EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis ("CDA") describes the objectives and the role of the Compensation Committee and further discusses the philosophy upon which the Compensation Committee bases its decisions in its endeavors to meet the objectives. It also describes the principles that are the foundation of the Company's executive compensation policies and details the individual material elements of compensation awarded to, earned by, or paid to the named executive officers. Compensation for named executive officers residing in the US is paid in US dollars, while compensation for named executive officers residing in the UK is paid in pounds sterling.

Introduction

Signet's compensation program has been designed to assist in achieving its business objective of consistently outperforming the specialty retail jewelry market segment and thereby deliver superior returns to Shareholders.

In order to accomplish a superior performance, we have to be able to employ, motivate and retain superior management. The primary compensation principle, therefore, is to target total delivered compensation at approximately the median of a customized group of comparator companies. Those companies are specifically chosen as they reflect various attributes similar to ours but also because they pose a potential threat as to solicitation of our executives if their compensation is not competitive. Executives are paid in a range related to that median dependent upon experience and proven ability to consistently deliver a superior performance. The Company does not conduct any wealth accumulation analysis in determining executive compensation.

Our named executive officers have considerable individual and collective experience, both general and specific. Although some are new to Signet, all of our named executive officers have a proven track record of superior performance. The aggregate total direct compensation at target performance places the compensation of the named executive officers, at approximately the 54th percentile of the comparator company median.

A number of sub-principles have also been developed as follows:

1. The compensation program must align the interests of senior management with those of Shareholders. This is achieved by delivering approximately 60% of total compensation for named executive officers as incentives dependent on factors that should produce long-term share price growth.
2. The only element of guaranteed pay is base salary with the percentage of at risk compensation increasing in line with the responsibility and experience of each executive. Base salary accounts for only 33% of the annual value of the Chief Executive Officer's potential total cash compensation versus approximately 40% for other named executive officers.
3. Elements of compensation that are at risk should separately reward both annual and multi-year performance as well as reward exceptional performance. This is achieved through the annual bonus plan, which represents approximately 20% to 25% of the named executive officers' target total direct compensation, together with awards of performance restricted stock units, which account for approximately another 15% to 20% of the total.
4. Compensation should include a retention component, which encourages high performing executives to remain with the Company. An award of service-based restricted stock which accounts for approximately 15% to 20% of named executive officers total compensation and which doesn't vest until the third anniversary of the grant, strengthens the retention value of the compensation.
5. The compensation program should be simply constructed and easily understood so that the named executive officers are in no doubt as to the performance requirements and their relationship to the level of payments and therefore remain motivational.

6. The compensation program should encourage all senior executives to build a substantial holding of the Company's shares.

The Committee has awarded compensation in Fiscal 2011 on the basis of continuing superior performance. The Company has continued to increase profitable market share during the year in the face of an uncertain economic outlook, which reflects the strong performance of the Company in Fiscal 2011: positive free cash flow (determined as described in the Company's Annual Report on Form 10-K for Fiscal 2011) of $315.8 million (excluding a make whole payment resulting from the Company's prepayment of its then outstanding private placement notes in November 2010); an increase in income before income tax of 50.9% (excluding the make whole payment) with basic diluted earnings per share of $2.32 ($2.66, excluding the make whole payment), and year end net cash (determined as described in the Company's Annual Report on Form 10-K for Fiscal 2011) of $271.1 million.

The Role of the Compensation Committee

The Compensation Committee's role is to set the compensation for Signet's named executive officers to ensure that they are fairly rewarded for their individual contributions to Signet's performance having due regard to the interests of Shareholders, the financial and commercial health of the business and pay and conditions throughout Signet. It is also the role of the Committee to ensure that Signet's compensation remains competitive.

Surveys are undertaken on a regular basis to ensure that total compensation packages remain in the percentile range close to the comparator company median described herein. Recognizing that approximately 80% of Signet's sales and profits are generated in the US, and that significant differences in compensation practices exist between the US and the UK, separate surveys are conducted in each country.

The Role of Compensation Consultants

The Compensation Committee regularly uses external professional advice and annually uses competitive market surveys conducted independently in both the US and in the UK.

The Committee has retained PayGovernance (formerly part of Towers Watson) as advisers who were not retained by Signet in any other capacity in Fiscal 2011 such that would require additional disclosure. PayGovernance is a human resources and compensation consulting firm which assists the Compensation Committee in its review, evaluation and analysis of Signet's executive compensation program. In this role, PayGovernance collects relevant market data in order to assist the Compensation Committee in delivering effective and competitive executive compensation. PayGovernance also advises the Compensation Committee on the best ways of motivating, rewarding and retaining executives in terms of both short and long term performance and advising the Committee of the most effective way of linking the interests of management and Shareholders.

PayGovernance collects market data of compensation programs both within and outside the retail sector. In analyzing the market data provided by PayGovernance, the Compensation Committee focuses on established peer groups of companies for benchmarking purposes. The Compensation Committee annually reviews the composition of the peer groups in order to ensure that they continue to comprise appropriate representative companies. The Committee did so in Fiscal 2011 and a customized group of retail peers was used in assessing the compensation of Signet's Chief Executive Officer. The peer group was based upon the following criteria:

- peer focus on retailers with international operations, headquartered in the US and listed on a US stock market;
- the median peer has total sales similar to Signet's;
- most peer companies revenue ranges from half to twice the Company's revenue; and
- approximately half of the peers generate higher and half lower sales than Signet.

