Jared Performance



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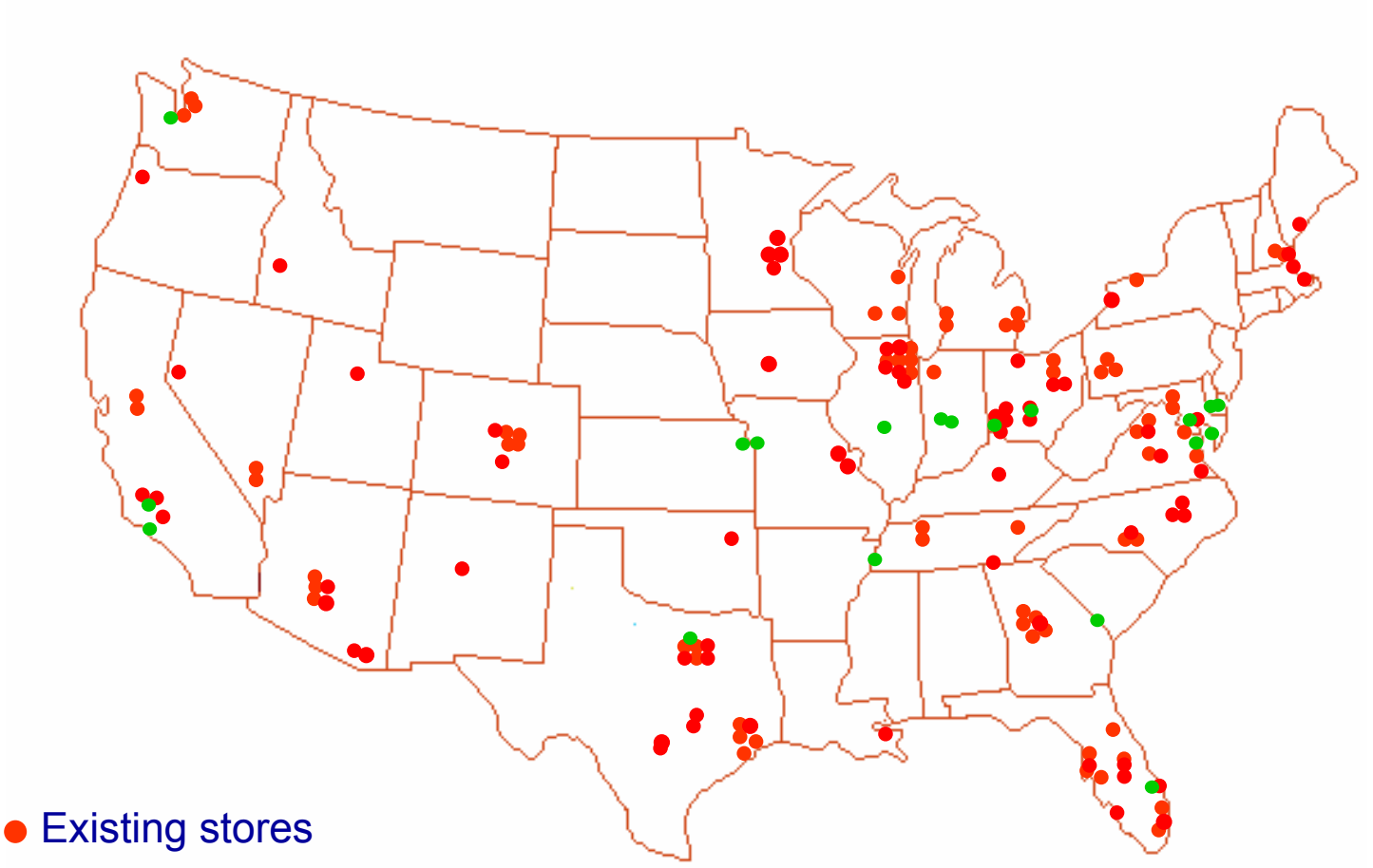
# Jared Locations



