



“Competitive Advantages Reinforcing Sector Leadership”

NY Store Visit October 2009

K A Y[®]
J E W E L E R S
Every kiss begins with Kay.[®]
kay.com

JARED[®]
The Galleria Of Jewelry
jared.com

H.SAMUEL
T H E J E W E L L E R

Ernest Jones
The Diamond & Watch Specialist

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(Private Securities Litigation Reform Act of 1995)

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

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Why Invest in Signet?

- ⇒ Market Leadership in US & UK
- ⇒ Gaining profitable market share in sector undergoing accelerated rationalization
- ⇒ Strong balance sheet and cash flow
- ⇒ Strengthening significant competitive advantages
- ⇒ Effective strategy in tough environment
- ⇒ Well positioned for recovery

World's Largest Specialty Jeweler

Group sales \$3,344 million – 76% US / 24% UK



Kay Jewelers - #1 mid market brand
Sales: \$1,439m Stores: 926 in 50 states



H.Samuel - #1 in UK
Sales: £250m Stores: 352



Jared - #1 Off-Mall "Category Killer"
Sales: \$726 Stores: 171 in 35 states



Ernest Jones - #1 UK upper middle market
Sales: £208m Stores: 206

Strengths Driving Share Gains

- ⇒ Excellence in customer service
 - ⇒ staff training, development and incentivization programs
- ⇒ Superior merchandising
 - ⇒ leading middle market supply chain expertise and merchandising systems
 - ⇒ ability to successfully develop differentiated ranges
- ⇒ Significant brand equity and awareness
 - ⇒ consistent high level of customer satisfaction
 - ⇒ national TV advertising
- ⇒ High quality real estate
 - ⇒ strict operational and financial criteria applied over time
- ⇒ Seasoned and proven management

Effective Strategy in Tough Market

- ⇒ Enhance position as strongest middle market specialty retail jeweler and gain share
- ⇒ Maximize profit & free cash flow
- ⇒ Use strong balance sheet as competitive advantage
- ⇒ Highly disciplined investment in core activities
 - ⇒ operational priorities set by returns available
 - ⇒ capital investment requires 20% IRR over 5 years
 - ⇒ sales visibility key driver of store investment
 - ⇒ availability of suitable sites also a constraint on new stores

Financial Objectives in Fiscal 2010

- ⇒ \$100 million US cost saving program
- ⇒ \$100 million inventory reduction
- ⇒ Capital expenditure down to \$55 million (fiscal 2009: \$115 million)
- ⇒ \$175 million to \$225 million net debt reduction at constant exchange rates

Improving Free Cash Flow Trend

\$ million	Fiscal 2008	Fiscal 2009	Consensus Fiscal 2010
Adjusted net income⁽¹⁾	333.6	259.8	c.240
Change in operating assets & liabilities (ex new US stores)	(74.1)	(28.9)	c.140
Investing activities (ex new US stores)	(79.3)	(74.3)	c.(45)
Investment in new US stores ⁽²⁾	<u>(178.9)</u>	<u>(105.5)</u>	<u>c.(35)</u>
Free cash flow⁽³⁾	<u>1.4</u>	<u>51.1</u>	<u>c.300</u>

⇒ Net debt reduced by \$270.1 million in first half

1) Net income adjusted for non-cash items

2) Including fixed and working capital

3) Cash flow from operating activities less cash used in investing activities & amendment fees

Drivers of Medium Term Performance

- ⇒ Economic environment
- ⇒ Maintain disciplined investment
 - ⇒ little new space growth for at least next 18 months
- ⇒ Ability to leverage cost base to improve operating margins
- ⇒ Aim to win profitable market share in existing stores to drive sales
 - ⇒ utilize competitive strengths
 - ⇒ capacity withdrawal by competitors

Competitive Advantages Reinforcing Sector Leadership

Mark Light
CEO US Division

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Our Mission

To earn the trust of our customers by delivering:

A superior customer experience
Assistance
Products
Services
Value
Convenience

To conduct ourselves as a company with:

Teamwork
Integrity
Communications
Rewards

To achieve:

