UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the quarterly period ended August 2, 2014 or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the transition period from to

Commission File Number 1-32349

Signet Jewelers Limited
(Exact name of Registrant as specified in its charter)

Bermuda **(State or other jurisdiction of incorporation)**	**Not Applicable** **(I.R.S. Employer Identification No.)**

Clarendon House
2 Church Street
Hamilton HM11
Bermuda
(441) 296 5872
(Address and telephone number of principal executive offices)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of Common Stock, as of the latest practicable date.

Common Stock, $0.18 par value, 80,215,003 shares as of September 5, 2014

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SIGNET JEWELERS LIMITED

CONDENSED CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(in millions, except per share amounts)	13 weeks ended August 2, 2014	13 weeks ended August 3, 2013	26 weeks ended August 2, 2014	26 weeks ended August 3, 2013	Notes
Sales	**$1,225.9**	$ 880.2	**$ 2,282.0**	$ 1,873.8	2
Cost of sales	**(816.9)**	(570.5)	**(1,465.8)**	(1,181.3)	
Gross margin	**409.0**	309.7	**816.2**	692.5	
Selling, general and administrative expenses	**(379.2)**	(250.5)	**(689.7)**	(537.5)	
Other operating income, net	**53.7**	46.3	**107.7**	93.3	
Operating income	**83.5**	105.5	**234.2**	248.3	2
Interest expense, net	**(13.7)**	(1.0)	**(15.5)**	(1.9)	
Income before income taxes	**69.8**	104.5	**218.7**	246.4	
Income taxes	**(11.8)**	(37.1)	**(64.1)**	(87.2)	4
Net income	**$ 58.0**	$ 67.4	**$ 154.6**	$ 159.2	
Earnings per share: basic	**$ 0.73**	$ 0.84	**$ 1.93**	$ 1.98	5
diluted	**$ 0.72**	$ 0.84	**$ 1.93**	$ 1.97	5
Weighted average common shares outstanding: basic	**79.9**	80.3	**79.9**	80.6	5
diluted	**80.2**	80.7	**80.2**	81.0	5
Dividends declared per share	**$ 0.18**	$ 0.15	**$ 0.36**	$ 0.30	6

The accompanying notes are an integral part of these condensed consolidated financial statements.

SIGNET JEWELERS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in millions)	13 weeks ended August 2, 2014 Pre-tax amount	Tax (Expense) Benefit	After-tax amount	August 3, 2013 Pre-tax amount	Tax (Expense) Benefit	After-tax amount
Net income			**$ 58.0**			$ 67.4
Other comprehensive income (loss):						
Foreign currency translation adjustments	**$ (2.3)**	**$ —**	**(2.3)**	$ (5.2)	$ —	(5.2)
Available-for-sale securities:						
Unrealized loss	**(0.2)**	**—**	**(0.2)**	—	—	—
Cash flow hedges:						
Unrealized (loss) gain	**(0.2)**	**0.1**	**(0.1)**	(8.6)	3.2	(5.4)
Reclassification adjustment for losses (gains) to net income	**5.1**	**(1.7)**	**3.4**	—	(0.1)	(0.1)
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial loss	**0.5**	**(0.1)**	**0.4**	0.5	(0.1)	0.4
Reclassification adjustment to net income for amortization of net prior service credits	**(0.5)**	**0.1**	**(0.4)**	(0.3)	0.1	(0.2)
Total other comprehensive income (loss)	**$ 2.4**	**$ (1.6)**	**$ 0.8**	$(13.6)	$ 3.1	$ (10.5)
Total comprehensive income			**$ 58.8**			$ 56.9

(in millions)	26 weeks ended August 2, 2014 Pre-tax amount	Tax (Expense) Benefit	After-tax amount	August 3, 2013 Pre-tax amount	Tax (Expense) Benefit	After-tax amount
Net income			**$ 154.6**			$ 159.2
Other comprehensive income (loss):						
Foreign currency translation adjustments	**$ 7.3**	**$ —**	**7.3**	$ (7.0)	$ —	(7.0)
Available-for-sale securities:						
Unrealized loss	**(0.2)**	**—**	**(0.2)**	—	—	—
Cash flow hedges:						
Unrealized gain (loss)	**0.5**	**(0.3)**	**0.2**	(26.1)	9.3	(16.8)
Reclassification adjustment for losses (gains) to net income	**12.5**	**(4.4)**	**8.1**	(1.0)	0.3	(0.7)
Pension plan:						
Reclassification adjustment to net income for amortization of actuarial loss	**1.0**	**(0.2)**	**0.8**	1.1	(0.2)	0.9
Reclassification adjustment to net income for amortization of net prior service credits	**(0.9)**	**0.2**	**(0.7)**	(0.7)	0.1	(0.6)
Total other comprehensive income (loss)	**$ 20.2**	**$ (4.7)**	**$ 15.5**	$(33.7)	$ 9.5	$ (24.2)
Total comprehensive income			**$ 170.1**			$ 135.0

The accompanying notes are an integral part of these condensed consolidated financial statements.

SIGNET JEWELERS LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions, except per share data)	August 2, 2014	February 1, 2014	August 3, 2013	Notes
Assets				
Current assets:				
Cash and cash equivalents	**$ 215.0**	$ 247.6	$ 212.9	
Accounts receivable, net	**1,316.0**	1,374.0	1,152.1	8
Other receivables	**54.1**	51.5	43.0	
Other current assets	**120.5**	87.0	79.2	11
Deferred tax assets	**2.3**	3.0	2.3	
Income taxes	**15.5**	6.5	12.8	
Inventories	**2,345.3**	1,488.0	1,417.7	9
Total current assets	**4,068.7**	3,257.6	2,920.0	
Non-current assets:				
Property, plant and equipment, net of accumulated depreciation of $831.7, $788.1, and $750.1, respectively	**627.8**	487.6	434.9	
Goodwill	**551.9**	26.8	23.2	10
Intangible assets, net of accumulated amortization of $2.4	**467.6**	—	—	10
Other assets	**133.0**	87.2	84.2	11
Deferred tax assets	**84.4**	113.7	127.3	
Retirement benefit asset	**61.3**	56.3	50.7	
Total assets	**$5,994.7**	$ 4,029.2	$3,640.3	2
Liabilities and Shareholders' equity				
Current liabilities:				
Loans and overdrafts	**$ 31.2**	$ 19.3	$ 1.7	19
Accounts payable	**235.0**	162.9	130.3	
Accrued expenses and other current liabilities	**422.1**	328.5	259.7	13
Deferred revenue	**211.1**	173.0	154.6	12
Deferred tax liabilities	**218.9**	113.1	140.8	
Income taxes	**55.4**	103.9	46.9	
Total current liabilities	**1,173.7**	900.7	734.0	
Non-current liabilities:				
Long-term debt	**1,379.1**	—	—	19
Other liabilities	**235.4**	121.7	114.6	
Deferred revenue	**520.4**	443.7	418.4	12
Deferred tax liabilities	**2.2**	—	0.7	
Total liabilities	**3,310.8**	1,466.1	1,267.7	
Commitments and contingencies				17
Shareholders' equity:				
Common shares of $0.18 par value: authorized 500 shares, 80.2 shares outstanding (February 1, 2014: 80.2 shares outstanding; August 3, 2013: 80.5 shares outstanding)	**15.7**	15.7	15.7	
Additional paid-in capital	**262.5**	258.8	249.3	
Other reserves	**0.4**	0.4	0.4	6
Treasury shares at cost: 7.0 shares (February 1, 2014: 7.0 shares; August 3, 2013: 6.7 shares)	**(367.0)**	(346.2)	(321.8)	6
Retained earnings	**2,935.3**	2,812.9	2,628.9	
Accumulated other comprehensive loss	**(163.0)**	(178.5)	(199.9)	7
Total shareholders' equity	**2,683.9**	2,563.1	2,372.6	
Total liabilities and shareholders' equity	**$5,994.7**	$ 4,029.2	$3,640.3	

The accompanying notes are an integral part of these condensed consolidated financial statements.

SIGNET JEWELERS LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)	13 weeks ended August 2, 2014	13 weeks ended August 3, 2013	26 weeks ended August 2, 2014	26 weeks ended August 3, 2013
Cash flows from operating activities				
Net income	**$ 58.0**	$ 67.4	**$ 154.6**	$ 159.2
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	**36.5**	25.5	**64.5**	51.1
Amortization of unfavorable leases and contracts	**(5.9)**	—	**(5.9)**	—
Pension benefit	**(0.6)**	(0.1)	**(1.2)**	(0.2)
Share-based compensation	**4.0**	3.5	**7.2**	6.5
Deferred taxation	**(13.6)**	(4.4)	**(4.2)**	(2.5)
Excess tax benefit from exercise of share awards	**—**	(4.5)	**(7.7)**	(4.5)
Amortization of debt discount and issuance costs	**4.5**	0.1	**5.5**	0.2
Other non-cash movements	**0.7**	(0.7)	**0.1**	(0.9)
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	**(7.9)**	5.2	**58.3**	52.8
Increase in other receivables and other assets	**(2.3)**	(4.4)	**(4.0)**	(9.9)
(Increase) decrease in other current assets	**(23.2)**	(0.5)	**(22.7)**	4.0
Decrease (increase) in inventories	**37.0**	(2.7)	**17.1**	(57.4)
Decrease in accounts payable	**(24.7)**	(47.6)	**(28.9)**	(29.3)
Increase (decrease) in accrued expenses and other liabilities	**23.9**	(5.8)	**(19.0)**	(57.1)
Increase (decrease) in deferred revenue	**6.1**	(0.4)	**21.0**	7.6
Increase (decrease) in income taxes payable	**19.5**	(15.8)	**(48.5)**	(58.2)
Pension plan contributions	**(1.1)**	(1.0)	**(2.2)**	(2.8)
Effect of exchange rate changes on currency swaps	**(0.5)**	(0.4)	**(0.1)**	(0.1)
Net cash provided by operating activities	**110.4**	13.4	**183.9**	58.5
Investing activities				
Purchase of property, plant and equipment	**(61.9)**	(30.4)	**(90.0)**	(53.6)
Purchase of available-for-sale securities	**(1.2)**	—	**(1.2)**	—
Proceeds from sale of available-for-sale securities	**1.0**	—	**1.0**	—
Acquisition of Ultra Stores, Inc.	**—**	1.4	**—**	1.4
Acquisition of Zale Corporation, net of cash acquired	**(1,429.2)**	—	**(1,429.2)**	—
Net cash used in investing activities	**(1,491.3)**	(29.0)	**(1,519.4)**	(52.2)
Financing activities				
Dividends paid	**(14.4)**	(12.1)	**(26.4)**	(21.9)
Proceeds from issuance of common shares	**1.0**	0.2	**2.0**	5.2
Excess tax benefit from exercise of share awards	**—**	4.5	**7.7**	4.5
Proceeds from term loan	**400.0**	—	**400.0**	—
Proceeds from senior notes	**398.4**	—	**398.4**	—
Proceeds from securitization facility	**930.6**	—	**930.6**	—
Repayments of securitization facility	**(330.6)**	—	**(330.6)**	—
Payment of debt issuance costs	**(15.4)**	—	**(18.4)**	—
Repurchase of common shares	**(11.0)**	(25.0)	**(22.4)**	(75.1)
Net settlement of equity based awards	**0.2**	0.1	**(15.1)**	(9.0)
Principal payments under capital lease obligations	**(0.2)**	—	**(0.2)**	—
(Repayment of) proceeds from short-term borrowings	**(11.7)**	(4.0)	**(22.2)**	1.7
Net cash provided by (used in) financing activities	**1,346.9**	(36.3)	**1,303.4**	(94.6)
Cash and cash equivalents at beginning of period	**249.1**	263.7	**247.6**	301.0
Decrease in cash and cash equivalents	**(34.0)**	(51.9)	**(32.1)**	(88.3)
Effect of exchange rate changes on cash and cash equivalents	**(0.1)**	1.1	**(0.5)**	0.2
Cash and cash equivalents at end of period	**$ 215.0**	$ 212.9	**$ 215.0**	$ 212.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

SIGNET JEWELERS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

(in millions)	Common shares at par value	Additional paid-in capital	Other reserves	Treasury shares	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance at February 1, 2014	$ 15.7	$ 258.8	$ 0.4	$ (346.2)	$ 2,812.9	$ (178.5)	$ 2,563.1
Net income	—	—	—	—	154.6	—	154.6
Other comprehensive income (loss)	—	—	—	—	—	15.5	15.5
Dividends	—	—	—	—	(28.8)	—	(28.8)
Repurchase of common shares	—	—	—	(22.4)	—	—	(22.4)
Net settlement of equity based awards	—	(3.4)	—	(0.8)	(3.2)	—	(7.4)
Share options exercised	—	(0.1)	—	2.4	(0.2)	—	2.1
Share-based compensation expense	—	7.2	—	—	—	—	7.2
Balance at August 2, 2014	**$ 15.7**	**$ 262.5**	**$ 0.4**	**$ (367.0)**	**$ 2,935.3**	**$ (163.0)**	**$ 2,683.9**

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Principal accounting policies and basis of preparation

Basis of preparation

Signet Jewelers Limited ("Signet", or the "Company") is a holding company, incorporated in Bermuda, that operates through its subsidiaries. Signet is a leading retailer whose results are principally derived from one business segment – the retailing of jewelry, watches and associated services.

On May 29, 2014, the Company completed the acquisition of Zale Corporation ("the Acquisition") (see Note 20 for further information). Prior to the Acquisition, the Company managed its business as two geographical reportable segments, being the United States of America (the "US") and the United Kingdom (the "UK") divisions. In connection with the Acquisition, the Company will no longer report its segments geographically, but by store brand grouping. The former US division operates retail stores under brands including Kay Jewelers, Jared The Galleria Of Jewelry and various regional brands and will be known as Sterling Jewelers division ("Sterling Jewelers"). The former UK division's retail stores operate under brands including H.Samuel and Ernest Jones. In connection with the Acquisition, the former UK division will be known as UK Jewelry division ("UK Jewelry").

In connection with the Acquisition, the Zale division ("Zale") was added, consisting of two new reportable segments: Zale Jewelry ("Zale Jewelry") and Piercing Pagoda ("Piercing Pagoda"). Zale Jewelry is comprised of three core national brands, Zales Jewelers, Zales Outlet and Peoples Jewellers and two regional brands, Gordon's Jewelers and Mappins Jewellers. Each brand specializes in fine jewelry and watches, with merchandise and marketing emphasis focused on diamond products. Zales Jewelers is the national brand in the US providing moderately priced jewelry to a broad range of customers. Zales Outlet operates in outlet malls and neighborhood power centers and capitalizes on Zales Jewelers' national marketing and brand recognition. Gordon's Jewelers is a value-oriented regional jeweler. Peoples Jewellers is Canada's largest fine jewelry retailer. Mappins Jewellers offers customers classic fine jewelry also in Canada. Piercing Pagoda operates mall-based kiosks focused on the opening price point customer. Piercing Pagoda specializes in gold, silver and non-precious metal products that capitalize on the latest fashion trends.

In the fourth quarter of Fiscal 2014, subsequent to the November 4, 2013 acquisition of a diamond polishing factory in Gaborone, Botswana, management established a separate operating segment ("Other"), which consists of all non-reportable segments including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones.

These condensed consolidated financial statements included herein have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") have been condensed or omitted from this report, as is permitted by such rules and regulations. In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the interim periods. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes included in Signet's Annual Report on Form 10-K for the year ended February 1, 2014.

Use of estimates

The preparation of these condensed consolidated financial statements, in conformity with US GAAP and SEC regulations for interim reporting, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are primarily made in relation to the valuation of receivables, inventory and deferred revenue, fair value of derivatives, depreciation and asset impairment, the valuation of employee benefits, income taxes and contingencies.

Fiscal year

The Company's fiscal year ends on the Saturday nearest to January 31st. Fiscal 2015 is the 52 week year ending January 31, 2015 and Fiscal 2014 is the 52 week year ended February 1, 2014. Within these condensed consolidated financial statements, the second quarter and year to date of the relevant fiscal years 2015 and 2014 refer to the 13 and 26 weeks ended August 2, 2014 and August 3, 2013, respectively.

Seasonality

Signet's sales are seasonal, with the first quarter slightly exceeding 20% of annual sales, the second and third quarters approximating 20% and the fourth quarter accounting for almost 40% of annual sales, with December being by far the most important month of the year. Sales made in November and December are known as the "Holiday Season." Due to sales leverage, Signet's operating income is even more seasonal; about 45% to 55% of Signet's operating income normally occurs in the fourth quarter, comprised of nearly all of the UK Jewelry and Zale divisions' operating income and about 40% to 45% of the Sterling Jewelers division's operating income.

Revenue recognition

Extended service plans and lifetime warranty agreements

Signet recognizes revenue related to lifetime warranty sales in proportion to when the expected costs will be incurred. The deferral period for lifetime warranty sales in each division is determined from patterns of claims costs, including estimates of future claims costs expected to be incurred. Management reviews the trends in claims to assess whether changes are required to the revenue and cost recognition rates utilized. A significant change in estimates related to the time period or pattern in which warranty-related costs are expected to be incurred could adversely impact revenues. All direct costs associated with the sale of these plans are deferred and amortized in proportion to the revenue recognized and disclosed as either other current assets or other assets.

The Sterling Jewelers division sells extended service plans where it is obliged, subject to certain conditions, to perform repair work over the lifetime of the product. Revenue from the sale of extended service plans is deferred over 14 years, with approximately 45% of revenue recognized within the first two years.

The Zale division also sells extended service plans. Zale Jewelry customers are offered lifetime warranties on certain products that cover sizing and breakage with an option to purchase theft protection for a two-year period. Revenue from the sale of lifetime extended service plans is deferred over 10 years. Revenues related to the optional theft protection are recognized over the two-year contract period on a straight-line basis. Zale Jewelry customers are also offered a two-year watch warranty and a one-year warranty that covers breakage. Piercing Pagoda customers are also offered a one-year warranty that covers breakage. Revenue from the two-year watch warranty and one-year breakage warranty is recognized on a straight-line basis over the respective contract terms.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the Company's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is recorded by the Company's reporting units based on the acquisitions made by each. Goodwill is not amortized, but is reviewed for impairment and is required to be tested at least annually or whenever events or changes in circumstances indicate it is more likely than not that a reporting unit's fair value is less than its carrying value. The annual testing date for goodwill allocated to the Sterling Jewelers reporting unit is the last day of the fourth quarter. The annual testing date for goodwill allocated to the reporting units associated with the Acquisition and the Other reporting unit is May 31.

The Company may elect to perform a qualitative assessment for each reporting unit to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is determined through the income approach using discounted cash flow models or market-based methodologies. Significant estimates used in these discounted cash flow models include: the weighted average cost of capital; long-term growth rates; expected changes to selling prices, direct costs and profitability of the business; and working capital requirements. Management estimates discount rates using post-tax rates that reflect assessments of the time value of money and Company-specific risks. If the carrying value exceeds the estimated fair value, the Company determines the fair value of all assets and liabilities of the reporting unit, including the implied fair value of goodwill. If the carrying value of goodwill exceeds the implied fair value, the Company recognizes an impairment charge equal to the difference.

See Note 20 for additional discussion of the goodwill recorded by the Company during the second quarter of Fiscal 2015. There have been no goodwill impairment losses recorded during the fiscal periods presented in the condensed consolidated income statements. If future economic conditions are different than those projected by management, future impairment charges may be required. See Note 10 for additional information.

Intangible assets

Intangible assets with definite lives are amortized and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying amount, the Company recognizes an impairment loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, pursuant to Accounting Standards Update ("ASU") No. 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment", the Company performs a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If the Company determines that it is more likely than not that the fair value of the asset is less than its carrying amount, the Company estimates the fair value, usually determined by the estimated discounted future cash flows of the asset, compares that value with its carrying amount and records an impairment charge, if any.

If future economic conditions are different than those projected by management, future impairment charges may be required. See Note 10 for additional information on intangible assets.

Capital leases

The Zale division has capital leases related to vehicles for field management. The vehicles are included in property, plant and equipment in the accompanying condensed consolidated balance sheets and are depreciated over a four-year life.

New accounting pronouncements adopted during the period

Presentation of unrecognized tax benefit

In July 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." The new guidance requires, unless certain conditions exist, an unrecognized tax benefit to be presented as a reduction to a deferred tax asset in the financial statements for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. Signet adopted this guidance effective for the first quarter ended May 3, 2014 and the implementation of this accounting pronouncement did not have an impact on Signet's condensed consolidated financial statements.

New accounting pronouncements to be adopted in future periods

Revenue recognition

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The new guidance affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets, unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU No. 2014-09 provides alternative methods of retrospective adoption and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is not permitted. Signet is currently assessing the impact, if any, that the adoption of this accounting pronouncement will have on its consolidated financial statements.

Share-based compensation

In June 2014, the FASB issued ASU No. 2014-12, "Compensation — Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." The new guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. ASU No. 2014-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. Signet is currently assessing the impact, if any, that the adoption of this accounting pronouncement will have on its consolidated financial statements.

Reclassification

Signet has reclassified the presentation of certain prior year information to conform to the current year presentation.

2. Segment information

On May 29, 2014, the Company completed the Acquisition (see Note 20 for further information). Prior to the Acquisition, the Company managed its business as two geographical reportable segments, being the US and UK divisions. In connection with the Acquisition, the Company will no longer report its segments geographically, but by store brand grouping. The former US division operates retail stores under brands including Kay Jewelers, Jared The Galleria Of Jewelry and various regional brands and will be known as Sterling Jewelers division. The former UK division's retail stores operate under brands including H.Samuel and Ernest Jones will be known as UK Jewelry division.

In connection with the Acquisition, the Zale division was added, consisting of two new reportable segments: Zale Jewelry and Piercing Pagoda. Zale Jewelry is comprised of three core national brands, Zales Jewelers, Zales Outlet and Peoples Jewellers and two regional brands, Gordon's Jewelers and Mappins Jewellers. Each brand specializes in fine jewelry and watches, with merchandise and marketing emphasis focused on diamond products. Zales Jewelers is the national brand in the US providing moderately priced jewelry to a broad range of customers. Zales Outlet operates in outlet malls and neighborhood power centers and capitalizes on Zales Jewelers' national marketing and brand recognition. Gordon's Jewelers is a value-oriented regional jeweler. Peoples Jewellers is Canada's largest fine jewelry retailer. Mappins Jewellers offers customers classic fine jewelry also in Canada. Piercing Pagoda operates mall-based kiosks focused on the opening price point customer. Piercing Pagoda specializes in gold, silver and non-precious metal products that capitalize on the latest fashion trends.

In the fourth quarter of Fiscal 2014, subsequent to the November 4, 2013 acquisition of a diamond polishing factory in Gaborone, Botswana, management established a separate operating segment, Other, which consists of all non-reportable segments including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones. This segment was determined to be non-reportable and will be aggregated with corporate administrative functions for segment reporting. Prior year results have been revised to reflect this change. All inter-segment sales and transfers are eliminated.

	13 weeks ended		26 weeks ended	
(in millions)	**August 2, 2014**	**August 3, 2013**	**August 2, 2014**	**August 3, 2013**
Sales:				
Sterling Jewelers	**$ 810.4**	$ 741.1	**$1,713.9**	$1,598.3
UK Jewelry	**162.9**	139.1	**314.6**	274.1
Zale Jewelry	**215.0**	—	**215.0**	—
Piercing Pagoda	**32.5**	—	**32.5**	—
Other	**5.1**	—	**6.0**	1.4
Total sales	**$1,225.9**	$ 880.2	**$2,282.0**	$1,873.8
Operating income (loss):				
Sterling Jewelers	**$ 129.9**	$ 111.9	**$ 296.2**	$ 264.7
UK Jewelry	**1.1**	(0.8)	**1.1**	(4.9)
Zale Jewelry	**(8.0)**	—	**(8.0)**	—
Piercing Pagoda	**(1.8)**	—	**(1.8)**	—
Other	**(37.7)**[(1)]	(5.6)	**(53.3)**[(1)]	(11.5)
Total operating income	**$ 83.5**	$ 105.5	**$ 234.2**	$ 248.3

(1) Includes $30.8 million and $39.2 million of acquisition related costs for the 13 and 26 weeks ended August 2, 2014, respectively. See Note 20 for additional information.

(in millions)	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Total assets:			
Sterling Jewelers	**$3,296.4**	$ 3,311.0	$3,000.7
UK Jewelry	**475.4**	484.6	434.0
Zale Jewelry	**1,881.6**	—	—
Piercing Pagoda	**123.9**	—	—
Other	**217.4**	233.6	205.6
Total assets	**$5,994.7**	$4,029.2	$3,640.3

3. Foreign currency translation

Assets and liabilities denominated in the British pound and the Canadian dollar are translated into the US dollar at the exchange rate prevailing at the balance sheet date. Equity accounts denominated in the British pound and Canadian dollar are translated into US dollars at historical exchange rates. Revenues and expenses denominated in the British pound and Canadian dollar are translated into the US dollar at the monthly average exchange rate for the period. Gains and losses resulting from foreign currency transactions are included within the condensed consolidated income statement, whereas translation adjustments and gains and losses related to intercompany loans of a long-term investment nature are recognized as a component of accumulated other comprehensive income (loss) ("OCI"). In addition, as the majority of the sales and expenses related to the factory in Gaborone, Botswana are transacted in US dollars, there is no related foreign currency translation as the US dollar is the functional currency.

4. Income taxes

Signet has business activity in all states within the US and files income tax returns for the US federal jurisdiction and all applicable states. Signet also files income tax returns in the UK, Canada and certain other foreign jurisdictions. Signet is subject to examination by the US federal and state and Canada tax authorities for tax years ending after November 1, 2008 and is subject to examination by the UK tax authority for tax years ending after January 31, 2012.

As of August 2, 2014, Signet had $6.3 million of unrecognized tax benefits related to uncertain tax positions, all of which would favorably affect the effective income tax rate if resolved in Signet's favor. The unrecognized tax benefits increased by $1.7 million during the quarter related to positions taken by Zale Corporation prior to the Acquisition. The unrecognized tax benefits relate primarily to financing arrangements and intra-group charges which are subject to different and changing interpretations of tax law.

