



SIGNET
JEWELERS




ZALE CORPORATION®

Combining Two of Today's Leading Jewelry Retailers

Investor Presentation

February 19, 2014

Safe Harbor for Forward-Looking Statements

Statements in this presentation regarding the proposed transaction, the expected timetable for completing the proposed transaction, future financial and operating results, future capital structure and liquidity, benefits and synergies of the proposed transaction, future opportunities for the combined company, general business outlook and any other statements about the future expectations, beliefs, goals, plans or prospects of the board or management of Signet or Zale constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words “expects,” “intends,” “anticipates,” “estimates,” “predicts,” “believes,” “should,” “potential,” “may,” “forecast,” “objective,” “plan,” or “targets,” and other similar expressions) are intended to identify forward-looking statements. There are a number of factors that could cause actual results or events to differ materially from those indicated by such forward-looking statements, including: the ability to consummate the proposed transaction; the ability to obtain requisite regulatory approval without conditions, the ability to obtain Zale stockholder approval and the satisfaction of the other conditions to the consummation of the proposed transaction; the potential impact of the announcement or consummation of the proposed transaction on relationships, including with employees, suppliers, customers and competitors, and any related impact on integration and anticipated synergies; and the other factors and financial, operational and legal risks or uncertainties described in Signet’s and Zale’s Annual Reports on Form 10-K for the years ended February 2, 2013 and July 31, 2013, respectively. Signet and Zale disclaim any intention or obligation to update or revise any forward-looking statements as a result of developments occurring after the date of this document except as required by law.

In addition, please refer to the documents that Signet and Zale, respectively, file with the SEC on Forms 10-K, 10-Q and 8-K. These filings identify and address other important factors that could cause Signet’s and Zale’s respective operational and other results to differ materially from those contained in the forward-looking statements set forth in this document.

Combining Two of Today's Leading Jewelry Retailers



FY 2013 ¹ Revenue	\$3,983 million	\$1,888 million
FY 2013 ¹ EBITDA	\$660 million	\$68 million
Number of retail stores as of FYE 2013 ¹	1,954	1,694
Number of retail brands	17	6
Major retail brands		
Geographic footprint	United States and United Kingdom	United States and Canada
Store formats	Complementary presence in different store formats including mall formats, off-mall locations and neighborhood power centers	
Company overview	Largest specialty jeweler in the U.S. and U.K.	A leading specialty retailer of fine jewelry in the U.S. and #1 retailer of fine jewelry in Canada
Employees	17,877	11,900

¹ Based on fiscal year 2013. Signet fiscal year end was 02/02/13 and Zale fiscal year end was 07/31/13.



Signet is the #1 Specialty Jeweler in the U.S. & U.K.



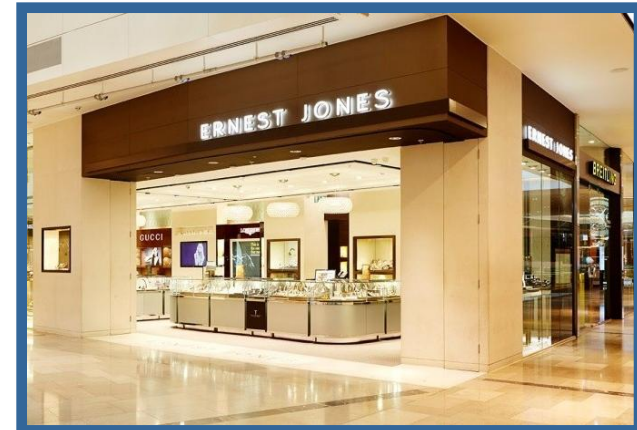
Kay Jewelers
#1 Jewelry store in U.S.
Sales: ~\$2.0 billion
Stores: 1,057 in 50 states

Jared The Galleria Of Jewelry
#1 U.S. Off-Mall Specialty Jeweler
Sales: ~\$1.0 billion
Stores: 205 in 39 states



H.Samuel
#1 in U.K.
Sales: ~\$0.4 billion
Stores: 304

Ernest Jones
#2 in U.K.
Sales: ~\$0.3 billion
Stores: 179



Note: Sales for Fiscal 2013. Estimated store numbers Fiscal 2014-end.

