SIGNET JEWELERS

Akron Investor Day

Tuesday, June 15, 2010

KAY JEWELERS
Every kiss begins with Kay®
kay.com

JARED®
The Galleria Of Jewelry
jared.com

H.SAMUEL
THE JEWELLER

Ernest Jones
The Diamond & Watch Specialist

SIGNET JEWELERS

TERRY BURMAN

Signet CEO

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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," "predicts," "believes," "should," "potential," "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 Company's Fiscal 2010 Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on March 30, 2010 and other filings made by the Company with the Commission, which can be found on the Company's website at www.signetjewelers.com. 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 the Company's release, dated March 25, 2010, available on the "Latest News" section of the Company's website at www.signetjewelers.com.

SIGNET JEWELERS

Program

- Welcome
- Introduce Ron Ristau
- US Division – Mark Light and US executives
- Lunch
- Home Office Tour / Additional presentations
- Travel to Cleveland
- Store Tours
- Travel to Cleveland Airport or return to Akron
- Dinner with management

SIGNET JEWELERS

Operating Principles

- Continuous improvement
- Excellence in execution
- Narrow and deep
- Test before invest
- Disciplined investment
- Strong balance sheet & financial flexibility
- Monitor performance and manage risk

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Continued Progress in Executing Two Year Strategy

- Leverage competitive advantages to gain profitable market share
- Reduce business risk
  - aim to improve store productivity
  - maintain financial strength & flexibility
- Focus on profit & cash flow maximization
- Well placed for recovery in consumer spending

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Long Term Strategy

- Take advantage of economic recovery
- Gain market share in existing store base
- Invest in US space growth that satisfies IRR hurdle
- Acquisitions in N. America of business that meet demanding operating criteria and satisfy required investment returns
- Consider other investment opportunities
- Return cash to shareholder

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Signet UK

"Market Leader, High Returns, Strong Cash Flow"

H.SAMUEL
THE JEWELLER

ERNEST JONES
THE DIAMOND & WATCH SPECIALIST

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UK Brands





Sales: £247.8m
Stores: 347
12% of sales
No.1 jeweler in UK

Sales: £209.8m
Stores: 205
10% of sales
No.2 jeweler in UK

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H.Samuel

	Fiscal 2005	**Fiscal 2009**	**Fiscal 2010**
Sales (million)	£282	**£250**	**£248**
Stores at y.e.	398	**352**	**347**
Average sales per store ('000)	£723	**£718**	**£712**
Average selling price	£37	**£48**	**£52**
Merchandise mix			
Gold & silver jewelry	na	27%	28%
Diamond jewelry	na	22%	22%
Watches	na	26%	25%

⇨Leading middle market brand in UK

⇨Only specialty jeweler using national TV advertising

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Ernest Jones

	Fiscal 2005	**Fiscal 2009**	**Fiscal 2010**
Sales (million)	£221	**£208**	**£210**
Stores at y.e.	204	**206**	**205**
Average sales per store ('000)	£1,150	**£1,047**	**£1,027**
Average selling price	£141	**£202**	**£228***
Merchandise mix			
Gold & silver jewelry	na	13%	14%
Diamond jewelry	na	40%	39%
Watches	na	35%	35%

⇨Leading upper middle market brand in UK

* Excluding charm bracelet category

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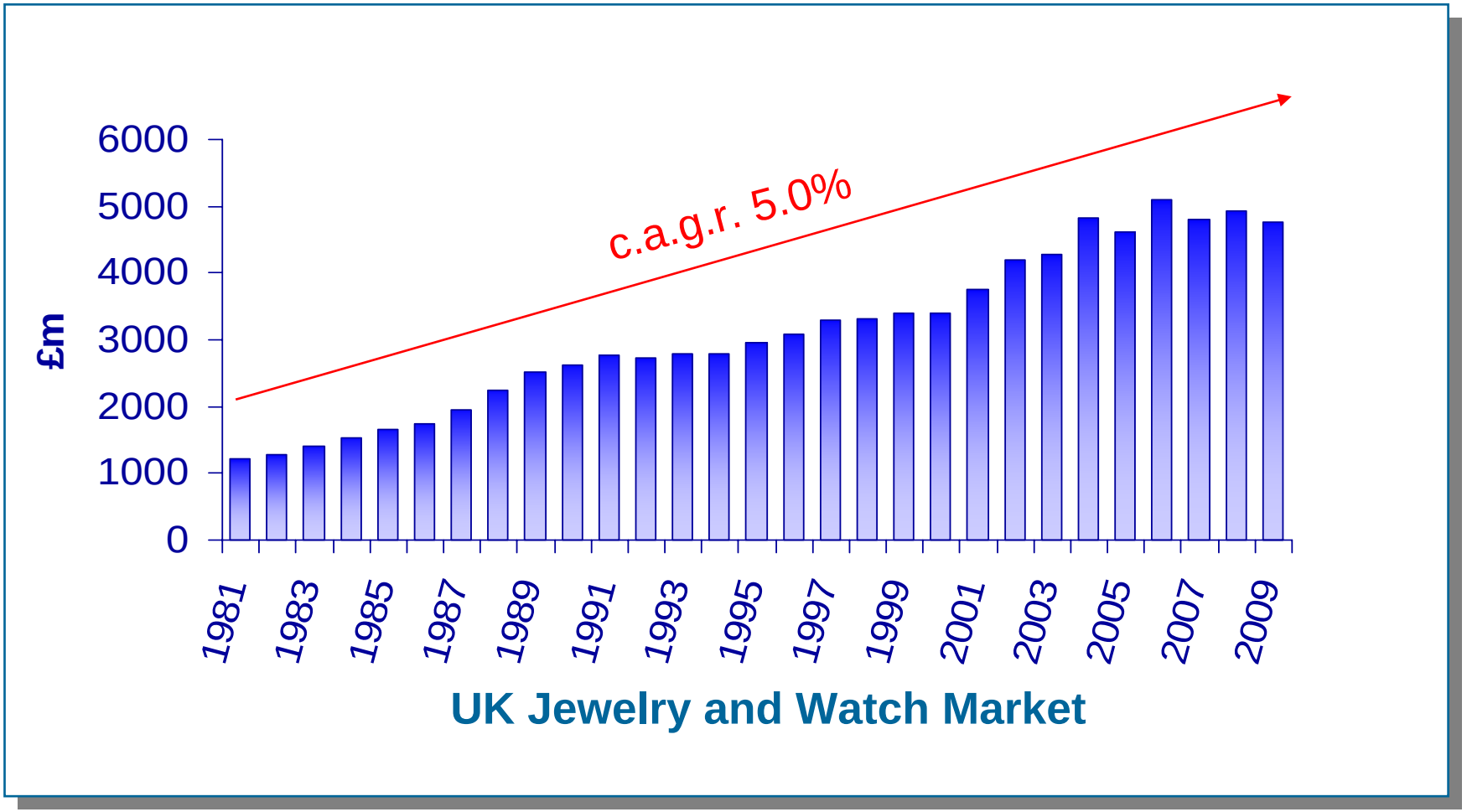
Long Term Industry Growth



Source: UK Office National Statistics

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Industry Leading Performance

2004 to 2008	Sales Growth 5 year c.a.g.r.	Operating Margin 5 year average	EBIT/Total Assets[(a)] 5 year average
Signet UK[(b)]	(1.4)%	11.4%	22.9%
Typical UK Specialty Jewelers[(c)]	(2.5)%	5.7%	8.2%

Total number of specialty jewelry stores in UK ~7,300

(a) Total assets excludes goodwill
(b) To y.e. January 2009
(c) To y.e. 31 March 2009 based on Companies House filings for 5 largest speciality jewelers excluding Signet

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Sustainable Competitive Advantages

- Leading staff training & development recognized by National Association of Goldsmiths
- Scale, direct sourcing supply chain capability & merchandising expertise
- 14 million name database for customer relationship marketing
- Shopping trend to regional malls favorable
- Utilization of US best practice & access to exclusive merchandise

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UK Strategy

- Maintain sector leading operating standards
- Leverage strong market position
  - enhance selling skills and product knowledge of staff
  - more targeted and differentiated merchandising
  - drive footfall through customer relationship marketing
  - optimize real estate
  - utilize access to US best practice
- Make existing space work harder

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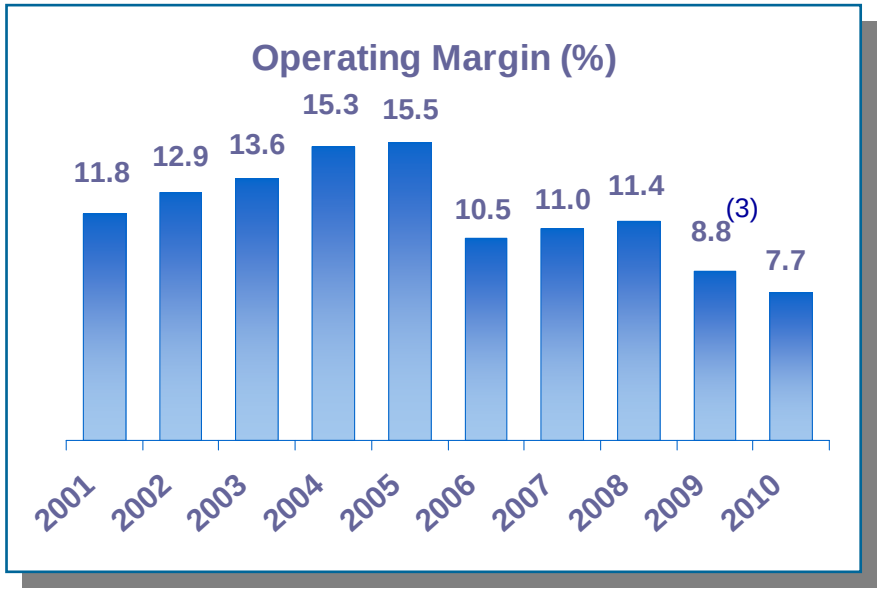
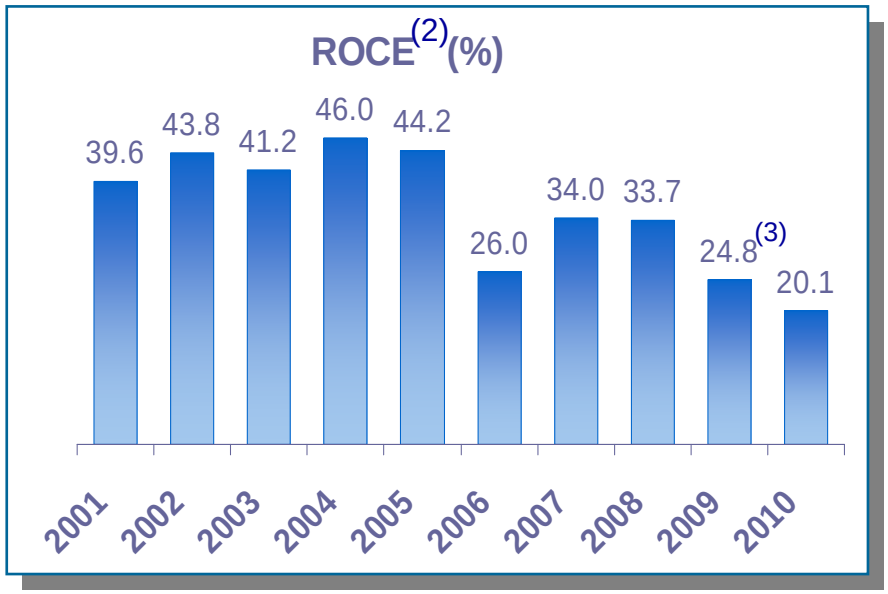
Opportunity to Regain Historic Returns(1)