- Existing stores
- Opened in 2007/08

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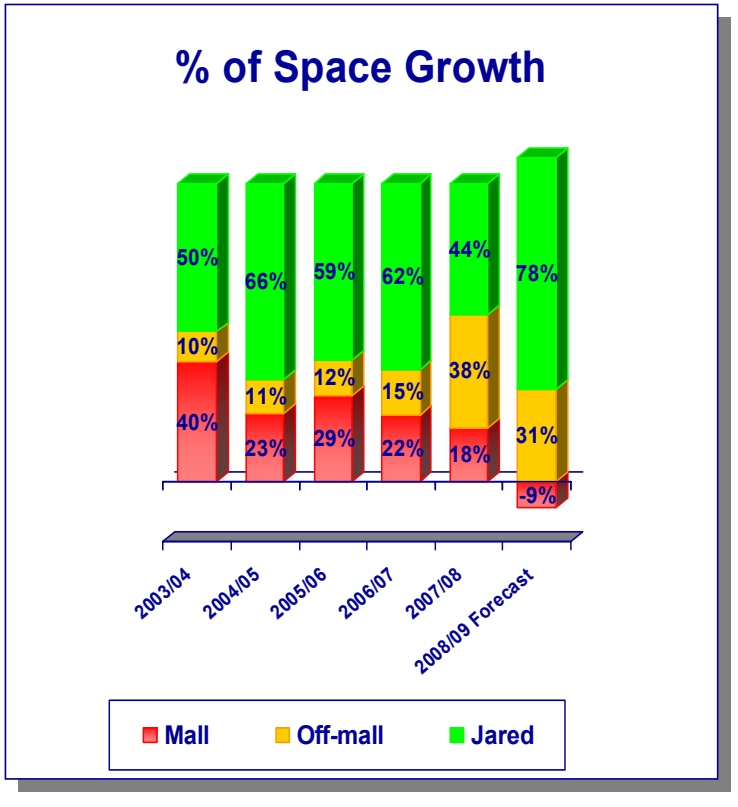
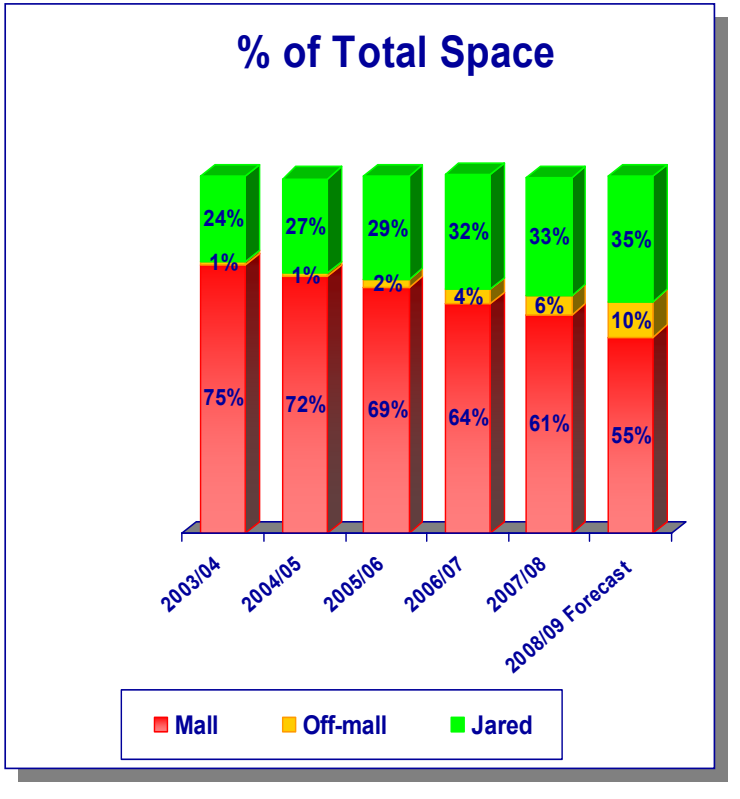
# Growing Off-mall Presence



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# Jared Development

- 1993/94: 3 test stores opened
- 1996 revised format opened in Denver
- 1997: 3 further test stores opened
- 1998: 8 stores opened
- 1999 to 2004: 12-15 stores opened p.a.
- 2005: 18 stores opened
- 2006: 25 stores opened
- 2007: 19 stores opened
- 2008: 17 stores opened
- 2009: 9 stores planned



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# "Test Before We Invest"

| Stage | Jared | Kay off-mall | Kay outlet |
|---|---|---|---|
| **Test initial concept** | 1993 – 1998<br>15 store test | 2002-2005<br>Test c.10 p.a. | 2006 & 2007<br>Test up to 5 p.a. |
| **Initial roll-out** | 1999 – 2004<br>12 to 15 stores p.a. | 2006 – 21 stores<br>2007 – 40 stores<br>2008 – 18 stores | 2008 – Test 8 |
| **Investment model confirmed** | 2004: 28 stores traded through 5 full years | | |
| **Accelerate roll-out** | 2005 – 18 store<br>2006 – 25 stores<br>2007 – 19 stores<br>2008 – 17 stores planned | | |