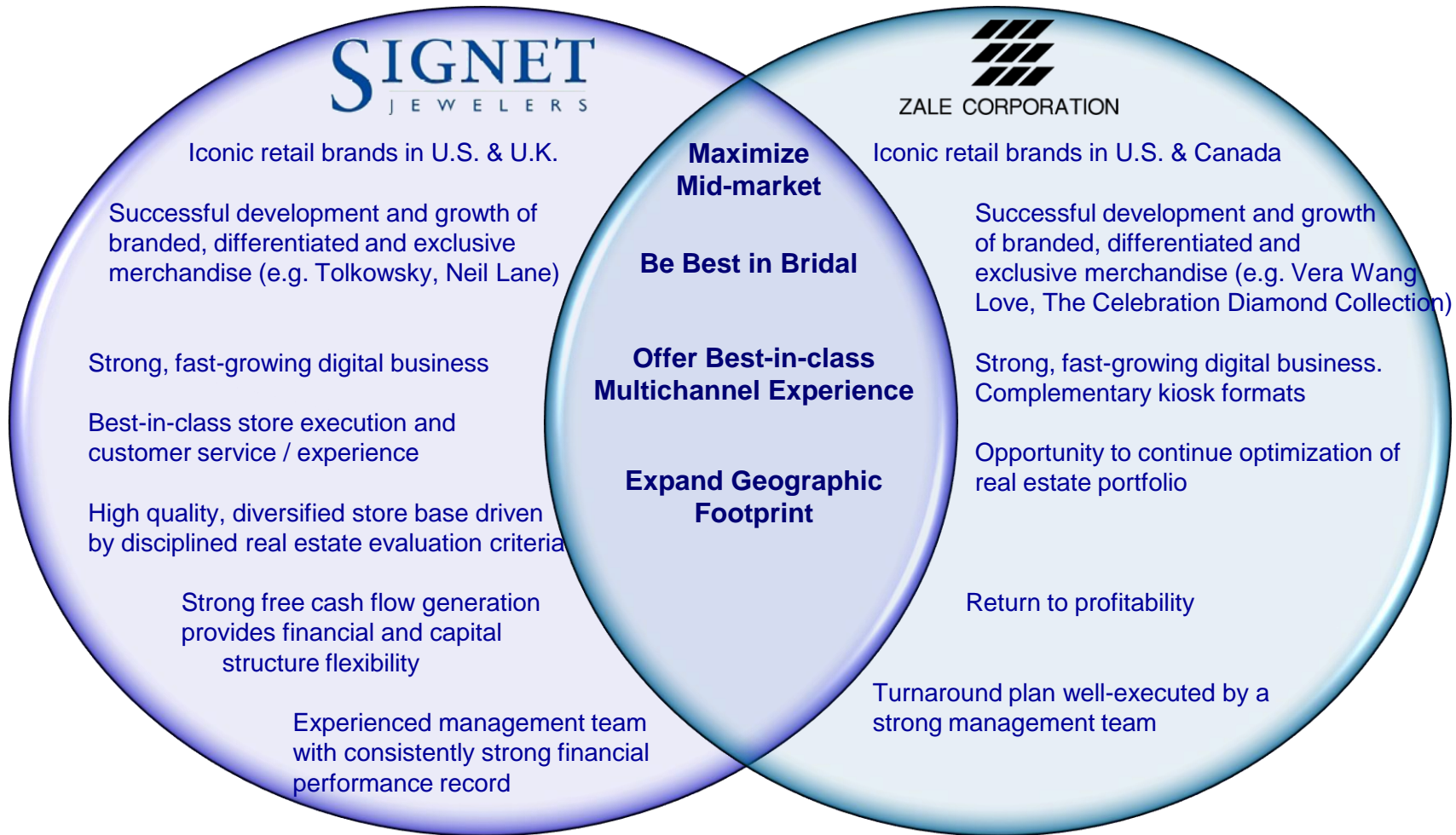
The Addition of Zale Complements Signet's Core Growth Strategies