Signet recognizes accrued interest and, where appropriate, penalties related to unrecognized tax benefits within income tax expense. As of August 2, 2014, Signet had accrued interest of $1.1 million. The accrued interest increased by $0.8 million during the quarter related to tax positions taken by Zale Corporation prior to the Acquisition. Signet also had $0.6 million of accrued penalties as of August 2, 2014. All of the accrued penalties were recorded during the three months ended August 2, 2014 related as well to the Acquisition.

Over the next twelve months, management believes that it is reasonably possible that there could be a reduction of substantially all of the unrecognized tax benefits as of August 2, 2014, due to settlement of the uncertain tax positions with the tax authorities.

5. Earnings per share

	13 weeks ended		26 weeks ended	
(in millions, except per share amounts)	**August 2, 2014**	**August 3, 2013**	**August 2, 2014**	**August 3, 2013**
Net income	**$ 58.0**	$ 67.4	**$ 154.6**	$ 159.2
Basic weighted average number of shares outstanding	**79.9**	80.3	**79.9**	80.6
Dilutive effect of share awards	**0.3**	0.4	**0.3**	0.4
Diluted weighted average number of shares outstanding	**80.2**	80.7	**80.2**	81.0
Earnings per share – basic	**$ 0.73**	$ 0.84	**$ 1.93**	$ 1.98
Earnings per share – diluted	**$ 0.72**	$ 0.84	**$ 1.93**	$ 1.97

The basic weighted average number of shares excludes non-vested time-based restricted shares, shares held by the Employee Stock Ownership Trust and treasury shares. Such shares are not considered outstanding and do not qualify for dividends, except for time-based restricted shares for which dividends are earned and payable by the Company subject to full vesting. The effect of excluding these shares is to reduce the average number of shares in the 13 and 26 week periods ended August 2, 2014 by 7,299,705 and 7,286,160 shares, respectively (13 and 26 week periods ended August 3, 2013: 6,848,428 and 6,606,882 shares, respectively). The calculation of fully diluted earnings per share for the 13 and 26 week periods ended August 2, 2014 excludes 5,128 and 2,564 non-vested time-based restricted shares (13 and 26 week periods ended August 3, 2013: 1,071 and 53,421 shares, respectively) on the basis that their effect on earnings per share was anti-dilutive.

6. Shareholders' equity

Share repurchase

	Amount authorized (in millions)	26 weeks ended August 2, 2014 Shares repurchased	Amount repurchased (in millions)	Average repurchase price per share	26 weeks ended August 3, 2013 Shares repurchased	Amount repurchased (in millions)	Average repurchase price per share
2013 Program[(1)]	$ 350	**220,132**	**$ 22.4**	**$ 101.57**	374,613	$ 25.0	$ 66.74
2011 Program[(2)]	$ 350	**n/a**	**n/a**	**n/a**	749,245	50.1	66.92
Total		**220,132**	**$ 22.4**		1,123,858	$ 75.1	

(1) In June 2013, the Board of Directors authorized the repurchase of up to $350 million of Signet's common shares (the "2013 Program"). The 2013 Program may be suspended or discontinued at any time without notice. The 2013 Program had $273.0 million remaining as of August 2, 2014.

(2) In October 2011, the Board of Directors authorized the repurchase of up to $300 million of Signet's common shares (the "2011 Program"), which authorization was subsequently increased to $350 million. The 2011 Program was completed as of May 4, 2013.

n/a Not applicable.

Dividends

	Fiscal 2015 Cash dividend per share	Total dividends (in millions)	Fiscal 2014 Cash dividend per share	Total dividends (in millions)
First quarter[(1)]	$ 0.18	$ 14.4[(2)]	$ 0.15	$ 12.1
Second quarter	$ 0.18	$ 14.4[(3)]	$ 0.15	$ 12.1

(1) Signet's dividend policy results in the dividend payment date being a quarter in arrears from the declaration date. As a result, the fourth quarter Fiscal 2014 $0.15 per share cash dividend was paid on February 27, 2014 in the aggregate amount of $12.0 million.

(2) The first quarter Fiscal 2015 $0.18 per share cash dividend was paid on May 28, 2014 in the aggregate amount of $14.4 million.

(3) As of August 2, 2014, $14.4 million has been recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets reflecting the cash dividend declared for the second quarter of Fiscal 2015, which has a record date of August 1, 2014 and a payment date of August 27, 2014.

Reclassification

During the second quarter of Fiscal 2015, $234.8 million was reclassified from other reserves within Shareholders' Equity to retained earnings as the restrictions related to this amount were released. The presentation in previous periods has been adjusted to conform to the current period presentation.

7. Accumulated other comprehensive (loss) income

(in millions)	Foreign currency translation	Losses on available-for-sale securities, net	Gains (losses) on cash flow hedges	Pension plan Actuarial (losses) gains	Pension plan Prior service credit (cost)	Accumulated other comprehensive (loss) income
Balance at February 1, 2014	$ (137.0)	$ —	$ (14.3)	$ (42.5)	$15.3	$ (178.5)
OCI before reclassifications	7.3	(0.2)	0.2	—	—	7.3
Amounts reclassified from accumulated OCI	—	—	8.1	0.8	(0.7)	8.2
Net current-period OCI	7.3	(0.2)	8.3	0.8	(0.7)	15.5
Balance at August 2, 2014	**$ (129.7)**	**$ (0.2)**	**$ (6.0)**	**$ (41.7)**	**$14.6**	**$ (163.0)**

Reclassification activity by individual accumulated OCI component:	**Amounts reclassified from accumulated OCI** 13 weeks ended August 2, 2014	**Amounts reclassified from accumulated OCI** 26 weeks ended August 2, 2014	**Income statement caption**
(in millions)			
(Gains) losses on cash flow hedges:			
Foreign currency contracts	**$ 0.3**	**$ 0.3**	Cost of sales (see Note 15)
Commodity contracts	**4.8**	**12.2**	Cost of sales (see Note 15)
Total before income tax	**5.1**	**12.5**	
	(1.7)	**(4.4)**	Income taxes
Net of tax	**3.4**	**8.1**	
Defined benefit pension plan items:			
Amortization of unrecognized net prior service credits	**(0.5)**	**(0.9)**	Selling, general and administrative expenses(1)
Amortization of unrecognized actuarial loss	**0.5**	**1.0**	Selling, general and administrative expenses(1)
Total before income tax	**—**	**0.1**	
	—	**—**	Income taxes
Net of tax	**—**	**0.1**	
Total reclassifications	**$ 3.4**	**$ 8.2**	

(1) These items are included in the computation of net periodic pension benefit (cost). See Note 16 for additional information.

Reclassification activity by individual accumulated OCI component:	**Amounts reclassified from accumulated OCI** 13 weeks ended August 3, 2013	**Amounts reclassified from accumulated OCI** 26 weeks ended August 3, 2013	**Income statement caption**
(in millions)			
(Gains) losses on cash flow hedges:			
Foreign currency contracts	$ (0.2)	$ (0.4)	Cost of sales (see Note 15)
Commodity contracts	0.2	(0.6)	Cost of sales (see Note 15)
Total before income tax	—	(1.0)	
	(0.1)	0.3	Income taxes
Net of tax	(0.1)	(0.7)	
Defined benefit pension plan items:			
Amortization of unrecognized net prior service credits	(0.3)	(0.7)	Selling, general and administrative expenses(1)
Amortization of unrecognized actuarial loss	0.5	1.1	Selling, general and administrative expenses(1)
Total before income tax	0.2	0.4	
	—	(0.1)	Income taxes
Net of tax	0.2	0.3	
Total reclassifications	$ 0.1	$ (0.4)	

(1) These items are included in the computation of net periodic pension benefit (cost). See Note 16 for additional information.

8. Accounts receivable, net

Signet's accounts receivable primarily consist of Sterling Jewelers' customer in-house financing receivables. The accounts receivable portfolio consists of a population that is of similar characteristics and is evaluated collectively for impairment. The allowance is an estimate of the losses as of the balance sheet date, and is calculated using a proprietary model that analyzes factors such as delinquency rates and recovery rates. A 100% allowance is made for any amount that is more than 90 days aged on a recency basis and any amount associated with an account the owner of which has filed for bankruptcy, as well as an allowance for those amounts 90 days aged and under based on historical loss information and payment performance. The calculation is reviewed by management to assess whether, based on economic events, additional analyses are required to appropriately estimate losses inherent in the portfolio.

(in millions)	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Accounts receivable by portfolio segment, net:			
Sterling Jewelers customer in-house finance receivables	**$1,305.1**	$ 1,356.0	$1,142.0
Other accounts receivable	**10.9**	18.0	10.1
Total accounts receivable, net	**$1,316.0**	$ 1,374.0	$1,152.1

Sterling Jewelers grants credit to customers based on a variety of credit quality indicators, including customer financial information and prior payment experience. On an ongoing basis, management monitors the credit exposure based on past due status and collection experience, as it has found a meaningful correlation between the past due status of customers and the risk of loss.

Other accounts receivable is comprised primarily of gross accounts receivable relating to the insurance loss replacement business in the UK Jewelry division of $10.0 million (February 1, 2014 and August 3, 2013: $12.8 million and $9.1 million, respectively) with a corresponding valuation allowance of $0.6 million (February 1, 2014 and August 3, 2013: $0.3 million and $0.4 million, respectively).

Allowance for credit losses on Sterling Jewelers' customer in-house finance receivables:

(in millions)	**26 weeks ended August 2, 2014**	**52 weeks ended February 1, 2014**	**26 weeks ended August 3, 2013**
Beginning balance	**$ (97.8)**	$ (87.7)	$ (87.7)
Charge-offs	**63.0**	128.2	56.4
Recoveries	**15.0**	26.0	13.6
Provision expense	**(79.1)**	(164.3)	(71.4)
Ending balance	**$ (98.9)**	$ (97.8)	$ (89.1)
Ending receivable balance evaluated for impairment	**1,404.0**	1,453.8	1,231.1
Sterling Jewelers' customer in-house finance receivables, net	**$1,305.1**	$ 1,356.0	$1,142.0

Net bad debt expense is calculated as provision expense less recoveries.

Credit quality indicator and age analysis of past due Sterling Jewelers' customer in-house finance receivables:

	August 2, 2014		**February 1, 2014**		**August 3, 2013**	
(in millions)	**Gross**	**Valuation allowance**	**Gross**	**Valuation allowance**	**Gross**	**Valuation allowance**
Performing:						
Current, aged 0-30 days	**$ 1,110.6**	**$ (34.0)**	$ 1,170.4	$ (36.3)	$ 973.2	$ (29.9)
Past due, aged 31-90 days	**236.8**	**(8.3)**	229.9	(8.0)	206.1	(7.4)
Non Performing:						
Past due, aged more than 90 days	**56.6**	**(56.6)**	53.5	(53.5)	51.8	(51.8)
	$ 1,404.0	**$ (98.9)**	$ 1,453.8	$ (97.8)	$ 1,231.1	$ (89.1)

	August 2, 2014		February 1, 2014		August 3, 2013	
(as a percentage of the ending receivable balance)	Gross	Valuation allowance	Gross	Valuation allowance	Gross	Valuation allowance
Performing	**96.0%**	**3.1%**	96.3%	3.2%	95.8%	3.0%
Non Performing	**4.0%**	**100.0%**	3.7%	100.0%	4.2%	100.0%
	100.0%	**7.0%**	100.0%	6.7%	100.0%	7.2%

Securitized credit card receivables

The Sterling Jewelers division securitizes its credit card receivables through its Sterling Jewelers Receivables Master Note Trust established on May 15, 2014. See Note 19 for additional information on this asset-backed securitization facility.

9. Inventories

(in millions)	August 2, 2014	February 1, 2014	August 3, 2013
Raw materials	**$ 55.5**	$ 41.8	$ 50.7
Finished goods	**2,289.8**	1,446.2	1,367.0
Total inventories	**$2,345.3**	$ 1,488.0	$1,417.7

10. Goodwill and intangibles

The following table summarizes the Company's goodwill by reporting unit:

(in millions)	Sterling Jewelers	UK Jewelry	Zale Jewelry	Piercing Pagoda	Other	Total
Balance at February 2, 2013	$ 24.6	$ —	$ —	$ —	$—	$ 24.6
Acquisitions[(1)]	(1.4)	—	—	—	3.6	2.2
Balance at February 1, 2014	23.2	—	—	—	3.6	26.8
Acquisitions[(1)]	—	—	525.1	—	—	525.1
Balance at August 2, 2014	**$ 23.2**	**$ —**	**$525.1**	**$ —**	**$ 3.6**	**$551.9**

(1) See Note 20 for additional discussion of the goodwill recorded by the Company during Fiscal 2014 and Fiscal 2015.

The Company's reporting units align with the operating segments disclosed in Note 2. There have been no goodwill impairment losses recorded during the fiscal periods presented in the condensed consolidated income statements. If future economic conditions are different than those projected by management, future impairment charges may be required.

Intangible Assets

Intangible assets with indefinite and definite lives represent the Zale trade names and favorable leases, which are included in intangible assets, net on the condensed consolidated balance sheets. The following table provides additional detail regarding the composition of intangible assets as of August 2, 2014, February 1, 2014 and August 3, 2013.

	August 2, 2014			February 1, 2014			August 3, 2013		
(in millions)	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets									
Trade names	**$ 1.6**	**$ —**	**$ 1.6**	$ —	$ —	$ —	$ —	$ —	$ —
Favorable leases	**50.2**	**(2.4)**	**47.8**	—	—	—	—	—	—
Total definite-lived intangible assets	**51.8**	**(2.4)**	**49.4**	—	—	—	—	—	—
Indefinite-lived trade names	**418.2**	**—**	**418.2**	—	—	—	—	—	—
Total intangible assets, net	**$470.0**	**$ (2.4)**	**$467.6**	$ —	$ —	$ —	$ —	$ —	$ —

11. Other assets

The following table summarizes the Company's non-current other assets:

(in millions)	August 2, 2014	February 1, 2014	August 3, 2013
Deferred extended service plan costs	**$ 64.5**	$ 61.9	$ 58.8
Investments[(1)]	**22.3**	—	—
Other assets	**46.2**	25.3	25.4
Total other assets	**$ 133.0**	$ 87.2	$ 84.2

(1) See Note 14 for additional discussion of the investment balances.

In addition, other current assets include deferred direct costs in relation to the sale of extended service plans ("ESP") of $22.9 million as of August 2, 2014 (February 1, 2014 and August 3, 2013: $21.9 million and $20.8 million, respectively).

12. Deferred revenue

Deferred revenue is comprised primarily of ESP and voucher promotions as follows:

(in millions)	August 2, 2014	February 1, 2014	August 3, 2013
Sterling Jewelers ESP deferred revenue	**$ 626.6**	$ 601.2	$ 567.0
Zale ESP deferred revenue	**99.1**	—	—
Voucher promotions and other	**5.8**	15.5	6.0
Total deferred revenue	**$ 731.5**	$ 616.7	$ 573.0
Presented as:			
Current liabilities	**$ 211.1**	$ 173.0	$ 154.6
Non-current liabilities	**520.4**	443.7	418.4
Total deferred revenue	**$ 731.5**	$ 616.7	$ 573.0

	13 weeks ended		26 weeks ended	
(in millions)	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Sterling Jewelers ESP deferred revenue, beginning of period	**$ 619.6**	$ 563.4	**$ 601.2**	$ 549.7
Plans sold	**53.9**	46.1	**118.1**	101.4
Revenues recognized	**(46.9)**	(42.5)	**(92.7)**	(84.1)
Sterling Jewelers ESP deferred revenue, end of period	**$ 626.6**	$ 567.0	**$ 626.6**	$ 567.0

	13 weeks ended		26 weeks ended	
(in millions)	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Zale ESP deferred revenue, beginning of period	**$ —**	n/a	**$ —**	n/a
Plans acquired	**93.0**	n/a	**93.0**	n/a
Plans sold	**19.3**	n/a	**19.3**	n/a
Revenues recognized	**(13.2)**	n/a	**(13.2)**	n/a
Zale ESP deferred revenue, end of period	**$ 99.1**	n/a	**$ 99.1**	n/a

n/a Not applicable as the Acquisition occurred during Fiscal 2015.

13. Warranty reserve

Sterling Jewelers and Zale provide a product lifetime diamond guarantee as long as six-month inspections are performed and certified by an authorized store representative. Provided the customer has complied with the six month inspection policy, the Company will replace, at no cost to the customer, any stone that chips, breaks or is lost from its original setting during normal wear. Management estimates the warranty accrual based on the lag of actual claims experience and the costs of such claims, inclusive of labor and material. Sterling Jewelers also provides a similar product lifetime guarantee on color gemstones. The warranty reserve for diamond and gemstone guarantee, included in accrued expenses and other current liabilities, and other non-current liabilities, is as follows:

	13 weeks ended		26 weeks ended	
(in millions)	**August 2, 2014**	**August 3, 2013**	**August 2, 2014**	**August 3, 2013**
Warranty reserve, beginning of period	**$ 19.4**	$ 18.6	**$ 19.1**	$ 18.5
Warranty obligations acquired	**28.8**	—	**28.8**	—
Warranty expense	**2.3**	1.9	**4.0**	3.5
Utilized	**(2.4)**	(1.9)	**(3.8)**	(3.4)
Warranty reserve, end of period	**$ 48.1**	$ 18.6	**$ 48.1**	$ 18.6

(in millions)	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Presented as:			
Current liabilities	**$ 17.6**	$ 6.7	$ 6.6
Non-current liabilities	**30.5**	12.4	12.0
Total warranty reserve	**$ 48.1**	$ 19.1	$ 18.6

14. Investments

Investments in debt and equity securities held by certain insurance subsidiaries, acquired as part of the Acquisition, are reported as other assets in the accompanying condensed consolidated balance sheets. Investments are recorded at fair value based on quoted market prices for identical or similar securities. All investments are classified as available-for-sale.

Investments consist of the following:

	August 2, 2014		August 3, 2013	
(in millions)	**Cost**	**Fair Value**	**Cost**	**Fair Value**
US Treasury securities	**$10.0**	**$ 9.9**	$n/a	$ n/a
US government agency securities	**1.3**	**1.3**	n/a	n/a
Corporate bonds and notes	**8.7**	**8.6**	n/a	n/a
Corporate equity securities	**2.5**	**2.5**	n/a	n/a
	$22.5	**$ 22.3**	$n/a	$ n/a

n/a Not applicable as all investments were acquired as part of the Acquisition that occurred during Fiscal 2015.

At August 2, 2014, the carrying value of investments included a net unrealized loss of $0.2 million, which is included in OCI. Realized gains and losses on investments are determined on the specific identification basis. There were no material net realized gains or losses during the 13 or 26 weeks ended August 2, 2014. Investments with a carrying value of $7.4 million were on deposit with various state insurance departments at August 2, 2014, as required by law.

Debt securities outstanding as of August 2, 2014 mature as follows:

(in millions)	**Cost**	**Fair Value**
Less than one year	**$ 1.8**	**$ 1.8**
Year two through year five	**11.1**	**11.0**
Year six through year ten	**7.0**	**6.9**
After ten years	**0.1**	**0.1**
	$20.0	**$ 19.8**

15. Financial instruments and fair value

Signet's principal financial instruments are comprised of cash, cash deposits/investments and overdrafts, accounts receivable and payable, derivatives, US Treasury and government agency securities, corporate bonds and equity securities, a revolving credit facility and long-term debt. Signet does not enter into derivative transactions for trading purposes. Derivative transactions are used by Signet for risk management purposes to address risks inherent in Signet's business operations and sources of finance. The main risks arising from Signet's operations are market risk including foreign currency risk and commodity risk, liquidity risk and interest rate risk. Signet uses these financial instruments to manage and mitigate these risks under policies reviewed and approved by the Board of Directors.

Market risk

Signet generates revenues and incurs expenses in US dollars, Canadian dollars and British pounds. As a portion of the UK Jewelry purchases and the purchases made by the Canadian operations of the Zale division are denominated in US dollars, Signet enters into forward foreign currency exchange contracts, foreign currency option contracts and foreign currency swaps to manage this exposure to the US dollar.

Signet holds a fluctuating amount of British pounds cash reflecting the cash generative characteristics of the UK Jewelry division. Signet's objective is to minimize net foreign exchange exposure to the income statement on British pound denominated items through managing this level of cash, British pound denominated intercompany balances and US dollar to British pound swaps. In order to manage the foreign exchange exposure and minimize the level of British pound cash held by Signet, the British pound denominated subsidiaries pay dividends regularly to their immediate holding companies and excess British pounds are sold in exchange for US dollars.

Signet's policy is to minimize the impact of precious metal commodity price volatility on operating results through the use of outright forward purchases of, or by entering into options to purchase, precious metals within treasury guidelines approved by the Board of Directors. In particular, Signet undertakes some hedging of its requirement for gold through the use of options, net zero-cost collar arrangements (a combination of call and put option contracts), forward contracts and commodity purchasing, while fluctuations in the cost of diamonds are not hedged.

Liquidity risk

Signet's objective is to ensure that it has access to, or the ability to generate sufficient cash from either internal or external sources in a timely and cost-effective manner to meet its commitments as they become due and payable. Signet manages liquidity risks as part of its overall risk management policy. Management produces forecasting and budgeting information that is reviewed and monitored by the Board of Directors. Cash generated from operations and external financing are the main sources of funding supplementing Signet's resources in meeting liquidity requirements.

The main external source of funding is an amended credit facility, senior unsecured notes and securitized credit card receivables, described below in Note 19.

Interest rate risk

Signet may enter into various interest rate protection agreements in order to limit the impact of movements in interest rates on its cash or borrowings. There were no interest rate protection agreements outstanding at August 2, 2014, February 1, 2014 or August 3, 2013.

Credit risk and concentrations of credit risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted. Signet does not anticipate non-performance by counterparties of its financial instruments, except for customer in-house financing receivables as disclosed in Note 8. Signet does not require collateral or other security to support cash investments or financial instruments with credit risk; however, it is Signet's policy to only hold cash and cash equivalent investments and to transact financial instruments with financial institutions with a certain minimum credit rating. Management does not believe Signet is exposed to any significant concentrations of credit risk that arise from cash and cash equivalent investments, derivatives or accounts receivable.

Derivatives

The following types of derivative instruments are utilized by Signet:

Forward foreign currency exchange contracts (designated) — These contracts, which are principally in US dollars, are entered into in order to limit the impact of movements in foreign exchange rates on forecasted foreign currency purchases. The total notional amount of these foreign currency contracts outstanding as of August 2, 2014 was $34.2 million (February 1, 2014 and August 3, 2013: $42.3 million and $50.3 million, respectively). These contracts have been designated as cash flow hedges and will be settled over the next 12 months (February 1, 2014 and August 3, 2013: 12 months and 18 months, respectively).

Forward foreign currency exchange contracts (undesignated) — Foreign currency contracts not designated as cash flow hedges are used to hedge currency flows through Signet's bank accounts to mitigate Signet's exposure to foreign currency exchange risk in its cash and borrowings. The total notional amount of these foreign currency contracts outstanding as of August 2, 2014 was $27.7 million (February 1, 2014 and August 3, 2013: $22.1 million and $58.1 million, respectively).

Commodity forward purchase contracts and net zero-cost collar arrangements — These contracts are entered into in order to reduce Signet's exposure to significant movements in the price of the underlying precious metal raw material. The total notional amount of these commodity derivative contracts outstanding as of August 2, 2014 was $27.1 million (February 1, 2014 and August 3, 2013: $63.0 million and $0.0 million, respectively). These contracts have been designated as cash flow hedges and will be settled over the next 7 months (February 1, 2014 and August 3, 2013: 12 months and 0 months, respectively).

The bank counterparties to the derivative instruments expose Signet to credit-related losses in the event of their non-performance. However, to mitigate that risk, Signet only contracts with counterparties that meet certain minimum requirements under its counterparty risk assessment process. As of August 2, 2014, Signet believes that this credit risk did not materially change the fair value of the foreign currency or commodity contracts.

The following table summarizes the fair value and presentation of derivative instruments in the condensed consolidated balance sheets:

	Derivative assets			
		Fair value		
(in millions)	**Balance sheet location**	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Derivatives designated as hedging instruments:				
Foreign currency contracts	Other current assets	**$ —**	$ —	$ 1.5
Foreign currency contracts	Other assets	**—**	—	0.1
Commodity contracts	Other current assets	**0.7**	0.8	—
Commodity contracts	Other assets	**—**	—	—
		$ 0.7	$ 0.8	$ 1.6
Derivatives not designated as hedging instruments:				
Foreign currency contracts	Other current assets	**0.3**	0.2	0.1
Total derivative assets		**$ 1.0**	$ 1.0	$ 1.7

	Derivative liabilities			
		Fair value		
(in millions)	**Balance sheet location**	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Derivatives designated as hedging instruments:				
Foreign currency contracts	Other current liabilities	**$ (1.9)**	$ (2.1)	$ —
Foreign currency contracts	Other liabilities	**—**	—	—
Commodity contracts	Other current liabilities	**(0.1)**	(0.8)	—
Commodity contracts	Other liabilities	**—**	—	—
		$ (2.0)	$ (2.9)	$ —
Derivatives not designated as hedging instruments:				
Foreign currency contracts	Other current liabilities	**—**	—	—
Total derivative liabilities		**$ (2.0)**	$ (2.9)	$ —

Derivatives designated as cash flow hedges

The following table summarizes the pre-tax gains (losses) recorded in accumulated OCI for derivatives designated in cash flow hedging relationships:

(in millions)	August 2, 2014	February 1, 2014	August 3, 2013
Foreign currency contracts	**$ (3.2)**	$ (2.3)	$ 2.3
Commodity contracts	**(4.9)**[(1)]	(18.8)[(1)]	(28.6)[(1)]
Total	**$ (8.1)**	$ (21.1)	$ (26.3)

(1) As of August 2, 2014, losses recorded in accumulated OCI include $6.2 million related to commodity contracts terminated prior to contract maturity in Fiscal 2014 (February 1, 2014 and August 3, 2013: $18.2 million and $27.7 million, respectively).