The peer group used for assessing the compensation of Signet's Chief Executive Officer and Chief Financial Officer is:

Nordstrom Inc., Bed Bath and Beyond Inc., Foot Locker Inc., Barnes & Noble Inc., Liz Claiborne Inc., Jones Apparel Group Inc., Collective Brands Inc., Williams-Sonoma, Inc., Coach Inc., Saks Inc., American Eagle Outfitters Inc., Tiffany & Co., Phillips Van Heusen Corporation, Ann Taylor Stores Corporation, Zale Corp., The Talbots Inc., Pier 1 Imports Inc., Abercrombie & Fitch Co., and Charming Shoppes Inc.

For the assessment of the UK named executive officers, PayGovernance collected data from a customized group of companies that participated in the Towers Watson Top Executive remuneration survey for the UK. This survey includes executives employed in general industry, which was until this year used to assess the compensation of the former Group Finance Director (who retired in June 2010), and retail industry, which was used to assess the compensation of the CEO of the UK division. With the recruitment of a US based Chief Financial Officer, it was no longer appropriate to use this survey and instead the same US peer group that was used to assess the Chief Executive Officer's compensation was also used to assess compensation of the Chief Financial Officer.

For the assessment of the current US named executive officers, i.e., the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of the US division, the Retail/Wholesale Executives Database within the PayGovernance Compensation Database was used, which provides compensation data for a variety of retail and wholesale companies located in the US.

PayGovernance has also been used to provide data to the Compensation Committee in relation to the compensation structure and pay practices for independent directors of US companies.

The Allocation of Executive Compensation

It is the objective of the Compensation Committee to deliver and maintain a competitive executive compensation program in accordance with its compensation principles. The Compensation Committee has established an executive compensation program that provides a broad mix of overall direct compensation (base salary, short term incentive compensation in the form of an annual cash bonus and long-term incentive compensation in the form of an equity interest) for its named executive officers.

In allocating the various elements of total compensation, the Compensation Committee seeks to ensure that the greater the responsibility and direct influence over the performance of the Company an executive officer has, the more their total compensation will be weighted toward incentive payments. The Compensation Committee evaluates the annual compensation benchmarking data, with total remuneration, including base salary and incentive based payments, being targeted at the median of industry total compensation of the comparator group as determined by the benchmarking process, along with other factors such as an executive officer's level of experience, the Company's desire to retain the executive, the availability of replacement personnel, as well as the individual's responsibilities and actual performance. Responsibility for external factors that potentially have an impact on the results of the Company will also be considered. The various elements of a named executive officer's compensation package are then allocated as a percentage of base salary.

The Compensation Committee reviews and evaluates the impact of tax laws, accounting changes and similar factors affecting the Company's executive compensation program. The Committee believes that ordinarily it is in its best interests to retain maximum flexibility in the compensation programs to enable the Company to appropriately reward, retain and attract the executive talent necessary for success. To the extent these goals can be met in a tax and accounting efficient manner, the Committee will endeavor to do so. However, the Board and the Compensation Committee believe it is important to retain the flexibility to provide compensation that is appropriate in the circumstances, taking all relevant matters into consideration.

Performance Criteria

For performance based compensation, the Compensation Committee reviews proposed performance measures and targets in order to effectively motivate management and drive the creation of Shareholder value, while seeking to ensure that the targets are set at a level that is stretching but not out of reach. Bonuses are reviewed annually to confirm that they remain appropriate and clearly aligned with business strategy and objectives.

The Compensation Committee believes that the choice of performance measures should be made in the context of Signet's business strategy, reflect Signet's particular circumstances and be related to overall corporate performance. In certain circumstances it may be appropriate to set performance criteria that are specific to individual roles within the corporate strategy.

The Compensation Committee believes that where performance criteria are used they should be: easily understood; directly linked to the performance of the Company or the relevant business unit; directly influenced by management's actions; able to incentivize the efficient use of capital; and, for long term awards, be equity based. In assessing actual performance, it is the Compensation Committee's policy to measure the Company or relevant business unit's results on the basis of constant exchange rates so that executive officers neither benefit from, nor are penalized by, exchange rate fluctuations over which they have no control.

The vesting of incentive awards will normally be subject to the participant's continued employment within the business until the end of the performance period. However, partial vesting pro-rata to the length of time since grant may occur at the end of the performance period if the participant's employment within the business ends before the end of the performance period on account of death, redundancy, retirement, injury, disability or other circumstances as determined by the Compensation Committee, provided that it is satisfied that the performance conditions have been fulfilled in respect of the period from the date of grant of an award to the date of cessation of employment.

Compensation Overview, Objectives and Key Features

The Compensation Committee has established an executive compensation plan that contains the following key components:

Component	Objective	Key Features
Base Salary	Provides a minimum level of pay that is not at risk that sustained individual performance warrants. A competitive base salary is important to attract and retain an appropriate caliber of talent for any given position.	Designed to retain key Executive Officers by being competitive but is not considered to be the primary means of recognizing performance.
Annual bonus	Motivate and reward achievement of annual financial results. Compensation aimed at recognizing short-term performance against established annual financial performance goals of the Company.	Cash payments dependent on the degree of achievement against an annual performance target. This element is payable in the year following the year in which it was earned.
Long-term incentives (time and performance-based restricted shares, units and share options)	Align management interests with those of Shareholders; retain executive officers; motivate and reward achievement of sustainable earnings growth.	Time based restricted shares and restricted share unit awards vest upon the continuance of service; performance based restricted share units require achievement of Company financial goals over a three-year performance period and require continued service. Share option awards vest over three years of continued employment (although, as further discussed, no share options were granted in Fiscal 2011).

An additional component of the compensation plan is the provision of a benefits package which consists of a pension, health and life insurance and has the objective of retaining executive officers over the course of their careers.

Elements of Executive Compensation

Based upon the policies, principles and philosophy described above, the Compensation Committee has designed, developed and implemented an executive compensation program that it believes provides executive officers with total compensation that adequately rewards the executive for his or her contribution in achieving superior corporate performance and increasing the share price. Each of these elements is described below.