Companies that build from core strengths create sustained value



<p>Maximize Mid-Market</p>	<ul style="list-style-type: none"> ⇒ Build upon existing growth strategies ⇒ Increase innovation and testing to drive merchandise initiatives ⇒ Explore and expand through formats, locations, product mix, field training and marketing ⇒ Stay true to brand heritage while adapting to meet emerging needs ⇒ Build upon our service and custom jewelry capabilities 	
<p>Be Best In Bridal</p>	<ul style="list-style-type: none"> ⇒ Approximately 50% of sales generated from bridal businesses ⇒ Dedication to superior customer service to drive long-term customer relationships ⇒ Leading branded diamond programs supported by targeted marketing / advertising ⇒ Strategic diamond sourcing initiative 	
<p>Offer Best-in-Class Multichannel Experience</p>	<ul style="list-style-type: none"> ⇒ Successfully integrate digital platform to drive overall eCommerce performance and support our physical channels of distribution ⇒ Combined digital business of both companies approaching \$300 million ⇒ Improve web-based functionality such as eCommerce, social media, search engine optimization, on-line education, digital advertising, email, and mobile customer targeting; creating a best-in-class digital ecosystem 	
<p>Expand Geographic Footprint</p>	<ul style="list-style-type: none"> ⇒ #1 specialty jeweler in Canada; as well as the U.S. and the U.K. ⇒ Cross-collaboration among countries creates a global platform to support existing and possible future geographic expansion 	

Complementary Strengths Align to Drive Future Growth



A Compelling Value Proposition

Delivers Scale & Geographic Expansion

- ⇒ Broadens geographical footprint with Zale's locations across the United States and Canada
- ⇒ Allows Signet to significantly expand into Canada via Peoples Jewellers, the #1 specialty fine jeweler in Canada with 146 locations

Enhances Retail Awareness Through Additional Complementary Banners

- ⇒ Zale is a value-oriented jeweler targeting the mid-market, which complements Kay and Jared's strategy
- ⇒ Signet intends to maintain the Zales brand

Strengthens Portfolio of Leading Exclusive Brands to Drive Future Growth

- ⇒ Growing mix of exclusive brands with ability to cross-sell, expanding access to customers
- ⇒ Access to additional exclusive bridal designs and brands (e.g. Vera Wang Love), which has and will continue to fuel growth

Business and Channel Mix

- ⇒ Complementary formats and channel mix between Signet and Zale through malls, off-malls, digital platforms and kiosks

Opportunity to Leverage on Mutual Expertise to Drive Profitability

- ⇒ Significant opportunity to leverage a "best-in-class" operation plan built to lower costs, expand sales opportunities and improve customer experience
- ⇒ Benefit from leveraging proprietary software & processes and expansion of repair services
- ⇒ Zale leadership team will drive the Zales North America proprietary store brand

Brings Additional and Complementary Management Talent and Experience

- ⇒ Zale management has completed a multi-year turnaround program, which was launched in 2010 and has driven sales and returned Zale to profitability
 - ⇒ Signet is the ideal partner to allow Zale to accelerate on this successful trajectory
- ⇒ Track record of successful acquisition integration and execution at Signet

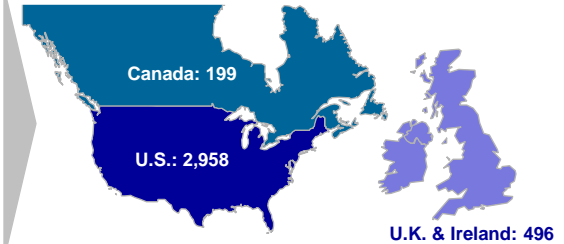
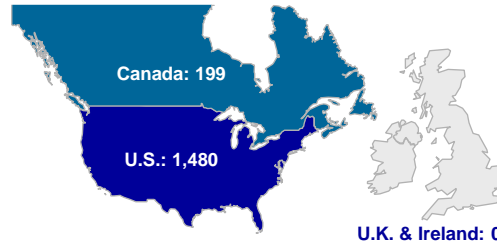
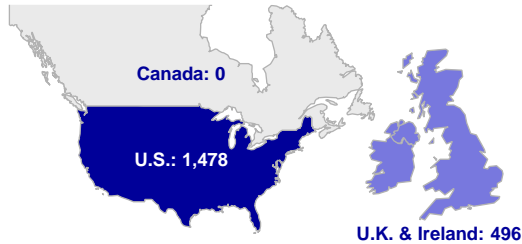
The Combination Creates a More Diversified Retailer...