The following tables summarize the effect of derivative instruments designated as cash flow hedges in OCI and the condensed consolidated income statements:

Foreign currency contracts

		13 weeks ended		26 weeks ended	
(in millions)	Income statement caption	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
(Losses) gains recorded in accumulated OCI, beginning of period		**$ (3.6)**	$ 1.6	**$ (2.3)**	$ 1.3
Current period gains (losses) recognized in OCI		**0.1**	0.9	**(1.2)**	1.4
Losses (gains) reclassified from accumulated OCI to net income	Cost of sales	**0.3**	(0.2)	**0.3**	(0.4)
(Losses) gains recorded in accumulated OCI, end of period		**$ (3.2)**	$ 2.3	**$ (3.2)**	$ 2.3

Commodity contracts

		13 weeks ended		26 weeks ended	
(in millions)	Income statement caption	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
(Losses) gains recorded in accumulated OCI, beginning of period		**$ (9.4)**	$ (19.3)	**$ (18.8)**	$ (0.5)
Current period (losses) gains recognized in OCI		**(0.3)**	(9.5)	**1.7**	(27.5)
Losses (gains) reclassified from accumulated OCI to net income	Cost of sales	**4.8**	0.2	**12.2**	(0.6)
(Losses) gains recorded in accumulated OCI, end of period		**$ (4.9)**	$ (28.6)	**$ (4.9)**	$ (28.6)

There was no material ineffectiveness related to the Company’s derivative instruments designated in cash flow hedging relationships during the 13 and 26 weeks ended August 2, 2014 and August 3, 2013, respectively. Based on current valuations, the Company expects approximately $7.3 million of net pre-tax derivative losses to be reclassified out of accumulated OCI into earnings within the next 12 months, of which $6.2 million will be recognized in the remaining six months of Fiscal 2015.

Derivatives not designated as hedging instruments

The following table presents the effects of the Company's derivatives instruments not designated as cash flow hedges in the condensed consolidated income statements:

(in millions)	Income statement caption	13 weeks ended August 2, 2014	13 weeks ended August 3, 2013	26 weeks ended August 2, 2014	26 weeks ended August 3, 2013
Derivatives not designated as hedging instruments:					
Foreign currency contracts	Other operating income, net	**$ —**	$ 3.0	**$ (1.6)**	$ 2.8
Total		**$ —**	$ 3.0	**$ (1.6)**	$ 2.8

Fair value

The estimated fair value of Signet's financial instruments held or issued to finance Signet's operations is summarized below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that Signet would realize upon disposition nor do they indicate Signet's intent or ability to dispose of the financial instrument. Assets and liabilities that are carried at fair value are required to be classified and disclosed in one of the following three categories:

Level 1—quoted market prices in active markets for identical assets and liabilities

Level 2—observable market based inputs or unobservable inputs that are corroborated by market data

Level 3—unobservable inputs that are not corroborated by market data

Signet determines fair value based upon quoted prices when available or through the use of alternative approaches, such as discounting the expected cash flows using market interest rates commensurate with the credit quality and duration of the investment. The methods Signet uses to determine fair value on an instrument-specific basis are detailed below:

(in millions)	August 2, 2014 Carrying Value	August 2, 2014 Quoted market prices for identical assets (Level 1)	August 2, 2014 Significant other observable inputs (Level 2)	February 1, 2014 Carrying Value	February 1, 2014 Quoted market prices for identical assets (Level 1)	February 1, 2014 Significant other observable inputs (Level 2)	August 3, 2013 Carrying Value	August 3, 2013 Quoted market prices for identical assets (Level 1)	August 3, 2013 Significant other observable inputs (Level 2)
Assets:									
US Treasury securities	**$ 9.9**	**$ 9.9**	**$ —**	$ —	$ —	$ —	$ —	$ —	$ —
Corporate equity securities	**2.5**	**2.5**	**—**	—	—	—	—	—	—
Foreign currency contracts	**0.3**	**—**	**0.3**	0.2	—	0.2	1.7	—	1.7
Commodity contracts	**0.7**	**—**	**0.7**	0.8	—	0.8	—	—	—
US government agency securities	**1.3**	**—**	**1.3**	—	—	—	—	—	—
Corporate bonds and notes	**8.6**	**—**	**8.6**	—	—	—	—	—	—
Liabilities:									
Foreign currency contracts	**(1.9)**	**—**	**(1.9)**	(2.1)	—	(2.1)	—	—	—
Commodity contracts	**(0.1)**	**—**	**(0.1)**	(0.8)	—	(0.8)	—	—	—

Investments in US Treasury securities and corporate equity securities are based on quoted market prices for identical instruments in active markets, and therefore were classified as a Level 1 measurement in the fair value hierarchy. Investments in US government agency securities and corporate bonds and notes are based on quoted prices for similar instruments in active markets, and therefore were classified as a Level 2 measurement in the fair value hierarchy (see Note 14 for additional information related to our investments).

The fair value of derivative financial instruments has been determined based on market value equivalents at the balance sheet date, taking into account the current interest rate environment, foreign currency forward rates or commodity forward rates. The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities approximate fair value because of the short-term maturity of these amounts.

The carrying amount and fair value of outstanding debt at August 2, 2014 were as follows:

	August 2, 2014		**February 1, 2014**		**August 3, 2013**	
(in millions)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Outstanding debt[1]:						
Senior notes (Level 1)	**$ 398.4**	**$ 400.0**	$ —	$ —	$ —	$ —
Securitization facility (Level 2)	**600.0**	**600.0**	—	—	—	—
Term loan (Level 2)	**400.0**	**400.0**				
Capital lease obligations (Level 2)	**1.8**	**1.8**	—	—	—	—
Total outstanding debt	**$1,400.2**	**$1,401.8**	$ —	$ —	$ —	$ —

(1) See Note 19 – Loans, overdrafts and long-term debt for classification between current and long-term debt.

The fair value of long-term debt was determined using quoted market prices or discounted cash flows based upon current borrowing rates. See Note 19 – Loans, overdrafts and long-term debt.

16. Pensions

Signet operates a defined benefit pension plan in the UK (the "UK Plan") for participating eligible employees of the UK Jewelry division. The components of net periodic pension benefit were as follows:

	13 weeks ended		**26 weeks ended**	
(in millions)	**August 2, 2014**	**August 3, 2013**	**August 2, 2014**	**August 3, 2013**
Components of net periodic pension benefit (cost):				
Service cost	**$ (0.6)**	$ (0.6)	**$ (1.2)**	$ (1.2)
Interest cost	**(2.5)**	(2.3)	**(5.0)**	(4.6)
Expected return on UK Plan assets	**3.7**	3.2	**7.5**	6.4
Amortization of unrecognized prior service credit	**0.5**	0.3	**0.9**	0.7
Amortization of unrecognized actuarial loss	**(0.5)**	(0.5)	**(1.0)**	(1.1)
Net periodic pension benefit (cost)	**$ 0.6**	$ 0.1	**$ 1.2**	$ 0.2

In the 26 weeks ended August 2, 2014, Signet contributed $2.2 million to the UK Plan and expects to contribute a minimum aggregate of $4.2 million at current exchange rates to the UK Plan in Fiscal 2015. These contributions are in accordance with an agreed upon deficit recovery plan and based on the results of the actuarial valuation as of April 5, 2012.

17. Commitments and contingencies

Legal proceedings

As previously reported, in March 2008, a group of private plaintiffs (the "Claimants") filed a class action lawsuit for an unspecified amount against Sterling Jewelers Inc. ("Sterling"), a subsidiary of Signet, in the US District Court for the Southern District of New York alleging that US store-level employment practices are discriminatory as to compensation and promotional activities with respect to gender. In June 2008, the District Court referred the matter to private arbitration where the Claimants sought to proceed on a class-wide basis. Discovery has been completed. The Claimants filed a motion for class certification and Sterling opposed the motion. A hearing on the class certification motion was held in late February 2014. The motion is now pending before the Arbitrator.

Also, as previously reported, on September 23, 2008, the US Equal Employment Opportunity Commission ("EEOC") filed a lawsuit against Sterling in the US District Court for the Western District of New York. The EEOC's lawsuit alleges that Sterling engaged in intentional and disparate impact gender discrimination with respect to pay and promotions of female retail store employees from January 1, 2003 to the present. The EEOC asserts claims for unspecified monetary relief and non-monetary relief against the Company on behalf of a class of female employees subjected to these alleged practices. Non-expert fact discovery closed in mid-May 2013. In September 2013, Sterling made a motion for partial summary judgment on procedural grounds, which was referred to a Magistrate Judge. The Magistrate Judge heard oral arguments on the summary judgment motion in December 2013. On January 2, 2014, the Magistrate Judge issued his Report, Recommendation and Order, recommending that the Court grant Sterling's motion for partial summary judgment and dismiss the EEOC's claims in their entirety. The EEOC filed its objections to the Magistrate Judge's ruling and Sterling filed its response thereto. The District Court Judge heard oral arguments on the EEOC's objections to the Magistrate Judge's ruling on March 7, 2014 and on March 11, 2014 entered an order dismissing the action with prejudice. On May 12, 2014 the EEOC filed its Notice of Appeal of the District Court Judge's dismissal of the action to United States Court of Appeals for the Second Circuit. The appeal is pending.

Sterling denies the allegations of both parties and has been defending these cases vigorously. At this point, no outcome or amount of loss is able to be estimated.

Prior to the Acquisition, Zale Corporation was a defendant in three purported class action lawsuits, Tessa Hodge v. Zale Delaware, Inc., d/b/a Piercing Pagoda which was filed on April 23, 2013 in the Superior Court of the State of California, County of San Bernardino; Naomi Tapia v. Zale Corporation which was filed on July 3, 2013 in the US District Court, Southern District of California; and Melissa Roberts v. Zale Delaware, Inc. which was filed on October 7, 2013 in the Superior Court of the State of California, County of Los Angeles. All three cases include allegations that Zale Corporation violated various wage and hour labor laws. Relief is sought on behalf of current and former Piercing Pagoda and Zale Corporation's employees. The lawsuits seek to recover damages, penalties and attorneys' fees as a result of the alleged violations. Without admitting or conceding any liability, the Company has reached a tentative agreement to settle the Hodge and Roberts matters for an immaterial amount.

There is no assurance that the settlement will become final or that the Court will approve the settlement. The Company is investigating the underlying allegations of the Naomi Tapia v. Zale Corporation matter and intends to vigorously defend its position against them. The Company cannot reasonably estimate the potential loss or range of loss, if any, for this matter.

Litigation Challenging the Company's Acquisition of Zale Corporation

Five putative stockholder class action lawsuits challenging the Company's acquisition of Zale Corporation have been filed in the Court of Chancery of the State of Delaware: Breyer v. Zale Corp. et al., C.A. No. 9388-VCP, filed February 24, 2014; Stein v. Zale Corp. et al., C.A. No. 9408-VCP, filed March 3, 2014; Singh v. Zale Corp. et al., C.A. No. 9409-VCP, filed March 3, 2014; Smart v. Zale Corp. et al., C.A. No. 9420-VCP, filed March 6, 2014; and Pill v. Zale Corp. et al., C.A. No. 9440-VCP, filed March 12, 2014 (collectively, the "Actions"). Each of these Actions is brought by a purported former holder of Zale Corporation common stock, both individually and on behalf of a putative class of former Zale Corporation stockholders. The Court of Chancery consolidated the Actions on March 25, 2014 (the "Consolidated Action"), and the plaintiffs filed a consolidated amended complaint on April 23, 2014. The Consolidated Action names as defendants Zale Corporation, the members of the board of directors of Zale Corporation, the Company, and a merger-related subsidiary of the Company. The Consolidated Action alleges that the Zale Corporation directors breached their fiduciary duties to Zale Corporation stockholders in connection with their consideration and approval of the merger agreement by failing to maximize stockholder value and agreeing to an inadequate merger price and to deal terms that deter higher bids. The Consolidated Action also alleges that the Zale Corporation directors issued a materially misleading and incomplete proxy statement regarding the merger. Further, the Consolidated Action alleges that Zale Corporation and the Company aided and abetted the Zale Corporation directors' breaches of fiduciary duty. On May 23, 2014, the Chancery Court of Chancery denied plaintiffs' motion for a preliminary injunction to prevent the consummation of the merger. The Consolidated Action seeks, among other things, rescission of the merger or damages, as well as attorneys' and experts' fees.

At this point, plaintiffs have not filed an amended complaint or quantified their claim for damages or fees. As a result, we are unable to reasonably estimate the possible loss or range of losses, if any, arising from the litigation.

Appraisal Litigation

Following the consummation of the Company's acquisition of Zale Corporation, on June 4, 2014, two former Zale Corporation stockholders, who, combined, allege ownership of approximately 3.904 million shares of Zale Corporation's common stock, filed a petition for appraisal pursuant to 8 Del. C. § 262 in the Court of Chancery of the State of Delaware, captioned Merion Capital L.P. et al. v. Zale Corp., C.A. No. 9731-VCP (the "Merion Action"). On August 26, 2014, another former Zale Corporation stockholder, who alleges ownership of approximately 2.450 million shares of Zale Corporation's common stock, filed a second petition for appraisal, captioned TIG Arbitrage Opportunity Fund I, L.P. v. Zale Corp., C.A. No. 10070-VCP (the "TIG Action" and, together with the Merion Action, the "Appraisal Actions"). Petitioners in the Appraisal Actions seek a judgment awarding them, among other things, the fair value of their Zale Corporation shares plus interest.

On June 30, 2014, Zale Corporation filed its answer to the Merion Action petition and a verified list pursuant to 8 Del. C. § 262(f) naming, as of that filing, the persons that purported to demand appraisal of shares of Zale Corporation common stock. Since that filing, Zale Corporation has received a number of dissent withdrawals from stockholders who had previously demanded appraisal. At this point, the total number of shares of Zale Corporation's common stock for which appraisal has been demanded and not requested to be withdrawn is approximately 9.0 million, inclusive of the shares allegedly held by petitioners in the Appraisal Actions. The parties in the Merion Action are currently engaged in discovery. The court has not yet set a hearing date for either of the petitions in the Appraisal Actions.

At this point, discovery in the Merion Action has just commenced, and none of the petitioners in the Appraisal Actions has claimed an amount of fair value. As a result, we are unable to reasonably estimate the possible loss or range of losses, if any, arising from the litigation.

In the ordinary course of business, Signet may be subject, from time to time, to various other proceedings, lawsuits, disputes or claims incidental to its business, which the Company believe are not significant to Signet's consolidated financial position, results of operations or cash flows.

18. Share-based compensation expense

Signet recorded share-based compensation expense of $4.0 million and $7.2 million for the 13 and 26 weeks ended August 2, 2014, respectively, related to the Omnibus Plans and Saving Share Plans ($3.5 million and $6.5 million for the 13 and 26 weeks ended August 3, 2013, respectively).

19. Loans, overdrafts and long-term debt

(in millions)	**August 2, 2014**	**February 1, 2014**	**August 3, 2013**
Current liabilities – loans and overdrafts:			
Revolving credit facility	**$ —**	$ —	**$** —
Current portion of term loan	**20.0**	—	—
Current portion of capital lease obligations	**1.1**	—	—
Bank overdrafts	**10.1**	19.3	1.7
Total loans and overdrafts	**31.2**	19.3	1.7
Long-term debt:			
Senior notes, net of unamortized discount	**398.4**	—	—
Securitization facility	**600.0**	—	—
Term loan	**380.0**	—	—
Capital lease obligations	**0.7**	—	—
Total long-term debt	**1,379.1**	—	—
Total loans, overdrafts and long-term debt	**$1,410.3**	**$** 19.3	**$** 1.7

Credit facility

In May 2011, Signet entered into a $400 million senior unsecured multi-currency five year revolving credit facility agreement (the "Credit Facility").

There were no amounts outstanding under this Credit Facility as of February 1, 2014 and August 3, 2013. Signet had stand-by letters of credit on this Credit Facility of $10.1 million and $9.5 million as of February 1, 2014 and August 3, 2013, respectively. As of February 1, 2014 and August 3, 2013, the Company was in compliance with all debt covenants.

On May 27, 2014, the Credit Facility was amended in conjunction with the issuance of the new term loan. See “New term loan and amended revolving credit agreement” below. Capitalized amendment fees of $0.7 million relating to the Credit Facility agreement signed in May 2011 were written-off in the 13 week period ended August 2, 2014 upon executing the amended credit agreement in May 2014 (26 weeks ended August 2, 2014: $0.9 million).

On February 19, 2014, Signet entered into a definitive agreement to acquire Zale Corporation and concurrently received commitments for an $800 million 364-day unsecured bridge facility to finance the transaction. The bridge facility contained customary fees and incurred interest on any borrowings drawn on the facility. In May 2014, Signet executed its Zale acquisition financing as described below in Note 20, replacing the bridge facility commitments in addition to amending its Credit Facility, issuing senior unsecured notes and securitizing credit card receivables. No amounts were drawn on the bridge facility commitments prior to replacement and fees of $4.0 million were incurred and capitalized. This agreement was subsequently replaced by the issuances of the long-term debt listed below, and therefore during the 13 weeks ended August 2, 2014, the remaining $3.2 million was recorded as interest expense in the condensed consolidated income statement (26 weeks ended August 2, 2014: $4.0 million).

Issuance of senior unsecured notes due 2024

On May 19, 2014, Signet UK Finance plc (“Signet UK Finance”), a wholly owned subsidiary of the Company, issued $400 million aggregate principal amount of its 4.700% senior unsecured notes due in 2024 (the “Notes”). The Notes were issued under an effective registration statement previously filed with the SEC. Interest on the notes is payable semi-annually on June 15 and December 15 of each year, commencing December 15, 2014. The Notes are jointly and severally guaranteed, on a full and unconditional basis, by the Company and by certain of the Company’s wholly owned subsidiaries (such subsidiaries, the “Guarantors”). The Notes were issued pursuant to a base indenture among the Company, Signet UK Finance, the Guarantors and Deutsche Bank Trust Company Americas as trustee, with the indenture containing customary covenants and events of default provisions. The Company received proceeds from the offering of approximately $393.9 million, which were net of underwriting discounts, commissions and offering expenses.

Capitalized fees relating to the senior unsecured notes of $6.9 million were incurred, of which $5.7 million was paid and $1.2 million was accrued as of August 2, 2014. Amortization expense relating to these fees of $0.1 million was recorded as interest expense in the condensed consolidated income statements for the 13 and 26 weeks ended August 2, 2014.

Asset-backed securitization facility

On May 15, 2014, the Company sold an undivided interest in certain credit card receivables to Sterling Jewelers Receivables Master Note Trust (the “Issuer”), a wholly-owned Delaware statutory trust and a wholly-owned indirect subsidiary of the Company and issued two-year revolving asset-backed variable funding notes to an unrelated third party conduit pursuant to a master indenture dated as of November 2, 2001, as supplemented by the Series 2014-A indenture supplement dated as of May 15, 2014 among the Issuer, Sterling Jewelers Inc. (“SJI”) and Deutsche Bank Trust Company Americas, the indenture trustee. Under terms of the notes, the Issuer has obtained $600 million of financing from the unrelated third party commercial paper conduits sponsored by JPMorgan Chase Bank, N.A., which indebtedness is secured by credit card receivables originated from time to time by SJI. The credit card receivables will ultimately be transferred to the Issuer and are serviced by SJI. Signet guarantees the performance by SJI of its obligations under the agreements associated with this financing arrangement. Borrowings under the asset-backed variable funding notes will bear interest at a rate per annum equal to LIBOR plus an applicable margin.

Capitalized fees relating to the asset-backed securitization facility of $2.8 million were incurred, of which $2.3 million was paid and $0.5 million was accrued as of August 2, 2014. Amortization expense relating to these fees of $0.2 million was recorded as interest expense in the condensed consolidated income statements for the 13 and 26 weeks ended August 2, 2014.

New term loan and amended revolving credit agreement

On May 27, 2014, Signet amended and restated its existing credit agreement to (i) add a new $400 million term loan facility and (ii) amend its existing revolving credit facility. The new term loan facility is a $400 million 5-year senior unsecured facility with JPMorgan Chase Bank, N.A., acting as administrative agent. Signet simultaneously amended and restated its existing revolving credit facility extending the maturity date to 2019. Borrowings under each of the term loan facility and the amended revolving credit facility will bear interest at a rate per annum equal to an applicable margin, plus, at Signet’s option, either (a) a base rate or (b) a LIBOR rate. The amended and restated credit agreement provides that Signet may voluntarily repay outstanding loans at any time without premium or penalty other than reimbursement of the lender’s redeployment and breakage costs in certain cases.

Signet will be required to make scheduled quarterly payments commencing on November 1, 2014 equal to the amounts per annum of the original principal amount of the term loan as follows: 5% in the first year, 7.5% in the second year, 10% in the third year, 12.5% in the fourth year and 15% in the fifth year after the initial payment date, with the balance due on May 27, 2019.

The amended and restated credit agreement contains various customary representatives and warranties, financial reporting requirements and other affirmative and negative covenants. As with Signet's prior credit facility, Signet will be required to maintain at all times a leverage ratio of no greater than 2.50 to 1.00 and a fixed charge coverage ratio of no less than 1.40 to 1.00, both determined as of the end of each fiscal quarter of Signet for the trailing twelve months.

As of August 2, 2014, $400 million was drawn on the new term loan facility. In addition, there were no borrowings drawn on the amended revolving credit facility, with no intra-period borrowings. Signet had stand-by letters of credit of $20.3 million as of August 2, 2014.

Capitalized fees relating to the new term loan and amended revolving credit agreement of $6.6 million were incurred, of which $6.4 million was paid and $0.2 million was accrued as of August 2, 2014. Amortization expense relating to these fees of $0.3 million was recorded as interest expense in the condensed consolidated income statements for the 13 and 26 weeks ended August 2, 2014.

As of August 2, 2014, the Company was in compliance with all debt covenants.

Other

At August 2, 2014, February 1, 2014 and August 3, 2013, there were $10.1 million, $19.3 million and $1.7 million in overdrafts, which represent issued and outstanding checks where no bank balances exist with the right of offset.

Capital Lease Obligations

In the Zale division, capital leases are entered into related to vehicles for field management. The vehicles are included in property, plant and equipment in the accompanying condensed consolidated balance sheets and are depreciated over a four-year life. Capital leases, net of accumulated depreciation, included in property, plant and equipment as of August 2, 2014 totaled $1.7 million. The Acquisition occurred on May 29, 2014, and therefore amounts are not included as of February 1, 2014 or August 3, 2013.

20. Acquisitions

Botswana diamond polishing factory

On November 4, 2013, Signet acquired a diamond polishing factory in Gaborone, Botswana for $9.1 million. The acquisition expands the Company's long-term diamond sourcing capabilities and provides resources for the Company to cut and polish stones.

The transaction was accounted for as a business combination during the fourth quarter of Fiscal 2014. During the second quarter of Fiscal 2015, the Company finalized the valuation of net assets acquired. There were no material changes to the valuation of net assets acquired from the initial allocation reported during the fourth quarter of Fiscal 2014. The total consideration paid by the Company was funded through existing cash and allocated to the net assets acquired based on the final fair values as follows: property, plant and equipment acquired of $5.5 million and goodwill of $3.6 million. See Note 10 for additional information. None of the goodwill will be deductible for income tax purposes.

The results of operations related to the acquired diamond polishing factory are reported within the Other operating segment of Signet's consolidated results and included in Signet's condensed consolidated financial statements commencing on the date of acquisition in the Other operating segment.

Zale Corporation

On May 29, 2014, the Company acquired 100% of the outstanding shares of Zale Corporation and Zale Corporation became a wholly-owned consolidated subsidiary of Signet. The Acquisition reflects the Company's strategy to diversify businesses and expand its footprint.

Under the terms of the Agreement and Plan of Merger, Zale Corporation shareholders received $21 per share in cash for each outstanding share of common stock and the vesting, upon consummation of the Acquisition, of certain outstanding Zale Corporation restricted stock units and stock options, which converted into the right to receive the merger consideration. The consideration transferred in conjunction with the Acquisition was $1,458.0 million, including $478.2 million to extinguish Zale Corporation's existing debt. The Acquisition was funded by the Company through existing cash and the issuance of $1,400 million of long-term debt, including: (a) $400 million of senior unsecured notes due in 2024, (b) $600 million of two-year revolving asset-backed variable funding notes, and (c) a $400 million 5-year senior unsecured term loan facility. See Note 19 for additional information related to the Company's long-term debt instruments.

The transaction was accounted for as a business combination during the second quarter of Fiscal 2015. The following table summarizes the consideration transferred in conjunction with the Acquisition.

Calculation of consideration

(in millions except per share amounts)	Amount
Cash consideration paid to Zale Corporation shareholders ($21 per share)	$ 910.2
Cash consideration paid for settlement of Zale Corporation stock options, restricted share awards and long term incentive plan awards	69.6
Cash paid to extinguish Zale Corporation outstanding debt as of May 29, 2014	478.2
Total consideration transferred	$1,458.0

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed in the Acquisition are recorded at acquisition date fair values. The following table summarizes the preliminary fair values identified for the assets acquired and liabilities assumed in the Acquisition as of May 29, 2014:

Recognized amounts of identifiable assets acquired and liabilities assumed

(in millions)	Amount
Cash and cash equivalents	$ 28.8
Inventories	855.6
Other current assets	22.5
Property, plant and equipment	104.2
Intangible assets:	
Trade names	420.0
Favorable leases	50.2
Deferred tax assets	126.3
Other assets	25.4
Current liabilities[1]	(202.8)
Deferred revenue	(93.0)
Unfavorable leases	(50.5)
Unfavorable contracts	(65.6)
Deferred tax liabilities	(263.6)
Other liabilities	(24.6)
Fair value of net assets acquired	932.9
Goodwill	525.1
Total consideration transferred	$1,458.0

(1) Includes loans and overdrafts, accounts payable, income taxes payable, accrued expenses and other current liabilities.

As the Acquisition occurred during the second quarter of Fiscal 2015, the fair value of all assets acquired and liabilities assumed was based upon a preliminary valuation, which the Company was still in the process of finalizing as of August 2, 2014. The estimates and assumptions utilized in the preliminary valuation are subject to change within the measurement period as additional information is obtained. The goodwill attributable to the Acquisition will not be amortizable or deductible for tax purposes. Goodwill represents the excess of the purchase price of acquisitions over the Company’s interest in fair value of the identifiable assets and liabilities acquired. As a result of the valuation of assets acquired and liabilities assumed being preliminary as of August 2, 2014, the Company has not yet allocated goodwill attributable to the Acquisition to the reporting units. See Note 10 for additional information regarding goodwill.

The following unaudited consolidated pro forma information summarizes the results of operations for the 13 and 26 weeks ended August 2, 2014 and August 3, 2013, as if the Acquisition and related issuance of $1,400 million of long-term debt (see Note 19) had occurred as of February 2, 2013. The unaudited consolidated pro forma financial information was prepared in accordance with the acquisition method of accounting under existing standards and is not necessarily indicative of the results of operations that would have occurred if the Acquisition had been completed on the date indicated, nor is it indicative of the future operating results of the Company.