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# Regional Brands

| | | 2002/03 | **2007/08** |
|---|---|---|---|
| **Sales** | (million) | $461 | **$460** |
| **Stores at y.e.** | | 307 | **351** |
| **Average sales per store** | (000) | $1,536 | **$1,344** |

- ⇨ New markets not meeting sales expectations
- ⇨ Limit openings to areas with marketing support
- ⇨ Review stores applying strict ROCE and return on marketing standard
- ⇨ Acquisition less likely in current market



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# Real Estate


| | Page |
|---|---|
| Typical Mall Layout | 17 |
| In-Line v. Corner Location | 17 |
| Typical Power Strip | 18 |
| Typical Lifestyle Centre | 18 |




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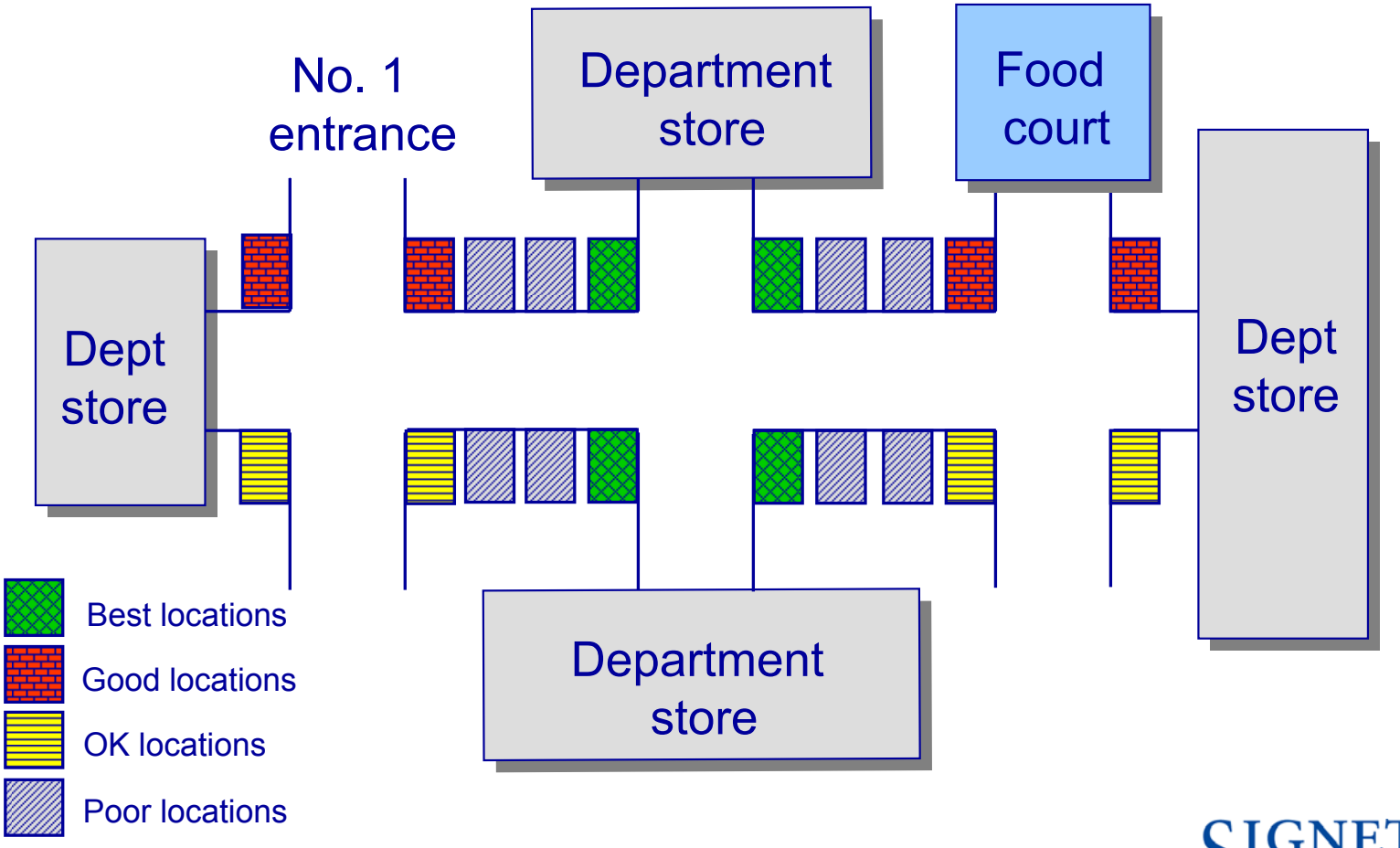
# Typical Mall Layout