Signet: 1,974 stores¹

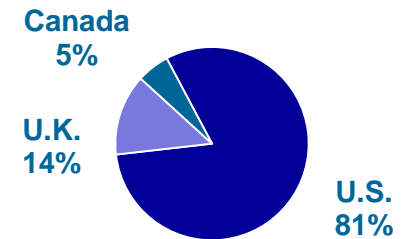
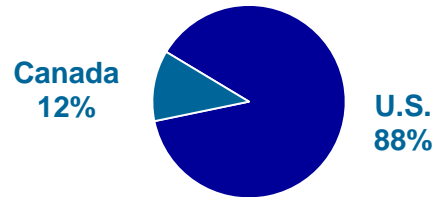
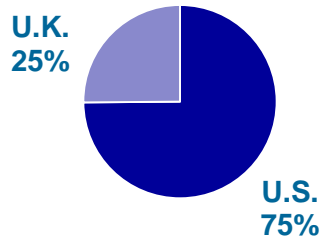
Zale: 1,679 stores¹

Pro forma: 3,653 stores

Global footprint



Breakdown by geography



Breakdown by format



¹ Existing retail footprint as of 11/02/13 for Signet and as of 12/31/13 for Zale

... With an Expanded Portfolio of Attractive, Differentiated and Exclusive Brands to Drive Future Growth

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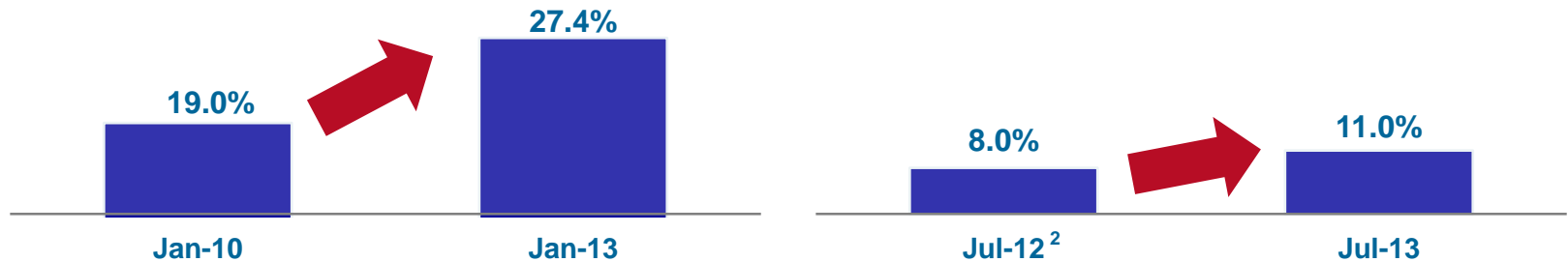


ZALE CORPORATION

Key
exclusive
brands



Exclusive
brands as %
of sales¹



¹ For Zale Corporation: as % of fine jewelry sales

² Earliest reported date for exclusive brands sales

KAY
JEWELERS
Every kiss begins with Kay®

JARED
The Galleria Of Jewelry

ERNEST JONES
LOVE & LIFE

SIGNET
JEWELERS

H.SAMUEL
THE JEWELLER

ZALES
THE DIAMOND STORE®

PEOPLES
THE DIAMOND STORE®

Transaction Summary

Structure and Consideration

- ⇒ \$21.00 per Zale share all cash offer, implying ~\$1.4 billion enterprise value for Zale
- ⇒ Represents EV / LTM Oct-13 Adjusted EBITDA¹ multiple of 7.4x²
- ⇒ J.P. Morgan has provided new underwritten term loan facility and bridge financing commitment
- ⇒ Strong combined financial profile allows for an all cash transaction with the expectation to achieve investment grade rating
- ⇒ Golden Gate Capital has entered into a voting support agreement