	Pro forma - unaudited			
	13 weeks ended		26 weeks ended	
(in millions, except per share amounts)	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Pro forma sales	**$1,379.5**	$1,285.1	**$2,859.7**	$2,708.0
Pro forma net income	**$ 83.5**	$ 53.4	**$ 198.5**	$ 145.2
Pro forma earnings per share – basic	**$ 1.05**	$ 0.67	**$ 2.48**	$ 1.80
Pro forma earnings per share – diluted	**$ 1.04**	$ 0.66	**$ 2.48**	$ 1.79

The unaudited consolidated pro forma financial information was prepared in accordance with the acquisition method of accounting under existing standards and is not necessarily indicative of the results of operations that would have occurred if the Acquisition had been completed on the date indicated, nor is it indicative of the future operating results of the Company.

The unaudited pro forma information gives effect to actual operating results prior to the Acquisition. The unaudited pro forma information has been adjusted with respect to certain aspects of the Acquisition to reflect the following:

- Acquisition accounting adjustments to reset deferred revenue associated with extended service plans sold by Zale Corporation prior to the Acquisition to fair value as of the acquisition date. The fair value of deferred revenue is determined based on the estimated costs remaining to be incurred for future obligations associated with the outstanding plans at the time of the Acquisition, plus a reasonable profit margin on the estimated costs. Adjustment also reflects the impact of deferring the revenue associated with the lifetime extended service plans over a 10-year period as disclosed in Note 1.
- Additional depreciation and amortization expenses that would have been recognized assuming fair value adjustments to the existing Zale Corporation assets acquired and liabilities assumed, including inventory, intangible assets, favorable and unfavorable leases, and unfavorable contracts.
- Tax impact of the Company’s amended capital structure as a result of the Acquisition and related issuance of $1,400 million of long-term debt.
- Adjustment of valuation allowances associated with U.S. and Canadian deferred tax assets, including net operating loss carryforwards.
- Exclusion of acquisition-related costs of $30.8 million and $39.2, which were expensed during the 13 and 26 weeks ended August 2, 2014, respectively. Also excluded were costs associated with the unsecured bridge facility discussed in Note 19 of $0.8 million and $4.0 million, which were expensed during the 13 and 26 weeks ended August 2, 2014, respectively. All amounts were reported within the Other segment.

The unaudited pro forma results do not reflect future events that either have occurred or may occur after the Acquisition, including, but not limited to, the anticipated realization of expected operating synergies in subsequent periods. They also do not give effect to acquisition related costs that the Company expects to incur in connection with the Acquisition, including, but not limited to, additional professional fees, employee integration, retention and severance costs.

21. Condensed consolidating financial information

The accompanying condensed consolidating financial information has been prepared and presented pursuant to SEC Regulation S-X, Rule 3-10, “Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered.” We and certain of our subsidiaries have guaranteed the obligations under certain debt securities that have been issued by Signet UK Finance plc. The following presents the condensed consolidating financial information for: (i) the indirect Parent Company (Signet Jewelers Limited); (ii) the Issuer of the guaranteed obligations (Signet UK Finance plc); (iii) the Guarantor subsidiaries, on a combined basis; (iv) the non-guarantor subsidiaries, on a combined basis; (v) consolidating eliminations; and (vi) Signet Jewelers Limited and Subsidiaries on a consolidated basis. Each Guarantor subsidiary is 100% owned by the Parent Company at the date of each balance sheet presented. The Guarantor subsidiaries, along with Signet Jewelers Limited, will fully and unconditionally guarantee the obligations of Signet UK Finance plc under any such debt securities. Each entity in the consolidating financial information follows the same accounting policies as described in the consolidated financial statements.

The accompanying condensed consolidating financial information has been presented on the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for the subsidiaries’ cumulative results of operations, capital contributions and distributions, and other changes in equity. Elimination entries include consolidating and eliminating entries for investments in subsidiaries, and intercompany activity and balances.

Condensed Consolidated Income Statement
For the 13 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ —	$ 1,207.5	$ 18.4	$ —	**$ 1,225.9**
Cost of sales	—	—	(811.4)	(5.5)	—	**(816.9)**
Gross margin	—	—	396.1	12.9	—	**409.0**
Selling, general and administrative expenses	(0.4)	—	(371.9)	(6.9)	—	**(379.2)**
Other operating income, net	—	—	54.0	(0.3)	—	**53.7**
Operating (loss) income	(0.4)	—	78.2	5.7	—	**83.5**
Intercompany interest income (expense)	—	3.8	(34.8)	31.0	—	**—**
Interest expense, net	—	(3.9)	(7.8)	(2.0)	—	**(13.7)**
(Loss) income before income taxes	(0.4)	(0.1)	35.6	34.7	—	**69.8**
Income taxes	—	—	(13.3)	1.5	—	**(11.8)**
Equity in income of subsidiaries	58.4	—	31.9	25.8	(116.1)	**—**
Net income (loss)	$ 58.0	$ (0.1)	$ 54.2	$ 62.0	$ (116.1)	**$ 58.0**

Condensed Consolidated Income Statement
For the 26 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ —	$ 2,251.2	$ 30.8	$ —	**$ 2,282.0**
Cost of sales	—	—	(1,459.0)	(6.8)	—	**(1,465.8)**
Gross margin	—	—	792.2	24.0	—	**816.2**
Selling, general and administrative expenses	(0.8)	—	(675.7)	(13.2)	—	**(689.7)**
Other operating income, net	—	—	106.0	1.7	—	**107.7**
Operating (loss) income	(0.8)	—	222.5	12.5	—	**234.2**
Intercompany interest income (expense)	—	3.8	(41.8)	38.0	—	**—**
Interest expense, net	—	(3.9)	(9.6)	(2.0)	—	**(15.5)**
(Loss) income before income taxes	(0.8)	(0.1)	171.1	48.5	—	**218.7**
Income taxes	—	—	(69.2)	5.1	—	**(64.1)**
Equity in income of subsidiaries	155.4	—	123.1	106.6	(385.1)	**—**
Net income (loss)	$154.6	$ (0.1)	$ 225.0	$ 160.2	$ (385.1)	**$ 154.6**

Condensed Consolidated Income Statement
For the 13 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ —	$ 870.3	$ 9.9	$ —	**$ 880.2**
Cost of sales	—	—	(570.2)	(0.3)	—	**(570.5)**
Gross margin	—	—	300.1	9.6	—	**309.7**
Selling, general and administrative expenses	(0.7)	—	(250.6)	0.8	—	**(250.5)**
Other operating income, net	—	—	47.6	(1.3)	—	**46.3**
Operating (loss) income	(0.7)	—	97.1	9.1	—	**105.5**
Intercompany interest (expense) income	—	—	(9.0)	9.0	—	**—**
Interest expense, net	—	—	(1.0)	—	—	**(1.0)**
(Loss) income before income taxes	(0.7)	—	87.1	18.1	—	**104.5**
Income taxes	—	—	(33.1)	(4.0)	—	**(37.1)**
Equity in income of subsidiaries	68.1	—	59.9	54.0	(182.0)	**—**
Net income	$ 67.4	$ —	$ 113.9	$ 68.1	$ (182.0)	**$ 67.4**

Condensed Consolidated Income Statement
For the 26 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Sales	$ —	$ —	$ 1,852.0	$ 21.8	$ —	**$ 1,873.8**
Cost of sales	—	—	(1,179.5)	(1.8)	—	**(1,181.3)**
Gross margin	—	—	672.5	20.0	—	**692.5**
Selling, general and administrative expenses	(1.1)	—	(536.2)	(0.2)	—	**(537.5)**
Other operating income, net	—	—	95.0	(1.7)	—	**93.3**
Operating (loss) income	(1.1)	—	231.3	18.1	—	**248.3**
Intercompany interest (expense) income	—	—	(17.1)	17.1	—	**—**
Interest expense, net	—	—	(1.9)	—	—	**(1.9)**
(Loss) income before income taxes	(1.1)	—	212.3	35.2	—	**246.4**
Income taxes	—	—	(81.9)	(5.3)	—	**(87.2)**
Equity in income of subsidiaries	160.3	—	143.6	130.0	(433.9)	**—**
Net income	$159.2	$ —	$ 274.0	$ 159.9	$ (433.9)	**$ 159.2**

Condensed Consolidated Statement of Comprehensive Income
For the 13 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 58.0	$ (0.1)	$ 54.2	$ 62.0	$ (116.1)	**$ 58.0**
Other comprehensive income (loss):						
Foreign currency translation adjustments	(2.3)	—	(2.6)	0.4	2.2	**(2.3)**
Available-for-sale securities:						
Unrealized loss	(0.2)	—	—	(0.2)	0.2	**(0.2)**
Cash flow hedges:						
Unrealized loss	(0.1)	—	(0.1)	—	0.1	**(0.1)**
Reclassification adjustment for losses to net income	3.4	—	3.4	—	(3.4)	**3.4**
Pension plan:						
Actuarial gain		—	—	—	(0.4)	**—**
Reclassification adjustment to net income for amortization of actuarial loss	0.4	—	0.4	—	—	**0.4**
Prior service benefit		—	—	—	—	**—**
Reclassification adjustment to net income for amortization of prior service credits	(0.4)	—	(0.4)	—	0.4	**(0.4)**
Total other comprehensive income	0.8	—	0.7	0.2	(0.9)	**0.8**
Total comprehensive income (loss)	$ 58.8	$ (0.1)	$ 54.9	$ 62.2	$ (117.0)	**$ 58.8**

Condensed Consolidated Statement of Comprehensive Income
For the 26 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$154.6	$ (0.1)	$ 225.0	$ 160.2	$ (385.1)	**$ 154.6**
Other comprehensive income (loss):						
Foreign currency translation adjustments	7.3	—	8.3	(1.4)	(6.9)	**7.3**
Available-for-sale securities:						
Unrealized loss	(0.2)	—	—	(0.2)	0.2	**(0.2)**
Cash flow hedges:						
Unrealized gain	0.2	—	0.2	—	(0.2)	**0.2**
Reclassification adjustment for losses to net income	8.1	—	8.1	—	(8.1)	**8.1**
Pension plan:						
Actuarial gain	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of actuarial loss	0.8	—	0.8	—	(0.8)	**0.8**
Prior service benefit	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of prior service credits	(0.7)	—	(0.7)	—	0.7	**(0.7)**
Total other comprehensive (loss) income	15.5	—	(16.7)	(1.6)	(15.1)	**15.5**
Total comprehensive income (loss)	$170.1	$ (0.1)	$ 241.7	$ 158.6	$ (400.2)	**$ 170.1**

Condensed Consolidated Statement of Comprehensive Income
For the 13 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 67.4	$ —	$ 113.9	$ 68.1	$ (182.0)	**$ 67.4**
Other comprehensive income (loss):						
Foreign currency translation adjustments	(5.2)	—	(5.9)	1.2	4.7	**(5.2)**
Cash flow hedges:						
Unrealized loss	(5.4)	—	(5.4)	—	5.4	**(5.4)**
Reclassification adjustment for gains to net income	(0.1)	—	(0.1)	—	0.1	**(0.1)**
Pension plan:						
Actuarial gain	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of actuarial loss	0.4	—	0.4	—	(0.4)	**0.4**
Prior service benefit	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of prior service credits	(0.2)	—	(0.2)	—	0.2	**(0.2)**
Total other comprehensive (loss) income	(10.5)	—	(11.2)	1.2	10.0	**(10.5)**
Total comprehensive income	$ 56.9	$ —	$ 102.7	$ 69.3	$ (172.0)	**$ 56.9**

Condensed Consolidated Statement of Comprehensive Income
For the 26 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net income	$159.2	$ —	$ 274.0	$ 159.9	$ (433.9)	**$ 159.2**
Other comprehensive income (loss):						
Foreign currency translation adjustments	(7.0)	—	(8.0)	1.6	6.4	**(7.0)**
Cash flow hedges:						
Unrealized loss	(16.8)	—	(16.8)	—	16.8	**(16.8)**
Reclassification adjustment for gains to net income	(0.7)	—	(0.7)	—	0.7	**(0.7)**
Pension plan:						
Actuarial gain	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of actuarial loss	0.9	—	0.9	—	(0.9)	**0.9**
Prior service benefit	—	—	—	—	—	**—**
Reclassification adjustment to net income for amortization of prior service credits	(0.6)	—	(0.6)	—	0.6	**(0.6)**
Total other comprehensive (loss) income	(24.2)	—	(25.2)	1.6	23.6	**(24.2)**
Total comprehensive income	$135.0	$ —	$ 248.8	$ 161.5	$ (410.3)	**$ 135.0**

Condensed Consolidated Balance Sheet
August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 1.4	$ —	$ 191.1	$ 22.5	$ —	**$ 215.0**
Accounts receivable, net	—	—	1,306.9	9.1	—	**1,316.0**
Intercompany receivables, net	50.9	—	—	—	(50.9)	**—**
Other receivables	—	—	52.3	1.8	—	**54.1**
Other current assets	0.1	0.7	115.2	4.5	—	**120.5**
Deferred tax assets	—	—	2.1	0.2	—	**2.3**
Income taxes	—	—	14.9	0.6	—	**15.5**
Inventories	—	—	2,287.0	58.3	—	**2,345.3**
Total current assets	52.4	0.7	3,969.5	97.0	(50.9)	**4,068.7**
Non-current assets:						
Property, plant and equipment, net	—	—	621.6	6.2	—	**627.8**
Goodwill	—	—	548.3	3.6	—	**551.9**
Intangible assets, net	—	—	467.6	—	—	**467.6**
Investment in subsidiaries	2,646.2	—	546.8	435.8	(3,628.8)	**—**
Intercompany receivables, net	—	403.9	—	3,330.0	(3,733.9)	**—**
Other assets	—	6.1	100.4	26.5	—	**133.0**
Deferred tax assets	—	—	84.4	—	—	**84.4**
Retirement benefit asset	—	—	61.3	—	—	**61.3**
Total assets	$2,698.6	$ 410.7	$ 6,399.9	$ 3,899.1	$ (7,413.6)	**$ 5,994.7**
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$ —	$ —	$ 31.2	$ —	$ —	**$ 31.2**
Accounts payable	—	—	234.7	0.3	—	**235.0**
Intercompany payables, net	—	—	19.7	31.2	(50.9)	**—**
Accrued expenses and other current liabilities	14.7	5.0	392.4	10.0	—	**422.1**
Deferred revenue	—	—	211.1	—	—	**211.1**
Deferred tax liabilities	—	—	218.9	—	—	**218.9**
Income taxes	—	—	60.4	(5.0)	—	**55.4**
Total current liabilities	14.7	5.0	1,168.4	36.5	(50.9)	**1,173.7**
Non-current liabilities:						
Long-term debt	—	398.4	380.7	600.0	—	**1,379.1**
Intercompany payables, net	—	—	3,733.9	—	(3,733.9)	**—**
Other liabilities	—	—	226.9	8.5	—	**235.4**
Deferred revenue	—	—	520.4	—	—	**520.4**
Deferred tax liabilities	—	—	2.2	—	—	**2.2**
Total liabilities	14.7	403.4	6,032.5	645.0	(3,784.8)	**3,310.8**
Total shareholders' equity	2,683.9	7.3	367.4	3,254.1	(3,628.8)	**2,683.9**
Total liabilities and shareholders' equity	$2,698.6	$ 410.7	$ 6,399.9	$ 3,899.1	$ (7,413.6)	**$ 5,994.7**

Condensed Consolidated Balance Sheet
February 1, 2014

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 1.4	$ —	$ 237.0	$ 9.2	$ —	**$ 247.6**
Accounts receivable, net	—	—	1,361.3	12.7	—	**1,374.0**
Intercompany receivables, net	47.7	—	—	238.0	(285.7)	**—**
Other receivables	—	—	51.1	0.4	—	**51.5**
Other current assets	—	—	86.5	0.5	—	**87.0**
Deferred tax assets	—	—	2.8	0.2	—	**3.0**
Income taxes	—	—	6.0	0.5	—	**6.5**
Inventories	—	—	1,434.5	53.5	—	**1,488.0**
Total current assets	49.1	—	3,179.2	315.0	(285.7)	**3,257.6**
Non-current assets:						
Property, plant and equipment, net	—	—	481.5	6.1	—	**487.6**
Investment in subsidiaries	2,526.3	—	1,452.8	1,143.2	(5,122.3)	**—**
Intercompany receivables, net	—	—	—	1,098.0	(1,098.0)	**—**
Other assets	—	—	110.4	3.6	—	**114.0**
Deferred tax assets	—	—	113.6	0.1	—	**113.7**
Retirement benefit asset	—	—	56.3	—	—	**56.3**
Total assets	$2,575.4	$ —	$ 5,393.8	$ 2,566.0	$ (6,506.0)	**$ 4,029.2**
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$ —	$ —	$ 19.3	$ —	$ —	**$ 19.3**
Accounts payable	—	—	160.5	2.4	—	**162.9**
Intercompany payables, net	—	—	285.7	—	(285.7)	**—**
Accrued expenses and other current liabilities	12.3	—	313.1	3.1	—	**328.5**
Deferred revenue	—	—	173.0	—	—	**173.0**
Deferred tax liabilities	—	—	113.1	—	—	**113.1**
Income taxes	—	—	101.3	2.6	—	**103.9**
Total current liabilities	12.3	—	1,166.0	8.1	(285.7)	**900.7**
Non-current liabilities:						
Long-term debt	—	—	—	—	—	**—**
Intercompany payables, net	—	—	1,098.0	—	(1,098.0)	**—**
Other liabilities	—	—	118.5	3.2	—	**121.7**
Deferred revenue	—	—	443.7	—	—	**443.7**
Total liabilities	12.3	—	2,826.2	11.3	(1,383.7)	**1,466.1**
Total shareholders' equity	2,563.1	—	2,567.6	2,554.7	(5,122.3)	**2,563.1**
Total liabilities and shareholders' equity	$2,575.4	$ —	$ 5,393.8	$ 2,566.0	$ (6,506.0)	**$ 4,029.2**

Condensed Consolidated Balance Sheet
August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 0.9	$ —	$ 203.1	$ 8.9	$ —	**$ 212.9**
Accounts receivable, net	—	—	1,144.1	8.0	—	**1,152.1**
Intercompany receivables, net	48.1	—	—	725.0	(773.1)	**—**
Other receivables	—	—	42.6	0.4	—	**43.0**
Other current assets	0.1	—	79.0	0.1	—	**79.2**
Deferred tax assets	—	—	2.0	0.3	—	**2.3**
Income taxes	—	—	12.8	—	—	**12.8**
Inventories	—	—	1,367.5	50.2	—	**1,417.7**
Total current assets	49.1	—	2,851.1	792.9	(773.1)	**2,920.0**
Non-current assets:						
Property, plant and equipment, net	—	—	434.1	0.8	—	**434.9**
Investment in subsidiaries	2,335.7	—	1,455.2	1,157.5	(4,948.4)	**—**
Intercompany receivables, net	—	—	—	600.0	(600.0)	**—**
Other assets	—	—	107.4	—	—	**107.4**
Deferred tax assets	—	—	127.3	—	—	**127.3**
Retirement benefit asset	—	—	50.7	—	—	**50.7**
Total assets	$2,384.8	$ —	$ 5,025.8	$ 2,551.2	$ (6,321.5)	**$ 3,640.3**
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$ —	$ —	$ 1.7	$ —	$ —	**$ 1.7**
Accounts payable	—	—	129.6	0.7	—	**130.3**
Intercompany payables, net	—	—	773.1	—	(773.1)	**—**
Accrued expenses and other current liabilities	12.2	—	245.4	2.1	—	**259.7**
Deferred revenue	—	—	154.6	—	—	**154.6**
Deferred tax liabilities	—	—	140.8	—	—	**140.8**
Income taxes	—	—	45.2	1.7	—	**46.9**
Total current liabilities	12.2	—	1,490.4	4.5	(773.1)	**734.0**
Non-current liabilities:						
Intercompany payables, net	—	—	600.0	—	(600.0)	**—**
Deferred tax liabilities	—	—	0.7	—	—	**0.7**
Other liabilities	—	—	109.9	4.7	—	**114.6**
Deferred revenue	—	—	418.4	—	—	**418.4**
Total liabilities	12.2	—	2,619.4	9.2	(1,373.1)	**1,267.7**
Total shareholders' equity	2,372.6	—	2,406.4	2,542.0	(4,948.4)	**2,372.6**
Total liabilities and shareholders' equity	$2,384.8	$ —	$ 5,025.8	$ 2,551.2	$ (6,321.5)	**$ 3,640.3**

Condensed Consolidated Statement of Cash Flows
For the 13 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Other cash provided by operating activities	$ 49.6	$ 3.8	$ 76.9	$ 30.1	$ (50.0)	**$ 110.4**
Net cash provided by operating activities	49.6	3.8	76.9	30.1	(50.0)	**110.4**
Investing activities						
Purchase of property, plant and equipment	—	—	(61.8)	(0.1)	—	**(61.9)**
Investment in subsidiaries	—	—	(7.4)	—	7.4	**—**
Purchase of available-for-sale securities	—	—	—	(1.2)	—	**(1.2)**
Proceeds from available-for-sale securities	—	—	—	1.0	—	**1.0**
Acquisition of Zale Corporation, net of cash acquired	—	—	(1,431.1)	1.9	—	**(1,429.2)**
Net cash (used in) provided by investing activities	—	—	(1,500.3)	1.6	7.4	**(1,491.3)**
Financing activities						
Dividends paid	(14.4)	—	—	—	—	**(14.4)**
Intercompany dividends paid	—	—	(850.2)	0.2	850.0	**—**
Proceeds from issuance of common shares	1.0	7.4	—	800.0	(807.4)	**1.0**
Excess tax benefit from exercise of share awards	—	—	—	—	—	**—**
Proceeds from long-term debt	—	398.4	400.0	600.0	—	**1,398.4**
Payment of debt issuance costs	—	(5.7)	(7.4)	(2.3)	—	**(15.4)**
Repurchase of common shares	(11.0)	—	—	—	—	**(11.0)**
Net settlement of equity based awards	0.2	—	—	—	—	**0.2**
Capital lease payments	—	—	(0.2)	—	—	**(0.2)**
Repayment of short-term borrowings	—	—	(11.7)	—	—	**(11.7)**
Intercompany activity, net	(25.7)	(403.9)	1,857.9	(1,428.3)	—	**—**
Net cash (used in) provided by financing activities	(49.9)	(3.8)	1,388.4	(30.4)	42.6	**1,346.9**
Cash and cash equivalents at beginning of period	1.7	—	226.7	20.7	—	**249.1**
(Decrease) increase in cash and cash equivalents	(0.3)	—	(35.0)	1.3	—	**(34.0)**
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.6)	0.5	—	**(0.1)**
Cash and cash equivalents at end of period	$ 1.4	$ —	$ 191.1	$ 22.5	$ —	**$ 215.0**

Condensed Consolidated Statement of Cash Flows
For the 26 week period ended August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Other cash provided by operating activities	$ 49.1	$ 3.8	$ 139.3	$ 41.7	$ (50.0)	**$ 183.9**
Net cash provided by operating activities	49.1	3.8	139.3	41.7	(50.0)	**183.9**
Investing activities						
Purchase of property, plant and equipment	—	—	(89.6)	(0.4)	—	**(90.0)**
Investment in subsidiaries	—	—	(7.4)	—	7.4	**—**
Purchase of available-for-sale securities	—	—	—	(1.2)	—	**(1.2)**
Proceeds from available-for-sale securities	—	—	—	1.0	—	**1.0**
Acquisition of Zale Corporation, net of cash acquired	—	—	(1,431.1)	1.9	—	**(1,429.2)**
Net cash (used in) provided by investing activities	—	—	(1,528.1)	1.3	7.4	**(1,519.4)**
Financing activities						
Dividends paid	(26.4)	—	—	—	—	**(26.4)**
Intercompany dividends paid	—	—	(849.1)	(0.9)	850.0	**—**
Proceeds from issuance of common shares	2.0	7.4	—	800.0	(807.4)	**2.0**
Excess tax benefit from exercise of share awards	—	—	7.7	—	—	**7.7**
Proceeds from long-term debt	—	398.4	400.0	600.0	—	**1,398.4**
Payment of debt issuance costs	—	(5.7)	(10.4)	(2.3)	—	**(18.4)**
Repurchase of common shares	(22.4)	—	—	—	—	**(22.4)**
Net settlement of equity based awards	(15.1)	—	—	—	—	**(15.1)**
Capital lease payments	—	—	(0.2)	—	—	**(0.2)**
Repayment of short-term borrowings	—	—	(22.2)	—	—	**(22.2)**
Intercompany activity, net	12.8	(403.9)	1,815.5	(1,424.4)	—	**—**
Net cash (used in) provided by financing activities	(49.1)	(3.8)	1,341.3	(27.6)	42.6	**1,303.4**
Cash and cash equivalents at beginning of period	1.4	—	237.0	9.2	—	**247.6**
(Decrease) increase in cash and cash equivalents	—	—	(47.5)	15.4	—	**(32.1)**
Effect of exchange rate changes on cash and cash equivalents	—	—	1.6	(2.1)	—	**(0.5)**
Cash and cash equivalents at end of period	$ 1.4	$ —	$ 191.1	$ 22.5	$ —	**$ 215.0**