Fiscal 2001-2005 average: Operating Margin: 13.8%



Fiscal 2001-2005 average: 43.0%

(1) Fiscal 2001 prepared under UK GAAP, fiscal 2002 & 2003 prepared under IFRS
(2) ROCE excluding goodwill
(3) Before goodwill impairment of $108.9m

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Challenging Trading Environment

- More tentative economic recovery in UK than in US
- Uncertainty due to general election & change of government
- Increase in selling prices due to:
  - sterling weakness
  - higher cost of gold
  - VAT increase
- Q1 results
  - same store sales down 0.2%
  - gross merchandise margin down 90 bpts
  - operating loss $1.4 m (fiscal 2010 Q1: loss $1.3m)

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Attractive Business

- Clear market leader in scale and operational execution
- ROCE 20.1% in fiscal 2010
- Strong free cash flow
- Limited forex exposure
  - 1 cent move impacts operating income by ~$0.2m/0.07%
- High operational leverage with potential to return to historic operating margins

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Ron Ristau

Chief Financial Officer Designate

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First Thoughts

- Initial impression
- Key financial strengths
- Starting priorities

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Initial Operating Impressions

- Depth & experience of management in US & UK
- Focus on the customer throughout the organization
- Excellent store service & commitment to consistent training & development of store staff
- A unique accounts receivables process with strong financial disciplines focused on jewelry sales & effective collection
- Inventory & real estate investment driven by ROI, market analysis and customer demand
- Excellent financial controls & strong operating processes

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Effective Financial Management in Difficult Environment

- Proven ability to manage costs & working capital while supporting growth initiatives & key corporate priorities
- Disciplined investment appraisal procedures & appropriate hurdle rates
- Strong balance sheet & financial flexibility
- Significant potential to leverage the operating structure as store productivity improves

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Key Starting Objectives

- Maintain the consistency of financial services as we transition leadership
- Effectively relocate selected Group financial support functions to Akron
- Support the management & Board as we study & establish our future financial structure
- Maintain & manage the successful navigation of the current retail environment
- Continuously evaluate growth & profit enhancing opportunities

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MARK LIGHT

President & CEO,
Sterling Jewelers

"Further growth from a proven strategy"

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The Galleria Of Jewelry

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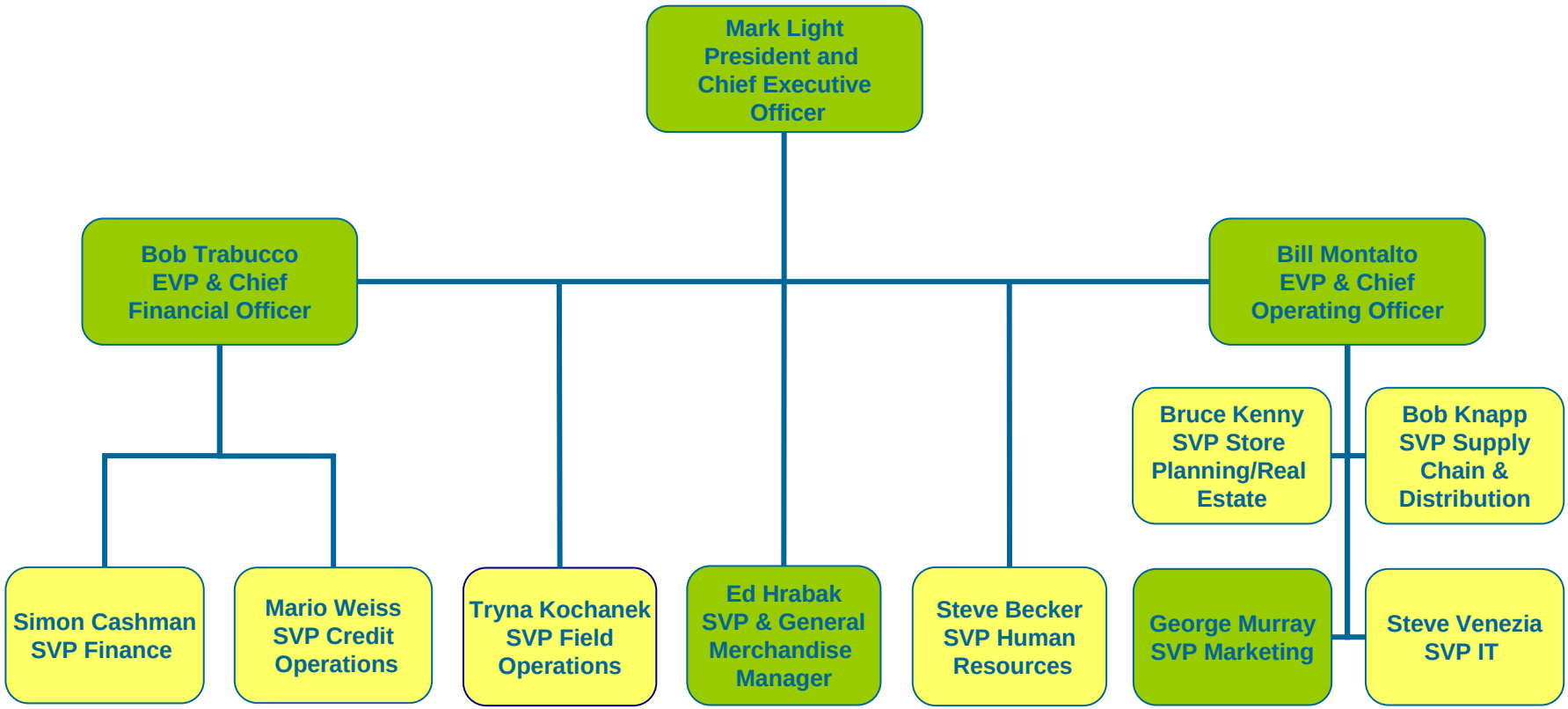
US Management Structure



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Morning Program

- **Mark Light** - US Overview, Competitive Strengths & Store Operations
- **Ed Hrabak** - Merchandising
- **George Murray** - Marketing
- **Bob Trabucco** - Credit
- **Bill Montalto** – Information Support Systems
- Home Office Tour or Themed Presentations

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Afternoon Program

- Travel to Cleveland
- Jared
  - Diamonds, Merchandise & Selling System
  - Design & Repair Center
  - Le Vian
  - Sterling Performance Matrix
- Mall
  - Store Design & Merchandising
  - Associate Training System
  - Profit Management
  - Store Standards
- Travel to Cleveland Airport or return to Akron
- Dinner with management

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Our Mission

To earn the trust of our customers by delivering:	*To conduct ourselves as a company with:*	*To achieve:*
A superior customer experience	Teamwork	Return on assets
Assistance	Integrity	Continuous improvement
Products	Communications	
Services	Rewards	
Value		
Convenience		

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Competitive Advantages

Very experienced & stable management

Consistency of strategy & execution

Store Operations

- Closely monitored store standards
- Measurable objectives
- Leading training systems

Merchandising

- Differentiated merchandise
- Sophisticated systems
- GMROI focused
- Superior supply chain

Marketing

- National television advertising
- Research based
- Champion / challenger approach

Real Estate

- Strict criteria, regularly reviewed
- High quality locations & store fit
- Leading store productivity

Control and information systems

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US Business Characteristics

- Customer profile
  - Kay & Regionals customer's household income ~$35k-100k, ASP ~$312
  - Jared customer's household income ~$50k-150k, ASP ~$710(1)
- Driven by bridal and gift giving categories
  - 45% to 50% bridal related
  - ~75% of merchandise sales diamond jewelry
- 43% of space off-mall

(1) Excluding charm bracelet category

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Factors Supporting Long Term Growth in Jewelry Sales

- Recession not changed our customers' desire for jewelry
  - bridal
  - gift giving
  - self reward
- Jewelry is the most meaningful gift as an expression of love & commitment
- As real incomes grow, proportion spent on jewelry rises
- Price inelastic, wide range of price points to satisfy customer's budget

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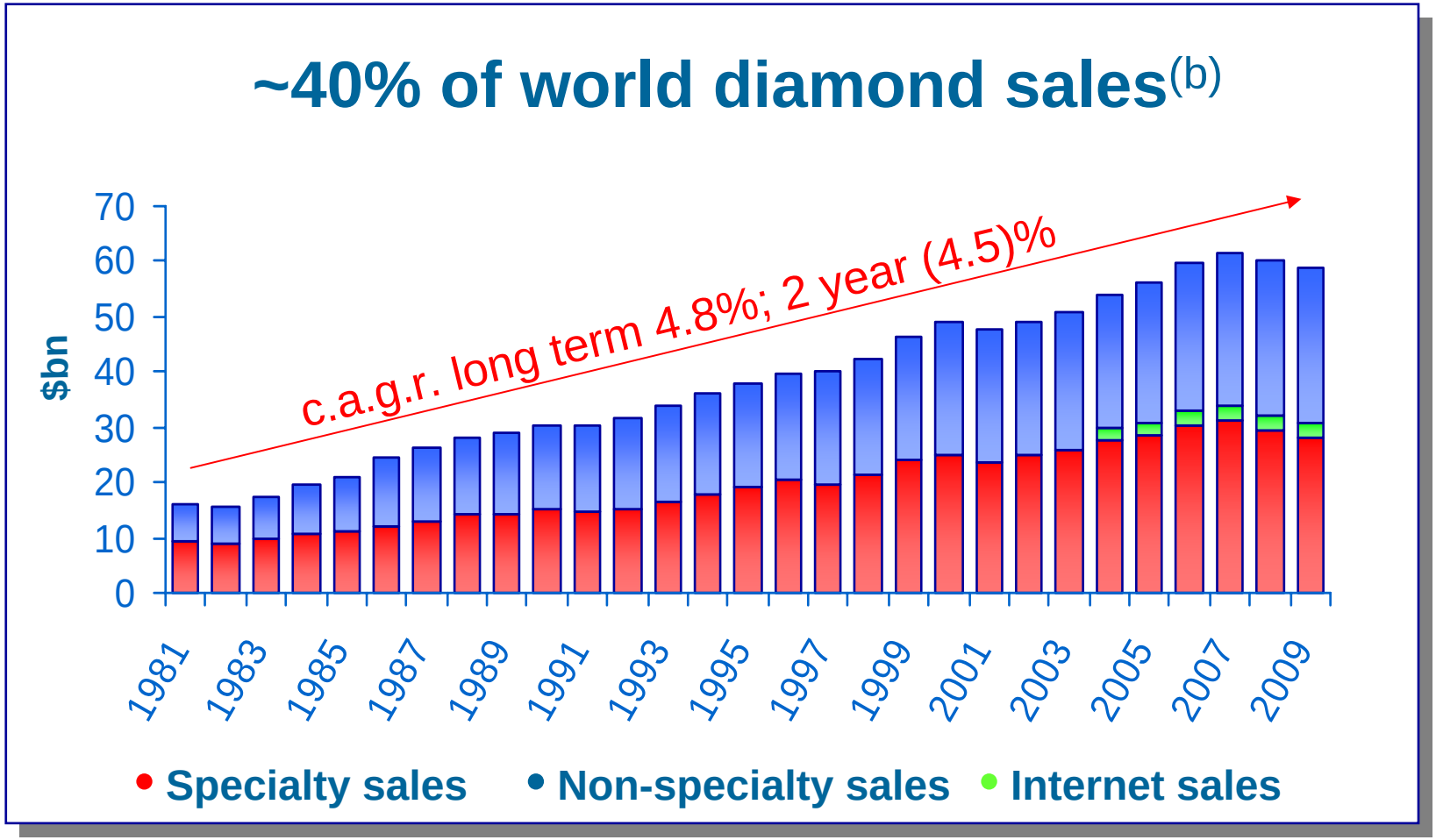
Long Term Industry Growth