(a) Base salary

The Committee determines the salaries for each named executive officer as one part of a competitive total compensation program designed to attract and retain the Company's named executive officers.

Each named executive officer receives a fixed level of base annual salary, which is paid monthly, as compensation for services rendered during the fiscal year. Base salary encourages and rewards attainment of individual performance. The level of base salary also recognizes and is a reflection of experience, expertise, responsibility, seniority and leadership qualities, as well as individual achievements and accomplishments and other significant contributions to the achievement of corporate performance targets. The Compensation Committee has established the base salary range as derived from the benchmarking process in accordance with the Company's Compensation Principles. This benchmarking is based upon market data of comparable companies described above, trends and geographic location of each position, as well as the movement of base salary within the business or division as a whole. Base salary ranges are monitored to ensure that attraction, retention and motivational objectives are maintained.

For Fiscal 2012, the Compensation Committee determined to increase the base salaries for the continuing named executive officers following the benchmarking analysis, and specific levels of increase were determined by the Committee's evaluation of the named executive officer's performance of his particular executive role. The increases placed the aggregate total direct compensation at target performance at approximately the 54th percentile of the comparator peer companies. The annual base salaries for Fiscal 2012 were set as follows: Mr. Light—$911,750 an increase of 6%, Mr. Montalto—$648,000 an increase of 6%, and Mr. Anderson—$584,350 an increase of 4%. Mr. Ristau, who joined Signet as Chief Financial Officer designate on April 15, 2010, and became Chief Financial Officer following Mr. Boyd's retirement in June 2010, was paid an annual salary of $650,000 for Fiscal 2011. The Compensation Committee set Mr. Ristau's salary for Fiscal 2012 at $682,000, an increase of 5%. Mr. Barnes joined the Company as Chief Executive Officer Designate on December 1, 2010 and became Chief Executive Officer following Mr. Burman's retirement on January 29, 2011 with a salary of $1,050,000. For Fiscal 2012, the Compensation Committee did not increase Mr. Barnes' salary.

(b) Annual bonus

Annual bonus performance targets are set by the Compensation Committee each year. In determining the performance target at the commencement of each year, the Compensation Committee gives consideration to relevant market data, i.e. market positioning both of the annual bonus as an element of the total compensation and the positioning of the Company in its sector and in comparison to its competitors, as well as its current business plans. There is a maximum bonus level set each year on such awards, which is equal to twice the target level, and a threshold performance below which no payments are made.

This incentive program has been developed specifically to focus management on the achievement of each year's performance objectives. The annual incentive is based on a pre-determined formula either on a divisional basis or a group basis which is a combination of the divisional performance, depending upon the named executive officer's particular responsibilities. The annual incentives for Mr. Barnes and Mr. Ristau are based (and for Mr. Burman and Mr. Boyd, were based) upon Company performance with a proportion of the bonus based on the performance of each of the divisions, while the annual incentive for Mr. Light and Mr. Montalto is based solely on the performance of the US division as that is where their responsibilities are. Similarly, the annual incentive for Mr. Anderson is based solely upon the performance of the UK division for the same reason.

Annual bonus Fiscal 2011

In setting the performance criteria for Fiscal 2011, the Compensation Committee agreed that it was appropriate to determine the entire bonus on profit measures equal to targeted operating profit, as the main focus should be on driving profit.

The financial performance measure for the annual bonus plan for Fiscal 2011 upon which 100% of the total annual bonus capacity could be earned was based on target operating profit for each division set at the beginning of the bonus period. The bonuses for the corporate executive officers were calculated on the same basis proportionately on the divisional results and for UK divisional results, were calculated on a constant exchange rate basis. The level of achievement, between 85% and 115% of the performance target over the period determined the level of the award that was paid. No bonus was paid for achievement at or below 85% of the performance target and performance in excess of 115% of the target will not increase the bonus above the maximum amount. Bonus target and potential maximum entitlement opportunities for the named executive officers remain at the same levels as a percentage of base salary as for Fiscal 2011 (See chart on Page 36 for more details).

Having reviewed the performance achieved against the performance criteria set by the Compensation Committee at the beginning of the period, the Committee determined as part of the Fiscal 2011 year end process in March 2011 that each performance measure had been met and exceeded at the maximum level in the US division but at the UK divisional and Group level at 61.5% and 90.4% respectively. Accordingly, the Committee approved bonus payments as follows:

	Operating Profit		
	Target $	**Max $**	**Achieved $**
US Criteria	**246,000,000**	**282,900,000**	**342,679,000**
UK Criteria	**55,180,000**	**63,395,000**	**57,066,000**
Terry Burman	1,721,000	3,442,000	3,111,568
Michael W. Barnes(1)	—	—	—
Walker Boyd(2)	149,838	299,676	270,907
Ronald Ristau	390,000	780,000	705,120
Mark Light	517,860	1,035,720	1,035,720
Robert Anderson	281,939	563,878	346,785
William Montalto	305,000	610,000	610,000

(1) Mr. Barnes was not eligible for a bonus for Fiscal 2011, as he did not join the Company until December 1, 2010.

(2) Bonus amount was pro-rated to reflect Mr. Boyd's retirement in June 2010.

Annual bonus Fiscal 2012

In setting the performance criteria for Fiscal 2012, the Compensation Committee agreed to adopt the same performance measure that had been employed for Fiscal 2011 as it was still considered appropriate to determine the entire bonus on profit measures equal to targeted operating profit, as the main focus should still be on driving profit. For Fiscal 2012, the Compensation Committee determined the performance criteria based upon the achievement of targeted operating profit.