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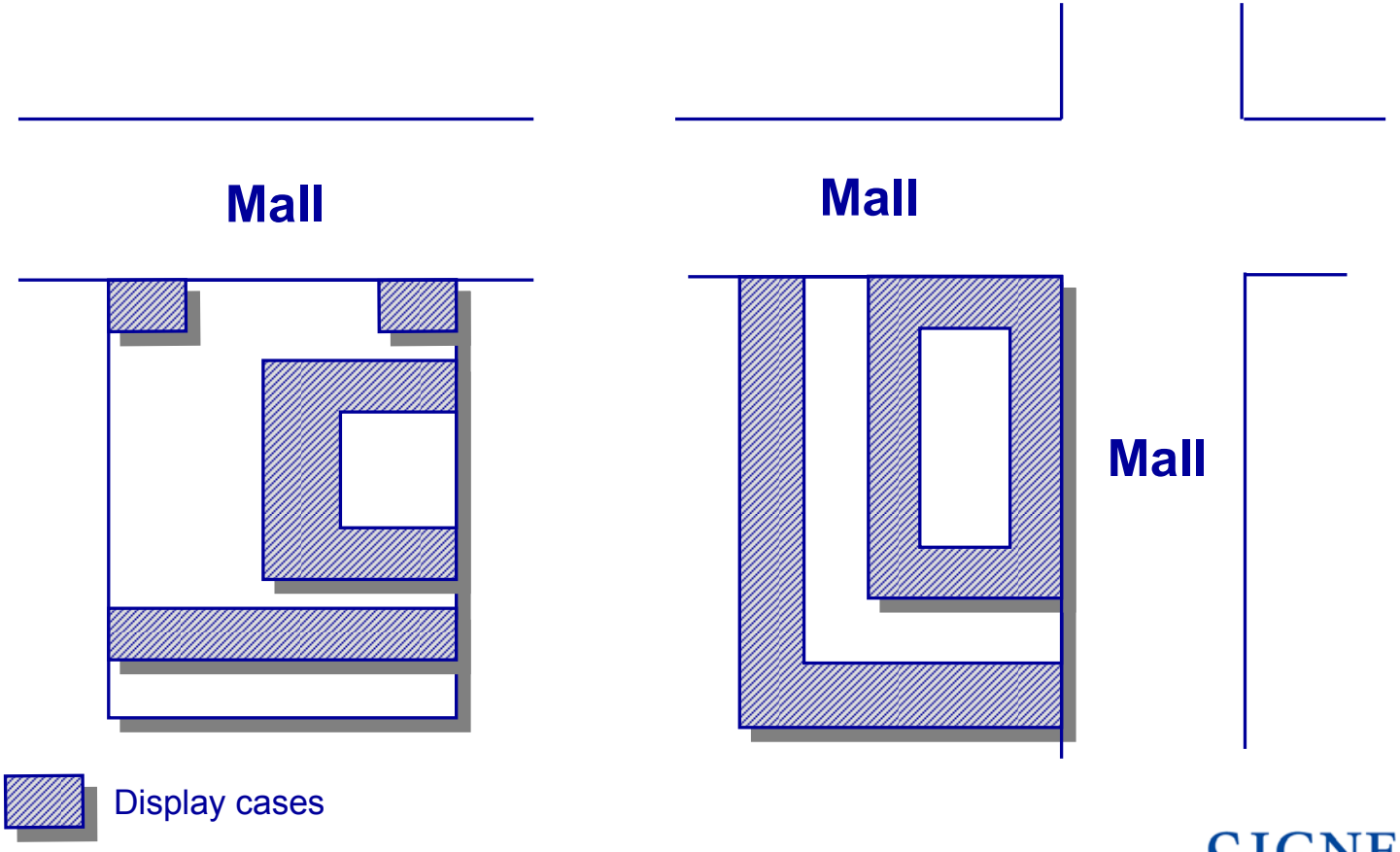
# In-Line v. Corner Location