US Jewelry and Watch Market[a]



Sources: (a) US Department of Commerce & Census Bureau
(b) IDEX

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Non-Specialty Sales(1)

Discounters / Warehouses share of jewelry sales estimated ~11%		
Wal-mart	$2.8bn	Mostly “low end”, minimal bridal, little service element
Costco	$0.5bn	Mostly diamond jewelry, minimal bridal, no service
Target	$0.5bn	Mostly “low end”, minimal bridal, little service element
Kohl’s	$0.3bn	Mostly “low end”, minimal bridal, little service element
Department stores share of jewelry sales estimated ~10%		
Macy’s	$1.4bn	Range of fashion jewelry & watches, minimal bridal
Sears	$0.8bn	Range of fashion jewelry & watches, minimal bridal
JC Penney	$0.7bn	Range of fashion jewelry & watches, minimal bridal
Neiman Marcus	$0.4bn	Mostly high end designer jewelry & watches, minimal bridal
Saks Fifth Avenue	$0.2bn	Mostly high end designer jewelry & watches, minimal bridal
Others major retailers share of jewelry sales estimated ~5%		
QVC	$1.2bn	Mostly “low end” fashion jewelry, no bridal, no service
JTV	$0.4bn	Mostly “low end” fashion jewelry, no bridal, no service
HSN	$0.3bn	Mostly “low end” fashion jewelry, no bridal, no service
Claire’s	$0.9bn	All non-precious fashion jewelry, no bridal
Other	**$17.5bn**	**21% of jewelry sales**

(1) Source: National Jeweler

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Impact of the Internet

- Jewelry is very personal and diamonds are not homogeneous, so not suited to remote selling
- Internet jewelry sales therefore mostly high value certified stones or low value fashion jewelry
- Estimated to be 4.6[(1)]% of total jewelry sales
  - only significant specialty internet jewelry retailer is Blue Nile with US sales of $268.9 million
  - Amazon jewelry sales estimated at $225 million[(2)]
  - many specialty jewelers have websites
- Major impact has been on pricing transparency in certified stones, not volume

(1) Source: Census Bureau for 2009
(2) Source: National Jeweler

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2009 Specialty Jewelry Market

- Total specialty jewelry sales of $28.3bn[1]
  - Sterling share 9.1%
  - average selling price ~$350[2]
- Mid market estimated to be ~$23bn
  - Sterling share ~10.9%
- Bridal category estimated to be ~$13bn
  - Sterling share ~9-10%
  - engagement, bridal & anniversary
  - average price of engagement ring estimated to be $3,200[2] in 2009

(1) Source: US Census Bureau
(2) Source: IDEX

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Consistent Gains in US Specialty Market Share

	1999	2004	2007	2008	2009
Sterling	5.2%	7.4%	8.7%	8.6%	9.1%
Zale[1,2,3]	5.8%	7.8%	6.3%	5.5%	4.9%
Tiffany[1]	3.1%	3.8%	4.8%	4.9%	4.7%
Blue Nile[1]	0.1%	0.6%	1.0%	0.9%	1.0%
Finlay[1,2]	nil	nil	0.7%	1.1%	Liquidated
Friedman[1]	1.2%	1.5%	na	Liquidated	-
Whitehall[1]	1.1%	1.1%	0.9%	Liquidated	-

(1) Share of US specialty jewelry market based on SEC filing.

(2) Finlay acquired Bailey, Banks & Biddle in November 2007 from Zales, Congress Jewelers in November 2006 & Carlyle Jewelers in May 2005.

(3) 2009 based on earnings release February 24, 2010.

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Rationalization of Top US Brands

Mid market brands	Sales $m			No. of stores		
Calendar	**2009**	**2008**	**2004**	**2009**	**2008**	**2004**
Kay[1]	1,508	1,439	1,174	923	926	832
Zales[1,2]	1,110	1,363	1,071	693	784	757
Gordons[1,2]			314	202	261	287
Jared[1]	723	726	415	178	154	135
Fred Meyer[3,4]	375	410	475	376	386	436
Helzberg[3]	375	400	500	235	235	265
Friedman's[3]	n/a	n/a	425	Liquidated 2008		646
Finlay Speciality[1,2,7]	n/a	310	nil	Liquidated 2009		Nil
Shane[6]	n/a	~210	150	In Chapter 11		17
Whitehall[1,5]	n/a	243	334	Liquidated 2008		382

(1) Source: Accounts.
(2) July year end.
(3) Source: National Jeweler estimate.
(4) Includes Littman's and departments in supermarkets.
(5) Includes Lundstrom.
(6) Chapter 11 filing.
(7) Bailey, Banks & Biddle; Carlyle; Congress.

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Other Rationalization Since Start 2008

- Liquidated
  - Christian Bernard, 15 stores
  - Fortunoff, 20 stores
  - Alpha Omega, 4 stores
- Chapter 11 restructuring
  - Robbins Brothers, closed 6 stores, -38%
  - Ultra, closed 45 locations, -25%
- Store closures
  - Reeds Jewelers closed ~28 stores, -30%
  - Don Roberto closed ~23 stores, -23%
  - Hannoush ~15 stores, -19%

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Consolidation in 2010

- Signet forecast to close 40 - 50 stores
- Zales closed ~20 year to date
- Movado to close 26 stores
- Samuels to close ~30 stores
- Michael Hill to close 8 stores

- Estimated ~12% of store base exited specialty sector in 2008 & 2009 combined

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Industry Leading Performance

Calendar 2008 Performance	Operating Margin	EBIT/Total Assets[1]	Total Sales
Signet US[2]	6.8%	7.5%	(6.3)%
Zale Corp[3]	(6.1)%	(9.2)%	(15.1)%
Typical US Chain Jeweler[4]	2.7%	1.3%	(13.2)%
Calendar 2009 Performance			
Signet US[5]	8.7%	9.8%	0.8%
Zale Corp[3]	(13.2)%	(19.6)%	(12.6)%

(1) Total assets excludes goodwill
(2) To y.e. January 31, 2009 excluding goodwill impairment
(3) To y.e. January 31, 2009 & 2010 based on SEC Filings and restated quarterly results ex. goodwill impairment
(4) To y.e. December 31, 2008 based on JA Cost of Doing Business
(5) Excluding benefit from change in vacation entitlement policy

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“Our People Make the Difference”

- Customer service remains central to selling jewelry
  - every piece is under lock & key
  - customers need to be educated about the product
  - competitive advantages
  - up-selling and add-ons

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“Our People Make the Difference”

- Team Members
  - clear and measurable expectations
  - consistent training and feedback on performance
  - monitoring mechanisms provided daily for every team member
  - excellent incentives
  - “Promotion from Within” culture
  - very good career path opportunities
  - above average retention for retail

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Clear Measurable Expectations

- Daily store standards
  - store staff “controllables”
  - clear performance expectations
  - individual standards integrated into divisional goals
- Monitoring
  - overnight reports provided to store staff and District Manager
- Customer service feedback

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Strong Team Incentives

- Historically 20% - 25% of field payroll performance based
- Sales associate commission
  - based on own and store performance
  - encourages team work
- Manager profit bonus
  - profit based bonus
  - monthly store operating statement
  - trained to be profit business managers
- District Manager bonus
  - KPI based bonus

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Best Support Systems For Our Store Teams

- 360 degree communication system
- Organizes tasks
- Tracks individual key performance indicators
- Provides targeted training that is tailored to the needs of the individual
- Improves executional effectiveness
- Greater process monitoring and compliance

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Great Merchandising For Our Store Teams

- Most efficient and flexible supply chain
- Individual store by store merchandising
- Superior merchandising systems
  - enables testing
  - early identification of trends
- Ability to develop differentiated ranges

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Outstanding Marketing Support For Our Store Teams

- Leading share of voice and great execution
- Ability to use national television advertising
  - built store brand awareness
  - market differentiated product
- Sophisticated customer relationship marketing
- Sector leading “brick & click” capability

SIGNET JEWELERS

Superior Credit Programs For Our Store Teams

- ⇨ Tailored to our customers needs
- ⇨ Leading authorization and collections system built on jewelry sector data
- ⇨ Operated to our corporate priorities
- ⇨ Executed to our customer service standards

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Sterling's Medium Term Potential

- Return to historic operating margins and ROCE levels
  - rebuild store productivity
  - reduce net bad debt

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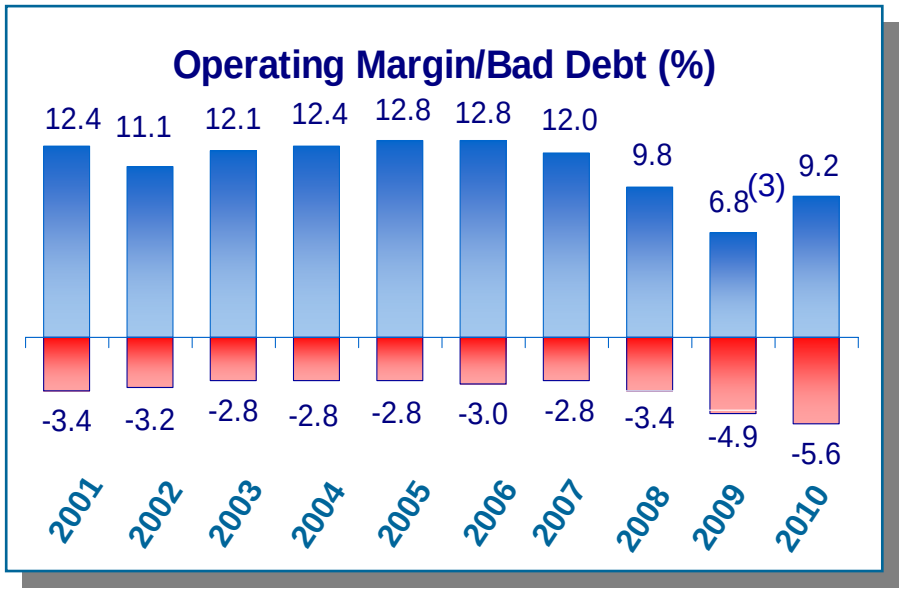
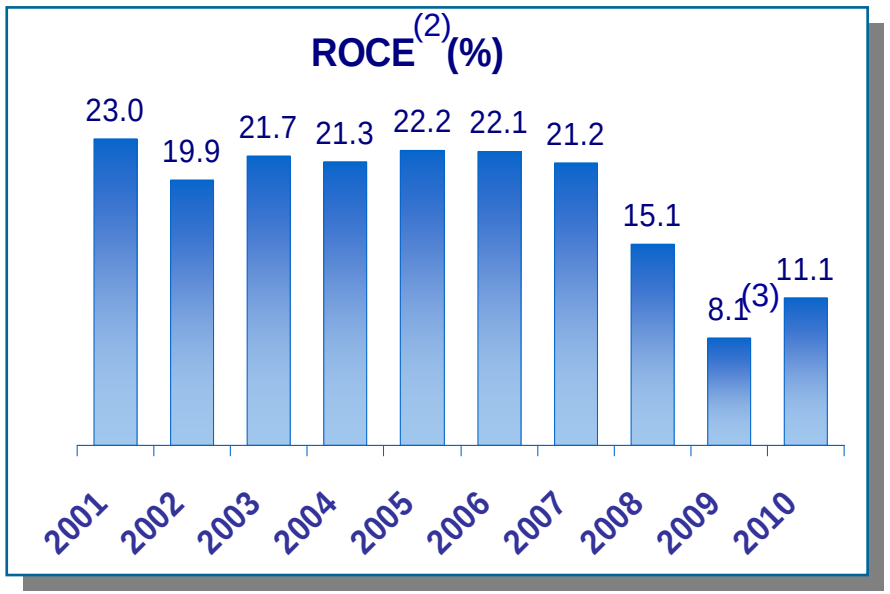
Opportunity to Regain Historic Returns[(1)]





Fiscal 2001-2007 average:
Operating Margin: 12.2%
Net Bad Debt to Sales: -3.0%

Fiscal 2001-2007 average: 21.5%

(1) Fiscal 2001 prepared under UK GAAP, fiscal 2002 & 2003 prepared under IFRS
(2) ROCE excluding goodwill
(3) Fiscal 2009 before goodwill impairment of $408.0m

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Store Productivity/ASP Opportunity

	Average Sales per Store[1]		ASP	
	Peak	Fiscal 2010	Peak	Fiscal 2010
Kay	$1.82m	$1.58m	$331	$307
Jared	$5.68m	$4.05m	$747	$713[2]
Regional Brands	$1.52m	$1.16m	$346	$329

(1) Based only on stores operated for the full fiscal year.
(2) Excludes the charm bracelet category.