Therefore the financial performance measure for the annual bonus plan for Fiscal 2012 upon which 100% of the total annual bonus capacity may be earned is based on target operating profit for each division set at the beginning of the bonus period. The bonuses for the corporate executive officers will be calculated on the same basis as for Fiscal 2011, namely proportionately on the divisional results and calculated on a constant exchange rate basis as appropriate. However, the Compensation Committee did consider that it was appropriate to reconsider the range between which a bonus can be achieved to reflect the specific economic and operational position of each division. Therefore, bonuses for executive officers in the US division have been tightened and concentrated so that bonuses will not begin to be earned until a greater amount of the performance target is achieved, although maximum bonus can be achieved earlier. For Fiscal 2012, the level of achievement between 92% and 110% of the performance target over the period will determine the level of the award that is paid. In the UK division, the range has been expanded to reflect the specific economic requirements of driving targeted operating profit. Therefore, in Fiscal 2012, bonuses for executive officers in the UK division can be earned between 85% and 110% of the performance target over the period. Bonus target and potential maximum entitlement for the named executive officers remain at the same levels as a percentage of base salary as for Fiscal 2010 and 2011.

Executive[(1)]	Position	Target Incentive as a percentage of Base Salary	Maximum Incentive as a percentage of Base Salary
Michael W. Barnes	Chief Executive Officer	100	200
Ronald Ristau	Chief Financial Officer	60	120
Mark Light	CEO US Division	60	120
Robert Anderson	CEO UK Division	50	100
William Montalto	COO US Division	50	100

(1) Mr. Burman and Mr. Boyd retired from the Company prior to Fiscal 2012.

(c) Long Term Incentive Plans

The Compensation Committee believes that long term share based incentives are appropriate and necessary measures to properly focus the executive officers on long term results and align the interests with those of Shareholders. In determining the construction of the long term incentive each year, the Compensation Committee chooses from three main elements (1) time-based restricted shares, designed to incentivize executives to remain with the Company; (2) performance-based restricted units awarded on the basis of performance against targets set over a three year period; and (3) traditional share options which achieve value only if management action produces growth in share price.

Long Term Incentive Grants Fiscal 2011

In order to provide balance to the Company's long-term incentives, the Committee determined that as a general rule the ratio of the estimated value of time based restricted shares, performance-based restricted share unit grants and the estimated value of share option grants should be as nearly equally split as practicable. However market conditions at any given time may require that one or more of the elements of the long term incentive plan be reduced in value or even temporarily suspended. After consideration, the Compensation Committee determined that, in line with Fiscal 2010 grants, incentive grants for Fiscal 2011 should not include the share option element due to the depressed share price at that time and the Committee's concern that named executive officers potentially could unfairly benefit from a correction in the market. As a result, long-term incentive compensation granted in Fiscal 2011 was split equally between time based restricted share grants requiring that named executive officers remain in employment for three years from the time of grant and performance based share units requiring not only that named executive officers remain in employment for three years from the time of grant but also achieve performance criteria over that three year period, at which time the performance based restricted stock units will cliff vest. The Committee determined that the performance targets would be over three years and based upon the achievement of targeted operating profit, either on a divisional basis for divisional named executive officers or on a blend of the two, similar to the short term bonus for corporate named executive officers discussed above. Named executive officer participants can earn between 0% to 200% of their performance based grant based on results that range from 85% to 115% of annual targeted operating profit on a cumulative basis. The first and second year operating targets were in accordance with the target set for Fiscal 2010 and 2011 and the subsequent years would also be based upon target operating profit and will be agreed by the Board at the commencement of the relevant fiscal year. This was agreed at the time of grant so as to better assess the prevailing economic environment and therefore apply meaningful and relevant performance targets at the relevant time.

The level of achievement, between 85% and 115% of the performance target on a straight line basis over the period will determine the amount of the award between nil and maximum that vests on a cliff vesting basis. The Compensation Committee considered it to be important that there was a sliding scale of achievement rather than all or nothing so as to adequately compensate named executive officers for actual performance against the criteria.

Share option and long term incentive plan grants to executive officers are set out in the tables below.

Generally grants are made at the same time as the annual compensation reviews, although in Fiscal 2010 they were delayed pending Shareholder approval of the Omnibus Incentive Plan. As the restricted share and performance unit grants would in effect be full value awards, the grant amounts were determined based upon the award methodology for all participants, which was equal to the historic Black Scholes valuation applied to the previous option valuation being a percentage of salary; and where appropriate, the target performance of the previous LTIP (i.e. 37.5% of the maximum award achievable).

The Committee determined that the share price to be used to determine the amount of these grants to UK officers would be equal to the average of the closing prices of a Common Share on the London Stock Exchange on the three trading days immediately preceding April 2, 2010, and the amount of grants to US officers would be equal to the closing price of a Common Share on the trading day before April 2, 2010.

The number of time-based restricted shares and performance-based restricted units granted to executive officers in Fiscal 2011 based upon this award methodology can be seen in the "Grants of Plan-Based Awards" table below.

The Committee determined in Fiscal 2011, that the pre-determined performance conditions relating to the options over shares that were granted in Fiscal 2008 were not met, and therefore the Committee agreed that they had all failed to vest and subsequently lapsed. The time-served options grants awarded in Fiscal 2008, vested during Fiscal 2010. Additionally, the Committee determined that the pre-determined performance conditions relating to the performance based awards under the Company's LTIP made in Fiscal 2008 were not met. Therefore, the Committee determined that none of these options vested in Fiscal 2011 and none of the cash element under the LTIP for the award made in Fiscal 2008 was payable.