Return on assets
Continuous improvement

Signet US Leading Performance

Average 2002 to 2007	Operating Margin	EBIT/Total Assets ^a	Total Sales
Signet US ^b	12.0%	14.9%	9.7%
Zale Corp ^c	5.3%	8.8%	0.9%
Typical US Chain Jeweler ^d	3.7%	5.9%	6.5%
Signet US 2008 ^e	6.8%	7.5%	(6.3)%
Zale Corp 2008 ^f	(5.5)%	(8.8)%	(15.1)%
Typical US Chain Jeweler 2008 ^g	2.7%	1.3%	(13.2)%

a Total assets excludes goodwill

b To y.e. February 2, 2008

c To y.e. January 31, 2008 based on SEC Filings excluding goodwill impairment

d To y.e. December 31, 2007 based on JA Cost of Doing Business

e To y.e. January 31, 2009 excluding goodwill impairment

f To y.e. January 31, 2009 based on SEC Filings excluding goodwill impairment

g To y.e. December 31, 2008 based on JA Cost of Doing Business

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Accelerated Consolidation in US

- ⇒ Until 2008 about a net 400 specialty jewelry firms closed each year
- ⇒ Calendar 2008
 - ⇒ two top 10 brands liquidated
 - ⇒ estimated closure of 1,800 doors*
 - ⇒ about (5)% sales capacity*
- ⇒ Calendar 2009
 - ⇒ two top 10 brands in Chapter 11
 - ⇒ further accelerated consolidation
 - ⇒ projection for 750 to 1,500 closures*
- ⇒ Calendar 2010
 - ⇒ likely to remain above historic level
- ⇒ Many of those that remain are weakened

* Source Jewelry Industry Research Institute

Kay

		Fiscal 2005	Fiscal 2009
Sales	(million)	\$1,174	\$1,439
Stores at y.e.		742	926
Average sales per store	(,000)	\$1,584	\$1,536
Average selling price		\$282	\$331

- ⇒ Customer's household income \$35k to \$100k
- ⇒ Sales c.40% more than No.2 mid market brand
- ⇒ High store productivity with typically 1,270 sq ft of selling space
- ⇒ Every store has a qualified diamontologist
- ⇒ Successful development of off-mall formats

Jared

		Fiscal 2005	Fiscal 2009
Sales	(million)	\$415	\$726
Stores at y.e.		93	171
Average sales per store	(,000)	\$4,975	\$4,491
Average selling price		\$644	\$714

- ⇒ Customer's household income \$50k to \$150k
- ⇒ Concept tested 1993 to 1997
- ⇒ Third largest mid market brand
- ⇒ National TV advertising since Christmas 2007
- ⇒ At maturity store contribution rate and ROCE similar to mall brands

Management Priorities in 2010

- ⇒ Reinforce position as market leader
 - ⇒ invest in high ROI initiatives
 - ⇒ leverage competitive strengths
 - ⇒ maximise gross merchandise dollars
- ⇒ Maximize profit and cash flow
 - ⇒ \$100 million expense saving program
 - ⇒ \$110 million inventory reduction
- ⇒ Continue to apply strict investment criteria
 - ⇒ largely eliminate new space growth
 - ⇒ greatly reduced maintenance capital expenditure

Changes in Square Footage

	Kay Mall	Kay Off Mall	Regionals	Jared	Total	Change in sq.ft.
Jan 2007	772	60	341	135	1,308	11%
Opened	23	45	21	19	108	
Closed	(6)	-	(11)	-	(17)	
Jan 2008	789	105	351	154	1,399	10%
Opened	27	30	3	17	77	
Closed	(21) [†]	(4)	(50)	-	(75)	
Jan 2009	795	131	304 [†]	171	1,401	4%
Openings (forecast)	5	3	1	7	16	
Closures (approx.)	(13) [†]	(5)	(59)	-	(77)	
Jan 2010 (forecast)	787	129	246 [†]	178	1,340	(2)%

* A Jared store is equivalent to just over four mall stores in size

† Includes 14 rebranded stores in 2008 and 2 in 2009

Competitive Advantages

Talented and seasoned management

Store Operations

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

Merchandising

- Sophisticated systems
- GMROI focused
- Superior supply chain

Marketing

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

Real Estate

- Strict criteria, regularly reviewed
- High store productivity
- Steady expansion