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Q1 Performance

- Challenging marketplace
  - total revenue 6.8%
  - comps. 7.2%
- Gross merchandise margin up 90 bpts
- Accounts receivable performance improved by 120 bpts
- Controllable expenses slightly down
- Operating margin up 470 bpts
- Operating profit $91.1m, +61.5%
- Outlook remains uncertain
  - typically require low single digit comp. sales to achieve leverage
  - marginal sales profitability against plan usually ~40% during year

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US Sales Outlook

- Potential recovery in specialty jewelry sales
  - 2009 sales down 9.8% from 2007 peak
  - recovery driven by economy, but outlook unclear
- Market share opportunity
  - capacity withdrawal
  - many remaining competitors operationally weakened and/or financially constrained
- Potential for space growth
  - begun to see some opportunities
  - limited high quality real estate available
  - apply demanding Return On Investment and operating criteria to all acquisition opportunities
- Demanding investment requirements

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US Changes in Square Footage

	Kay Mall	Kay Off Mall	Regionals	Jared[1]	Total	Change in Space
Jan 2008	**789**	**105**	**351**	**154**	**1,399**	**10%**
Jan 2009	**795**	**131**	**304**	**171**	**1,401**	**4%**
Openings	5[2]	3	1	7	16	
Closures	(6)	(5)	(45)[2]	-	(56)	
Jan 2010	**794**	**129**	**260**	**178**	**1,361**	**(1)%**
Openings (forecast)	4	2	-	2	8	
Closures (approx.)	(10)	(4)	(36)	-	(50)	
Jan 2011 (forecast)	**788**	**127**	**224**	**180**	**1,319**	**(2)%**
Long term potential	**~850**	**~500**	**100+**	**300+**	**1,750+**	

(1) A Jared store is equivalent to just over four mall stores in size
(2) Includes 14 rebranded stores in 2008 and 2 in 2009

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Growth Potential Built on Increasing Leverage of Competitive Advantages

- Ability to recruit, train & keep best sales associates and field management
- Supported by superior execution of other retail disciplines
- Strong balance sheet means able to focus continually improving execution
- Consistency of strategy and leadership
- Increasing market leadership further leverages scale advantages

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Ed Hrabak

SVP Merchandising,
Sterling Jewelers

“Supply chain & merchandising initiatives”

SIGNET JEWELERS

Mission

- General
  - right product, right price, right place, right time
  - development of differentiated ranges
  - offer value items for price conscious consumer
  - gross margin management
  - pursue supply chain opportunities
- Critical to Jewelry
  - importance of commodities
    - quality control as each diamond is unique
  - optimize inventory investment as largest element of capital

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Competitive Advantages in Supply Chain & Merchandising

- Sector leading systems and procedures
- Direct sourcing of loose polished diamonds
- Detailed understanding of manufacturer's costs
- Attractive partner with vendors due to our volume and financial strength
- Ability to identify trends early

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Utilize “Pull” Methodology

- Category has slow changes in fashion & limited seasonality
  - test and run every product/program
  - ability to respond to trends within season
- GMROI focused
- Merchandising reflects individual stores selling patterns, local demographic & regional variations
- Maximizes sales, minimizes mistakes

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Advantages of Differentiated Merchandise

- Drives footfall and differentiates stores
- Lower risk of competitive discounting
- Offered manufacturers' best ideas ahead of competition
- Speed to market
- Clearer, more cost effective marketing message
- Symbiotic marketing leverage
- Better able to execute future development of ranges

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Ideal Partner for Branding

- Commitment to testing and development of merchandising programs
- Training of sales associates
- Ability to provide marketing support
- Critical mass
- Established supplier relationships
- Proven track record in branding
- Consistency of strategy & execution
- Financial strength

SIGNET JEWELERS

Differentiated Merchandise Increasing Opportunity to Drive Share

- Differentiated merchandise combines our competitive advantages reinforcing their impact
  - merchandising
  - marketing
  - store operations
  - balance sheet
- Opportunities to gain market share from
  - specialty sector competitors
  - non-specialty jewelry retailers
  - other gift giving and self reward categories

SIGNET JEWELERS

Highly Recognized Branded Diamond

- 2000: first tested
- 2002: introduced to all stores
- Continued development of range
  - cuts
  - products
  - Leo Artisan
- 2008: improved specification
- 2009: expanded bridal range
- “One of the most recognized diamond cuts in the US”



SIGNET JEWELERS

Peerless Diamonds

- Exclusive to Jared
- Launched Fall 2005
- The Ideal, Ideal cut diamond
  - ideal cut
  - triple very high return of light



SIGNET JEWELERS

Rapid Innovative Merchandising

- Opportunity identified early 2008
- Tested Mothers Day 2008
- Rolled out for Holiday 2008
- Continued strong performance Valentines and Mothers Day 2009
- Expanded range and improved availability for Holiday 2009
- Product and Marketing evolving



SIGNET JEWELERS

Major Initiative For Holiday 2009

- Followed the Jane Seymour launch template
- Different product ‘story’ and price points to Open Hearts
- Concept: for the person who wants to declare their love for another
- Competition from “Everlon”
- Expanding range in 2010



SIGNET JEWELERS

Partnering With Branded Jewelry Manufacturers

- “Build a memory”
- Tested 2008
- Female self-purchasers
- Jared rolled-out fall 2009
- Jared TV ad for Holiday 2009
- Opportunity to convert to Jared customer

PANDORA™

-NOW AVAILABLE AT MOST JARED® STORES AND ONLINE-



SIGNET JEWELERS

Le Vian

- Stocked in all Jared stores
  - Le Vian boutiques in selected Jareds
- Exclusive to Signet among specialty mall jewelers
- Many exclusive designs
- High level of female self-purchase
- First time advertised on national television
- Market to Le Vian gala events using CRM
- Customer assisted selling system developed with Le Vian



SIGNET JEWELERS

Test Before We Invest

- Make sure we are backing winners
  - identify best designs within range
  - enables more accurate forecasting
  - ability to identify and react to changes in selling patterns
- Currently testing a range of new fashion programs
  - silver statement jewelry
  - color range in partnership with Swarovski
  - charm bracelet range for all mall stores

SIGNET JEWELERS

Developing Differentiated Ranges for Bridal Category

- Accounts for 45% - 50% of US sales
- Opportunity to leverage polished diamond sourcing advantages
- Very few differentiated bridal programs in middle market
- Potential to advertise outside gift giving seasons

SIGNET JEWELERS

Value Items

- Ability to take advantage of market anomalies
  - expertise in marketplace
  - balance sheet strength
- Selected items only, to minimize adverse impact on gross merchandise margin
- Caters to more price conscious consumer in challenging environment

SIGNET JEWELERS

Gross Margin Dynamics

- Diamonds ~55% of COGS in fiscal 2010
  - polished diamond prices down in fiscal 2010
  - increases in fiscal 2011
- Gold ~20% of COGS in fiscal 2010
  - gold costs +~25% p.a. for last 5 years
- Able to adjust prices as commodity costs take time to impact gross merchandise margin
- Mix changes
  - differentiated ranges / value items / solitaire diamonds

SIGNET JEWELERS

Gross Margin Initiatives

- Able to identify trends early as active in polished diamond markets
- Systems and procedures in place to allow considered response
- Supply chain improvements
  - partner with lowest cost suppliers on worldwide basis
  - leverage operational scale, stability and financial strength
  - enhance supply chain responsiveness
- Reduced exposure to competitor discounting

SIGNET JEWELERS

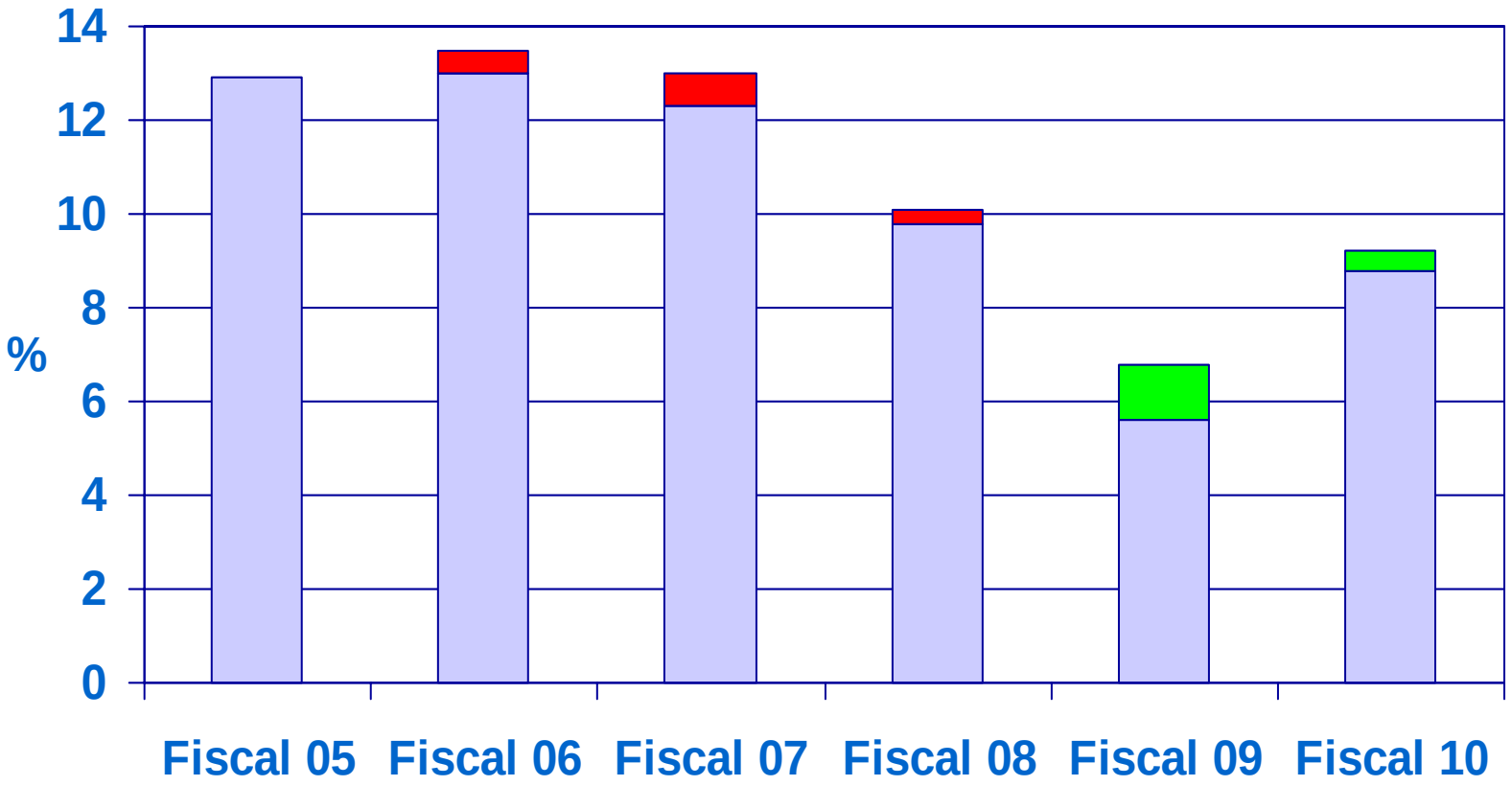
Pricing Considerations

- Inelastic consumer response
  - infrequent purchase of non-standard product
  - intrinsic underlying value
- Consumer usually has a $ budget not product specification constraint
  - merchandising offers wide range of price points
  - bridal & other categories have different dynamics
- Signet has lowest cost supply chain