Combined Financial Metrics

- ⇒ ~\$6.2 billion in LTM Oct-13 revenue³

Compelling Financial Impact

- ⇒ The transaction is expected to generate approximately \$100 million in annual growth and cost synergies within three fiscal years after closing
- ⇒ In the first full fiscal year after close, we expect the transaction to be high single-digit percentage accretive⁴ to earnings per share

Approvals and Closing

- ⇒ Transaction approved by boards of directors of both companies
- ⇒ Subject to Zale stockholder approval
- ⇒ Subject to customary closing conditions and regulatory approvals
- ⇒ Expected to close within 2014

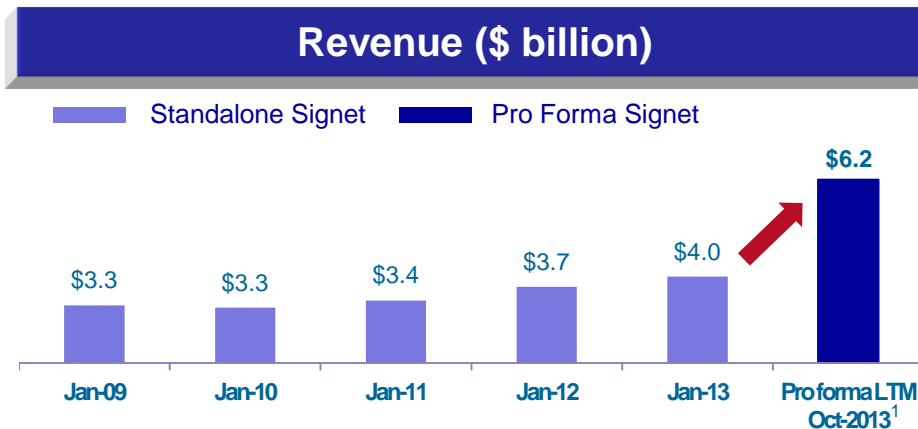
¹ Adjusted EBITDA is a non-GAAP measure defined as earnings before interest, taxes, depreciation and amortization, adjusted to exclude charges related to store closures

² Last twelve month (LTM Oct-13) based on Signet LTM as of 11/02/13 and Zale as of 10/31/13, pro forma for projected impact of synergies and benefit from ADS contract, excluding any costs to achieve and deal related expenses

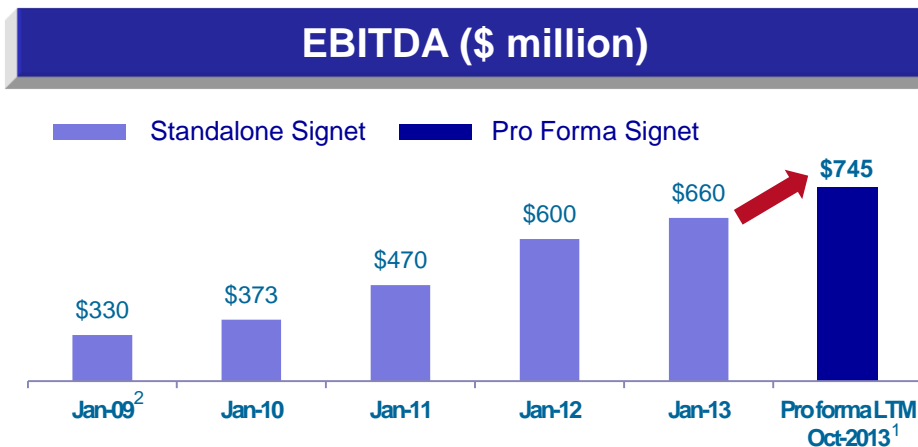
³ Last twelve month (LTM Oct-13) based on Signet LTM as of 11/02/13 and Zale as of 10/31/13

⁴ Excluding one-time transaction costs and acquisition accounting adjustments

Combined Financial Overview



⇒ Additional distribution points and geographic reach provide solid platform for top line growth



⇒ Operating efficiencies will drive margin and expense reduction opportunities and drive value creation

¹ Last twelve months (LTM) based on Signet LTM as of 11/2/13 and Zale as of 10/31/13