Condensed Consolidated Statement of Cash Flows
For the 13 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Other cash provided by (used in) operating activities	$ 49.4	$ —	$ 14.1	$ (0.1)	$ (50.0)	**$ 13.4**
Net cash provided by (used in) operating activities	49.4	—	14.1	(0.1)	(50.0)	**13.4**
Investing activities						
Purchase of property, plant and equipment	—	—	(30.2)	(0.2)	—	**(30.4)**
Investment in subsidiaries	(0.3)	—	—	—	0.3	**—**
Acquisition of Ultra Stores, Inc.	—	—	1.4	—	—	**1.4**
Net cash used in investing activities	(0.3)	—	(28.8)	(0.2)	0.3	**(29.0)**
Financing activities						
Dividends paid	(12.1)	—	—	—	—	**(12.1)**
Intercompany dividends paid	—	—	(43.7)	(6.3)	50.0	**—**
Proceeds from issuance of common shares	0.2	—	0.3	—	(0.3)	**0.2**
Excess tax benefit from exercise of share awards	—	—	4.5	—	—	**4.5**
Repurchase of common shares	(25.0)	—	—	—	—	**(25.0)**
Net settlement of equity based awards	0.1	—	—	—	—	**0.1**
Repayment of short-term borrowings	—	—	(4.0)	—	—	**(4.0)**
Intercompany activity, net	(20.8)	—	36.1	(15.3)	—	**—**
Net cash used in financing activities	(57.6)	—	(6.8)	(21.6)	49.7	**(36.3)**
Cash and cash equivalents at beginning of period	9.4	—	225.0	29.3	—	**263.7**
Decrease in cash and cash equivalents	(8.5)	—	(21.5)	(21.9)	—	**(51.9)**
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.4)	1.5	—	**1.1**
Cash and cash equivalents at end of period	$ 0.9	$ —	$ 203.1	$ 8.9	$ —	**$ 212.9**

Condensed Consolidated Statement of Cash Flows
For the 26 week period ended August 3, 2013
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities						
Other cash provided by operating activities	$ 88.9	$ —	$ 45.2	$ 14.4	$ (90.0)	**$ 58.5**
Net cash provided by operating activities	88.9	—	45.2	14.4	(90.0)	**58.5**
Investing activities						
Purchase of property, plant and equipment	—	—	(53.4)	(0.2)	—	**(53.6)**
Investment in subsidiaries	(0.3)	—	—	—	0.3	**—**
Acquisition of Ultra Stores, Inc.	—	—	1.4	—	—	**1.4**
Net cash used in investing activities	(0.3)	—	(52.0)	(0.2)	0.3	**(52.2)**
Financing activities						
Dividends paid	(21.9)	—	—	—	—	**(21.9)**
Intercompany dividends paid	—	—	(77.0)	(13.0)	90.0	**—**
Proceeds from issuance of common shares	5.2	—	0.3	—	(0.3)	**5.2**
Excess tax benefit from exercise of share awards	—	—	4.5	—	—	**4.5**
Repurchase of common shares	(75.1)	—	—	—	—	**(75.1)**
Net settlement of equity based awards	(9.0)	—	—	—	—	**(9.0)**
Proceeds from short-term borrowings	—	—	1.7	—	—	**1.7**
Intercompany activity, net	(0.3)	—	10.9	(10.6)	—	**—**
Net cash used in financing activities	(101.1)	—	(59.6)	(23.6)	89.7	**(94.6)**
Cash and cash equivalents at beginning of period	13.4	—	271.3	16.3	—	**301.0**
Decrease in cash and cash equivalents	(12.5)	—	(66.4)	(9.4)	—	**(88.3)**
Effect of exchange rate changes on cash and cash equivalents	—	—	(1.8)	2.0	—	**0.2**
Cash and cash equivalents at end of period	$ 0.9	$ —	$ 203.1	$ 8.9	$ —	**$ 212.9**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains 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 and expectations as well as on assumptions made by and data currently available to management, appear in a number of places throughout this document and include statements regarding, among other things, Signet's results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which Signet operates. The use of the words "expects," "intends," "anticipates," "estimates," "predicts," "believes," "should," "potential," "may," "forecast," "objective," "plan," or "target," and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, risks relating to Signet being a Bermuda corporation, the merchandising, pricing and inventory policies followed by Signet, the reputation of Signet and its brands, the level of competition in the jewelry sector, the cost and availability of diamonds, gold and other precious metals, regulations relating to customer credit, seasonality of Signet's business, financial market risks, deterioration in customers' financial condition, exchange rate fluctuations, changes in consumer attitudes regarding jewelry, management of social, ethical and environmental risks, security breaches and other disruptions to Signet's information technology infrastructure and databases, inadequacy in and disruptions to internal controls and systems, changes in assumptions used in making accounting estimates relating to items such as extended service plans and pensions, the impact of the acquisition of Zale Corporation on relationships, including with employees, suppliers, customers and competitors, the impact of stockholder litigation with respect to the acquisition of Zale Corporation, and our ability to successfully integrate Zale Corporation's operations and to realize synergies from the transaction.

For a discussion of these and other risks and uncertainties which could cause actual results to differ materially from those expressed in any forward-looking statement, see the "Risk Factors" section of Signet's Fiscal 2014 Annual Report on Form 10-K filed with the SEC on March 27, 2014 and Part II, Item 1A of this Form 10-Q. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

OVERVIEW

Signet is the largest specialty retail jeweler by sales in the US, Canada and UK. Signet manages its business as four reportable segments, the Sterling Jewelers division, the UK Jewelry division and the Zale division, which consists of the Zale Jewelry and the Piercing Pagoda segments. In addition, the Other operating segment consists of all non-reportable segments, including subsidiaries involved in the purchasing and conversion of rough diamonds to polished stones.

The Sterling Jewelers division operated 1,487 stores in all 50 states at August 2, 2014. Its stores trade nationally in malls and off-mall locations as Kay Jewelers ("Kay"), and regionally under a number of well-established mall-based brands. Destination superstores trade nationwide as Jared The Galleria Of Jewelry ("Jared").

The Zale division operated 998 fine jewelry ("Zale Jewelry") stores and 611 kiosks ("Piercing Pagoda") at August 2, 2014, located primarily in shopping malls throughout the US, Canada and Puerto Rico. Zale Jewelry includes national brands Zales Jewelers, Zales Outlet and Peoples Jewellers, along with regional brands Gordon's Jewelers and Mappins Jewellers. Piercing Pagoda operates through mall-based kiosks.

The UK Jewelry division operated 493 stores at August 2, 2014, including 14 stores in the Republic of Ireland and three in the Channel Islands. Its stores trade in major regional shopping malls and prime 'High Street' locations (main shopping thoroughfares with high pedestrian traffic) as "H.Samuel," "Ernest Jones," and "Leslie Davis."

In addition, on November 4, 2013, Signet acquired a diamond polishing factory in Gaborone, Botswana. This acquisition expanded Signet's long-term diamond sourcing capabilities and provides resources for Signet to cut and polish stones.

Transactions Affecting Comparability of Results of Operations and Liquidity and Capital Resources

The comparability of the Company's operating results for the 13 and 26 week periods ended August 2, 2014 and August 3, 2013 presented herein has been affected by certain transactions, including:

- The Zale Acquisition that closed on May 29, 2014, as described in Note 20 to the accompanying unaudited condensed consolidated financial statements;
- Certain acquisition related costs;
- Zale Acquisition financing as described in Notes 19 and 20;
- Certain non-recurring purchase accounting costs.

Non-GAAP measures

Signet provides certain non-GAAP information in reporting its financial results to give investors additional data to evaluate its operations. Management does not, nor does it suggest investors should, consider such non-GAAP measures in isolation from, or in substitute for, financial information prepared in accordance with US GAAP.

The following discussion of results of operations highlights, as necessary, the significant changes in operating results arising from these items and transactions. However, unusual items or transactions may occur in any period. Accordingly, investors and other financial statement users individually should consider the types of events and transactions that have affected operating trends.

Exchange translation impact

Signet has historically used constant exchange rates to compare period-to-period changes in certain financial data. Management considers this a useful measure for analyzing and explaining changes and trends in Signet's results. The impact of the re-calculation, including a reconciliation to Signet's US GAAP results, is analyzed below.

	13 weeks ended		Change %	Impact of exchange rate movement	13 weeks ended August 3, 2013 at constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP) %
(in millions, except per share amounts)	**August 2, 2014**[1]	**August 3, 2013**				
Sales by division:						
Sterling Jewelers division	**$ 810.4**	$ 741.1	9.4	$ —	$ 741.1	9.4
UK Jewelry division	**162.9**	139.1	17.1	15.1	154.2	5.6
Zale division	**247.5**	—	—	—	—	—
Other	**5.1**	—	—	—	—	—
Total sales	**1,225.9**	880.2	39.3	15.1	895.3	36.9
Cost of sales	**(816.9)**	(570.5)	(43.2)	(11.1)	(581.6)	(40.5)
Gross margin	**409.0**	309.7	32.1	4.0	313.7	30.4
Selling, general and administrative expenses	**(379.2)**	(250.5)	(51.4)	(4.0)	(254.5)	(49.0)
Other operating income, net	**53.7**	46.3	16.0	—	46.3	16.0
Operating income (loss):						
Sterling Jewelers division	**129.9**	111.9	16.1	—	111.9	16.1
UK Jewelry division	**1.1**	(0.8)	237.5	—	(0.8)	237.5
Zale division	**(9.8)**	—	—	—	—	—
Other[2]	**(37.7)**	(5.6)	(573.2)	—	(5.6)	(573.2)
Total operating income	**83.5**	105.5	(20.9)	—	105.5	(20.9)
Interest expense, net	**(13.7)**	(1.0)	nm	0.1	(0.9)	nm
Income before income taxes	**69.8**	104.5	(33.2)	0.1	104.6	(33.3)
Income taxes	**(11.8)**	(37.1)	68.2	(0.3)	(37.4)	68.4
Net income	**$ 58.0**	$ 67.4	(13.9)	$ (0.2)	$ 67.2	(13.7)
Earnings per share – basic	**$ 0.73**	$ 0.84	(13.1)	$ —	$ 0.84	(13.1)
Earnings per share – diluted	**$ 0.72**	$ 0.84	(14.3)	$ (0.01)	$ 0.83	(13.3)

(1) Includes the 65-day results of Zale's from acquisition date to end of second quarter.
(2) Other includes $30.8 million of one-time transaction and severance related costs.
nm Not meaningful.

(in millions, except per share amounts)	26 weeks ended August 2, 2014[1]	26 weeks ended August 3, 2013	Change %	Impact of exchange rate movement	26 weeks ended August 3, 2013 at constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP) %
Sales by division:						
Sterling Jewelers division	**$ 1,713.9**	$ 1,598.3	7.2	$ —	$ 1,598.3	7.2
UK Jewelry division	**314.6**	274.1	14.8	27.1	301.2	4.4
Zale division	**247.5**	—	—	—	—	—
Other	**6.0**	1.4	328.6	—	1.4	328.6
Total sales	**2,282.0**	1,873.8	21.8	27.1	1,900.9	20.0
Cost of sales	**(1,465.8)**	(1,181.3)	(24.1)	(20.0)	(1,201.3)	(22.0)
Gross margin	**816.2**	692.5	17.9	7.1	699.6	16.7
Selling, general and administrative expenses	**(689.7)**	(537.5)	(28.3)	(7.6)	(545.1)	(26.5)
Other operating income, net	**107.7**	93.3	15.4	0.1	93.4	15.3
Operating income (loss):						
Sterling Jewelers division	**296.2**	264.7	11.9	—	264.7	11.9
UK Jewelry division	**1.1**	(4.9)	122.4	(0.4)	(5.3)	120.8
Zale division	**(9.8)**	—	—	—	—	—
Other[2]	**(53.3)**	(11.5)	(363.5)	—	(11.5)	(363.5)
Total operating income	**234.2**	248.3	(5.7)	(0.4)	247.9	(5.5)
Interest expense, net	**(15.5)**	(1.9)	(715.8)	—	(1.9)	(715.8)
Income before income taxes	**218.7**	246.4	(11.2)	(0.4)	246.0	(11.1)
Income taxes	**(64.1)**	(87.2)	26.5	—	(87.2)	26.5
Net income	**$ 154.6**	$ 159.2	(2.9)	$ (0.4)	$ 158.8	(2.6)
Earnings per share – basic	**$ 1.93**	$ 1.98	(2.5)	$ (0.01)	$ 1.97	(2.0)
Earnings per share – diluted	**$ 1.93**	$ 1.97	(2.0)	$ (0.01)	$ 1.96	(1.5)

(1) Includes the 65-day results of Zale's from acquisition date to end of second quarter.

(2) Other includes $39.2 million of one-time transaction and severance related costs.

Net (debt)/cash

Net (debt)/cash is the total of cash and cash equivalents less loans and overdrafts, and long-term debt, and is helpful in providing a measure of the total indebtedness of the business.

(in millions)	August 2, 2014	February 1, 2014	August 3, 2013
Cash and cash equivalents	**$ 215.0**	$ 247.6	$ 212.9
Loans and overdrafts	**(31.2)**	(19.3)	(1.7)
Long-term debt	**(1,379.1)**	—	—
Net (debt)/cash	**$(1,195.3)**	$ 228.3	$ 211.2

Free cash flow

Free cash flow is a non-GAAP measure defined as the net cash provided by operating activities less purchases of property, plant and equipment, net. Management considers that it is helpful in understanding how the business is generating cash from its operating and investing activities that can be used to meet the financing needs of the business. Free cash flow does not represent the residual cash flow available for discretionary expenditure.

(in millions)	13 weeks ended August 2, 2014	13 weeks ended August 3, 2013	26 weeks ended August 2, 2014	26 weeks ended August 3, 2013
Net cash provided by operating activities	**$ 110.4**	$ 13.4	**$ 183.9**	$ 58.5
Purchase of property, plant and equipment, net	**(61.9)**	(30.4)	**(90.0)**	(53.6)
Free cash flow	**$ 48.5**	$ (17.0)	**$ 93.9**	$ 4.9

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")

EBITDA is a non-GAAP measure defined as earnings before interest and income taxes (operating income), depreciation and amortization, and non-cash acquisition related accounting adjustments. EBITDA is an important indicator of operating performance as it excludes the effects of financing and investing activities by eliminating the effects of interest, depreciation and amortization costs, and accounting adjustments. Management believes this financial measure is helpful to enhance investors' ability to analyze trends in our business and evaluate our performance relative to other companies.

	13 weeks ended		26 weeks ended	
(in millions)	**August 2, 2014**	**August 3, 2013**	**August 2, 2014**	**August 3, 2013**
Operating income	**$ 83.5**	$ 105.5	**$ 234.2**	$ 248.3
Depreciation and amortization on property, plant and equipment	**34.3**[1]	25.5	**62.3**[1]	51.1
Amortization of definite lived intangibles	**2.2**[1][2]	—	**2.2**[1][2]	—
Amortization of unfavorable leases and contracts	**(5.9)**[2]	—	**(5.9)**[2]	—
Other non-cash accounting adjustments	**15.2**[2]	—	**15.2**[2]	—
EBITDA	**$ 129.3**	$ 131.0	**$ 308.0**	$ 299.4

(1) Total amount of depreciation and amortization reflected on the condensed consolidated statements of cash flows reflects $36.5 million and $64.5 million for the 13 and 26 weeks ended August 2, 2014, respectively, which includes $2.2 million related to the amortization of definite lived intangibles, primarily favorable leases and trade names.

(2) Total amount of operating loss relating to Acquisition accounting adjustments is $11.5 million for the 13 and 26 weeks ended August 2, 2014, as reflected in the non-GAAP tables below.

Operating data reflecting the impact of acquisition related costs and organic results

The below table reflects the impact of the Zale operations, costs associated with the acquisition of Zale Corporation, along with certain other accounting adjustments made. Management finds the information useful to analyze the results of the business excluding these items in order to appropriately evaluate the performance of the business without the impact of significant and unusual items.

Second quarter of Fiscal 2015 *(in millions, except per share amounts)*	**Signet organic results**	**Zale operations(1)**	**Accounting adjustments(2)**	**Severance costs(3)**	**Transaction costs(4)**	**Capital structure & financing(5)**	**Signet consolidated, as reported**
Sales	$ 978.4	$ 256.8	$ (9.3)	$ —	$ —	$ —	$ 1,225.9
Cost of sales	(638.4)	(173.3)	(5.2)	—	—	—	(816.9)
Gross margin	340.0	83.5	(14.5)	—	—	—	409.0
Selling, general and administrative expenses	(269.6)	(81.8)	3.0	(13.7)	(17.1)	—	(379.2)
Other operating income, net	53.7	—	—	—	—	—	53.7
Operating income (loss)	124.1	1.7	(11.5)	(13.7)	(17.1)	—	83.5
Interest expense, net	(0.7)	(0.2)	(1.2)	—	—	(11.6)	(13.7)
Income before income taxes	123.4	1.5	(12.7)	(13.7)	(17.1)	(11.6)	69.8
Income taxes	(43.5)	(0.6)	4.8	5.2	5.9	16.4	(11.8)
Net income (loss)	79.9	0.9	(7.9)	(8.5)	(11.2)	4.8	58.0
Earnings per share – diluted	$ 1.00	$ 0.01	$ (0.10)	$ (0.11)	$ (0.14)	$ 0.06	$ 0.72

Second quarter of Fiscal 2015 *(% of sales)*	**Signet organic results**	**Zale operations(1)**	**Signet consolidated, as reported**
Sales	100.0%	100.0%	100.0%
Cost of sales	(65.2)	(67.5)	(66.6)
Gross margin	34.8	32.5	33.4
Selling, general and administrative expenses	(27.6)	(31.8)	(31.0)
Other operating income, net	5.5	0.0	4.4
Operating income	12.7	0.7	6.8
Interest expense, net	(0.1)	(0.1)	(1.1)
Income before income taxes	12.6	0.6	5.7
Income taxes	(4.4)	(0.2)	(1.0)
Net income	8.2	0.4	4.7

(1) Includes the 65-day results of Zale's from acquisition date to the end of second quarter.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to Signet's Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.0 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet's methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of $31.3 million and amortization expense of intangibles.

(3) During the second quarter, Signet incurred $13.7 million of severance costs related to Zale and other management changes. These costs are included within Signet's Other segment.

(4) Transaction costs include transaction-related and integration expenses associated with advisor fees for legal, tax, accounting and consulting expenses. These costs are included within Signet's Other segment.

(5) Financing costs include those costs to support the new capital structure. Included within the second quarter expense is a one-time write-off of $0.7 million associated with Signet's capitalized debt issuance costs associated with its prior credit facility agreement. These financing costs were offset by savings associated with Signet's lower annual effective tax rate of 29.3%. The reduction in Signet's forecasted annual effective tax rate primarily reflects the benefit of Signet's amended capital structure and financing arrangements utilized to fund the acquisition of Zale Corporation.

Year to date Fiscal 2015 *(in millions, except per share amounts)*	Signet organic results	Zale operations(1)	Accounting adjustments(2)	Severance costs(3)	Transaction costs(4)	Capital structure & financing(5)	Signet consolidated, as reported
Sales	$ 2,034.5	$ 256.8	$ (9.3)	$ —	$ —	$ —	$ 2,282.0
Cost of sales	(1,287.3)	(173.3)	(5.2)	—	—	—	(1,465.8)
Gross margin	747.2	83.5	(14.5)	—	—	—	816.2
Selling, general and administrative expenses	(571.7)	(81.8)	3.0	(13.7)	(25.5)	—	(689.7)
Other operating income, net	107.7	—	—	—	—	—	107.7
Operating income (loss)	283.2	1.7	(11.5)	(13.7)	(25.5)	—	234.2
Interest expense, net	(1.7)	(0.2)	(1.2)	—	—	(12.4)	(15.5)
Income before income taxes	281.5	1.5	(12.7)	(13.7)	(25.5)	(12.4)	218.7
Income taxes	(97.7)	(0.6)	4.8	5.2	7.5	16.7	(64.1)
Net income (loss)	183.8	0.9	(7.9)	(8.5)	(18.0)	4.3	154.6
Earnings per share – diluted	$ 2.29	$ 0.01	$ (0.10)	$ (0.11)	$ (0.22)	$ 0.05	$ 1.93

Year to date Fiscal 2015 *(% of sales)*	Signet organic results	Zale operations(1)	Signet consolidated, as reported
Sales	100.0%	100.0%	100.0%
Cost of sales	(63.3)	(67.5)	(64.2)
Gross margin	36.7	32.5	35.8
Selling, general and administrative expenses	(28.1)	(31.8)	(30.2)
Other operating income, net	5.3	0.0	4.7
Operating income	13.9	0.7	10.3
Interest expense, net	(0.1)	(0.1)	(0.7)
Income before income taxes	13.8	0.6	9.6
Income taxes	(4.8)	(0.2)	(2.8)
Net income	9.0	0.4	6.8

(1) Includes the 65-day results of Zale's from acquisition date to the end of second quarter.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to Signet's Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.0 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet's methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of $31.3 million and amortization expense of intangibles.

(3) During the second quarter, Signet incurred $13.7 million of severance costs related to Zale and other management changes. These costs are included within Signet's Other segment.

(4) Transaction costs include transaction-related and integration expenses associated with advisor fees for legal, tax, accounting and consulting expenses. These costs are included within Signet's Other segment.

(5) Financing costs include those costs to support the new capital structure. Included within the second quarter expense is a one-time write-off of $0.7 million associated with Signet's capitalized debt issuance costs associated with its prior credit facility agreement. These financing costs were offset by savings associated with Signet's lower annual effective tax rate of 29.3%. The reduction in Signet's forecasted annual effective tax rate primarily reflects the benefit of Signet's amended capital structure and financing arrangements utilized to fund the acquisition of Zale Corporation.

RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Financial Statements and the related notes in Part I of this Quarterly Report on Form 10-Q, as well as the financial and other information included in Signet's Fiscal 2014[(1)] Annual Report on Form 10-K. The results for the second quarter include 65 days of performance of the Zale Corporation acquisition that closed on May 29, 2014 and therefore affect the comparability of Signet's operating results for the 13 and 26 week periods ended August 2, 2014 and August 3, 2013. Signet's results are also affected by transaction related costs including severance associated with management changes, purchase accounting adjustments, capital structure amendments and financing costs associated with debt to fund the acquisition. For comparability purposes, organic results that exclude transaction, severance, capital structure and financing costs incurred in connection with the acquisition of Zale Corporation as well as the results of Zale and related accounting acquisition will be referred to within Management's Discussion and Analysis as organic results. See Non-GAAP measures on pages 43-44.

Second Quarter Highlights ("second quarter" is the 13 weeks ended August 2, 2014)

- Same store sales: up 4.8%, Organic[(2)] same store sales: up 6.3%
- Operating income: $83.5 million, down $22.0 million, a decrease of 20.9%

  Organic[(2)] operating income: $124.1 million, up $18.6 million, an increase of 17.6%
- Diluted earnings per share: $0.72, down by 14.3%

  Organic[(2)] diluted earnings per share: $1.00, up by 19.0%

Year to Date Highlights

- Same store sales: up 4.1%, Organic[(2)] same store sales: up 4.7%
- Operating income: $234.2 million, down $14.1 million, a decrease of 5.7%

  Organic[(2)] operating income: $283.2 million, up $34.9 million, an increase of 14.1%
- Diluted earnings per share: $1.93, down by 2.0%

  Organic[(2)] diluted earnings per share: $2.29, up by 16.2%

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(1) Fiscal 2015 is the 52 week year ending January 31, 2015 and Fiscal 2014 is the 52 week year ended February 1, 2014.
(2) Organic results exclude transaction, severance, and capital structure and financing items incurred as well as the results of Zale operations and related purchase accounting adjustments. Non-GAAP measure, discussed herein.

Certain operating data as a percentage of sales were as follows:

Operating Data

	Second Quarter		Year To Date	
(% of sales)	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2014**
Sales	**100.0%**	100.0%	**100.0%**	100.0%
Cost of sales	**(66.6)**	(64.8)	**(64.2)**	(63.0)
Gross margin	**33.4**	35.2	**35.8**	37.0
Selling, general and administrative expenses	**(31.0)**	(28.5)	**(30.2)**	(28.7)
Other operating income, net	**4.4**	5.3	**4.7**	5.0
Operating income	**6.8**	12.0	**10.3**	13.3
Interest expense, net	**(1.1)**	(0.1)	**(0.7)**	(0.1)
Income before income taxes	**5.7**	11.9	**9.6**	13.2
Income taxes	**(1.0)**	(4.2)	**(2.8)**	(4.7)
Net income	**4.7**	7.7	**6.8**	8.5

Second quarter sales

In the second quarter of Fiscal 2015, Signet's same store sales increased 4.8% compared to an increase of 3.6% in the 13 weeks ended August 3, 2013 ("second quarter of Fiscal 2014" or "prior year second quarter"). Total sales were $1,225.9 million compared to $880.2 million in the second quarter of Fiscal 2014, up $345.7 million or 39.3%. The increase was primarily driven by the addition of the Zale division which added $247.5 million of sales, including purchase accounting adjustments, to the second quarter. Organic same store sales increased 6.3% compared to an increase of 3.6% in the prior year second quarter and organic total sales of $978.4 million increased $98.2 million or 11.2% compared to an increase of 3.1% in the prior year second quarter. eCommerce sales were $50.5 million, which included $11.5 million of Zale eCommerce sales, compared to $31.2 million in the prior year second quarter. Organic eCommerce sales were $39.0 million a 25.0% increase over prior year second quarter. The breakdown of the sales performance by operating division and segment is set out in the table below.

	Change from previous year					
Second quarter of Fiscal 2015	**Same store sales[(1)]**	**Non-same store sales, net**	**Total sales at constant exchange rate[(4)]**	**Exchange translation impact[(4)]**	**Total sales as reported**	**Total sales (in millions)**
Sterling Jewelers division	6.7%	2.7%[(2)]	9.4%	— %	9.4%	$ 810.4
UK Jewelry division	4.4%	1.2%[(2)]	5.6%	11.5%	17.1%	$ 162.9
Zale Jewelry	(0.6)%	— %	— %	— %	— %	$ 215.0
Piercing Pagoda	(2.8)%	— %	— %	— %	— %	$ 32.5
Zale division	(0.9)%	— %	— %	— %	— %	$ 247.5
Other[(5)]	— %	nm	nm	— %	nm	$ 5.1
Signet	**4.8%**	**32.1%[(3)]**	**36.9%**	**2.4%**	**39.3%**	**$ 1,225.9**
Organic Signet	**6.3%**	**3.0%[(2)]**	**9.3%**	**1.9%**	**11.2%**	**$ 978.4**

(1) Based only on stores open for at least 12 months.
(2) Includes all sales from stores not open and owned for 12 months.
(3) Includes all sales from stores not open for 12 months, in addition to all sales from Zale acquired stores.
(4) Non-GAAP measure, discussed herein.
(5) Includes sales from Signet's diamond sourcing initiative.
nm Not meaningful

Sterling Jewelers sales

In the second quarter of Fiscal 2015, Sterling Jewelers division's total sales were $810.4 million compared to $741.1 million in the second quarter of Fiscal 2014, up $69.3 million or 9.4%. Same store sales increased 6.7% compared to an increase of 4.9% in the second quarter of Fiscal 2014. Sterling Jewelers' sales increases in the second quarter were driven by particular strength in bridal brands, fashion diamonds and watches. In the quarter, Kay and Jared experienced increases in both transaction counts and average transaction value. In Kay, strong brand performance was the primary driver of the increase in both transactions and average transaction value. Strong non-branded performance and beads drove transactional increases in Jared with beads influencing the average transaction value. During the second quarter, the remaining 13 Ultra stores were converted to Jared Vault stores in outlet centers. eCommerce sales were $29.5 million compared to $25.3 million in the second quarter of Fiscal 2014, up $4.2 million or 16.6%. See the table below for further analysis of sales.