SIGNET JEWELERS

Trend in Operating Margin

Net of changes in Gross Merchandise Margin



Negative impact to operating margin

Positive impact to operating margin

⇨ Fiscal 2011, broadly similar to last year's level

SIGNET JEWELERS

Providing Competitive Advantage to Field Staff

- Superior quality of merchandise
- High “in-stock” levels
- Rapid clearance of slowing lines
- Appropriately targeted merchandise, including
  - female self purchase
  - value conscious customer
  - younger males
  - younger females
- Differentiated merchandise supported by national TV advertising

SIGNET JEWELERS

George Murray

SVP, Marketing,
Sterling Jewelers

“Sector leading share of voice”

SIGNET JEWELERS

Marketing Leadership

- "Every kiss begins with Kay"
  - largest marketing budget in mid-market sector
  - focus on national television advertising
  - romance & appreciation used as consistent theme over time and across media
- "He went to Jared"
  - above average advertising/sales support
  - awareness & reason drives advertising
  - used national television for 4 years which creates greater leverage
- Regional brands
  - very well established local identities
  - CRM focused marketing

SIGNET JEWELERS

Focus on TV Advertising

- Visual product & emotional message
- Benefit of national TV advertising
  - provides greater marketing leverage
  - brand name recognition in new markets
  - better program placement
  - additional benefits such as sponsorship opportunities
- Limited competition
- Proven effectiveness
  - acceleration in Jared sales growth when TV introduced in local markets
  - Kay comp. store sales growth over 6% pa higher than regional brands
  - growth of differentiated product & Kay performance up over last 18 months

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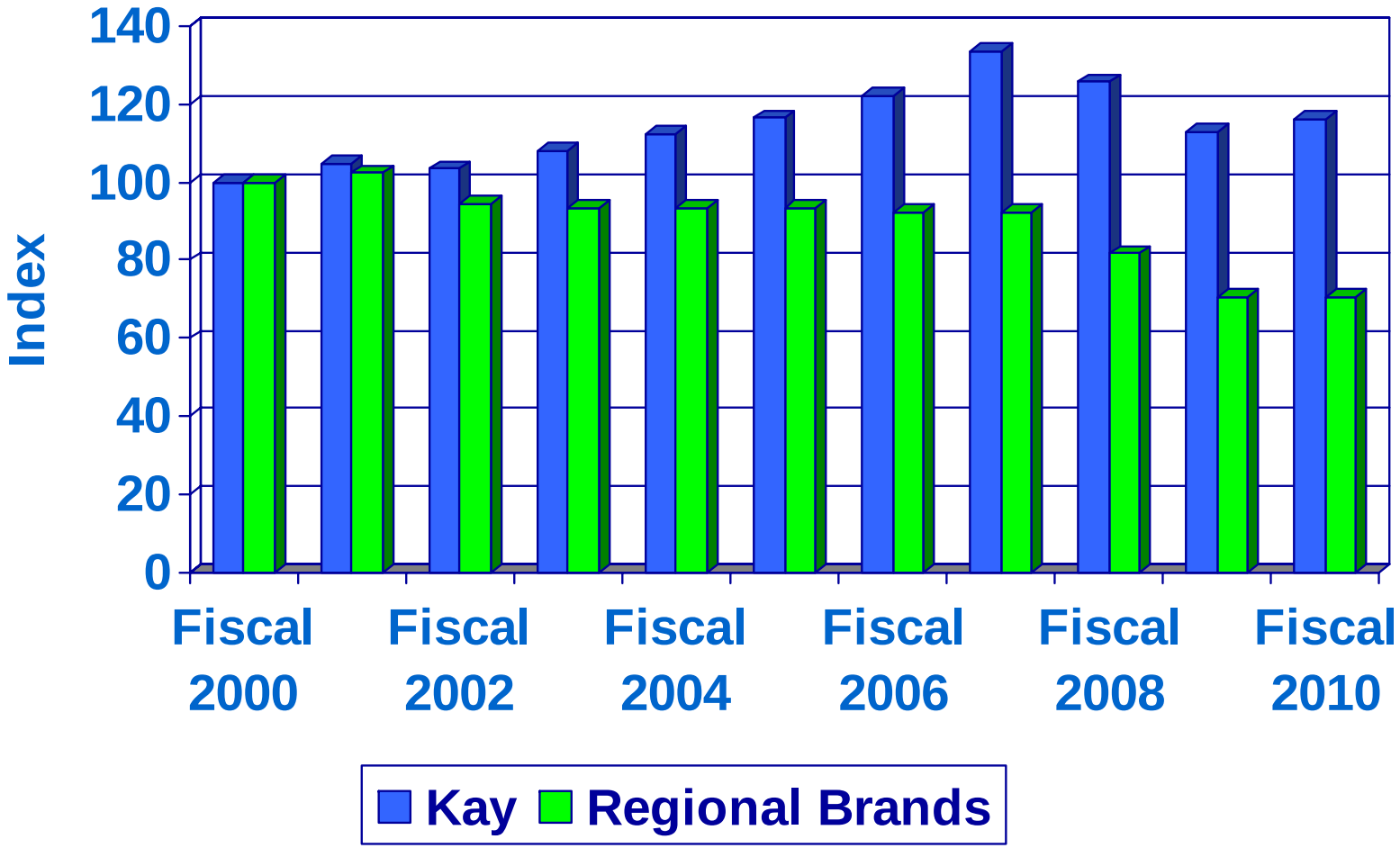
Kay v Regional Brands
Sales per Store



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Building Brand Equity

- Kay advertising awareness has built from just under 45% in 2003 to over 75% in 2009
  - total brand awareness for Kay is 95%
- Jared advertising awareness has built from low teens to just over 70%
  - Total brand awareness for Jared is in the mid 80%s
- Customer experience scores continue to increase driven by visit intent

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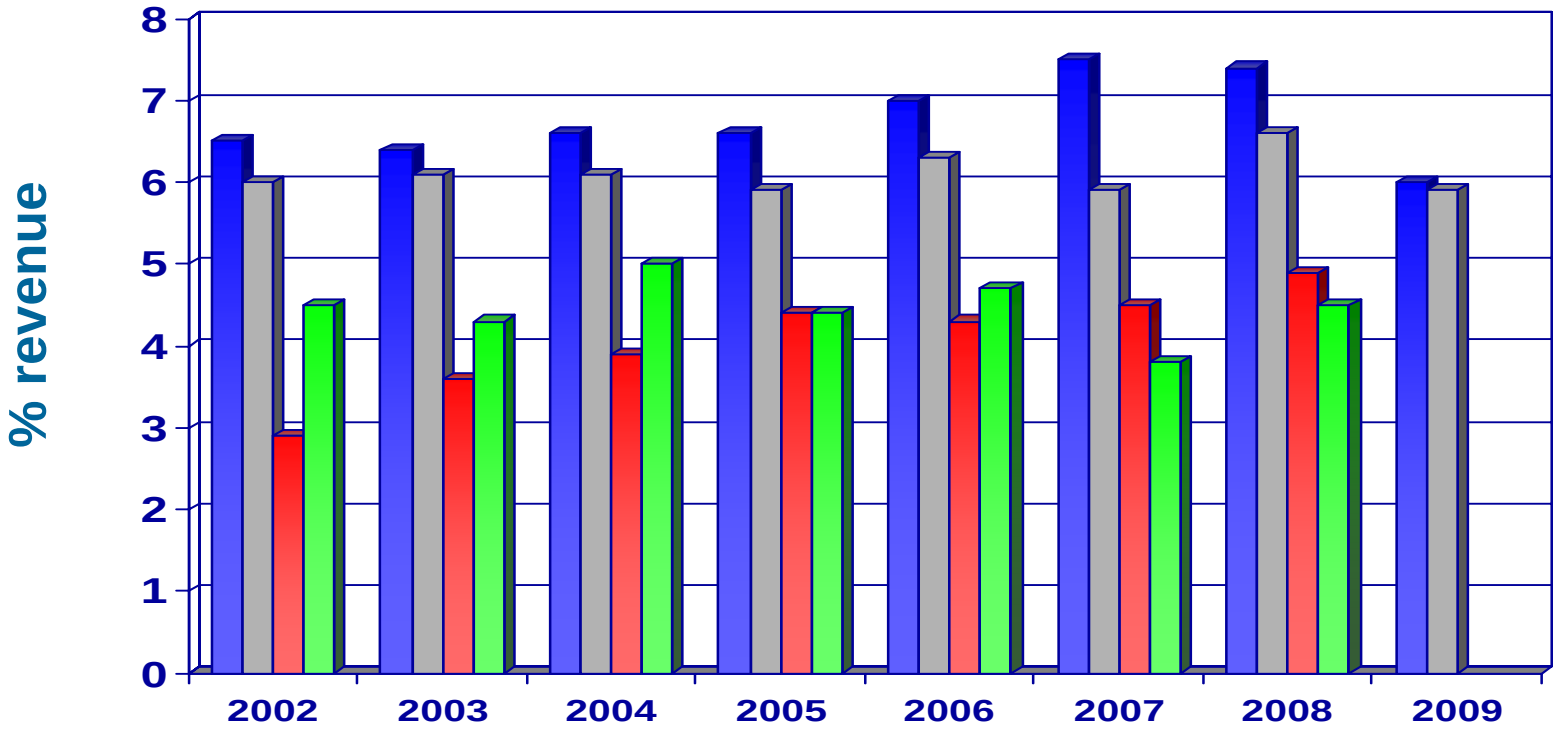
High Advertising/Sales Ratio



Sterling: Advertising gross of vendor contributions
Tiffany: Worldwide spend
Zale Corp: y.e. July, advertising net of vendor contributions, including Canada
Typical jeweler: JA Cost of Doing Business Total promotional expenditure

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Changing Role of De Beers

- Historically a major driver of innovation and marketing within jewelry sector
- Change in strategy
  - away from generic beacon programs e.g. Journey range
  - focus on branded merchandise e.g. Everlon
  - requires retailer marketing contribution
- Implications for Signet
  - why fund competitor's marketing?
  - executional difficulties
  - possible exposure to competitor discounting

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Marketing of Differentiated Product

- Establish differentiated product by leveraging strong Kay & Jared brand equity
- Fully integrated into TV ads
- Overall budget means product placement possible
- Leo 10th year anniversary

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Customer Relationship Marketing

- Proprietary database of 26 million names built up over more than 15 years
- Build out customer profiles
- Utilize multiple “touch” points
  - in-store, on-line, credit, repairs, extended service plans, warranties, gift cards
- Contact via phone, mail & email
- Behavioral models built on our customer’s response to our events
  - continually testing alternative strategies
- Major opportunity created by new Pandora customer in Jared