Control and information systems

Competitive Advantages Reinforcing Sector Leadership

Tryna Kochanek
SVP Field Operations

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Importance of Service

- ⇒ Sales associate critical to every transaction
 - ⇒ recruit the best and the brightest
 - ⇒ final 2 feet of supply chain vital
- ⇒ Customer seeking reassurance
 - ⇒ important emotional purchase
 - ⇒ lacking product knowledge
 - ⇒ fear of the unknown
 - ⇒ every product under lock and key
- ⇒ Build trust in the sales associate and the brand

Recruitment a Priority

- ⇒ Source of candidates
 - ⇒ store and district managers
 - ⇒ internet applications
 - ⇒ career advancement register
- ⇒ Right attitude, not experience
 - ⇒ test before hiring
- ⇒ Attractive employer within sector
- ⇒ All senior field management have to have been a Signet US store manager

Best Training in the Industry

- ⇒ Consistent development of all staff, at all levels
- ⇒ Training needs regularly refined based on
 - ⇒ customer feedback from satisfaction surveys
 - ⇒ associate requirements
 - ⇒ management priorities
- ⇒ Integrated with merchandising and marketing
- ⇒ Specialist training team creates materials
- ⇒ Return on investment appraisal of training
- ⇒ Supported by management information and communications system
 - ⇒ District Managers focused on training

Clear Measurable Objectives

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

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
 - ⇒ training to be profit business managers
- ⇒ District Manager bonus
 - ⇒ KPI based bonus

System Support Drives Productivity

- ⇒ Benefits to field operations
 - ⇒ helps identify, understand, prioritize and schedule tasks
 - ⇒ store process manuals always up to date
 - ⇒ helps district and store managers focus on training, not admin
- ⇒ Improves executional effectiveness
 - ⇒ better feedback and problem resolution
 - ⇒ greater process monitoring and compliance
- ⇒ Financial return

Our People Make the Difference

- ⇒ Tools to succeed
 - ⇒ superior training
 - ⇒ focus on customers due to store procedures
 - ⇒ good merchandise selection
 - ⇒ consistency of quality
 - ⇒ better value proposition
- ⇒ Clear objectives, feedback and strong incentives
- ⇒ Excellent career opportunities
- ⇒ Above-average retention

Competitive Advantages Reinforce Sector Leadership

Ed Hrabak
SVP

General Merchandising Manager

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Mission

⇒ General

- ⇒ right product, right price, right place, right time
- ⇒ gross margin management
- ⇒ pursue supply chain opportunities
- ⇒ development of differentiated ranges

⇒ Critical to Jewelry

- ⇒ importance of commodities
 - quality control as each diamond is unique
- ⇒ optimise inventory investment as largest element of capital
- ⇒ ability to test merchandise and respond to changes in consumer buying patterns
- ⇒ limited inventory risk if tightly managed

GMROI Focused

- ⇒ Develop products with features and benefits
 - ⇒ price / quality
 - ⇒ subtle features
- ⇒ Utilize “Pull” merchandise methodology
 - ⇒ maximizes sales, minimizes mistakes
 - ⇒ test and run every product/program
 - ⇒ rapid response to emerging trends
 - ⇒ merchandising of stores reflects local demographic and regional variations

Supply Chain Advantages

- ⇒ About 50% of diamonds sold sourced loose, cut and polished
 - ⇒ cost savings
 - ⇒ quality assurance
 - ⇒ ability to take advantage of market opportunities
 - ⇒ improved insight into cost of complete merchandise
- ⇒ Built long term relationships with key vendors
 - ⇒ lower cost
 - ⇒ ability to adjust timing of deliveries
 - ⇒ priority service
 - ⇒ willing partners for differentiated merchandise

Advantages of Differentiated Merchandise

- ⇒ Drives footfall
- ⇒ Lower risk of competitive discounting
- ⇒ Offered new concepts ahead of competition
- ⇒ Speed to market
- ⇒ Clearer, more cost effective marketing message
- ⇒ Better able to execute future development of ranges