No grants were made to Mr. Barnes in Fiscal 2011, other than to satisfy the compensation make-whole provision of this employment contract which is further discussed below under "Employment Agreements." In the case of Mr. Ristau, a share award was made on June 17, 2010 and is reflected in the "Grant of Plan-Based Awards" table below.

No grants were made to Mr. Burman and Mr. Boyd in Fiscal 2011.

Long Term Incentive Grants Fiscal 2012

The Committee approved grants to Messrs. Barnes, Ristau, Light, Anderson and Montalto in Fiscal 2012. As in the previous year, the grant amounts were determined on the same basis with the restricted share and performance unit grant amounts being determined as a percentage of salary and, where appropriate, factored in previous LTIP target performance. In previous years, performance targets for divisional executives were based upon divisional operating profit targets and performance targets for group executives were based upon Company operating profit, however for the grant made in Fiscal 2012, the Compensation Committee decided that it was appropriate that the short term annual cash bonus should continue to be granted, based in that way, but it was more appropriate for the performance based Long Term Incentive grants now to be based on overall Company performance for all participants, including divisional executives, as the Committee believes that the focus should be on driving profitability of the whole Company. Therefore, performance targets for Messrs. Barnes, Ristau Light, Anderson and Montalto were based upon the Company's targeted operating profit over a three year period, on a cumulative basis. The level of achievement between 95% and 105% of the performance targets over the period will determine the amount of the award between nil and maximum that vest on a cliff vesting basis. The Compensation Committee considered it to be important to maintain the sliding scale for the reasons already described. Grants were in the form of time based restricted stock and performance based restricted stock units with cliff vesting after three years for both types of awards. Again, no share options were granted. The share price to be used to determine the amount of the grant to all officers was to be equal to the closing price of a Common Share on the trading day before the grant date, which for Fiscal 2012 was April 12, 2011.

No grants were made to Mr. Burman and Mr. Boyd in Fiscal 2012 because they had each retired from the Company.

(d) Pensions & Deferred Compensation

The Company provides pension, deferred compensation and retirement benefits to named executive officers and employees, both as a retention mechanism and as a means to assist with the provision of a degree of financial security post retirement. There are different plans operating in the US and the UK.

(i) UK Executive Officers

Mr. Anderson participates in the UK Group Plan, which is a funded, HM Revenue & Customs registered, final salary, occupational pension plan, and Mr. Boyd participated in the plan until his retirement in June 2010. Pensionable salary is the member's base salary, excluding all bonuses

The main features of this pension plan are:

- a normal pension age of 60;
- pension at normal pension age of two-thirds of final pensionable salary, subject to completion of 20 years' service;
- life assurance cover of four times pensionable salary; and
- spouse's pension on death.

All UK Group Plan benefits were, until April 5, 2006, subject to Inland Revenue limits. Since the changes to pension taxation in the UK from April 6, 2006 and the removal of existing limits, a scheme specific earnings cap has been maintained equivalent to the previous earnings cap, increased by the Retail Price Index annually. As the tax treatment and other advantages of contributing to funded unapproved retirement benefit schemes (FURBS) to fund benefits above the earnings cap has been eroded, the Company has ceased paying contributions to the Signet FURBS. In substitution a supplement is paid in accordance with the compensation principles on an individual basis. The Company will not compensate or protect members against the consequences of the changes in taxation, but will provide members with a cash supplement in lieu of pension accrual once members reach the Lifetime Allowance limit set by the legislation if they choose to exercise this option.

(ii) US Executive Officers

In the US there are two defined contribution savings vehicles. The primary retirement vehicle is the company sponsored Sterling Jewelers Inc. 401(k) Retirement Savings Plan (the "401(k) Plan") which is a qualified plan under Federal guidelines. The Company matched employee contributions to the 401(k) Plan at 25% of an employee's contribution up to a maximum of 6% of an employee's basic salary until December 2008 when the Company match was suspended. Under Federal guidelines, the 401(k) Plan contributions by senior management may be reduced based on the participation levels of lower paid employees. A supplemental plan, the Deferred Compensation Plan, an unfunded non-qualified plan under Federal guidelines, was established in 1996 for senior management to assist with pre-tax retirement savings in addition to the 401(k) Plan. In 2004, the Company froze the DCP (the "Frozen DCP"), to new participants and new deferrals for tax purposes and created a second unfunded, non-qualified deferred compensation plan, for management and highly compensated employees or executives (the "DCP").

Messrs. Light and Montalto have benefits provided via the 401(k) Plan, the Frozen DCP, and the DCP as did Mr. Burman until his retirement in January 2011. The deferred compensation rules allowed for individual contractual contribution arrangements without any effect to its tax beneficial status. Pursuant to Mr. Burman's employment agreement, the Company was required to contribute annually to the DCP 20% of Mr. Burman's base salary, without regard to any corresponding contribution from Mr. Burman.

Beginning in July 2010, the Company re-introduced the Company match under the 401(k) Plan at 25% of an employee's contribution up to 6% of the employee's basic salary. Beginning in April 2011, the matching contribution was increased to be market competitive and amounts to 50% of an employee's contribution up to a maximum of 6% of an employee's basic salary.

Similarly, the Company re-introduced the matching contribution under the Deferred Compensation Plans of 50%, up to 10% of the participant's eligible compensation deferred to the DCP beginning in April 2011.

(e) Health & Welfare

Named executive officers participate in various health and welfare programs as well as life insurance and long term disability plans, which are generally available to other executive officers of the Company.