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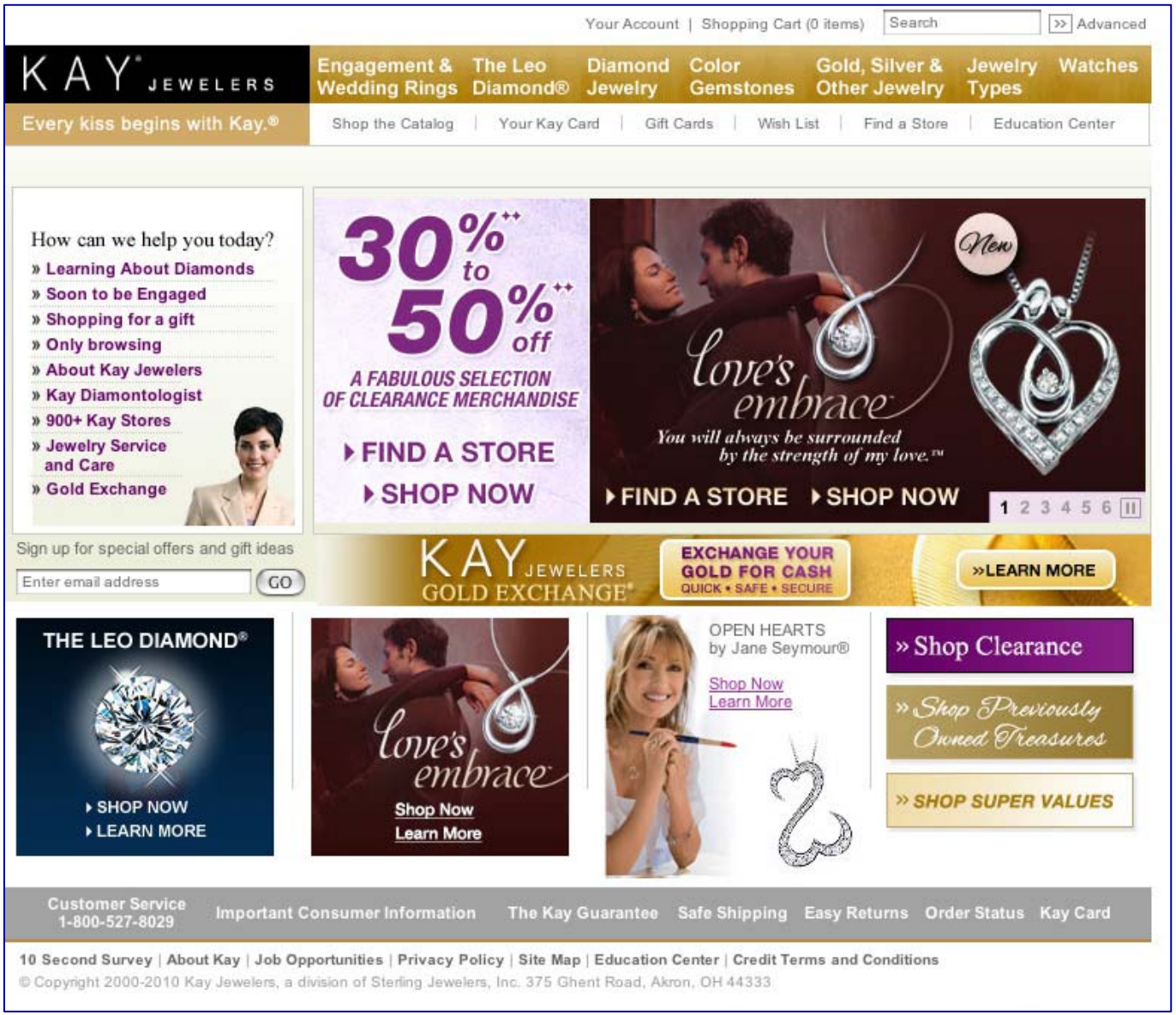
Kay.com



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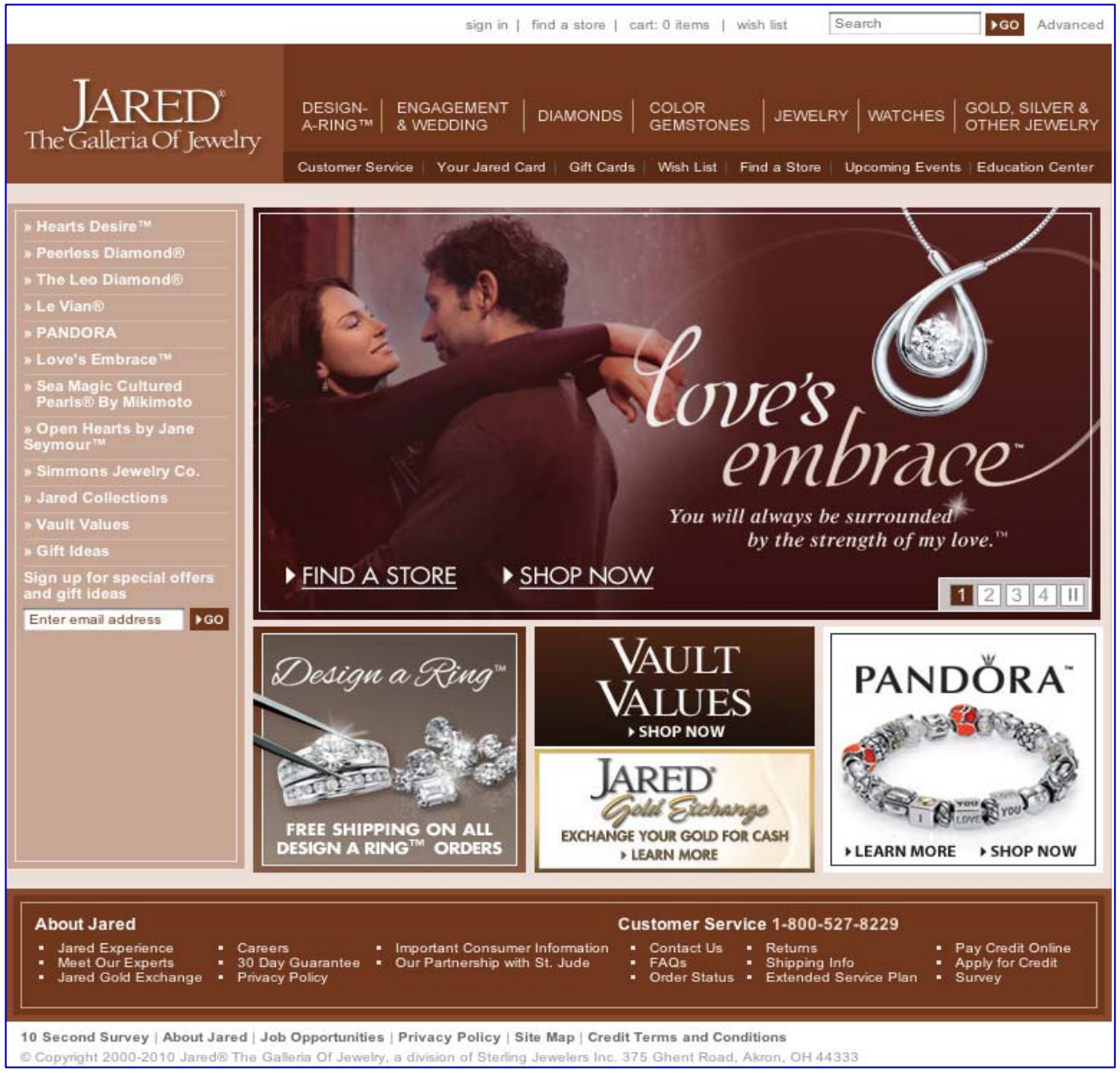
Jared.com



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Testing New Media

- Use normal Return on Investment evaluation methods
- Tested banner ads but very limited success
- Search advertising
- Carrying out research & development using social media
  - Jane Seymour micro-site, YouTube, Facebook, mobile and e-cards



SIGNET JEWELERS

Sustainable Competitive Advantage

- National television advertising
  - remains by far the most effective form of advertising in the jewelry sector
  - Kay & Jared are the only retail jewelry brands that have the scale to use it economically and efficiently
  - success with differentiated brands
- Leading in application of customer relationship marketing
- Best integrated e-commerce capability in sector
- Continually evaluating alternative strategies
- Scale to significantly out-spend competitors

SIGNET JEWELERS

Bob Trabucco

EVP, Chief Financial Officer,
Sterling Jewelers

“We sell jewelry, not credit”

SIGNET JEWELERS

Credit an Important Element of Sales Transaction

- Sales enabler not a sales driver
  - over half of business transacted on credit
  - customers need/prefer to use private label for jewelry
- Used by sales associates to trade customer up
  - higher ASP of about $1,000
- Highly effective target marketing vehicle
  - over 3 million account holders
  - loyalty factor encourages repeat business
- Credit customers lifetime value is 3.5X greater

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In-house Credit Operation A Competitive Advantage

- Optimizes control of the business
- We manage in context of our business priorities, including gross merchandise margin on sale
- Tailored program to our customers' needs
  - score cards specific to our customers
  - rapid collection with targeted strategies
  - Sterling customer service standards
- Different risk parameters from a bank
  - ability to react faster to changes in conditions

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Third Party Suppliers Have Different Priorities

- Bank focus is on maximizing portfolio ROA
  - slower repayment schedule maintains higher balances to drive interest income
  - collection is to recoup cash paid to purchase the receivable...not collecting margin
  - lower risk tolerance
  - fluctuating lending standards based on economy
  - merchant fees augment bank's return
- Outsourcing increases, not reduces risk

SIGNET JEWELERS

Highly Disciplined Approach to Credit

- Statistical science applied to all aspects of the operation from Lending to Recovery
  - consistent standards over the long-term
- All portfolios affected by environment
  - ability to respond quickly focusing exclusively on our customer attributes
- Lending: continually assessing performance
- Recovery: targeted strategies
  - e.g., hardship payment programs, security interest
- Full Service Customer Care approach

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Credit Within Specialty Jewelry Sector

- Zales
  - finances ~40% of US fine jewelry sales
  - contract requires $6 million payment
  - February 2010 Citibank advised “intention to tighten certain customer approval criteria and to close certain high risk accounts”
  - Citibank exercised right to terminate
- CIT Chapter 11
  - constrained ability of some independent jewelers to grant credit
- HSBC and GE Capital
  - both reducing exposure to private label credit

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Sterling Credit Customer

- ~50% typical bank credit customer
  - financial flexibility
  - interest free option
- ~50% specialist lending
  - young with limited, if any, credit history
    - high level of financial commitments as setting up home
- High bridal participation
  - ASP well above average
- Managing this customer segment is a key differentiator

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Sterling's Credit Operation

- 50% to 55% of sales
- Integrated into business
- Included in IRR calculation for store investment
- Centralized credit function since 1994
  - periodic review by outside experts
- Lending Risk Management is highly automated and disciplined
  - automated use of third party information sources to verify application
  - decision on ~80% of in-store applicants made within 20 seconds
  - referrals made for inconsistency in application
  - add-on sales managed through updated scoring

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Sterling's Credit Characteristics

- Average balance outstanding ~$1,000
- Average turn ~8 months
- Interest rate charged average ~20% APR
  - ~25-30% of portfolio is interest free
    - 20% down payment and minimum purchase requirement
- 100% provision for bad debt when aged 90 days on a recency basis
- Average ~$845m outstanding in fiscal 2010
  - moved broadly in line with sales
  - funded from general corporate resources