² Excludes goodwill and relisting costs

Overview of Synergies

Estimated \$100 Million Synergy Potential Provides Opportunity for Substantial Value Creation

Supply Chain / Purchasing

- ⇒ Signet's manufacturing knowledge, buying processes, and proprietary systems in partnership with Zale's team will accelerate and ensure gross margin improvement.
- ⇒ Inventory management processes will improve inventory utilization and turn

Expense Reduction

- ⇒ "Best practice" sharing will improve the cost and efficiency of operations and advertising buys
- ⇒ Overhead will be optimized while strengthening the infrastructure to support growth of the Zales brand

Service Capabilities and Brand Cross-Selling

- ⇒ Opportunities to expand distribution of current brands and new brand concepts will be created.
- ⇒ Signet's repair and custom design business processes will be utilized to improve performance.

Additional Business Benefits

Credit Optimization

- ⇒ The Alliance Data Systems agreement will improve Zale's credit offering and lower the cost of credit
- ⇒ Enhanced credit approval rates, strengthened lifecycle marketing and improved in-store credit presentation.

Real Estate Optimization

- ⇒ Store rationalization continues
- ⇒ Increasing real estate productivity via portfolio optimization, exclusive merchandise, service expansion, credit and store infrastructure investment

Financing and Capital Structure

Expected financing includes a combination of:

- ⇒ Significant accounts receivable securitization
- ⇒ Bank debt
- ⇒ Other debt financing

J.P. Morgan has committed to provide financing for the transaction

Company expected to achieve investment grade rating post transaction given strong cash flow generation and projected earnings growth

Transaction Strengthens Signet's Foundations and Unlocks New Growth Opportunities



We are going to invest in and grow the Zale brands

- ⇒ Maintain Zales as a collection of stand alone brands within the Signet portfolio of brands
- ⇒ Optimize marketing and promotional spend on Zales to drive brand recognition and sales
- ⇒ Invest in store remodels and IT infrastructure to drive sales and enhance long term margin profile
- ⇒ Invest in new store development to optimize the network

There are significant synergies and growth opportunities

- ⇒ Revenue opportunities through cross selling and new business development
- ⇒ Operational efficiencies and best practice sharing
- ⇒ Reduction in overhead duplicative expenses
- ⇒ Enhanced customer experience

Strong liquidity position and disciplined approach to capital structure and allocation

- ⇒ Combined cash flow will allow for sustained deleveraging

Important Additional Information Will Be Filed With The SEC

Zale Corporation plans to file with the Securities and Exchange Commission (the “SEC”) and mail to its stockholders a Proxy Statement in connection with the proposed transaction. The Proxy Statement will contain important information about Signet, Zale, the proposed transaction and related matters. Additionally, Signet and Zale will file other relevant materials in connection with the proposed transaction pursuant to the terms of an Agreement and Plan of Merger by and among, Signet, Carat Merger Sub, Inc., a wholly owned subsidiary of Signet, and Zale. **INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT AND OTHER RELEVANT MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION.**

Investors and security holders will be able to obtain free copies of the Proxy Statement and other documents filed with the SEC by Zale through the web site maintained by the SEC at www.sec.gov or by phone, email or written request by contacting Zale at the following: : Zale Investor Relations, 901 W. Walnut Hill Lane, Irving, TX 75038-1003, or by phone 972-580-4391, or by email ir@zalecorp.com

PARTICIPANTS IN THE SOLICITATION

Signet, Zale and their respective directors, executive officers and other members of management and employees, under SEC rules, may be deemed to be “participants” in the solicitation of proxies from stockholders of Zale in favor of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the stockholders of Zale in connection with the proposed transaction, and their direct or indirect interests, by security holdings or otherwise, which may be different from those of Zale’s stockholders generally, will be set forth in the Proxy Statement and the other relevant documents to be filed with the SEC. Information concerning the interests of Zale’s participants in the solicitation, which may, in some cases, be different than those of Zale’s stockholders generally, is set forth in the materials filed by Zale with the SEC, and will be set forth in the Proxy Statement relating to the proposed transaction when it becomes available.