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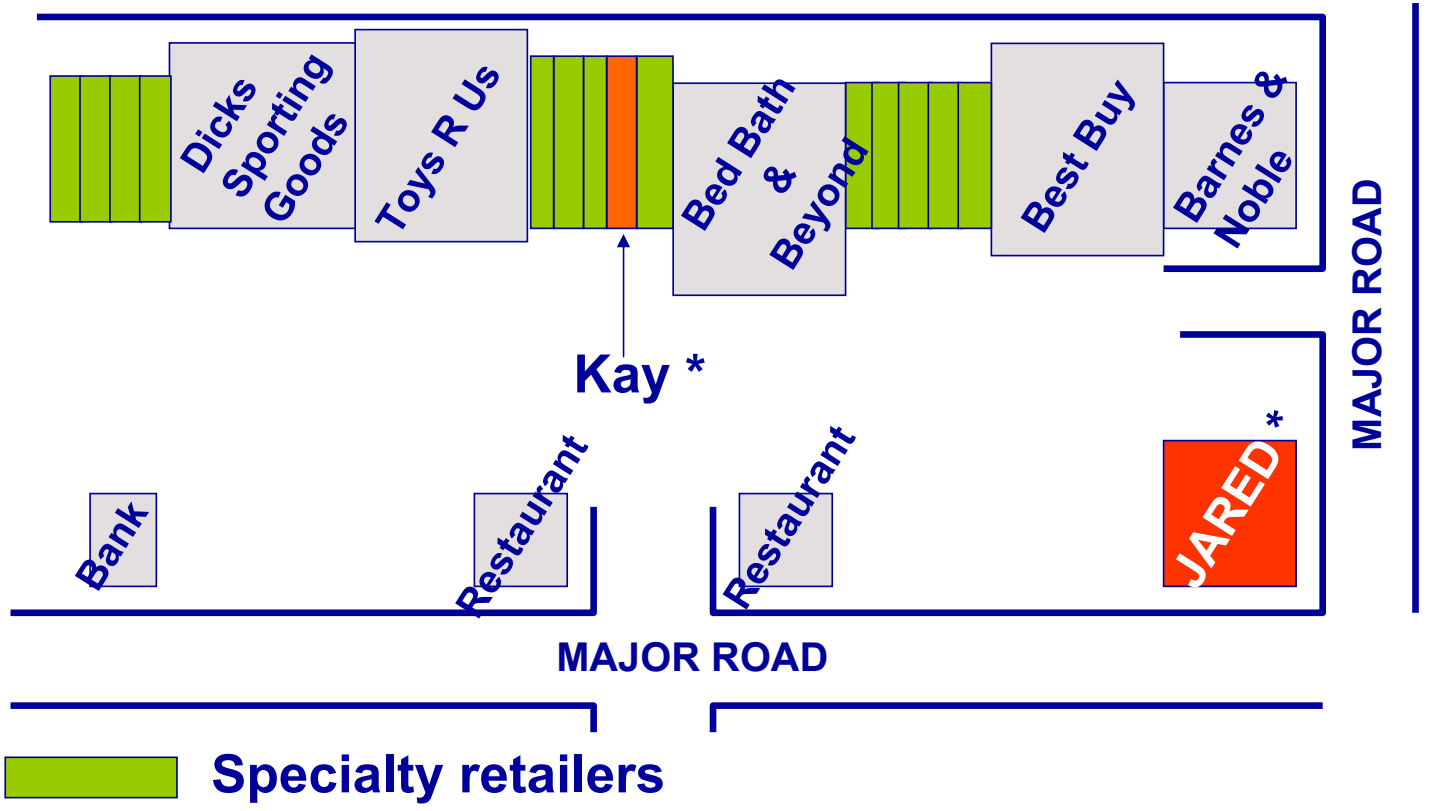
# Typical Power Strip