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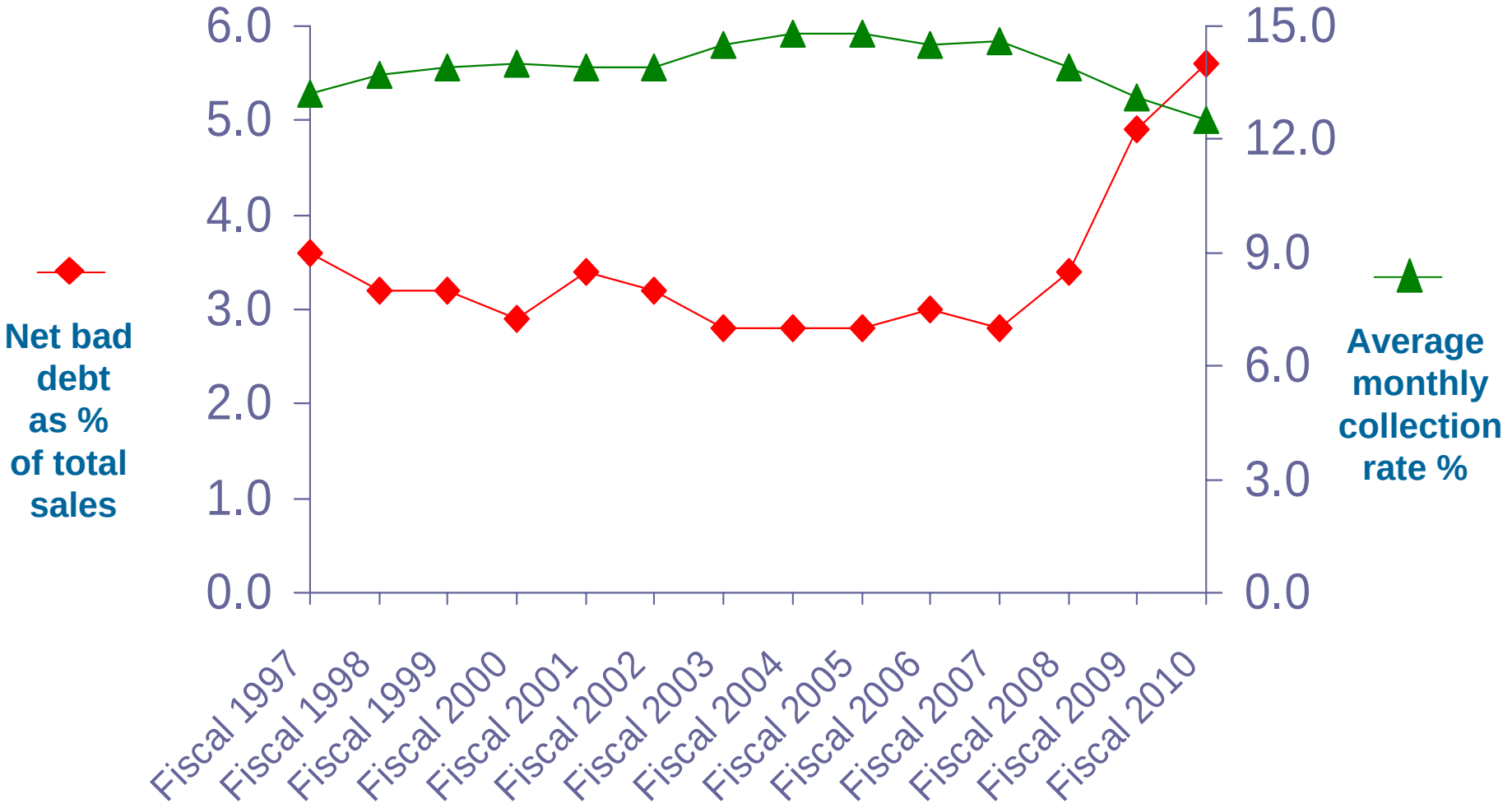
Consistent Lending Philosophy
Less Volatile Performance



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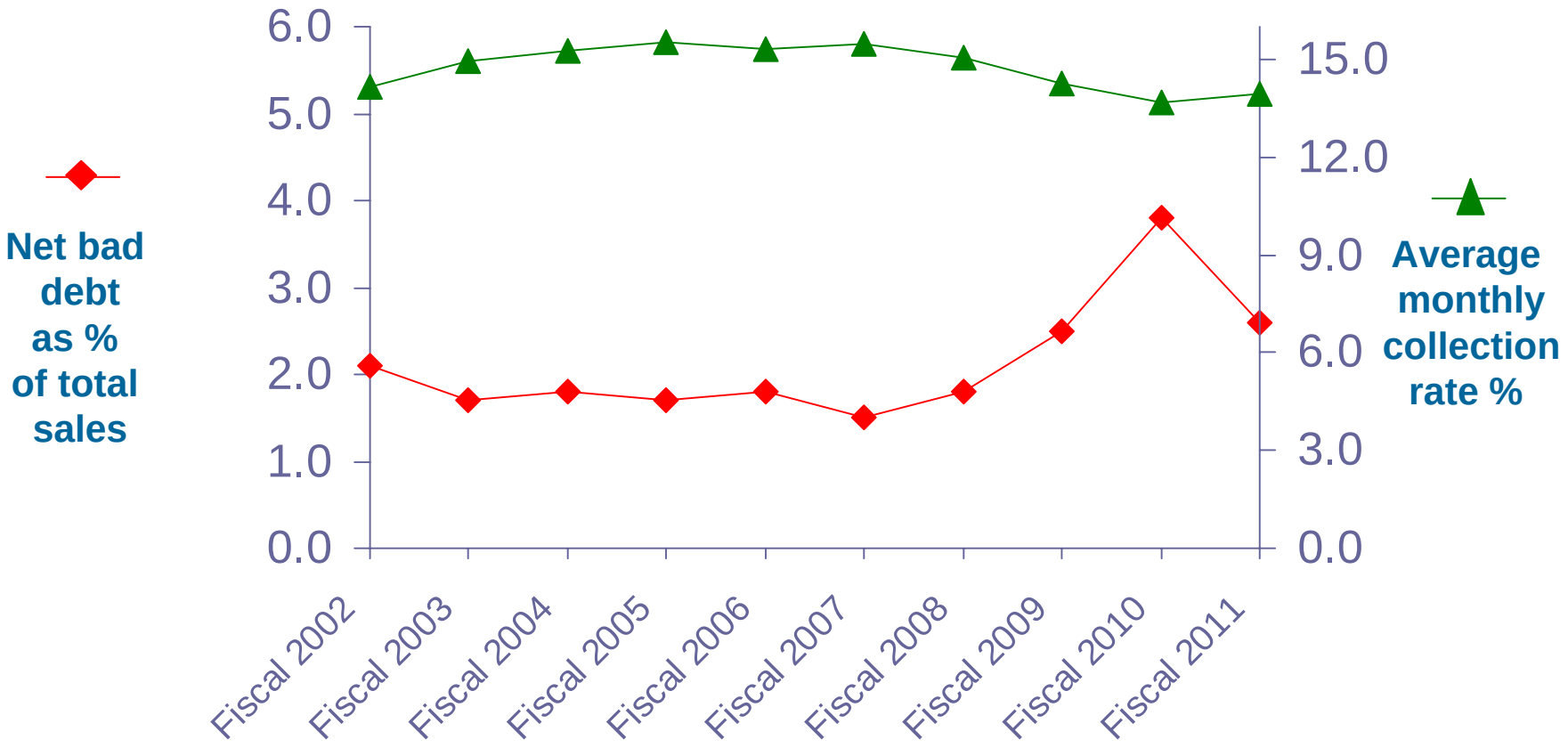
Further Evidence of Improved Receivables Trend in Q1



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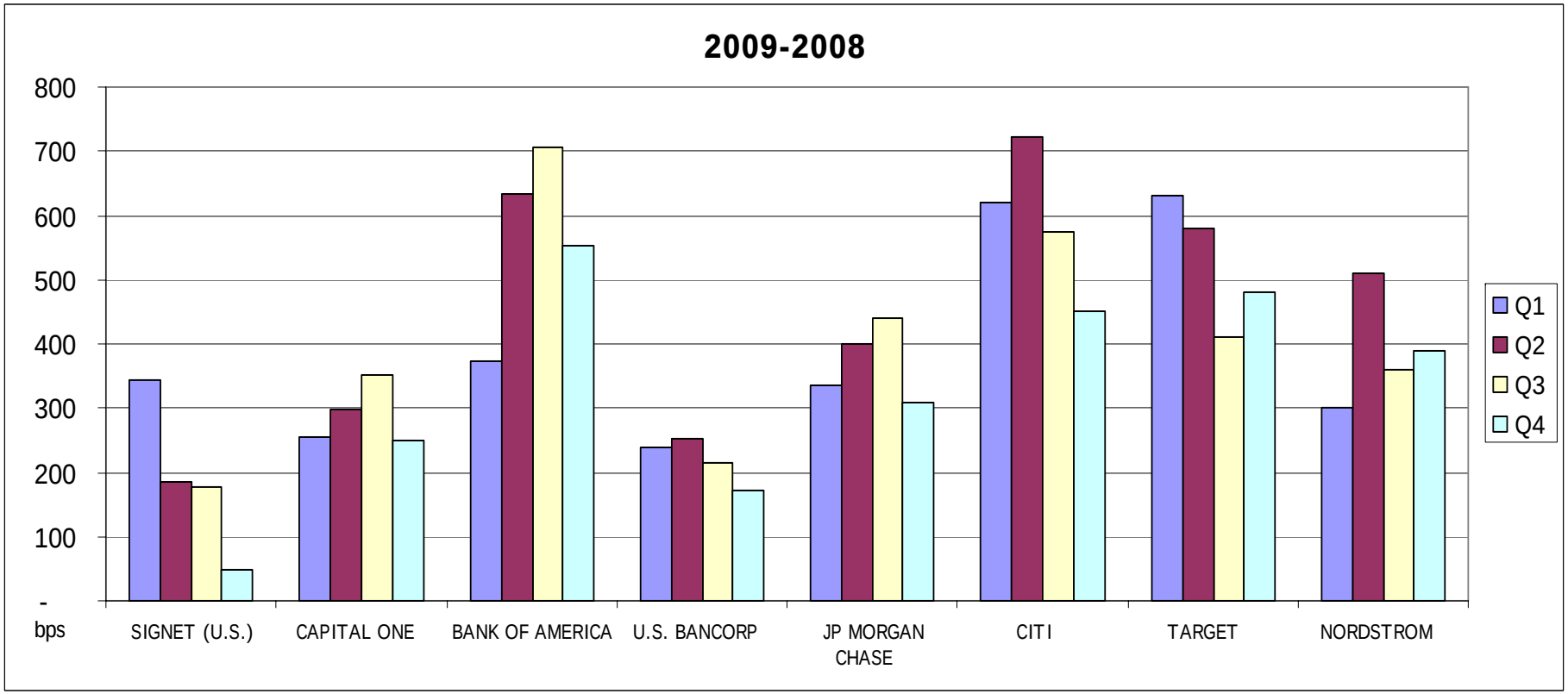
Competitive Quarterly Year over Year Performance



- Signet (U.S.) change in net bad debt as a % of average receivables (annualized)
- Competitive set reported as change in net charge off % of average receivables (annualized)
- Competitive set reported: 2009 annual reports for U.S. charge card performance.