	Sales change from previous year			
Second quarter of Fiscal 2015	**Same store sales**	**Non-same store sales, net[(1)]**	**Total sales as reported**	**Total sales (in millions)**
Kay	8.1%	2.9%	11.0%	$ 496.5
Jared[(2)]	4.9%	6.2%	11.1%	$ 264.7
Regional brands	1.9%	(13.6)%	(11.7)%	$ 49.2
Sterling Jewelers division	**6.7%**	2.7%	**9.4%**	**$ 810.4**

(1) Includes all sales from stores not open for 12 months.
(2) Includes 33 stores that were converted from regional brands, which consist of 31 Jared Vaults, which operate in outlet centers, and 2 Jared concept test stores. Reported sales in the prior year have been reclassified to align with current year presentation.

	Average Merchandise Transaction Value[(1)(2)]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Second quarter of Fiscal 2015	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2014**
Kay	$ 422	$ 399	5.8%	4.7%	4.5%	2.2%
Jared	$ 547	$ 545	0.3%	3.0%	14.0%	1.4%
Regional brands	$ 423	$ 404	4.7%	3.3%	(10.8)%	(15.3)%
Sterling Jewelers division	**$ 457**	**$ 437**	**4.6%**	**4.3%**	**5.8%**	**0.3%**

(1) Average merchandise transaction value is defined as net merchandise sales divided by the total number of customer transactions.
(2) Net merchandise sales include all merchandise product sales, net of discounts and returns. In addition, excluded from net merchandise sales are sales tax in the US, repairs, warranty, insurance, employee and other miscellaneous sales.

UK Jewelry sales

In the second quarter of Fiscal 2015, the UK Jewelry division's total sales were $162.9 million compared to $139.1 million in the second quarter of Fiscal 2014, up $23.8 million or 17.1% and up 5.6% at constant exchange rates. Same store sales increased 4.4% compared to a decrease of 2.4% in the second quarter of Fiscal 2014. Sales were driven by strategic initiatives to grow diamond sales and the continuing success of the watch business. The number of merchandise transactions increased primarily due to fashion and gold jewelry and beads in H.Samuel and fashion watches in Ernest Jones combined with more effective store events. The decline in average transaction value was primarily driven by sales mix. eCommerce sales were $9.5 million compared to $5.9 million in the second quarter of Fiscal 2014, up $3.6 million or 61.0%. See the table below for further analysis of sales.

	Sales change from previous year					
Second quarter of Fiscal 2015	Same store sales	Non-same store sales, net[1]	Total sales at constant exchange rate[2]	Exchange translation impact[2]	Total sales as reported	Total sales (in millions)
H.Samuel	2.6%	(1.0)%	1.6%	11.1%	12.7%	$ 81.8
Ernest Jones[3]	6.4%	3.6%	10.0%	12.0%	22.0%	$ 81.1
UK Jewelry division	**4.4%**	**1.2%**	**5.6%**	**11.5%**	**17.1%**	**$ 162.9**

(1) Includes all sales from stores not open for 12 months.
(2) Non-GAAP measure, discussed herein.
(3) Includes stores selling under the Leslie Davis nameplate.

	Average Merchandise Transaction Value[1][2]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Second quarter of Fiscal 2015	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
H.Samuel	£ 73	£ 75	(2.7)%	1.4%	3.0%	(5.4)%
Ernest Jones[3]	£ 268	£ 277	(3.2)%	(8.9)%	11.8%	2.2%
UK Jewelry division	**£ 115**	**£ 116**	**(0.9)%**	**(2.5)%**	**4.8%**	**(4.0)%**

(1) Average merchandise transaction value is defined as net merchandise sales divided by the total number of customer transactions.
(2) Net merchandise sales include all merchandise product sales, including VAT, net of discounts and returns. In addition, excluded from net merchandise sales are repairs, warranty, insurance, employee and other miscellaneous sales.
(3) Includes stores selling under the Leslie Davis nameplate.

Zale sales (as Zale Corporation was acquired during Fiscal 2015, there is no comparable period)

The Zale division's total sales were $247.5 million second quarter of Fiscal 2015 including $11.5 million in eCommerce sales. Zale division consists of two operating segments: Zale Jewelry and Piercing Pagoda. In the second quarter, Zale Jewelry contributed $215.0 million of revenues and Piercing Pagoda contributed $32.5 million of revenues. Total Zale division included purchase accounting adjustments of $(9.3) million related to deferred revenue associated with extended warranty sales. The Zale division same store sales decreased 0.9%. Total Zale division sales were driven by branded sales in bridal and fashion in the Zale Jewelry operating segment offset by non-branded merchandise. The overall sales performance was affected by disruptions due to the merger and management changes and a change in promotional cadence in both bridal and fashion versus the prior year period. See the table below for further analysis of sales.

Second quarter of Fiscal 2015	Same store sales	Total sales (in millions)
Zales	(1.0)%	$ 158.3
Gordon's	(5.7)%	$ 12.7
Zale US Jewelry	**(1.3)%**	**$ 171.0**
Peoples	3.9%	$ 37.0
Mappins	(4.3)%	$ 7.0
Zale Canada Jewelry	**2.5%**	**$ 44.0**
Total Zale Jewelry	**(0.6)%**	**$ 215.0**
Piercing Pagoda	(2.8)%	$ 32.5
Zale division[1]	**(0.9)%**	**$ 247.5**

(1) The Zale division same store sales includes merchandise and repair sales and excludes warranty and insurance revenues.

Year to date sales

In the year to date, Signet's same store sales increased 4.1% and total sales were $2,282.0 million compared to $1,873.8 million in the 26 weeks ended August 3, 2013. The increase in total sales was primarily driven by the addition of the Zale division which added $247.5 million of sales, including purchasing accounting adjustments, to the year to date period. Organic same store sales increased 4.7% compared to an increase of 5.1% in the prior year comparable period and organic total sales of $2,034.5 million increased $160.7 million or 8.6% compared to an increase of 6.8% in the prior year period. eCommerce sales were $89.2 million, which included $11.5 million of Zale eCommerce sales, compared to $62.3 million in the prior year comparable period. Organic eCommerce sales were $77.7 million, a 24.7% increase over prior year second quarter. The breakdown of the sales performance is set out in the table below.

	Change from previous year					
Year to date Fiscal 2015	**Same store sales[(1)]**	**Non-same store sales, net**	**Total sales at constant exchange rate[(4)]**	**Exchange translation impact[(4)]**	**Total sales as reported**	**Total sales (in millions)**
Sterling Jewelers division	4.8%	2.4%[(2)]	7.2%	— %	7.2%	$ 1,713.9
UK Jewelry division	4.3%	0.1%[(2)]	4.4%	10.4%	14.8%	$ 314.6
Zale Jewelry	(0.6)%	— %	— %	— %	— %	$ 215.0
Piercing Pagoda	(2.8)%	— %	— %	— %	— %	$ 32.5
Zale division	(0.9)%	— %	— %	— %	— %	$ 247.5
Other[(5)]	— %	nm	nm	— %	nm	$ 6.0
Signet	**4.1%**	**15.9%[(3)]**	**20.0%**	**1.8%**	**21.8%**	**$ 2,282.0**
Organic Signet	**4.7%**	**2.3%[(2)]**	**7.0%**	**1.6%**	**8.6%**	**$ 2,034.5**

(1) Based only on stores open for at least 12 months.
(2) Includes all sales from stores not opened and owned for 12 months.
(3) Includes all sales from stores not open for 12 months, in addition to all sales from Zale acquired stores.
(4) Non-GAAP measure, discussed herein.
(5) Includes sales from Signet's diamond sourcing initiative.
nm Not meaningful

Sterling Jewelers sales

In the year to date, Sterling Jewelers division's total sales were $1,713.9 million compared to $1,598.3 million in the prior year comparable period, up $115.6 million or 7.2%. Same store sales increased 4.8% compared to an increase of 6.6% in the comparable prior year period. Sterling Jewelers' sales increases were driven by particular strength in bridal brands, fashion diamonds and watches. For the year to date, Kay and Jared experienced increases in both transaction counts and the average transaction value in Kay and declined in Jared. The decline in average merchandise transaction value was driven primarily by sales mix, including higher bead sales. eCommerce sales were $60.4 million compared to $50.9 million in the prior year period up $9.5 million or 18.7%. See the table below for further analysis of sales.

	Sales change from previous year			
Year to date Fiscal 2015	**Same store sales**	**Non-same store sales, net(1)**	**Total sales as reported**	**Total sales (in millions)**
Kay	6.0%	3.0%	9.0%	$ 1,058.9
Jared(2)	3.6%	5.8%	9.4%	$ 544.7
Regional brands	(0.4)%	(14.2)%	(14.6)%	$ 110.3
Sterling Jewelers division	**4.8%**	**2.4%**	**7.2%**	**$ 1,713.9**

(1) Includes all sales from stores not open for 12 months.

(2) Includes 33 stores that were converted from regional brands, which consist of 31 Jared Vaults, which operate in outlet centers, and 2 Jared concept test stores. Reported sales in the prior year have been reclassified to align with current year presentation.

	Average Merchandise Transaction Value(1)(2)				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Year to date Fiscal 2015	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2015**	**Fiscal 2014**
Kay	$ 402	$ 391	2.8%	4.8%	7.9%	4.6%
Jared	$ 545	$ 554	(1.6)%	2.0%	14.6%	5.8%
Regional brands	$ 410	$ 400	2.5%	3.4%	(8.6)%	(12.6)%
Sterling Jewelers division	**$ 439**	**$ 432**	**1.6%**	**4.1%**	**8.3%**	**3.2%**

(1) Average merchandise transaction value is defined as net merchandise sales divided by the total number of customer transactions.

(2) Net merchandise sales include all merchandise product sales, net of discounts and returns. In addition, excluded from net merchandise sales are sales tax in the US, repairs, warranty, insurance, employee and other miscellaneous sales.

UK Jewelry sales

In the year to date, the UK Jewelry division's total sales were $314.6 million compared to $274.1 million in the prior year comparable period, up $40.5 million or 14.8% and up 4.4% at constant exchange rates. Same store sales increased 4.3% compared to a decrease of 2.3% in the comparable prior year period. The total sales increase was primarily driven by bridal, fashion diamond jewelry and watches. Similar to the second quarter, the number of transactions on a year to date basis increased primarily due to beads and gold jewelry in H.Samuel and fashion watches in Ernest Jones. The decline in average merchandise transaction was primarily driven by sales mix. eCommerce sales were $17.3 million compared to $11.4 million in the prior year comparable period, up $5.9 million or 51.8%. See the table below for further analysis of sales.

Year to date Fiscal 2015	Sales change from previous year: Same store sales	Non-same store sales, net(1)	Total sales at constant exchange rate(2)	Exchange translation impact(2)	Total sales as reported	Total sales (in millions)
H.Samuel	2.9%	(1.6)%	1.3%	10.0%	11.3%	$ 160.6
Ernest Jones(3)	5.7%	2.3%	8.0%	10.6%	18.6%	$ 154.0
UK Jewelry division	**4.3%**	**0.1%**	**4.4%**	**10.4%**	**14.8%**	**$ 314.6**

(1) Includes all sales from stores not open for 12 months.
(2) Non-GAAP measure, discussed herein.
(3) Includes stores selling under the Leslie Davis nameplate.

	Average Merchandise Transaction Value(1)(2)				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Year to date Fiscal 2015	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014	Fiscal 2015	Fiscal 2014
H.Samuel	£ 73	£ 75	(2.7)%	—	4.0%	(7.2)%
Ernest Jones(3)	£ 264	£ 275	(4.0)%	(9.5)%	11.2%	3.8%
UK Jewelry division	**£ 113**	**£ 115**	**(1.7)%**	**(1.7)%**	**5.4%**	**(5.2)%**

(1) Average merchandise transaction value is defined as net merchandise sales divided by the total number of customer transactions.
(2) Net merchandise sales include all merchandise product sales, including VAT, net of discounts and returns. In addition, excluded from net merchandise sales are repairs, warranty, insurance, employee and other miscellaneous sales.
(3) Includes stores selling under the Leslie Davis nameplate.

Zale sales (as Zale Corporation was acquired during Fiscal 2015, there is no comparable period)

As Zale Corporation was acquired on May 29, 2014, year to date and second quarter sales are the same.

Cost of sales and gross margin

In the second quarter, gross margin was $409.0 million or 33.4% of sales compared to $309.7 million or 35.2% of sales in the prior year second quarter. Of the $99.3 million increase in gross margin, $69.0 million was due to the addition of the Zale division. Organic gross margin was $340.0 million or 34.8% of sales. The gross margin rate decrease was primarily due to the lower gross margins associated with the Zale division and purchase accounting adjustments. Zale operates with a lower gross margin structure than Sterling Jewelers and represents an area of focus on applying best practices for improvement. The organic gross margin change was driven by the following:

- Gross margin dollars in the Sterling Jewelers division increased by $26.2 million compared to prior year and increased as percentage of sales by 10 basis points. The gross margin rate was favorably impacted by sales mix and lower commodity costs. These benefits were partially offset by the recognition of gold hedge losses incurred in Fiscal 2014 and lower gold spot prices that reduced the recovery on trade-ins and inventory. The net bad debt ratio as a percentage of the division's total sales increased to 5.2% of sales from 4.9% of sales in the prior year second quarter. The increase in the ratio was primarily due to the growth in the outstanding receivable balance from increased credit penetration as the credit portfolio continues to perform strongly.
- In the UK Jewelry division, gross margin dollars increased $4.4 million compared to the second quarter of Fiscal 2014 and decreased as a percentage of sales by 120 basis points. The gross margin rate was impacted primarily by higher sales associated with strategic initiatives around diamond and gold merchandise that, although reduced the divisional gross margin rate, successfully drove incremental gross margin dollars. In addition, the gross margin rate was also impacted by a shift in merchandise mix as a result of strong watch sales. Both of these factors were partially offset by leverage on store occupancy.

In the year to date, gross margin was $816.2 million or 35.8% of sales compared to $692.5 million or 37.0% of sales in the prior year to date period. Organic gross margin was $747.2 million or 36.7% of sales. The organic gross margin change was driven by the following:

- Gross margin dollars in the Sterling Jewelers division increased by $45.5 million compared to the prior year to date and was flat as a percentage of sales. Benefits from sales mix and lower commodity costs were offset by the gold hedge losses and lower gold spot prices discussed previously. The net bad debt ratio as a percentage of the division's total sales was 3.7% compared to 3.6% in prior year period.
- In the UK Jewelry division, gross margin dollars increased $9.8 million compared to the prior year and declined by 30 basis points primarily for the reasons discussed in the quarter to date period.

Selling, general and administrative expenses ("SGA")

In the second quarter of Fiscal 2015, SGA expenses were $379.2 million compared to $250.5 million in the prior year second quarter, up $128.7 million. As a percentage of sales, SGA increased by 250 basis points to 31.0%. The $128.7 million SGA increase was primarily made up of: $81.8 million from the Zale division, $17.1 million from transaction costs, and $13.7 million from severance costs, partially offset by a $3.0 million SGA reduction from purchase accounting adjustments. Organic SGA was $269.6 million or 27.6% of sales compared to the prior year quarter SGA rate of 28.5%. The decrease in the organic SGA rate of 90 basis points was driven primarily by leverage in both the Sterling Jewelers and UK Jewelry division of store staff costs due to higher sales.

In the year to date, SGA expenses were $689.7 million compared to $537.5 million in the prior year to date period, up $152.2 million, and as a percentage of sales increased by 150 basis points to 30.2%. Organic SGA was $571.7 million or 28.1% of sales compared to the prior year rate SGA rate of 28.7%. The decrease in the SGA rate of 60 basis points was primarily due to leverage on store staff costs previously discussed in the quarter to date period. Partially offsetting this benefit in rate was higher advertising expense of $13.5 million primarily due to timing of production costs between the fourth quarter of prior year and the first quarter of Fiscal 2015.

Other operating income, net

In the second quarter of Fiscal 2015, other operating income, net was $53.7 million or 4.4% of sales compared to $46.3 million or 5.3% of sales in the prior year second quarter. Other operating income, net as percentage of organic sales was 5.5%. This increase was primarily due to higher interest income earned from higher outstanding receivable balances.

In the year to date, other operating income, net was $107.7 million or 4.7% of sales compared to $93.3 million or 5.0% of sales in the prior year to date period. Other operating income, net as percentage of organic sales was 5.3%.

Operating income

In the second quarter of Fiscal 2015, operating income was $83.5 million or 6.8% of sales compared to $105.5 million or 12.0% of sales in the prior year second quarter. Organic operating income was $124.1 million or 12.7% of sales. Operating income consisted of the following components:

- Sterling Jewelers division's operating income was $129.9 million or 16.0% of sales compared to $111.9 million or 15.1% of sales in the prior year second quarter.
- UK Jewelry division's operating income was $1.1 million or 0.7% of sales compared to an operating loss of $0.8 million or (0.6)% of sales in the prior year second quarter.
- Zale division's operating loss was $9.8 million or (4.0)% of sales which includes a loss of $11.5 million related to acquisition accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $1.7 million or 0.7% of sales. The Zale division operating income included $1.4 million from Zale Jewelry or 0.6% of sales and $0.3 million from Piercing Pagoda or 0.9% of sales.
- The Other operating segment was an operating loss of $37.7 million compared to $5.6 million in the prior year second quarter which included $30.8 million related to transaction and severance costs.

In the year to date, operating income was $234.2 million or 10.3% of sales compared to $248.3 million or 13.3% of sales in the prior year to date period. Organic operating income was $283.2 million or 13.9% of sales. Year to date operating income consisted of the following components:

- Sterling Jewelers division's operating income was $296.2 million or 17.3% of sales compared to $264.7 million or 16.6% of sales in the prior year period.
- UK Jewelry division's operating income was $1.1 million or 0.3% of sales compared to an operating loss of $4.9 million or (1.8)% of sales in the prior year period.
- Zale division's operating loss was $9.8 million or (4.0)% of sales which includes a loss of $11.5 million related to acquisition accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $1.7 million or 0.7% of sales. The Zale division operating income, excluding accounting adjustments, was comprised of $1.4 million or 0.6% of sales from Zale jewelry and $0.3 million or 0.9% of sales from Piercing Pagoda.
- The Other operating segment was an operating loss of $53.3 million compared to $11.5 million in the prior year period which included $39.2 million related to transaction and severance costs.

Interest expense, net

In the second quarter of Fiscal 2015, net interest expense was $13.7 million compared to $1.0 million in the prior year second quarter. The increase in interest expense was driven by the addition of $1,400 million of debt financing at a weighted average interest cost of 2.6% related to the Zale acquisition. Included in interest expense was a write-off of fees of $3.2 million related to the $800 million bridge facility that was subsequently replaced with permanent financing instruments as well as $0.7 million associated with the previous credit facility. In the year to date, net interest expense was $15.5 million compared to $1.9 million in the prior year to date period with the increase driven by the same factors as those in the quarterly period in addition to $0.8 million of expense in the first quarter related to pre-acquisition financing costs.

Income before income taxes

In the second quarter of Fiscal 2015, income before income taxes was $69.8 million or 5.7% of sales compared $104.5 million or 11.9% in the prior year second quarter. Organic income before income taxes was $123.4 million or 12.6% of sales. In the year to date, income before income taxes was $218.7 million or 9.6% of sales compared to $246.4 million or 13.2% of sales in the prior year to date period. Year to date organic income before income taxes was $281.5 million or 13.8% of sales.

Income taxes

In the second quarter of Fiscal 2015, income tax expense was $11.8 million compared to $37.1 million in the prior year second quarter. The effective tax rate was 16.9% compared to 35.5% in the prior year second quarter. Organic income tax expense was $43.5 million with an effective tax rate of 35.2%. In the year to date period, income tax expense was $64.1 million, an effective tax rate 29.3% compared to $87.2 million, an effective tax rate of 35.4% in the prior year to date period. Organic income tax expense for the year to date period was $97.7 million with an effective tax rate of 34.7%.

The forecast effective tax rate for the Fiscal 2015 full year is 29.3%, which is lower than the effective tax rate of 35.1% applied as of the first quarter of Fiscal 2015. This reduction of 5.8% in Signet's effective tax rate primarily reflects the benefit of Signet's amended capital structure and financing arrangements utilized to fund the acquisition of Zale Corporation.

Net income

In the second quarter of Fiscal 2015, net income was $58.0 million or 4.7% of sales compared to $67.4 million or 7.7% of sales in the prior year second quarter. Organic net income in the second quarter was $79.9 million or 8.2% of sales. In the year to date period, net income was $154.6 million or 6.8% of sales compared to $159.2 million or 8.5% of sales in the prior year to date period. Organic net income in the year to date period was $183.8 million or 9.0% of sales.

Earnings per share

In the second quarter of Fiscal 2015, diluted earnings per share were $0.72 compared to $0.84 in the prior year second quarter. Organic diluted earnings per share were $1.00, a 19.0% growth rate over the prior year second quarter. The weighted average diluted number of common shares outstanding was 80.2 million compared to 80.7 million in the prior year second quarter. Signet repurchased 93,664 shares in the second quarter of Fiscal 2015 under its share buyback program compared to 374,613 shares the prior year second quarter.

In the year to date, diluted earnings per share were $1.93 compared to $1.97 in the prior year to date period. The weighted average diluted number of common shares outstanding was 80.2 million compared to 81.0 million in the prior year to date period. Organic diluted earnings per share were $2.29, a 16.2% growth rate over the prior year to date period. Signet repurchased 220,132 shares in the 26 weeks ended August 2, 2014 compared to 1,123,858 shares in the 26 weeks ended August 3, 2013.

Dividends per share

In the second quarter of Fiscal 2015, dividends of $0.18 were approved by the Board of Directors compared to $0.15 in the second quarter of Fiscal 2014. In the year to date, dividends of $0.36 were approved by the Board of Directors compared to $0.30 in the 26 weeks ended August 3, 2013.

LIQUIDITY AND CAPITAL RESOURCES

Set out in the table below is a summary of Signet's cash flow activity for the year to date for Fiscal 2015 and Fiscal 2014.

	26 weeks ended	
(in millions)	**August 2, 2014**	**August 3, 2013**
Summary cash flow		
Net cash provided by operating activities	**$ 183.9**	$ 58.5
Net cash used in investing activities	**(1,519.4)**	(52.2)
Net cash provided by (used in) financing activities	**1,303.4**	(94.6)
Decrease in cash and cash equivalents	**(32.1)**	(88.3)
Cash and cash equivalents at beginning of period	**247.6**	301.0
Effect of exchange rate changes on cash and cash equivalents	**(0.5)**	0.2
Cash and cash equivalents at end of period	**$ 215.0**	$ 212.9

Operating activities

Net cash provided by operating activities was $183.9 million compared to $58.5 million in the prior year comparable period. Net income decreased by $4.6 million to $154.6 million from $159.2 million with depreciation and amortization increasing $13.4 million to $64.5 million from $51.1 million in the prior year comparable period. The primary drivers of cash provided by operating activities were as follows:

- Inventory and inventory related items decreased by $17.1 million compared to an increase of $57.4 million in the prior year comparable period. The change in inventory cash flows is primarily attributed to the prior year balance reflecting higher inventory levels to support outlet stores, expansion of bridal programs and Signet's strategic sourcing initiative.

  Total inventory as of August 2, 2014 was $2,345.3 million compared to the year-end Fiscal 2014 balance of $1,488.0 million and prior year comparable quarter balance of $1,417.7 million. The increase in inventory from these periods is primarily attributed to acquisition of Zale division which increased inventory by $841.3. The remainder of the increase was driven in part by expansion of bridal and branded merchandise to support higher sales and new store growth.

- Accrued expenses and liabilities decreased by $19.0 million compared to a decrease of $57.1 million in the prior year comparable period primarily driven by increased debt-related accrued expenses, including interest, as well as increased payroll-related liabilities, including severance.

Investing activities

Net cash used in investing activities was $1,519.4 million, compared to $52.2 million in the prior year comparable period. Cash used for the Zale Corporation acquisition was $1,429.2 million. Capital expenditures increased by $36.4 million to $90.0 million from $53.6 million. In the Sterling Jewelers division, capital additions were $76.2 million compared to $48.6 million in the prior year. This increase was primarily due to timing of capital spend in Fiscal 2014 associated with the integration and conversion of Ultra stores in which the timing of the capital spend primarily occurred in the second half of the year. In the UK Jewelry division, capital additions were $4.7 million compared to $5.0 million in the prior year comparable period. Zale had capital expenditures of $8.5 million as well as capital additions in the Other operating segment of $0.6 million.

Stores opened and closed in the 26 weeks ended August 2, 2014:

	February 1, 2014	Acquired stores	Openings	Logo conversions(1)	Closures	August 2, 2014
Store count:						
Kay	1,055	—	31	—	(10)	1,076
Jared	203	—	4	33	—	240
Regional brands	213	—	—	(33)	(9)	171
Sterling Jewelers division	1,471(2)	—	35	—	(19)	**1,487**
Zales	—	722	3	—	(2)	723
Gordon's	—	91	—	—	(7)	84
Peoples	—	145	—	—	(1)	144
Mappins	—	48	—	—	(1)	47
Zale Jewelry	—	1,006	3	—	(11)	998
Piercing Pagoda	—	613	—	—	(2)	611
Zale division	— (2)	1,619	3	—	(13)	**1,609**
H. Samuel	304	—	—	—	—	304
Ernest Jones(3)	189	—	—	—	—	189
UK Jewelry division	493(2)	—	—	—	—	**493**
Signet	1,964	1,619	38	—	(32)	**3,589**

(1) Includes 33 stores that were converted from regional brands, which consist of 31 Jared Vaults, which operate in outlet centers, and two Jared concept test stores.
(2) The annual net change in selling square footage for Fiscal 2014 for Sterling Jewelers division and UK Jewelry division was 5% and (3)%, respectively. As the Acquisition was took place during Fiscal 2015, the Zale division does not have a comparable prior period to show the net change in selling square footage.
(3) Includes stores selling under the Leslie Davis nameplate.