* Note: Kay and Jared are unlikely to be sited in the same power strip mall



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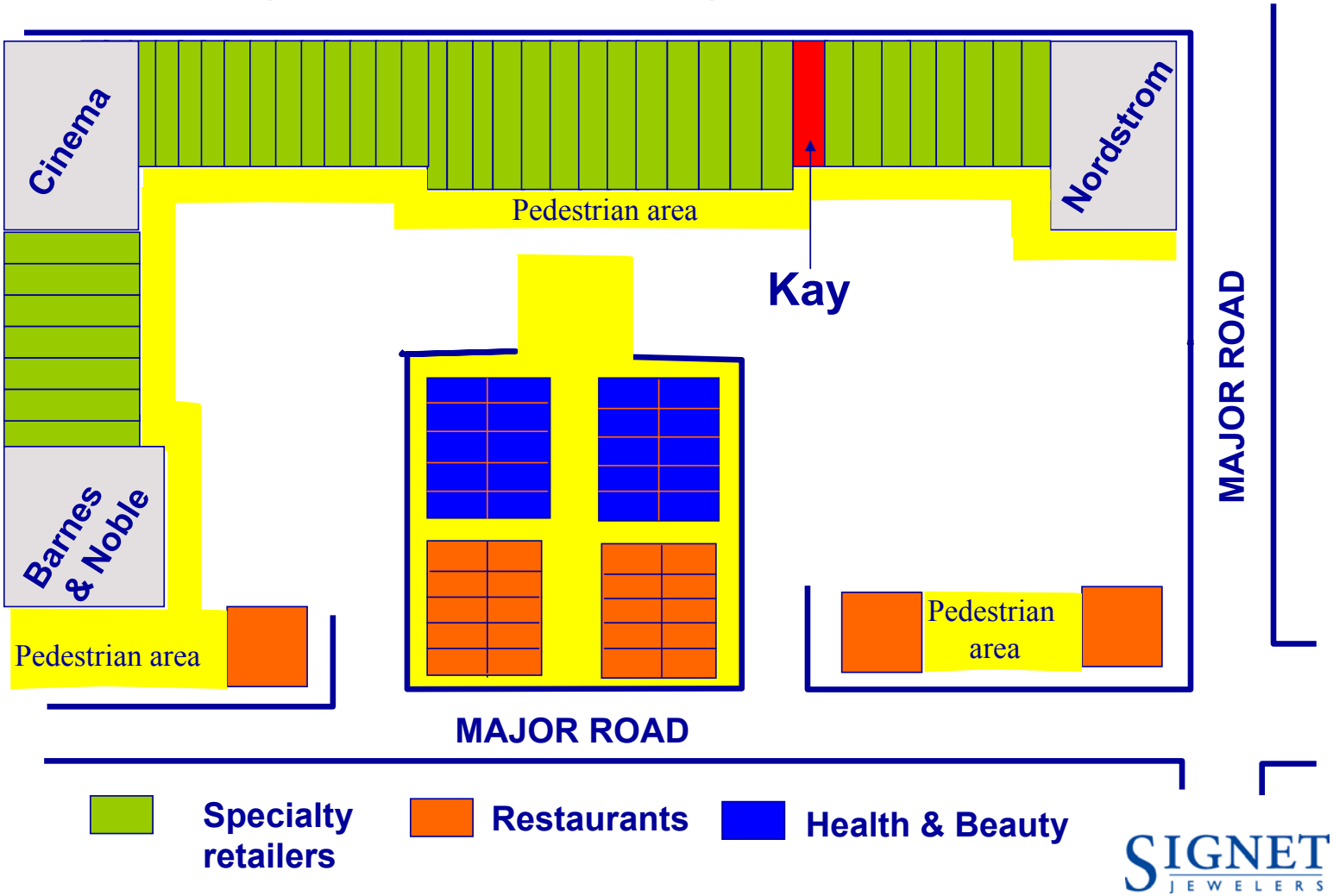
# Typical Lifestyle Centre



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# UK Jewelry


| | Page |
|---|---|
| UK Summary Financials | 19 |
| Comp. Store Sales Growth | 20 |
| Store Count | 20 |
| Average Sales per Store | 21 |
| Merchandise Mix (HS) | 21 |
| Merchandise Mix (EJ) | 22 |
| Average Retail Price | 22 |
| UK Retail Market Map | 23 |




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# UK Summary Financials

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 |
|---|---|---|---|---|---|
| **Sales - £m** | 494.3 | 507.7 | 496.6 | 482.5 | 479.8 |
| **Comp. store sales growth** | 5.5% | 3.0% | (8.2)% | 1.2% | 2.0% |
| **Total sales growth** | 16.1% | 13.7% | (10.5)% | 7.3% | 5.8% |
| **Operating income - £m** | 75.7 | 78.5 | 49.3 | 53.2 | 54.7 |
| **Operating margin** | 15.3% | 15.5% | 10.5% | 11.0% | 11.4% |
| **ROCE**(1) | 46.0% | 44.2% | 26.0% | 34.0% | 33.7% |