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Actions Taken

- Changes in lending decisions
  - updated scorecard for segment of customer base
  - adjusted lending decisions on particular characteristics
  - introduced down payment requirement for some additional customers
- Investment in systems and people
  - improved dialer capability
  - new decision engine technology being introduced
  - enhanced recruitment and training procedures
  - better targeting of resources
- Improved customer service
  - structured hardship program
  - improved features on websites

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Credit Legislation Amendments

- Adverse impact
  - reduced ability to charge interest on late payments related to interest free credit
  - calculation of outstanding balance
  - level of late fees, still open issue
  - elimination of convenience fees
- Incremental costs
  - one-off and on-going operational expenses
- Limited availability of mitigation strategies
- Net direct adverse impact estimated to be $15-$20 million in fiscal 2011
  - majority of impact on “other operating income”

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Competitive Advantage

- Most appropriate credit offer, credit being essential in mid market specialty jewelry sector
  - scale to have jewelry specific systems and models
  - managed to maximize return to business not to credit activity
- Managed to our priorities not those of a third party

SIGNET JEWELERS

Bill Montalto

EVP, Chief Operating Officer,
Sterling Jewelers

“Sector Leading Systems”

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Information Technology & Systems

- Superior systems are competitive advantage
- Benefits
  - enhanced customer service
  - better gross merchandise margin
  - more efficient use of inventory
  - sophisticated customer relationship marketing
  - credit procedures for specialty jewelry sector

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Integrated Jewelry Retail Systems



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Differentiated Systems

- Highlighted in today's presentation
  - Store Execution System
  - Merchandise Assortment Planning
  - Design-A-Ring

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Store Execution System

- Supports leadership position in field execution, communication and training
  - provides reporting of performance
  - automatically identifies outliers from standard
  - easy to use task list
  - tasks provide detailed step by step procedures
  - provides immediate feedback loop

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Store Execution System

Monthly Store Summary						
	Sales Goal		Sales %		Add-On %	
Employee	MTD	YTD	MTD	YTD	MTD	YTD
BRYANT, CRYSTAL	$8,824.00	$72,481.00	8.30%	37.80%	100.00%	35.90%
FAULKNER, TAMMY	$31,518.00	$105,380.00	103.80%	106.90%	36.60%	42.90%
FELTON, LASHANNON	$17,426.00	$68,761.00	14.20%	44.90%	37.10%	31.00%
HOBBS, LESLIE	$33,477.00	$113,591.00	103.10%	104.30%	32.60%	33.50%
SAMUELS, FAVARON	$32,960.00	$112,355.00	103.90%	105.60%	36.90%	45.00%
Store Totals	$124,211.00	$514,188.00	84.20%	82.00%	40.40%	40.60%

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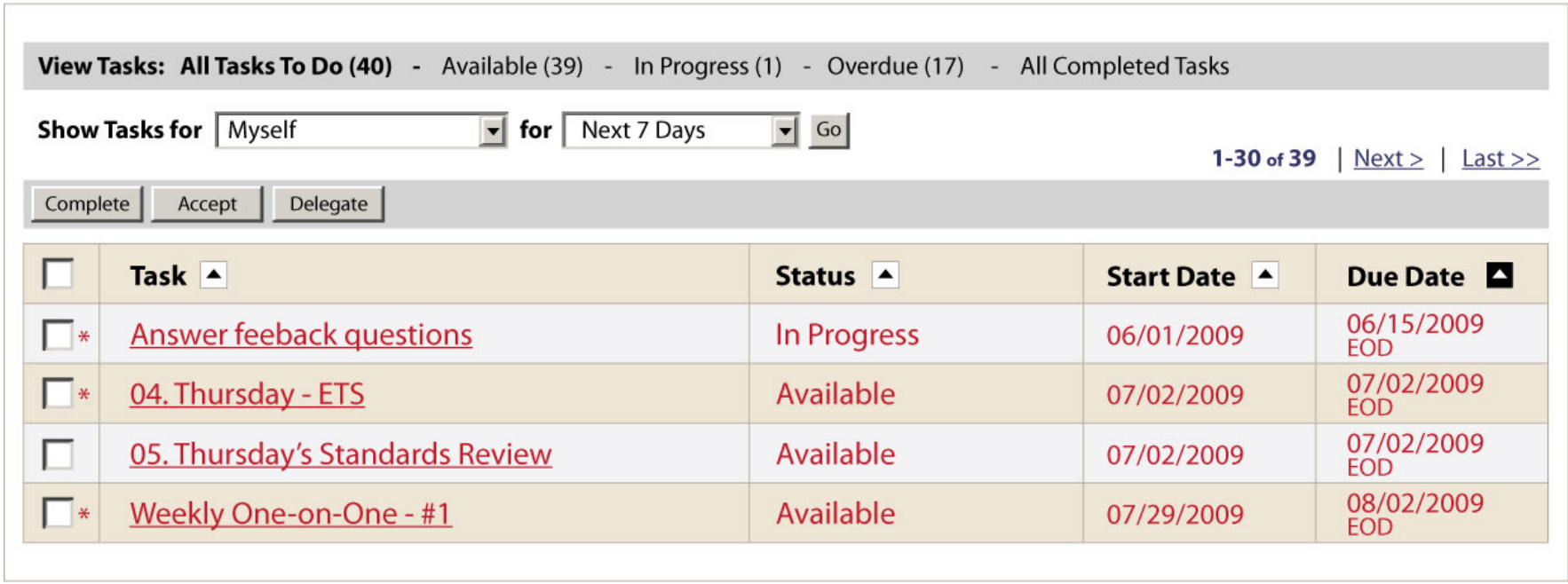
Store Execution System



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Store Execution System

View Processes Due ≤ **Fiscal Week 22** (June 28 - July 4, 2009) ≥ | Day | Week | Month

1 - 9 of 9

Process	Due Date	Stores Included	% Stores Complete	# Stores Overdue	Stores/Shops (# of Stores In Progress)			
					6	55	56	81
Weekly ETS	06/28/2009 Eastern	13	92%	1	✓	✓	✓	✓
July Sales Contest - Stores	06/30/2009 Eastern	13	92%	1	✓	✓	✓	✓
Weekly Recalls	07/01/2009 Eastern	13	76%	3	✓	✓	✗	✓
Channel - Set Anni Band Display Component Disc.	07/01/2009 Eastern	13	76%	3	✓	✓	✗	✓
Weekly One-on-One One (Req'd) Store Manager	07/02/2009 Eastern	13	61%	5	✓	✓	✗	✗

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Merchandise Assortment Planning

- Supports leadership position in jewelry industry
  - “Pull” merchandise
  - GMROI driven
  - early identification of trends
  - comprehensive testing of new product

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Merchandise Assortment Planning

- Product Bill of Material
  - details the make up of an item
  - product attribute tree
- Assortment Planning System
  - organize product in Attribute Clusters
  - cluster stores based on sales volume
  - supports micro-merchandising
- Underpins Manufacturing and Diamond Sourcing

SIGNET JEWELERS

Design-A-Ring

- Available on Jared.com or in store
- Over 15,000 loose diamonds available in virtual assortment
- View actual diamond with “virtual loupe” technology
- Only US brick & click retailer with this technology
- Diamond delivered to home or store

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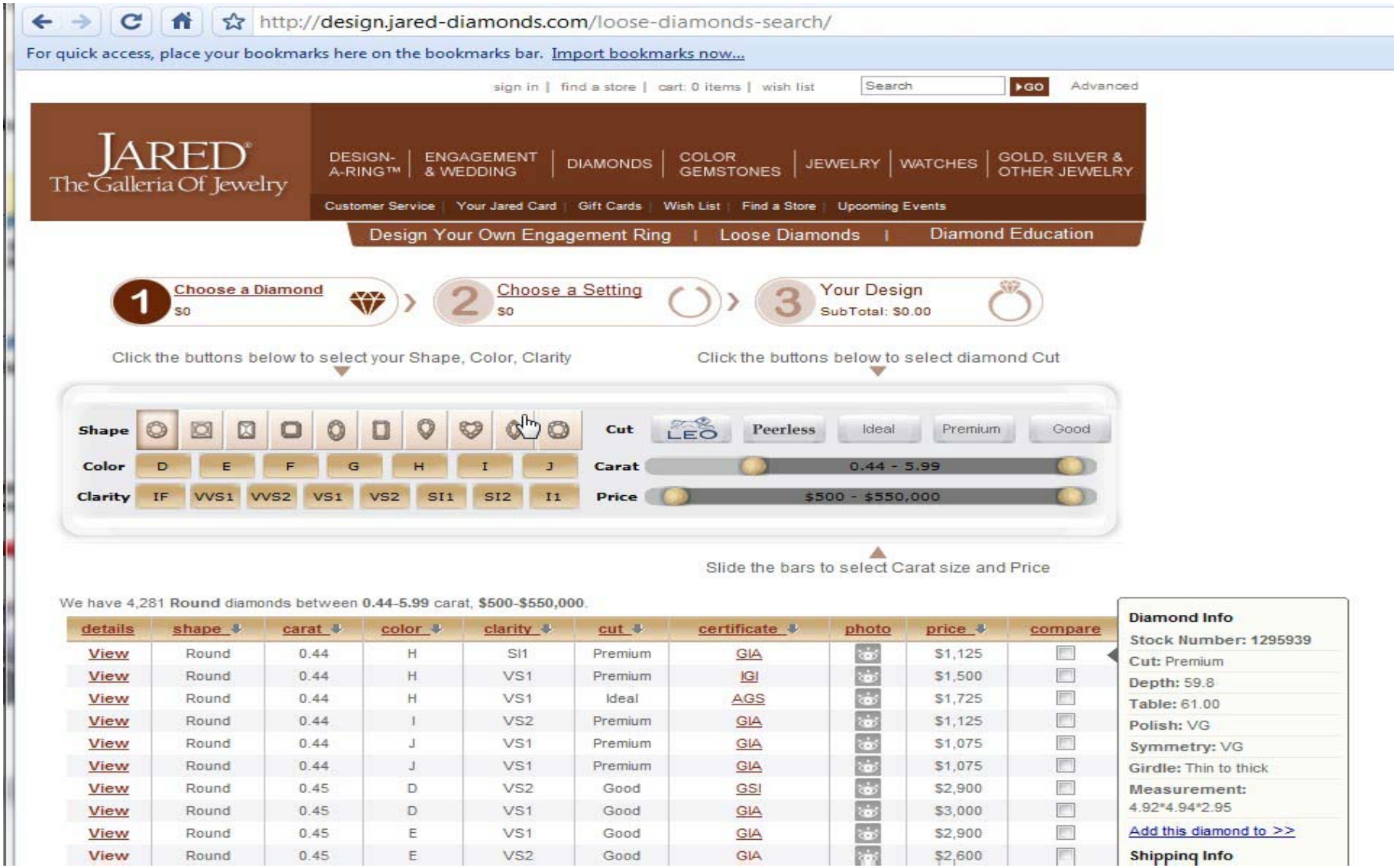

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The Common Themes

- Systems enabling superior customer service and execution
- Improve productivity
- Integrated but responsive systems
- Uniquely adapted to specialty jewelry sector
- Continuous investment and improvement

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Competitive Advantages

Very experienced & stable management

Consistency of strategy & execution

Store Operations

- Closely monitored store standards
- Measurable objectives
- Leading training systems

Merchandising

- Differentiated merchandise
- Sophisticated systems
- GMROI focused
- Superior supply chain

Marketing

- National television advertising
- Research based
- Champion / challenger approach

Real Estate

- Strict criteria, regularly reviewed
- High quality locations & store fit
- Leading store productivity

Control and information systems

SIGNET JEWELERS

Our Mission

To earn the trust of our customers by delivering:	*To conduct ourselves as a company with:*	*To achieve:*
A superior customer experience	Teamwork	Return on assets
Assistance	Integrity	Continuous improvement
Products	Communications	
Services	Rewards	
Value		
Convenience		

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