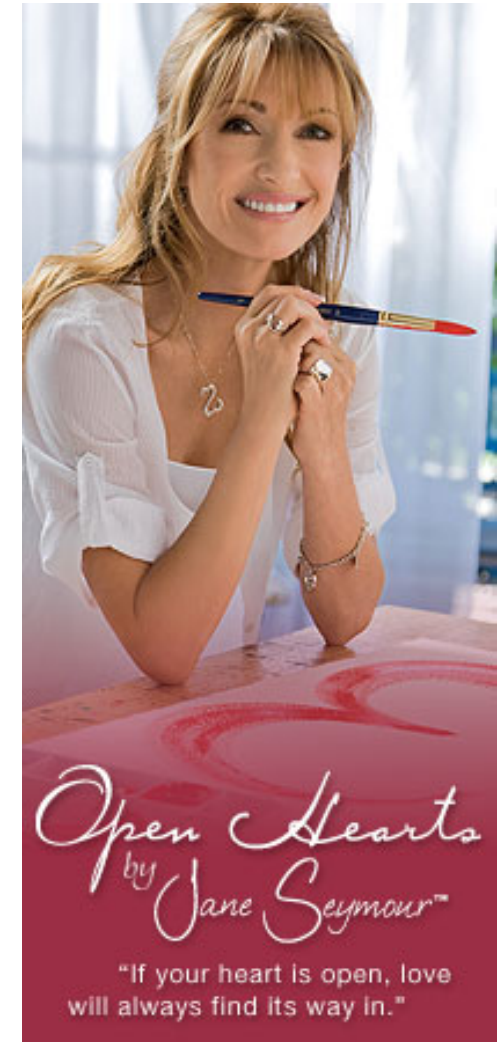
Highly Recognized Branded Diamond

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



Rapid Innovative Merchandising

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



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Traffic-building Opportunity

- ⇒ “Build a memory”
- ⇒ Tested 2008
- ⇒ Female self-purchasers
- ⇒ Jared roll-out summer 2009
- ⇒ Jared TV ad for Holiday

PANDORA™

-NOW AVAILABLE AT MOST JARED® STORES AND ONLINE-



Major Initiative For Holiday 2009

- ⇒ Follows 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
- ⇒ Shortened time to market
- ⇒ Roll-out for Holiday
- ⇒ Kay TV support



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William Montalto
Chief Operating Officer

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Marketing Leadership

- ⇒ Largest budgets
- ⇒ Consistent messaging and brand proposition
- ⇒ Ability to use national TV advertising
- ⇒ Product segments create better opportunity for supplier contributions
- ⇒ Logical rationale supports emotional appeal
- ⇒ Record of creating new brands

“Every Kiss Begins With Kay”

- ⇒ Gift giving occasion
- ⇒ Romance and appreciation
- ⇒ Broad customer appeal
- ⇒ Strong emotional link to brand name
- ⇒ Clear call to action
- ⇒ Campaign been running for 10 years

“He Went to Jared”

- ⇒ Raise name awareness
- ⇒ Peer approval particularly important in new markets
- ⇒ Humor to make the brand accessible
- ⇒ Contemporary settings
- ⇒ Selection, providing a logical rationale
- ⇒ Product element
- ⇒ Store visuals: external and internal

Leading Integrated Marketing Program

- ⇒ Proprietary CRM database of over 25 million names
 - ⇒ integrated mail, telephone and email communications
- ⇒ Leading national click & brick specialty jewelry brands
 - ⇒ customer service focus
- ⇒ Catalogs remain important
- ⇒ Primary marketing activities supported by radio and print

Reasons for In-house Credit

- ⇒ Important element of jewelry sales transaction
- ⇒ Credit risk not eliminated by outsourcing
 - ⇒ 3rd party funding issues
- ⇒ Factors under our control
 - ⇒ score cards
 - ⇒ collection strategies
 - ⇒ customer service
- ⇒ Competitive sales advantage
 - ⇒ problems for smaller players

Receivables Initiatives

- ⇒ Further tightening of credit procedures
 - ⇒ selectively testing increased down payments
 - ⇒ ceased lending on certain criteria
 - ⇒ implemented revised scorecards
 - ⇒ more proactive response to deteriorating trends
 - ⇒ improved collection strategies
- ⇒ Performance largely dependent on economy
 - ⇒ 100% provision 90 days past due on a recency basis
 - ⇒ H1 fiscal 2010 net bad debt to total sales ratio up 110 bpts on comparable period

Outlook

- ⇒ Economic outlook remains very uncertain
- ⇒ Great opportunity to increase profitable market share by:
 - ⇒ focusing on reinforcing competitive strengths
 - ⇒ take advantage of increased sector rationalization
 - ⇒ quickly responding to changing conditions
 - ⇒ use strong balance sheet and cash flow to our advantage
- ⇒ Focus on existing stores rather than new space
- ⇒ Well positioned when the consumer recovers

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