(1) Excluding goodwill
Prepared under US GAAP



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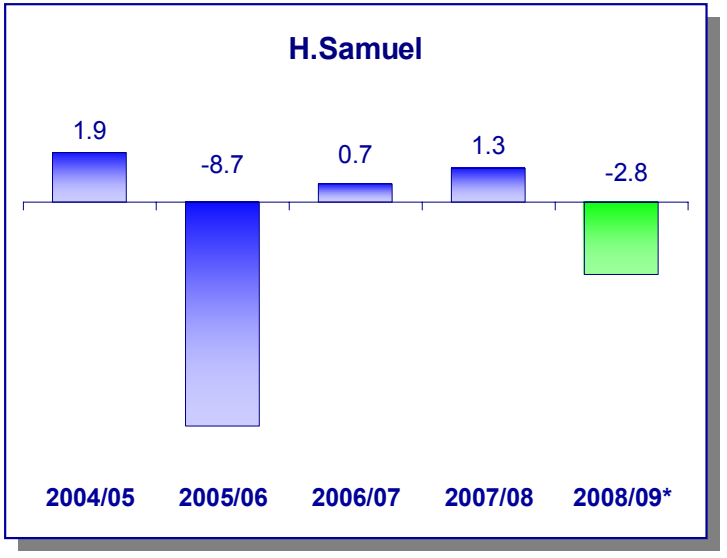
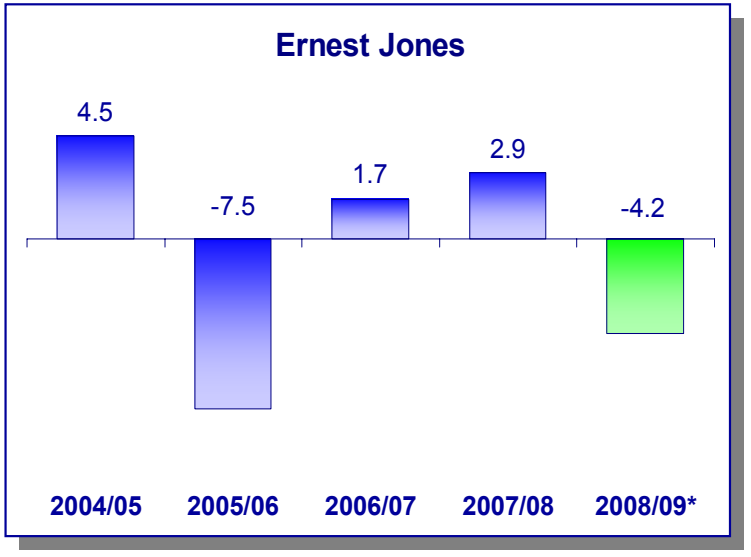
# Comp. Store Sales Growth




* 2008/09 are 48 weeks to January 3, 2009



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# UK Store Count

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 Estimate |
|---|---|---|---|---|---|
| **H.Samuel** | 398 | 386 | 375 | 359 | 351 |
| **Ernest Jones** | 204 | 207 | 206 | 204 | 206 |
| **Total** | **602** | **593** | **581** | **563** | **557** |



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# UK Average Sales per Store

| | | 2004/05 | 2005/06 | 2006/07* | 2007/08 | 2008/09 Estimate |
|---|---|---|---|---|---|---|
| **H.Samuel** | (£'000) | 723 | 681 | 695 | 722 | c.720 |
| **Ernest Jones** | (£'000) | 1,150 | 1,065 | 1,079 | 1,105 | c.1,050 |

Average sales per store excluding VAT. Includes only stores operated for the full financial year

* 53 week year



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# UK Merchandise Mix
## H.Samuel

| | 2004/05 % | 2005/06 % | 2006/07 % | 2007/08 % | 2008/09 % Estimate |
|---|---|---|---|---|---|
| **Gold jewelry** | 32 | 32 | 31 | 31 | 30 |
| **Watches** | 24 | 24 | 24 | 25 | 26 |
| **Diamond jewelry** | 19 | 20 | 21 | 22 | 22 |
| **Other jewelry** | 9 | 9 | 10 | 10 | 10 |
| **Gifts and other** | 16 | 15 | 14 | 12 | 12 |
| **Total** | **100** | **100** | **100** | **100** | **100** |



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# UK Merchandise Mix
## Ernest Jones

| | 2004/05 % | 2005/06 % | 2006/07 % | 2007/08 % | 2008/09 % Estimate |
|---|---|---|---|---|---|
| **Gold jewelry** | 25 | 25 | 25 | 25 | 25 |
| **Watches** | 31 | 30 | 31 | 33 | 35 |
| **Diamond jewelry** | 36 | 36 | 35 | 34 | 33 |
| **Other jewelry** | 5 | 6 | 6 | 6 | 5 |
| **Gifts and other** | 3 | 3 | 3 | 2 | 2 |
| **Total** | **100** | **100** | **100** | **100** | **100** |