Planned store count changes for the remainder of Fiscal 2015:

	August 2, 2014	Planned openings	Planned closures	Planned January 31, 2015
Store count:				
Kay	1,076	28	(4)	1,100
Jared	240	13[(1)]	—	253
Regional brands	171	—	(18)	153
Sterling Jewelers division	**1,487**[(2)]	41	(22)	1,506
Zales	723	7	(17)	713
Gordon's	84	—	(22)	62
Peoples	144	1	(1)	144
Mappins	47	—	(2)	45
Zale Jewelry	998	8	(42)	964
Piercing Pagoda	611	1	(20)	592
Zale division	**1,609**[(2)]	9	(62)	1,556
H. Samuel	304	—	(4)	300
Ernest Jones[(3)]	189	4	(1)	192
UK Jewelry division	**493**[(2)]	4	(5)	492
Signet	**3,589**	54	(89)	3,554

(1) Includes seven Jared The Galleria Of Jewelry store openings, as well as six Jared concept test store openings.
(2) The expected annual net change in selling square footage for Fiscal 2015 for Sterling Jewelers division, Zale division and UK Jewelry division is 5%, (3)% and 0%, respectively.
(3) Includes stores selling under the Leslie Davis nameplate.

Free cash flow

Free cash flow is net cash provided by operating activities less purchases of property and equipment, net; see non-GAAP measures discussed herein. Free cash flow was $48.5 million compared to $(17.0) million in the prior year second quarter. Year to date free cash flow was $93.9 million compared to $4.9 million for the 26 weeks ended August 3, 2013.

Financing activities

Dividends

During the 26 weeks ended August 2, 2014, the Company's dividend activity was as follows:

	Fiscal 2015		Fiscal 2014	
	Cash dividend per share	Total dividends	Cash dividend per share	Total dividends
		(in millions)		*(in millions)*
First quarter[(1)]	$ 0.18	$ 14.4[(2)]	$ 0.15	$ 12.1
Second quarter	$ 0.18	$ 14.4[(3)]	$ 0.15	$ 12.1

(1) Signet's dividend policy results in the dividend payment date being a quarter in arrears from the declaration date. As a result, the fourth quarter Fiscal 2014 $0.15 per share cash dividend was paid on February 27, 2014 in the aggregate amount of $12.0 million.
(2) The first quarter Fiscal 2015 $0.18 per share cash dividend was paid on May 28, 2014 in the aggregate amount of $14.4 million.
(3) As of August 2, 2014, $14.4 million has been recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets reflecting the cash dividend declared for the second quarter of Fiscal 2015, which has a record date of August 1, 2014 and a payment date of August 27, 2014.

Share repurchase

During the 26 weeks ended August 2, 2014, the Company's share repurchase activity was as follows:

		26 weeks ended August 2, 2014			26 weeks ended August 3, 2013		
	Amount authorized	Shares repurchased	Amount repurchased	Average repurchase price per share	Shares repurchased	Amount repurchased	Average repurchase price per share
	(in millions)		*(in millions)*			*(in millions)*	
2013 Program[(1)]	$ 350	**220,132**	**$ 22.4**	**$ 101.57**	374,613	$ 25.0	$ 66.74
2011 Program[(2)]	$ 350	**n/a**	**n/a**	**n/a**	749,245	50.1	66.92
Total		**220,132**	**$ 22.4**		1,123,858	$ 75.1	

(1) In June 2013, the Board of Directors authorized the repurchase of up to $350 million of Signet's common shares (the "2013 Program"). The 2013 Program may be suspended or discontinued at any time without notice. The 2013 Program had $273.0 million remaining as of August 2, 2014.

(2) In October 2011, the Board of Directors authorized the repurchase of up to $300 million of Signet's common shares (the "2011 Program"), which authorization was subsequently increased to $350 million. The 2011 Program was completed as of May 4, 2013.

n/a Not applicable.

Proceeds from exercise of share options

During the 26 weeks ended August 2, 2014, $2.0 million was received for the exercise of share options pursuant to Signet's equity compensation programs compared to $5.2 million in the 26 weeks ended August 3, 2013. Other than equity based compensation awards granted to employees and directors, Signet has not issued common shares as a financing activity for over ten years.

Movement in cash and indebtedness

Net debt was $1,195.3 million as of August 2, 2014 compared to net cash of $211.2 million as of August 3, 2013; see non-GAAP measures discussed herein.

Cash and cash equivalents at August 2, 2014 were $215.0 million compared to $212.9 million as of August 3, 2013. Signet has significant amounts of cash and cash equivalents invested in various 'AAA' rated liquidity funds and at a number of financial institutions. The amount invested in each liquidity fund or at each financial institution takes into account the credit rating and size of the liquidity fund or financial institution and is invested for short-term durations.

At August 2, 2014, Signet had $1,400 million of outstanding debt, which was incurred to finance the acquisition of Zale Corporation. The debt is comprised of $400 million of senior unsecured notes, $600 million of an asset-backed securitization facility and a $400 million term loan facility. In connection with the issuance of the debt, Signet incurred and capitalized fees totaling $16.3 million, of which $14.4 million was paid and $1.9 million was accrued as of August 2, 2014. Additionally, the debt financing replaced commitments for an $800 million unsecured bridge facility extended to Signet to finance the transaction prior to the finalization of the current financing arrangements. Signet incurred and capitalized fees totaling $4.0 million related to this facility. During the 26 week period ended August 2, 2014, amortization expense related to capitalized fees associated with the debt and bridge facility was $0.6 million and $4.0 million, respectively. In conjunction with the financing activities, Signet also amended its existing $400 million revolving credit facility and extended the maturity date to 2019. At August 2, 2014, the credit facility was undrawn with no intra-period borrowings and stand-by letters of credit of $20.3 million. At August 3, 2013, the Company's credit facility entered into in May 2011 was undrawn with no intra-period borrowings and stand-by letters of credit of $9.5 million.

OBLIGATIONS AND COMMITMENTS

Signet's contractual obligations and commitments at August 2, 2014 and the effects such obligations and commitments are expected to have on Signet's liquidity and cash flows in future periods have changed from those disclosed in Signet's Annual Report on Form 10-K for the year ended February 1, 2014, filed with the SEC on March 27, 2014. In addition to those previously disclosed on Form 10-K, in May 2014, the Company issued long-term debt in connection with its acquisition of Zale Corporation. Zale also has existing contractual obligations consisting of capital lease obligations, operating leases, an IT operations services agreement and other long-term liabilities. The following table provides the payments due by period for only these incremental obligations and commitments as of May 29, 2014.

New contractual obligations as of May 29, 2014

(in millions)	Less than one year[(1)]	Between one and three years	Between three and five years	More than five years	Other	Total
Long-term debt obligations (excluding capital leases)[(2)]	$ 20.8	$ 637.6	$ 197.6	$ 733.4	$ —	$ 1,589.4
Operating lease obligations[(3)]	124.1	259.8	150.0	163.0	—	696.9
Capital lease obligations	0.7	1.2	—	—	—	1.9
Operations services agreement[(4)]	4.9	10.6	—	—	—	15.5
Other long-term liabilities[(5)]	—	—	—	—	5.8	5.8
Total	**$ 150.5**	**$ 909.2**	**$ 347.6**	**$ 896.4**	**$ 5.8**	**$ 2,309.5**

(1) Amounts included in this column represent obligations from the period May 29, 2014 through January 31, 2015.

(2) Includes principal payments on all long-term obligations and interest payments on fixed-rate obligations only. Contractual interest payments on variable-rate obligations and commitment fees on the unused portion of the revolving credit facility have been excluded since the payments can fluctuate due to various circumstances.

(3) Like the other Signet divisions, Zale operating lease obligations relate to minimum payments due under store lease arrangements. Most store operating leases require payment of real estate taxes, insurance and common area maintenance fees. Real estate taxes, insurance and common area maintenance fees were approximately 35% of base rentals for Fiscal 2014. These are not included in the table above. Some operating leases also require additional payments based on a percentage of sales.

(4) The operations services agreement is with a third party for the management of client server systems, local area networks operations, wide area network management and technical support.

(5) Other long-term liabilities reflect loss reserves related to credit insurance services provided by insurance subsidiaries. We have reflected these payments under "Other", as the timing of the future payments is dependent on the actual processing of the claims.

Not included in the table above are obligations under employment agreements and ordinary course purchase orders for merchandise.

SEASONALITY

Signet's sales are seasonal, with the first quarter slightly exceeding 20% of annual sales, the second and third quarters approximating 20% and the fourth quarter accounting for almost 40% of annual sales, with December being by far the most important month of the year. Sales made in November and December are known as the "Holiday Season." Due to sales leverage, Signet's operating income is even more seasonal; about 45% to 55% of Signet's operating income normally occurs in the fourth quarter, comprised of nearly all of the UK Jewelry and Zale divisions' operating income and about 40% to 45% of the Sterling Jewelers division's operating income.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in accordance with US GAAP requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. In many cases, there are alternative policies or estimation techniques that could be used. Management maintains a process to review the application of Signet's accounting policies and to evaluate the appropriateness of the many estimates that are required to prepare the financial statements of a multinational organization. However, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information. There have been no material changes to the policies and estimates as discussed in Signet's Annual Report on Form 10-K for the year ended February 1, 2014, filed with the SEC on March 27, 2014 except as noted below:

Revenue recognition

Extended service plans and lifetime warranty agreements

Signet recognizes revenue related to lifetime warranty sales in proportion to when the expected costs will be incurred. The deferral period for lifetime warranty sales in each division is determined from patterns of claims costs, including estimates of future claims costs expected to be incurred. Management reviews the trends in claims to assess whether changes are required to the revenue and cost recognition rates utilized. A significant change in estimates related to the time period or pattern in which warranty-related costs are expected to be incurred could adversely impact revenues. All direct costs associated with the sale of these plans are deferred and amortized in proportion to the revenue recognized and disclosed as either other current assets or other assets.

The Sterling Jewelers division sells extended service plans where it is obliged, subject to certain conditions, to perform repair work over the lifetime of the product. Revenue from the sale of extended service plans is deferred over 14 years, with approximately 45% of revenue recognized within the first two years.

The Zale division also sells extended service plans. Zale Jewelry customers are offered lifetime warranties on certain products that cover sizing and breakage with an option to purchase theft protection for a two-year period. Revenue from the sale of lifetime extended service plans is deferred over 10 years. Revenues related to the optional theft protection are recognized over the two-year contract period on a straight-line basis. Zale Jewelry customers are also offered a two-year watch warranty and a one-year warranty that covers breakage. Piercing Pagoda customers are also offered a one-year warranty that covers breakage. Revenue from the two-year watch warranty and one-year breakage warranty is recognized on a straight-line basis over the respective contract terms.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the Company's interest in the fair value of the identifiable assets and liabilities acquired. Goodwill is recorded by the Company's reporting units based on the acquisitions made by each. Goodwill is not amortized, but is reviewed for impairment and is required to be tested at least annually or whenever events or changes in circumstances indicate it is more likely than not that a reporting unit's fair value is less than its carrying value. The annual testing date for goodwill allocated to the Sterling Jewelers reporting unit is the last day of the fourth quarter. The annual testing date for goodwill allocated to the reporting units associated with the Zale Corporation acquisition and the Other reporting unit is May 31.

The Company may elect to perform a qualitative assessment for each reporting unit to determine whether it is more likely than not that the fair value of the reporting unit is greater than its carrying value. If a qualitative assessment is not performed, or if as a result of a qualitative assessment it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, then the reporting unit's fair value is compared to its carrying value. Fair value is determined through the income approach using discounted cash flow models or market-based methodologies. Significant estimates used in these discounted cash flow models include: the weighted average cost of capital; long-term growth rates; expected changes to selling prices, direct costs and profitability of the business; and working capital requirements. Management estimates discount rates using post-tax rates that reflect assessments of the time value of money and Company-specific risks. If the carrying value exceeds the estimated fair value, the Company determines the fair value of all assets and liabilities of the reporting unit, including the implied fair value of goodwill. If the carrying value of goodwill exceeds the implied fair value, the Company recognizes an impairment charge equal to the difference.

See Note 20 of the Condensed Consolidated Financial Statements for additional discussion of the goodwill recorded by the Company during the second quarter of Fiscal 2015. There have been no goodwill impairment losses recorded during the fiscal periods presented in the condensed consolidated income statements. If future economic conditions are different than those projected by management, future impairment charges may be required. See Note 10 of the Condensed Consolidated Financial Statements for additional information.

Intangible assets

Intangible assets with definite lives are amortized and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the estimated undiscounted future cash flows related to the asset are less than the carrying amount, the Company recognizes an impairment loss equal to the difference between the carrying value and the estimated fair value, usually determined by the estimated discounted future cash flows of the asset.

Intangible assets with indefinite lives are reviewed for impairment each year in the fourth quarter and may be reviewed more frequently if certain events occur or circumstances change. First, pursuant to ASU No. 2012-02, "Testing Indefinite-Lived Intangible Assets for Impairment", the Company performs a qualitative assessment to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If the Company determines that it is more likely than not that the fair value of the asset is less than its carrying amount, the Company estimates the fair value, usually determined by the estimated discounted future cash flows of the asset, compares that value with its carrying amount and records an impairment charge, if any.

If future economic conditions are different than those projected by management, future impairment charges may be required. See Note 10 for additional information on intangible assets.

Capital Lease Obligations

In the Zale division, capital leases are entered into related to vehicles for field management. The vehicles are included in property, plant and equipment in the accompanying condensed consolidated balance sheets and are depreciated over a four-year life. Capital leases, net of accumulated depreciation, included in property, plant and equipment as of August 2, 2014 totaled $1.7 million. The Acquisition occurred on May 29, 2014, and therefore amounts are not included as of February 1, 2014 or August 3, 2013.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Signet is exposed to market risk from fluctuations in foreign currency exchange rates, interest rates and precious metal prices, which could affect its consolidated financial position, earnings and cash flows. Signet manages its exposure to market risk through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Signet uses derivative financial instruments as risk management tools and not for trading purposes.

As certain of the UK Jewelry division's purchases are denominated in US dollars and its net cash flows are in British pounds, Signet's policy is to enter into foreign currency forward exchange contracts and foreign currency swaps to manage the exposure to the US dollar. Signet also hedges a significant portion of forecasted merchandise purchases using commodity forward contracts. Additionally, the Zale division occasionally enters into foreign currency contracts to manage the currency fluctuations associated with purchases for our Canadian operations. These contracts are entered into with large, reputable financial institutions, thereby minimizing the credit exposure from our counterparties.

Signet has significant amounts of cash and cash equivalents invested at several financial institutions. The amount invested at each financial institution takes into account the long-term credit rating and size of the financial institution. However, with the current financial environment and the possible instability of financial institutions, Signet cannot be assured that it will not experience any losses on these balances. The interest rates earned on cash and cash equivalents will fluctuate in line with short-term interest rates.

Signet's market risk profile as of August 2, 2014 has not materially changed since February 1, 2014. The market risk profile as of February 1, 2014 is disclosed in Signet's Fiscal 2014 Annual Report on Form 10-K, filed with the SEC on March 27, 2014.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended. Based on this review, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 2, 2014.

Changes in Internal Control over Financial Reporting

The acquisition of Zale Corporation was significant to the Company and was consummated effective May 29, 2014. Upon consummation, Zale became a consolidated subsidiary. The Company currently expects to include Zale within management's annual assessment of internal control over financial reporting for the year ending January 31, 2015; however, the Company intends to take a period of time to fully incorporate Zale's operations into its evaluation of internal control over financial reporting. In connection with the foregoing evaluation by the Company's Chief Executive Officer and its Chief Financial Officer, other than as noted above, no changes were identified in the Company's "internal control over financial reporting" (as defined in the Securities Exchange Act of 1934 Rules 13a-15(f) and 15d-15(f)) that occurred during the Company's fiscal quarter ended August 2, 2014, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding legal proceedings is incorporated by reference from Note 17 of the Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of Signet's Fiscal 2014 Annual Report on Form 10-K, filed with the SEC on March 27, 2014, except that the risk factors set forth below include any material changes to, and supersede, to the extent included below, the description of, the risk factors disclosed in Part I, Item 1A of Signet's Fiscal 2014 Annual Report on Form 10-K. In addition, the risk factor entitled "If Signet's financing for the transaction becomes unavailable, the transaction may not be completed and we may be in breach of the Merger Agreement" disclosed in Part I, Item 1A of Signet's Fiscal 2014 Annual Report on Form 10-K is hereby deleted.

Fluctuations in the availability and pricing of commodities, particularly polished diamonds and gold, which account for the majority of Signet's merchandise costs, could adversely impact its earnings and cash availability.

The jewelry industry generally is affected by fluctuations in the price and supply of diamonds, gold and, to a lesser extent, other precious and semi-precious metals and stones. In particular, diamonds account for about 47% of Signet's merchandise costs, and gold about 15% in Fiscal 2014.

In Fiscal 2014, polished diamond prices experienced a single digit percentage increase when compared to Fiscal 2013 levels, unlike as had occurred in prior years. Industry forecasts indicate that over the medium and longer term, the demand for diamonds will probably increase faster than the growth in supply, particularly as a result of growing demand in countries such as China and India. Therefore, the cost of diamonds is anticipated to rise over time, although fluctuations in price are likely to continue to occur. The mining, production and inventory policies followed by major producers of rough diamonds can have a significant impact on diamond prices, as can the inventory and buying patterns of jewelry retailers and other parties in the supply chain.

While jewelry manufacturing is the major final demand for gold, management believes that the cost of gold is predominantly impacted by investment transactions which have resulted in significant volatility and overall increases in gold cost over the past several years followed by somewhat of a decline in Fiscal 2014. Signet's cost of merchandise and potentially its earnings may be adversely impacted by investment market considerations that cause the price of gold to significantly escalate.

The availability of diamonds is significantly influenced by the political situation in diamond producing countries, including the impact of current and potential new sanctions on Russia, and by the Kimberley Process, an inter-governmental agreement for the international trading of rough diamonds. Until acceptable alternative sources of diamonds can be developed, any sustained interruption in the supply of diamonds from significant producing countries, or to the trading in rough and polished diamonds which could occur as a result of disruption to the Kimberley Process, could adversely affect Signet, as well as the retail jewelry market as a whole. In 2012, the Kimberley Process, chaired by the United States, initiated a process to review ways to strengthen and reform the Kimberley Process, including reviewing the definition of a conflict diamond. In January 2013, South Africa became the chair, and the review process was expected to continue; however, no reform efforts were achieved. In 2014, the Kimberley Process is being chaired by China, which will be followed by Angola in 2015. In addition, the current Kimberley Process decision making procedure is dependent on reaching a consensus among member governments, which can result in the protracted resolution of issues, and there is little expectation of significant reform over the long-term. The impact of this review process on the supply of diamonds, and consumers' perception of the diamond supply chain, is unknown. In addition to the Kimberley Process, the supply of diamonds to the US is also impacted by certain governmental trade sanctions imposed on Zimbabwe.

The possibility of constraints in the supply of diamonds of a size and quality Signet requires to meet its merchandising requirements may result in changes in Signet's supply chain practices, for example its rough sourcing initiative. In addition, Signet may from time to time choose to hold more inventory, to purchase raw materials at an earlier stage in the supply chain or enter into commercial agreements of a nature that it currently does not use. Such actions could require the investment of cash and/or additional management skills. Such actions may not result in the expected returns and other projected benefits anticipated by management.

An inability to increase retail prices to reflect higher commodity costs would result in lower profitability. Historically jewelry retailers have been able, over time, to increase prices to reflect changes in commodity costs. However, in general, particularly sharp increases in commodity costs may result in a time lag before increased commodity costs are fully reflected in retail prices. As Signet uses an average cost inventory methodology, volatility in its commodity costs may also result in a time lag before cost increases are reflected in retail prices. There is no certainty that such price increases will be sustainable, so downward pressure on gross margins and earnings may occur. In addition, any sustained increases in the cost of commodities could result in the need to fund a higher level of inventory or changes in the merchandise available to the customer.

In August 2012, the SEC, pursuant to the Dodd-Frank Act, issued final rules, which require annual disclosure and reporting on the source and use of certain minerals, including gold, from the Democratic Republic of Congo and adjoining countries. The gold supply chain is complex and, while management believes that the rules currently cover less than 1% of annual worldwide gold production (based upon recent estimates), the final rules require Signet and other jewelry retailers and manufacturers that file with the SEC to make specified country of origin inquiries of our suppliers, and otherwise to exercise reasonable due diligence in determining the country of origin and certain other information relating to any of the statutorily designated minerals (gold, tin, tantalum and tungsten), that are used in products sold by Signet in the US and elsewhere. On May 30, 2014, Signet filed with the SEC its Form Specialized Disclosure (SD) and accompanying Conflict Minerals Report in accordance with the SEC's rules, which together describe our country of origin inquiries and due diligence measures relating to the source and chain of custody of those designated minerals Signet deemed necessary to the functionality or production of our products, the results of those activities and our related determinations with respect to the calendar year ended December 31, 2013.

Compliance with the SEC's conflict minerals disclosure rules to date has not and will not likely add significantly to Signet's compliance costs, and management does not expect any potential future increase in such costs to be material. There may be reputational risks associated with the potential negative response of our customers and other stakeholders to future disclosures by Signet in the event that, due to the complexity of the global supply chain, Signet is unable to sufficiently verify the origin of the relevant metals. Also, if future responses to verification requests by suppliers of any of the covered minerals used in our products are inadequate or adverse, Signet's ability to obtain merchandise may be impaired and our compliance costs may increase. The final rules also cover tungsten and tin, which are contained in a small proportion of items that are sold by Signet. It is possible that other minerals, such as diamonds, could be subject to similar rules.

Additional indebtedness relating to the Zale Corporation Acquisition reduces the availability of cash to fund other business initiatives and the expected benefits from the acquisition may not be fully realized.

Signet's additional indebtedness to fund the acquisition of Zale Corporation has significantly increased Signet's outstanding debt. This additional indebtedness requires us to dedicate a portion of our cash flow to servicing this debt, thereby reducing the availability of cash to fund other business initiatives, including dividends and share repurchases. Significant changes to Signet's financial condition as a result of global economic changes or difficulties in the integration or execution of strategies of the newly acquired business, and the diversion of significant management time and resources towards integrating the business and operations of Zale Corporation may affect our ability to obtain the expected benefits from the transaction or to satisfy the financial covenants included in the terms of the financing arrangements.

Signet has incurred transaction-related costs in connection with the transaction.

We have incurred a number of substantial non-recurring transaction-related costs associated with completing the transaction, combining the operations of the two companies and achieving desired synergies. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, regulatory filing fees and printing costs. Additional unanticipated costs may be incurred in the integration of our and Zale Corporation's businesses. There can be no assurance that the realization of other efficiencies related to the integration of the two businesses, as well as the elimination of certain duplicative costs, will offset the incremental transaction-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term, or at all.

Although we anticipate that Zale will continue to operate as a separate brand within Signet, failure to successfully combine Signet's and Zale Corporation's businesses in the expected time frame may adversely affect the future results of the combined company.

The success of the transaction will depend, in part, on our ability to realize the anticipated benefits and synergies from combining our and Zale Corporation's businesses. To realize these anticipated benefits, the businesses must be successfully combined. If the combined company is not able to achieve these objectives, or is not able to achieve these objectives on a timely basis, the anticipated benefits of the transaction may not be realized fully or at all. In addition, the actual integration may result in additional and unforeseen expenses, which could reduce the anticipated benefits of the transaction. These integration difficulties could result in declines in the market value of our common stock.

A consolidated lawsuit on behalf of a purported class of stockholders is pending against Zale Corporation, Signet, the members of Zale Corporation's board of directors and Signet's merger subsidiary, challenging the transaction, and an unfavorable judgment or ruling in this lawsuit could result in substantial costs.

In connection with the Zale Corporation acquisition, a consolidated lawsuit on behalf of a purported class of former Zale Corporation stockholders is pending in the Delaware Court of Chancery. The lawsuit names as defendants Zale Corporation, Signet, the members of the board of directors of Zale Corporation, and Signet's merger subsidiary. In addition, several former Zale Corporation stockholders have filed petitions for appraisal in the Delaware Court of Chancery. Additional lawsuits may be filed against Zale Corporation and Signet, our merger subsidiary and Zale Corporation's directors related to the transaction. The defense or settlement of, or an unfavorable judgment in, any lawsuit or claim could result in substantial costs and could adversely affect the combined company's business, financial condition or results of operations.

If our goodwill becomes impaired, we may be required to record significant charges to earnings.

We have a substantial amount of goodwill on our balance sheet as a result of the Zale Corporation acquisition. We review goodwill for impairment annually or whenever events or circumstances indicate impairment may have occurred. Application of the impairment test requires judgment, including the identification of reporting units, assignment of assets, liabilities and goodwill to reporting units and determination of fair value of each reporting unit. There is a risk that a significant deterioration in a key estimate or assumption or a less significant deterioration to a combination of assumptions or the sale of a part of a reporting unit could result in an impairment charge in the future, which could have a significant adverse impact on our reported earnings.

For further information on our testing for goodwill impairment, see "Critical Accounting Policies and Estimates" under Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Repurchases of Equity Securities

The following table contains the Company's repurchases of equity securities in the second quarter of Fiscal 2015:

Period	Total number of shares purchased(1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs(2)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
May 4, 2014 to May 31, 2014	94,246	$ 100.88	93,664	$273,037,569
June 1, 2014 to June 28, 2014	—	$ —	—	$273,037,569
June 29, 2014 to August 2, 2014	4,614	$ 103.11	—	$273,037,569
Total	**98,860**	**$ 100.98**	**93,664**	**$273,037,569**

(1) Includes 5,196 shares of restricted stock repurchased in connection with employee tax withholding obligations under the Company's share-based compensation plans, which are not purchases under any publicly announced share repurchase program.

(2) On June 14, 2013, the Board of Directors authorized the 2013 Program to repurchase up to $350 million of Signet's common shares. The 2013 Program may be suspended or discontinued at any time without notice.

APPENDIX

The information set out in this Appendix has been included for the purposes of compliance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority.