(f) Perquisites

Signet leases, or pays an allowance in lieu of an automobile in order to provide named executive officers with the use of a company car for business travel needs but recognizes that the vehicles may also be used for personal purposes. Vehicles are typically leased for a three year term and the cost of insurance, maintenance and fuel is also met by Signet. Historically, Signet had in certain circumstances made gross-up payments pursuant to existing employment agreements with certain named executive officers to account for the tax assessed against such executive officers with respect to these amounts. The Compensation Committee determined to commence elimination of tax gross-ups in March 2010. Except for relocation expenses in limited circumstances, future tax gross-ups have now been eliminated.

A limited number of other perquisites are made available to some named executive officers in order to promote business objectives and to reward experience, expertise, responsibility, seniority and leadership qualities. Signet reimburses fees for one private club membership for Mr. Light to encourage him to entertain business colleagues and customers, engage in social interaction with peers from other companies, and foster local leadership and community activities. In limited circumstances, where it is appropriate that spouses attend, Signet reimburses named executive officers for the travel expenses of spouses who accompany them on business. Historically, Signet has in certain circumstances made gross-up payments to account for the tax assessed against certain named executive officers with respect to these amounts. This practice has now been eliminated.

The Compensation Committee intends to consider its position with regards to the remaining perquisites during Fiscal 2012.

(g) Employment Agreements

It is the Compensation Committee's policy that the employment agreements with its executive officers should be on a rolling basis with the notice period to terminate by either party not exceeding one year. Generally, employment agreements in effect may all be terminated upon notice of one year or less. In unusual circumstances, including times of possible or actual transition of corporate control, corporate restructuring or just the desire to keep an executive or the team of named executive officers in place, free of distractions that might arise out of concern for personal financial advantage or job security, the Committee will enter into a retention agreement with one or more executive officers. At the present time the Company has retention agreements with Messrs. Light and Anderson. In addition, the Company previously had a retention agreement with Mr. Burman, Signet's Chief Executive Officer who retired in January 2011. All three retention agreements are described below.

i) Michael W. Barnes

Mr. Barnes has an employment agreement dated September 29, 2010 with a US subsidiary. The term of the Employment Agreement will expire on January 31, 2014, subject to earlier termination by either party. He joined the Company as Chief Executive Officer Designate on December 1, 2010 and succeeded Mr. Burman following his retirement on January 29, 2011 as Signet's Chief Executive Officer.

During the term of employment, Mr. Barnes will (i) receive a starting annual base salary equal to $1,050,000, subject to annual review, (ii) be eligible for an annual target bonus equal to 100% of his annual base salary, (iii) be eligible for a long-term incentive plan payment, with the target payment for a three-year performance cycle equal to $3,250,000 (subject to a maximum of $4,875,000), to be comprised of equity-based awards (or cash, if so determined by the Compensation Committee of the Board of Directors of Signet), (iv) be entitled to participate in the Company's deferred compensation plan (and will receive a Company matching contribution under such plan if he chooses to participate in the plan), (v) be entitled to such welfare benefits as are made available from time to time to executive officers of the Company, (vi) be entitled to five weeks of paid vacation per year, and (vii) be entitled to certain relocation benefits (including a tax gross-up payment in respect of such benefits).

The employment agreement also provides that Mr. Barnes was to be granted a "make-whole payment" on or as soon as practicable after the date he commences employment with the Company. This payment will be comprised of (i) a cash payment equal to $641,666 (in respect of the 2010 annual bonus that Mr. Barnes forfeited by his termination of employment with Fossil, Inc.), and (ii) a number of stock options and restricted shares equal to the value of the unvested Fossil, Inc. stock appreciation rights and restricted shares held by Mr. Barnes (and forfeited by him) on the date of his termination of employment with Fossil, Inc. Due to accounting and other considerations, the Company and Mr. Barnes agreed to the issuance of shares and restricted shares only. On January 19, 2011, the Compensation Committee granted to Mr. Barnes, 116,392 unrestricted shares equal to the value of restricted stock and unvested stock appreciation rights from Fossil, Inc. that would have vested in February, March and June 2011 ($5.0 million), and 173,162 restricted shares equal to the value of the remaining restricted stock and unvested stock appreciation rights from Fossil, Inc. that would have vested in Fiscal 2013 ($3.9 million), 2014 ($2.6 million) and 2015 ($0.8 million) in satisfaction of this "make whole" obligation. 11,432 restricted shares will vest on February 1, 2012; 67,734 restricted shares will vest on March 15, 2012; 12,917 restricted shares will vest on June 1, 2012; 61,127 restricted shares will vest on March 15, 2013; and 19,952 restricted shares will vest on March 15, 2014.

As Chief Executive Officer, Mr. Barnes is required to build a holding of Common Shares equal to at least five times his base salary over a five-year period and is subject to all written Board policies in effect during his employment, including any policies relating to the clawback of compensation. The Company has agreed to provide Mr. Barnes with coverage under a directors and officers liability insurance policy while employed under the Employment Agreement, at a level no less than that maintained for substantially all of the executive officers of the Company or Signet and the members of the Board of Directors of Signet.

Mr. Barnes will be entitled to severance payments (i) if he is terminated by the Company without "cause" (as defined in the Employment Agreement), (ii) if Mr. Barnes terminates his employment for "good reason" (as defined in the Employment Agreement) either prior to or following a "change in control" of the Company or Signet (as defined in the Employment Agreement), or (iii) if he dies during the term of the Employment Agreement. In the event of any such termination, in addition to any accrued but unpaid benefits or obligations as of the date of termination, Mr. Barnes generally will be entitled to (i) continued payment of base salary for 12 months following the date of termination, (ii) a lump sum amount equal to the target annual bonus for the fiscal year in which such termination occurs, (iii) a lump sum amount in respect of each then-ongoing performance cycle under the long-term incentive plan based on actual performance for any completed fiscal year and assuming that target performance was attained for the fiscal year of termination, pro-rated based on the number of calendar days that Mr. Barnes was employed during such fiscal year, (iv) continued group medical coverage for Mr. Barnes and his eligible dependents for up to 12 months following the date of termination, and (v) vesting of unvested stock options or restricted shares granted to Mr. Barnes as part of his make-whole payment. If Mr. Barnes is terminated by the Company for cause or resigns without good reason, he will be entitled to accrued and unpaid benefits or obligations as well as a lump sum amount based on his annual target bonus for the fiscal year of termination, pro-rated for the number of days he was employed during such fiscal year. All severance payments and benefits (that were not accrued prior to termination) will be conditioned on the execution of a general release of claims against the Company, its affiliates and related parties and on continued compliance with the restricted covenants discussed above.