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# Average Retail Price of Merchandise Sold (£)

| | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 Estimate |
|---|---|---|---|---|---|
| **H.Samuel** | 37 | 38 | 42 | 44 | c.48 |
| **Ernest Jones** | 141 | 148 | 163 | 180 | c.200 |



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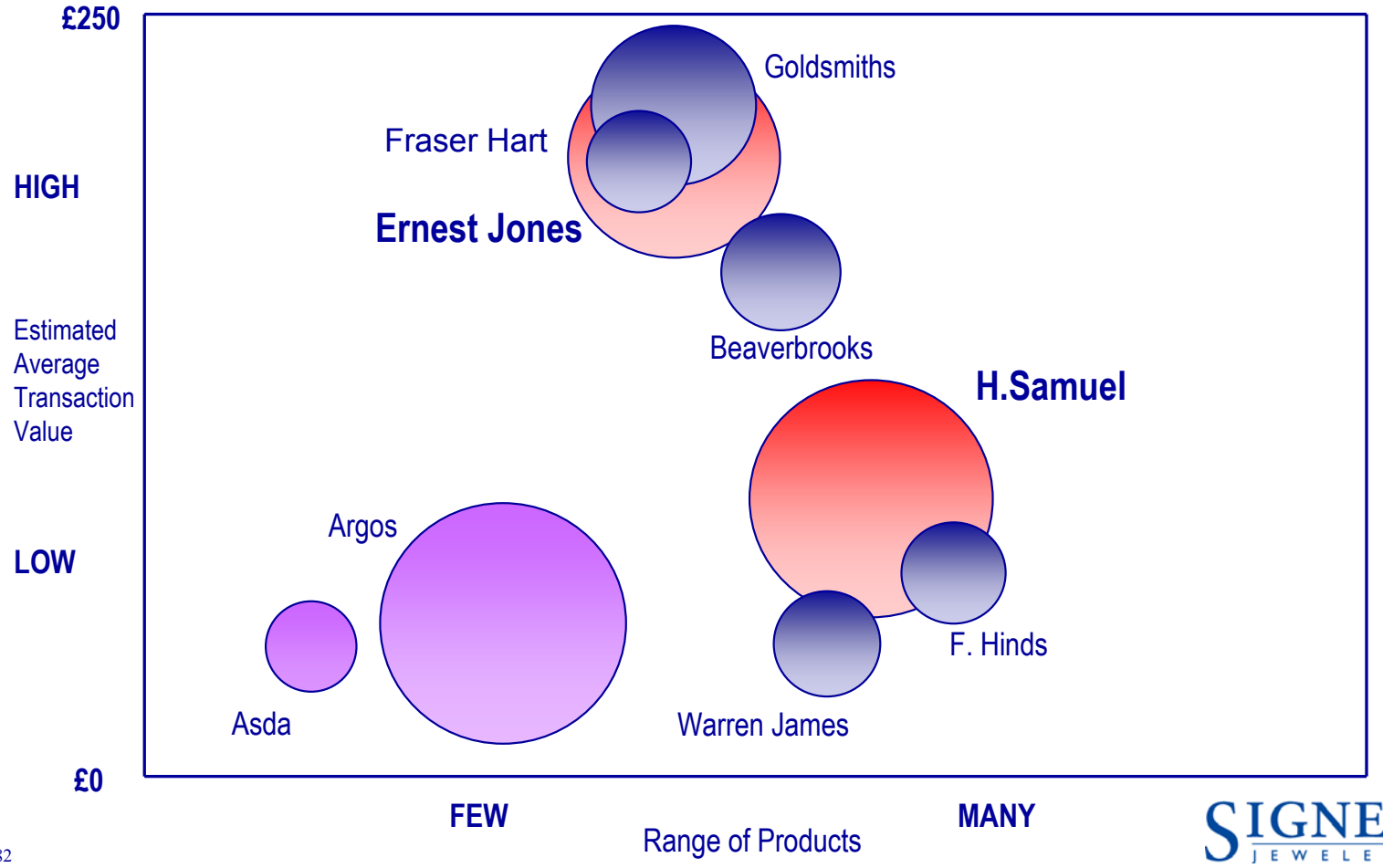
# UK Retail Market Map
## (ex. independents)



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