During the term of employment and for specified periods thereafter, Mr. Barnes will be subject to confidentiality, non-solicitation, and non-competition restrictions.

ii) Ronald Ristau

Mr. Ristau has an employment agreement dated April 12, 2010 with a US subsidiary. He joined the Company on April 15, 2010 as Chief Financial Officer Designate and succeeded Mr. Boyd upon his retirement in June 2010. During the term of employment, Mr. Ristau will (i) receive a starting salary of $650,000, subject to annual review, (ii) be eligible for an annual target bonus of 60% of base salary in accordance with the Company's annual bonus plan then in effect and (iii) be eligible for a long-term incentive bonus with a target payment of 115% of base salary to be comprised of cash and/or equity based awards.

The Company may terminate the agreement at any time by notice in writing with immediate effect. In the case of termination other than for "cause" (as defined in the contract), the Company is obligated to continue to pay salary for 12 months from the date of termination. Mr. Ristau would also be entitled to earn a bonus and Omnibus Incentive Plan award on a pro-rata basis for the year of termination. The agreement contains confidentiality and non-competition clauses. Termination will be subject to severance obligations if Mr. Ristau's employment is terminated without "cause" (as defined in the agreement) or if Mr. Ristau terminates his employment due to constructive termination (as defined in the agreement and including certain events occurring within the one-year following a change of control). Upon the events described above, in addition to any accrued but unpaid benefits or obligations as of the date of termination, Mr. Ristau will be entitled to (i) continued payment of base salary then in effect for 12 months (6 months in the case of the executive's resignation during a specified period as described in the definition of constructive termination), (ii) a pro-rata portion of the annual bonus for the fiscal year in which such termination occurs, and (iii) a pro-rata portion of the Omnibus Incentive Plan award for the performance period in which such termination occurs. The agreement also includes other customary terms, including with respect to disability and death.

During the term of employment and for specified periods thereafter, Mr. Ristau will be subject to confidentiality, non-solicitation, and non-competition restrictions.

iii) Mark Light

Mr. Light has an employment contract dated April 26, 2002, as amended and restated with a US subsidiary. The Company may terminate the agreement at any time by notice in writing with immediate effect. In the case of termination other than for cause (as defined in the agreement), the Company is obligated to continue to pay salary for 12 months from the date of termination and pay Mr. Light a pro-rata portion of his annual bonus for the year of termination. Mr. Light also receives a pro rata portion of his annual bonus upon disability and six months of salary continuation and a pro rata portion of his annual bonus upon death. Entitlement to any share options or LTIP awards is governed by the terms of the relevant plan, and the agreement contains confidentiality and non-competition clauses. See below for further details of termination payments. In recognition of Mr. Light's important role in the transition of Mr. Barnes into his new position as Chief Executive Officer, the Company has agreed it is important to retain Mr. Light's services for the Company; in order to do so the Board of Directors has agreed to make a cash payment to him of $750,000 (subject to legally required deductions), provided that he continues to be an employee of the Company in good standing on August 1, 2012. The payment will be made as soon as practical following that date.

During the term of employment and for specified periods thereafter, Mr. Light will be subject to confidentiality, non-solicitation and non-competition restrictions.

iv) Robert Anderson

Mr. Anderson has an employment contract dated March 1, 2003 with a UK subsidiary which can be terminated on one year's notice in writing by either party or terminates on his 65th birthday. In the case of early termination, the agreement provides for salary to be paid in lieu of notice for 12 months from date of termination and a pro-rata portion of his annual bonus for the year of termination. Entitlement to any share options or LTIP awards is governed by the terms of the relevant plan, and the agreement contains confidentiality and non-competition clauses. See below for further details of termination payments. In recognition of Mr. Anderson's important role in the transition of Mr. Barnes into his new position as Chief Executive Officer, the Company agreed it is important to retain Mr. Anderson's services for the Company. In order to do so, the Board of Directors agreed to make a cash payment to him of $500,000 (subject to legally required deductions), provided that he continues to be an employee of the Company in good standing on August 1, 2012. The payment, which will be made in pounds sterling calculated at the exchange rate in effect on August 1, 2012, will be made as soon as practical following that date.

v) William Montalto

Mr. Montalto has an employment contract dated May 10, 1996, as amended and restated with a US subsidiary. The Company may terminate the agreement at any time by notice in writing with immediate effect. In the case of termination other than for cause (as defined in the agreement) the Company is obligated to continue to pay salary for 12 months from the date of termination and pay Mr. Montalto a pro-rata portion of his annual bonus for the year of termination. Mr. Montalto also receives a pro rata portion of his annual bonus upon disability and six months of salary continuation and a pro rata portion of his annual bonus upon death. Entitlement to any share options or LTIP awards is governed by the terms of the relevant plan, and the agreement contains confidentiality and non-competition clauses. See below for further details of termination payments.

During the term of employment and for specified periods thereafter, Mr. Montalto will be subject to confidentiality, non-solicitation and non-competition restrictions.

vi) Terry Burman

Mr. Burman had an employment agreement dated December 20, 2000, as amended and restated with a US subsidiary, with certain covenants given by Signet Jewelers Limited. Mr. Burman retired from the Company on

January 29, 2011. The agreement provided for a 3% increase in base salary in each of Fiscal 2010 (which was declined by Mr. Burman) and 2011 and a retention payment equal to $6,547,709, in lieu of the grant of any award under the Signet Jewelers Limited Long Term Incentive Plans in Fiscal 2010 and Fiscal 2011. An increase in basic salary of 6.1% was agreed for Fiscal 2011, which reflected the contractual undertaking for Fiscal 2010 and Fiscal 2011. The Compensation Committee agreed to amend Mr. Burman's agreement in this way in 2008, as being in the best interests of the Company's Shareholders to secure his continued service until the end of Fiscal 2011, thereby providing consistency and stability at a time of general economic difficulty and securing the continuation of his services through three holiday trading periods (Fiscal 2009, Fiscal 2010 and Fiscal 2011), being key trading periods for the Company. The retention payment was paid, in a cash lump sum on January 31, 2011.

Following Mr. Burman's retirement from the Company on January 29, 2011, the Compensation Committee exercised its discretion, where possible under the terms of the relevant compensation plans, to extend exercisability of options beyond cessation of Mr. Burman's employment (but not beyond normal lapse dates) for already vested options of 156,463 options having an exercise price of $41.00 until their stated lapse date of April 4, 2014.

Mr. Burman currently holds awards under the Company's old long term incentive plan entitling him to certain stock and cash, valued at $3,638,000 based upon the closing price of a common share of $41.56 at January 29, 2011, if specified performance criteria are met. The specified performance criteria for this award were achieved to the extent of 16% of the total award.

vii) Walker Boyd

Mr. Boyd had an employment agreement dated June 14, 1995, as amended with a UK subsidiary. Mr. Boyd retired from the Company on June 25, 2010.

In response to Mr. Boyd's intention to retire in June 2010, and in recognition of his long and distinguished service with the Company, the Compensation Committee exercised its discretion, where possible under the terms of the relevant compensation plans, to accelerate vesting of options and restricted stock grants and extend exercisability of options beyond cessation of his employment (but not beyond normal lapse dates) as follows:

- For 62,338 already vested options having an exercise price ranging from $21.95 to $41.00, the Compensation Committee extended the exercise date of these options for an additional 12 months following cessation of employment or until their normal lapse date;
- For 40,407 options having an exercise price of $24.80 that have not yet vested, the Compensation Committee agreed to permit exercise of these options until their stated lapse date of April 13, 2018;
- For time-based restricted stock grants, the Compensation Committee accelerated vesting of 4,777 restricted stock units pro rata from the date of grant to June 25, 2010;
- For performance-based restricted stock grants, the Compensation Committee accelerated vesting of 13,535 restricted stock units, pro rata from the date of grant to June 25, 2010 (first full year of three year performance cycle, and first five months of second year, with pro rata performance criteria to be based upon actual performance).

Mr. Boyd currently holds awards under the Company's old long term incentive plan entitling him to certain stock and cash, valued at $848,018 based upon the closing price of a Common Share of $41.56 at January 29, 2011, if specified performance criteria are met. The specified performance criteria for this award was achieved to the extent of 16% of the total award but pro-rata to June 25, 2010.

As reflected above, the Compensation Committee agreed that any short term bonus due to Mr. Boyd in respect of Fiscal 2011 would be paid pro rata to his date of retirement.

(h) Termination for Cause and Violation of Non-Compete Covenants

Share options granted under the employee incentive plans may not be exercised after a termination for cause. Performance-based restricted share units will not vest if termination for cause occurs before the conclusion of the three-year performance period. All executive officer service agreements contain a non-competition covenant that has between a 9 and 12 month post-employment term. Violation of the non-compete covenants will result in potential litigation.

(i) Limitation under Section 162(m) of the Revenue Code

Section 162(m) of the Revenue Code generally denies a federal income tax deduction to the Company for compensation in excess of $1 million per year paid to certain of the named executive officers. This denial of deduction is subject to an exception for "performance-based compensation". Although the Committee has designed the executive compensation program with tax considerations in mind, the Committee does not believe that it would be in the best interests of the Company to adopt a policy that would preclude compensation arrangements subject to deduction limitations and current outstanding cash and equity awards do not qualify as performance-based compensation.

(j) Claw Back

Recognizing that the SEC has yet to publish regulations on claw back policies as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Compensation Committee considered it to be appropriate to adopt an interim claw back policy. The policy provides that in the event of a material restatement of the Company's financial results, the Compensation Committee will recalculate incentive compensation based on the restated results. In the event of an overpayment, the Company will seek to recover the difference, balancing the amount to be recovered against the cost of doing so. Similarly in the interest of fairness, should a restatement result in an under payment of incentive compensation, the Company will make up any difference.

(k) Share Ownership Policy/Hedging Prohibition

It is the Company's policy that the Chief Executive Officer build a holding of Common Shares equal to at least five times his base salary over a five-year period. In addition, a $250,000 minimum share ownership requirement, to be achieved within five years of selection as Chairman, is required of the Chairman, and a $150,000 minimum share ownership requirement, to be achieved within five years of election to the Board is required of the independent directors. However once achieved at any given share price, the requirement is considered to have been met notwithstanding any subsequent change in share price. Once achieved, the holding is to be maintained while a director of the Company (or with respect to the Chief Executive Officer, so long as he holds such office). It is the Company's policy to prohibit hedging or monetization transactions that would allow an officer, director or employee who is a security holder to engage in transactions that would separate the risks and rewards of ownership of Company securities from actual ownership of those securities.