Related party transactions

There have been no related party transactions that materially affected the financial position or performance of the Company during the 26 weeks ended August 2, 2014.

Responsibility statement

We confirm, on behalf of the Board, that, to the best of our knowledge:

(a) the condensed set of financial statements set out in this Quarterly Report on Form 10-Q has been prepared in accordance with accounting standards generally accepted in the United States of America; and

(b) the interim management report included in this Quarterly Report on Form 10-Q includes a fair review of the information required by Disclosure and Transparency Rules 4.2.7R and 4.2.8R of the United Kingdom Listing Authority.

Signed on behalf of the Board

Michael W. Barnes - Chief Executive Officer

Michele L. Santana - Chief Financial Officer

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Number	Description of Exhibits
3.1*	Amended and Restated Bye-laws of Signet Jewelers Limited.
4.1*	Second Supplemental Indenture, dated as of June 30, 2014, among Signet UK Finance plc, the guarantors party thereto, and Deutsche Bank Trust Company Americas, as indenture trustee.
10.1†	Separation Agreement dated June 27, 2014 between Signet Jewelers Limited and Ronald W. Ristau (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 3, 2014).
10.2*	Amended and Restated Credit Agreement, dated September 9, 2014, by and among Signet Jewelers Limited, as Parent, Signet Group Limited, Signet Group Treasury Services Inc. and Sterling Jewelers Inc. as borrowers, the additional borrowers from time to time party thereto, the financial institutions from time to time party thereto as lenders, JPMorgan Chase Bank, N.A., as administrative agent and the other agents party thereto.
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIGNET JEWELERS LIMITED
(Registrant)

September 10, 2014

By: /s/ Michele L. Santana

Michele L. Santana
Chief Financial Officer
(Duly Authorized Officer, Principal Financial Officer and Principal Accounting Officer)

Exhibit 3.1

Company number: 42069

THE COMPANIES ACT 1981 OF BERMUDA

SIGNET JEWELERS LIMITED

BYE-LAWS

adopted on 11 September 2008
(as amended 13 June 2014)

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INTERPRETATION

1. Definitions

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Act	the Companies Act 1981 as amended from time to time;
Alternate Director	an alternate director appointed in accordance with these Bye-laws;
Auditor	includes an individual, body corporate or partnership;
Board	the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum;
Company	the company for which these Bye-laws are adopted;
Director	a director of the Company and shall include an Alternate Director;
Group	the Company and every company and other entity which is for the time being controlled by or under common control with the Company (for these purposes, "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the person in question, whether by means of an ownership interest, by contract or otherwise);
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
notice	written notice as further provided in these Bye-laws unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Register of Members	the register of members referred to in these Bye-laws;
Resident Representative	any person appointed to act as resident representative and includes any deputy or assistant resident representative;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
Treasury Share	a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled.

1.2 In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) words importing persons include companies, partnerships, individuals and associations or bodies of persons;

(d) the words:

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative; and

(e) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

1.3 In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. Power to Issue Shares

2.1 Subject to these Bye-laws and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares of the Company on such terms and conditions as it may determine.

2.2 Without limitation to the provisions of Bye-law 4, subject to the provisions of the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board before the issue or conversion.

3. Power of the Company to Purchase its Shares

3.1 The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.

3.2 The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

4. Rights Attaching to Shares

4.1 At the date these Bye-laws are adopted, the share capital of the Company consists of common shares of par value US$0.18 each ("**Common Shares**") the holders of which shall, subject to the provisions of these Bye-laws:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

4.2 The Board is authorised to exercise all the powers of the Company to create and issue additional shares of any existing class or shares of a new class and, without prejudice to the generality of the foregoing, may provide for the issue of preference shares ("**Preference Shares**") in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations, or restrictions thereof (and, for the avoidance of doubt, such matters and the issue of such Preference Shares shall not be deemed to vary the rights attached to the Common Shares or, subject to the terms of any other series of Preference Shares, to vary the rights attached to any other class of share in the Company). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) the number of shares constituting that series and the distinctive designation of that series;

(b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;

(c) whether that series shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights including, without limitation, any special rights to appoint or elect a Director and to determine such Director's term of office;

(d) whether that series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares), and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;

(e) whether or not the shares of that series shall be redeemable or repurchaseable, and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;

(f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;

(h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment of shares of that series; and

(i) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

4.3 Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorised and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issue set out in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares.

4.4 At the discretion of the Board, whether or not in connection with the issue and sale of any shares or other securities of the Company, the Company may issue securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations on such terms, conditions and other provisions as are fixed by the Board, including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the issued Common Shares, other shares, option rights, securities having conversion or option rights, or obligations of the Company or transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

4.5 All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

5. Calls on Shares

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2 Any amount which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable, on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to payment of interest, costs, charges and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.

5.3 The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

5.4 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up or become payable.

6. Prohibition on Financial Assistance

The Company shall not give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Act.

7. Forfeiture of Shares

7.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call

• Limited

(the “Company”)

You have failed to pay the call of [amount of call] made on the [ ] day of [ ], 200[ ], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [ ] day of [ ], 200[ ], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [ ] day of [ ], 200[ ] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [ ] day of [ ], 200[ ]

[Signature of Secretary] By Order of the Board

7.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine.

7.3 A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.

7.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

8. Untraced Members

8.1 For the purpose of Bye-law 8.2:

(a) "**predecessor share**" means, in relation to any share in the capital of the Company, the share in the capital of Signet Group in respect of which such share was issued by the Company pursuant to the scheme of arrangement of Signet Group dated 24 July 2008;

(b) "**Signet Group**" means Signet Group plc, a company incorporated in England and Wales under number 477692;

8.2 The Company may sell at the best price reasonably obtainable any share of a Member, or any share to which a person is entitled by transmission, if:

(a) during the period of twelve years prior to the date of the publication of the advertisement referred to in this Bye-law 8.2:

(i) no cheque, warrant or money order in respect of such share or its predecessor share sent by or on behalf of the Company or Signet Group through the post in a pre-paid envelope addressed to the Member or to the person entitled by transmission to such share, at his address in the Register of Members or other address last known to the Company, has been cashed;

(ii) no cash dividend payable on the share or its predecessor share has been satisfied by the transfer of funds to a bank account of the Member (or person entitled by transmission to such share) or by transfer of funds by means of any applicable uncertificated securities system; and

(iii) the Company has received no communication (whether in writing or otherwise) in respect of such share from such Member or person,

provided that during such twelve year period the Company and Signet Group have together paid at least three cash dividends (whether interim or final) in respect of the share in question and/or its predecessor share and no such dividend has been claimed by the person entitled to such share;

(b) on or after the expiry of such twelve year period the Company has given notice of its intention to sell such share by an advertisement in a newspaper circulating in the area in which the address in the Register of Members or other last known address of the Member or the person entitled by transmission to the share or the address for the service of notices on such Member or person notified to the Company in accordance with these Bye-laws is located;

(c) during a further period of three months following the date of publication of such advertisement and prior to the sale the Company has not received any communication (whether in writing or otherwise) in respect of such share from the Member or person entitled by transmission; and

(d) any notice required by the rules of any securities exchange on which the share in question is listed or traded has been given in accordance with such rules.

8.3 If during such twelve year period, any additional shares have been issued in respect of the share held at the beginning of such period and all the requirements of Bye-law 8.2 have been satisfied with regard to such additional shares, the Company may also sell the additional shares notwithstanding that the twelve year period may not have been satisfied in respect of such additional shares.

8.4 To give effect to a sale pursuant to Bye-law 8.2, the Board may authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct or implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares.

8.5 The purchaser shall not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to in Bye-law 8.4 shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the shares to which it relates.

8.6 The Company shall account to the Member or other person entitled to such share for the net proceeds of such sale by carrying all moneys in respect of the sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such Member or other person in respect of such moneys. Moneys carried to such separate account may either be employed in the business of the Company or invested as the Board may think fit. No interest shall be payable to such Member or other person in respect of such moneys and the Company shall not be required to account for any money earned on them.

9. Share Certificates

9.1 Every Member shall be entitled to a certificate under the common seal of the Company or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

9.2 The Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.

9.3 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

9.4 Notwithstanding any provisions of these Bye-laws, the Directors shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form. Unless otherwise determined by the Directors and permitted by the Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

9.5 Without prejudice to Bye-law 9.4 but notwithstanding any other provisions of these Bye-laws, the Directors shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in shares in the capital of the Company in the form of depositary interests or similar interests, instruments or securities, and the holding and transfer of such interests, instruments or securities in uncertificated form and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the shares in the capital of the Company represented thereby. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

10. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

11. Register of Members

11.1 The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act.

11.2 The Register of Members shall be open to inspection without charge at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

12. Registered Holder Absolute Owner

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

13. Transfer of Registered Shares

13.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
— Limited
(the “Company”)

FOR VALUE RECEIVED....... [amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] of shares of the Company.

DATED this [ ] day of [ ], 2[ ]

Signed by:	In the presence of:
______________________	______________________
Transferor	Witness
______________________	______________________
Transferee	Witness

13.2 Except as otherwise provided in these Bye-laws, such instrument of transfer shall be signed by or on behalf of the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.

13.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

13.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

13.5 The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

13.6 Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.

14. Foreign Securities Laws

14.1 The Board may, in its absolute and unfettered discretion, decline to register the transfer of any shares if it believes that registration of such shares or transfer is required under the laws of any jurisdiction and such registration has not been effected, save that the Board may request and rely on an opinion of counsel to the transferor or transferee, in form and substance satisfactory to the Board, that no such registration is required.

14.2 The Board shall have the authority to request from any direct or indirect holder of shares, and such holder shall provide, such information as the Board may request for the purpose of determining whether any transfer contemplated by Bye-law 14.1 should be permitted.

15. Transmission of Registered Shares

15.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

15.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

— Limited (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 2[ ]

Signed by:	In the presence of:
____________________ Transferor	____________________ Witness
____________________ Transferee	____________________ Witness

15.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

15.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ALTERATION OF SHARE CAPITAL

16. Power to Alter Capital

16.1 The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.

16.2 Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit including (without limitation) in the way prescribed in Bye-law 16.3 below.

16.3 The Board may sell shares representing the fractions to any person (including the Company) for the best price reasonably obtainable and distribute the net proceeds of sale in due proportion amongst the persons to whom such fractions are attributable (except that if the amount due to a person is less than US$5.00, or such other sum as the Board may decide, the Company may retain such sum for its own benefit). To give effect to such sale the Board may authorise a person to execute an instrument of transfer of shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct or implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares.

16.4 The purchaser will not be bound to see to the application of the purchase moneys in respect of any such sale. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to in Bye-law 16.3 shall be effective as if it had been executed or exercised by the holder of the shares to which it relates.

17. Variation of Rights Attaching to Shares

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

DIVIDENDS AND CAPITALISATION

18. Dividends

18.1 The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.

18.2 The Board may fix any date as the record date for determining the Members entitled to receive any dividend.

18.3 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

18.4 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

19. Power to Set Aside Profits

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

20. Method of Payment

20.1 Any dividend or other moneys payable in respect of a share may be paid by cheque or warrant sent through the post directed to the address of the Member in the Register of Members (in the case of joint Members, the senior joint holder, seniority being determined by the order in which the names stand in the Register of Members), or by direct transfer to such bank account as such Member may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to such persons as the Member may direct, and payment of the cheque or warrant shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. If two or more persons are registered as joint holders of any shares any one of them can give an effectual receipt for any dividend paid in respect of such shares.

20.2 The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.

20.3 Any dividend or other moneys payable in respect of a share which has remained unclaimed for 7 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

20.4 The Company shall be entitled to cease sending dividend cheques and warrants by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least three consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or warrant.

21. Capitalisation

21.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid up bonus shares pro-rata (except in connection with the conversion of shares of one class to shares of another class) to the Members.

21.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full partly or nil paid up shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

22. Annual General Meetings

The annual general meeting of the Company shall be held in each year (other than the year of incorporation) at such time and place as the president or the chairman (if any) or the Board shall appoint.

23. Special General Meetings

The president or the chairman (if any) or the Board may convene a special general meeting whenever in their judgment such a meeting is necessary.

24. Requisitioned General Meetings

The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply.

25. Notice

25.1 At least 14 clear days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

25.2 At least 14 clear days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

25.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.

25.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.

25.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

26. Business at General Meetings

26.1 No business may be conducted at an annual general meeting or a special general meeting, other than business that is either:

(a) specified in the notice of meeting given to Members by or at the direction of the Board;

(b) otherwise properly brought before the meeting by or at the direction of the Board (or any duly authorised committee thereof);

(c) otherwise properly brought before the meeting by any Members pursuant to the valid exercise of power granted under the Act; or

(d) otherwise properly brought before the meeting by any Member who:

(i) is a Member on the record date for the determination of Members entitled to vote at such meeting and on the date of the giving of the notice referred to in Bye-law 26.2;

(ii) on the date of the giving of the notice referred to in Bye-law 26.2 holds and has held continuously for a period of not less than one year Common Shares which either (I) have an aggregate market value of not less than US$2,000 or (II) carry not less than 1% of the total voting rights attributable to all Common Shares;

(iii) continues to hold such Common Shares at the date of the meeting; and

(iv) complies with the notice procedures set out in this Bye-law 26;

provided, in each case, that such business proposed to be conducted is, under applicable law, a proper subject for determination by the Members.

26.2 In addition to any other applicable requirements, for business to be properly brought before an annual general meeting or a special general meeting by a Member, such Member must have given notice thereof to the Secretary pursuant to Bye-law 26.3. The notice must include:

(a) the name and address of the Member who intends to propose the business;

(b) a representation that the Member is a holder of shares in the Company and that the Member intends to vote such shares at such meeting;

(c) a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting;

(d) the class and number of shares in the Company which are beneficially owned by the Member;

(e) any material interest of the Member in such business; and

(f) such other information regarding each matter of business to be proposed by such Member as would be required to be disclosed to Members in connection with voting on such matter pursuant to applicable law and regulations had the matter been proposed, or intended to be proposed, by the Board.

26.3 Any notice required to be given to the Secretary pursuant to Bye-law 26.2 must be in writing and delivered to or mailed and received by the Secretary, who must receive the notice not later than the following dates:

(a) in the case of an annual general meeting, not less than 90 days nor more than 120 days before the first anniversary of the preceding year's annual general meeting, or, if no annual general meeting was held in the previous year or the date of the annual general meeting is more than 30 days before or more than 30 days after such anniversary date, not later than 10 days following the earlier of the date on which notice of the annual general meeting was given to Members or the date on which public disclosure of the date of the annual general meeting was made; and

(b) in the case of a special general meeting, not later than 10 days following the earlier of the date on which notice of the special general meeting was given to Members or the date on which public disclosure of the date of the special general meeting was made.

26.4 If the chairman (or other person presiding over the relevant general meeting) determines that business was not properly brought before the meeting in accordance with the procedures set out in this Bye-law 26, he shall declare to the meeting that such business shall not be transacted.

27. Giving Notice and Access

27.1 A notice may be given by the Company to a Member:

(a) by delivering it to such Member in person; or

(b) by sending it by letter mail or courier to such Member's address in the Register of Members; or

(c) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose or by such other means as the Board may decide and which are permitted by applicable laws or regulations and not prohibited by the Act; or

(d) in accordance with Bye-law 27.3.

27.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

27.3 Where a Member indicates his consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, or receipt in this manner is otherwise permitted by the Act or by applicable laws or regulations (and not prohibited by the Act), the Board may deliver such information or documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.

27.4 Save as provided by Bye-laws 27.5 and 27.6, any notice shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, at the time when it was posted, delivered to the courier or to the cable company or transmitted by telex, facsimile, electronic mail, or such other method as the case may be.

27.5 Notice delivered by letter mail shall be deemed to have been served 48 hours after the time on which it is deposited, with postage prepaid, in the mail of any member state of the European Union, the United States, or Bermuda.

27.6 In the case of information or documents delivered in accordance with Bye-law 27.3, service shall be deemed to have occurred when (i) the Member is notified in accordance with that Bye-law; and (ii) the information or document is published on the website.

27.7 The Company shall be under no obligation to send a notice or other document to the address shown for any particular Member in the Register of Members if the Board considers that the legal or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, the territory in which that address is situated are such that it is necessary or expedient not to send the notice or document concerned to such Member at such address and may require a Member with such an address to provide the Company with an alternative acceptable address for delivery of notices by the Company.

28. Postponement or Cancellation of General Meeting

The chairman or the president may, and the Secretary on instruction from the chairman or the president shall, postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement or cancellation is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed or cancelled meeting shall be given to the Members in accordance with these Bye-laws.

29. Attendance and Security at General Meetings

29.1 If so permitted by the Board or the chairman in relation to a general meeting, members may participate in such general meeting by such electronic means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

29.2 The Board may, and at any general meeting, the chairman of such meeting may make any arrangement and impose any requirement or restriction it or he considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

30. Quorum at General Meetings

30.1 At any general meeting two or more persons present in person or by proxy at the start of the meeting shall form a quorum for the transaction of business.

30.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. If the meeting shall be adjourned to the same day one week later or the Secretary shall determine that the meeting is adjourned to a specific date, time and place, it shall not be necessary to give notice of the adjourned meeting other than by announcement at the meeting being adjourned. If the Secretary shall determine that the meeting be adjourned to an unspecified date, time or place, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

31. Chairman to Preside at General Meetings

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the chairman, if there be one, and if not the president (if he is a Director), if there be one, shall act as chairman at all meetings of the Members at which such person is present. In their absence, a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

32. Voting on Resolutions

32.1 Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.

32.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

32.3 Unless the notice convening the meeting specifies that a particular resolution shall be voted upon by poll, at any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to these Bye-laws and any rights or restrictions for the time being lawfully attached to any class of shares, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his or her hand.

32.4 In the event that a Member participates in a general meeting by telephone, electronic or other communications facilities or means, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands.

32.5 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

32.6 At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

33. Power to Demand a Vote on a Poll

33.1 Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

(a) the chairman of such meeting; or

(b) at least three Members present in person or represented by proxy; or

(c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or

(d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

33.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by electronic means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

33.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

33.4 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken. Each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communications facilities or means shall cast his vote in such manner as the chairman shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two persons appointed by the chairman for the purpose. The result of the poll shall be declared by the chairman.

34. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

35. Instrument of Proxy

35.1 A Member may appoint a proxy by (a) an instrument appointing a proxy in writing in substantially the following form or such other form as the Board may determine from time to time:

Proxy
— Limited
(the "Company")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on the [ ] day of [ ], 200[ ] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [ ] day of [ ], 2[ ]

Member(s)

or (b) such telephonic, electronic or other means as may be approved by the Board from time to time.

35.2 The appointment of a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote, and an appointment of proxy which is not received in the manner so permitted shall be invalid.

35.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

35.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

36. Representation of Corporate Member

36.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

36.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

37. Adjournment of General Meeting

37.1 The chairman of any general meeting at which a quorum is present may with the consent of Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy), adjourn the meeting.

37.2 In addition, the chairman may adjourn the meeting to another time and place without such consent or direction if it appears to him that:

(a) it is likely to be impracticable to hold or continue that meeting because of the number of Members wishing to attend who are not present; or

(b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or

(c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

37.3 Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

38. Written Resolutions

38.1 Subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting and without any previous notice being required, be done by resolution in writing signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members who at the date of the resolution would be entitled to attend the meeting and vote on the resolution.

38.2 A resolution in writing may be signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, all the Members, or all the Members of the relevant class thereof, in as many counterparts as may be necessary.

38.3 A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

38.4 A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.

38.5 This Bye-law shall not apply to:

(a) a resolution passed to remove an auditor from office before the expiration of his term of office; or

(b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.

38.6 For the purposes of this Bye-law, the effective date and place of the resolution is the date and place when and where the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member to sign and any reference in any Bye-law to the date or place of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date or place.

39. Directors' Attendance at General Meetings

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

40. Election of Directors

40.1 The Board of Directors shall be elected or appointed, except in the case of a casual vacancy or an appointment or election pursuant to rights referred to in Bye-law 40.9, at the annual general meeting or at any special general meeting called for that purpose.

40.2 The Board shall consist of such number of Directors being not less than two Directors and not more than such maximum number of Directors, not exceeding fifteen Directors, as the Board may from time to time determine. The Board shall at all times comprise a majority of Directors who are not resident in the United Kingdom for United Kingdom tax purposes.

40.3 Only persons who are proposed or nominated in accordance with this Bye-law 40 shall be eligible for election as Directors. Nominations of persons for election to the Board may be made at any annual general meeting or at a special general meeting called for the purpose of electing Directors:

(a) by or at the direction of the Board (or any duly authorised committee thereof);

(b) by any Members pursuant to the valid exercise of power granted under the Act; or

(c) by any Member who:

(i) is a Member on the record date for the determination of Members entitled to vote at such meeting and on the date of the giving of the notice referred to in Bye-law 40.4;

(ii) on the date of the giving of the notice referred to in Bye-law 40.4 holds and has held continuously for a period of not less than one year Common Shares which either (I) have an aggregate market value of not less than US$2,000 or (II) carry not less than 1% of the total voting rights attributable to all Common Shares;

(iii) continues to hold such Common Shares at the date of the meeting; and

(iv) complies with the notice procedures set out in this Bye-law 40.

40.4 The notice must include:

(a) the name and address of the Member who intends to make the nomination(s);

(b) a representation that the Member is a holder of shares in the Company and that the Member intends to vote such shares at such meeting;

(c) the name, age, business address and residence address of each nominee proposed in the notice;

(d) the principal occupation or employment of each such nominee;

(e) the number of shares in the Company which are beneficially owned by each such nominee;

(f) the consent in writing of each nominee to serve as a Director if so elected;

(g) a representation that the Member intends to appear in person or by proxy at the meeting to nominate each person specified in the notice;

(h) a description of all arrangements or understandings between the Member and each nominee or any other person or persons (naming such person or persons) pursuant to which each nomination is to be made by the Member; and

(i) such other information concerning such persons as would be required to be disclosed to Members in connection with the election of Directors pursuant to applicable law and regulations had the persons been nominated, or intended to be nominated, by the Board.

40.5 Any notice required to be given to the Secretary pursuant to Bye-law 40.4 must be in writing and delivered to or mailed and received by the Secretary, who must receive the notice not later than the following dates:

(a) in the case of an annual general meeting, not less than 90 days nor more than 120 days before the first anniversary of the preceding year’s annual general meeting, or, if no annual general meeting was held in the previous year or the date of the annual general meeting is more than 30 days before or more than 30 days after such anniversary date, not later than 10 days following the earlier of the date on which notice of the annual general meeting was given to Members or the date on which public disclosure of the date of the annual general meeting was made; and

(b) in the case of a special general meeting, not later than 10 days following the earlier of the date on which notice of the special general meeting was given to Members or the date on which public disclosure of the date of the special general meeting was made.

40.6 If the chairman (or other person presiding over the relevant general meeting) determines that a nomination was not made in accordance with the procedures set out in this Bye-law 40, he shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

40.7 Where the number of persons validly proposed for re-election or election as a Director is greater than the number of Directors to be elected, the persons receiving the most votes (up to the number of Directors to be elected) shall be elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.

40.8 At any general meeting the Members may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.

40.9 A Director may be appointed or elected pursuant to the special rights that may be designated by the Board as attaching to a class or series of shares pursuant to Bye-law 4.2(c).

40.10 The Board may appoint any person as a Director to fill a casual vacancy on the Board. Any Director so appointed by the Board shall hold office only until the next annual general meeting of the Company but shall be eligible for re-election.

41. Term of Office of Directors

Directors shall hold office for such term as the Members may determine or, in the absence of such determination, until the next annual general meeting or until their successors are elected or appointed or their office is otherwise vacated.

42. No Share Qualification

A Director shall not be required to hold any shares in the capital of the Company by way of qualification. A Director who is not a Member shall nevertheless be entitled to attend and speak at general meetings and at any separate meeting of the holders of any class of shares in the capital of the Company

43. Alternate Directors

43.1 At any general meeting, the Members may elect a person or persons to act as a Director in the alternative to any one or more Directors or may authorise the Board to appoint such Alternate Directors.

43.2 Unless the Members otherwise resolve, any Director may appoint another Director or a person approved by the Board to act as a Director in the alternative to himself by notice deposited with the Secretary. Any person so elected or appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present.

43.3 An Alternate Director shall be entitled to receive notice of all meetings of the Board and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.

43.4 An Alternate Director shall cease to be such if the Director for whom he was appointed to act as a Director in the alternative ceases for any reason to be a Director, but he may be re-appointed by the Board as an alternate to the person appointed to fill the vacancy in accordance with these Bye-laws.

44. Removal of Directors

44.1 Subject to any provision to the contrary in these Bye-laws, the Members holding Common Shares may, at any special general meeting convened and held in accordance with these Bye-laws, remove a Director by a resolution comprising the affirmative vote of not less than 75% per cent of the votes attaching to all Common Shares in issue, provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

44.2 If a Director is removed from the Board under the provisions of this Bye-law the Members may fill the vacancy at the meeting at which such Director is removed. In the absence of such election or appointment, the Board may fill the vacancy.

44.3 Subject to any provision to the contrary in these Bye-laws, a Director may be removed at any time and for any reason prior to the expiration of such Director's period of office by a vote of not less than 75% of the Directors other than the Director in question at a Board meeting duly convened and held in accordance with these Bye-laws.

45. Vacancy in the Office of Director

45.1 The office of Director shall be vacated if the Director:

(a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;

(b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally;

(c) is or becomes of unsound mind or dies;

(d) shall for more than 6 consecutive months have been absent without permission of the Board from meetings of the Board held during that period and his Alternate Director (if any) shall not during such period have attended in his stead and the Board resolves that his office be vacated;

(e) resigns his office by notice to the Company; or

(f) upon his term of office expiring pursuant to the special rights of any class or series of shares.

45.2 The Members in general meeting or the Board shall have the power to appoint any person as a Director to fill a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director or as a result of an increase in the size of the Board and to appoint an Alternate Director to any Director so appointed.

46. Remuneration of Directors

46.1 The amount of any fees payable to Directors shall be determined by the Board and shall be deemed to accrue from day to day.

46.2 Any Director who holds any executive office (including for this purpose the office of chairman or deputy chairman whether or not such office is held in an executive capacity), or who serves on any committee, or who, at the request of the Board, goes or resides abroad, makes any special journey or otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such remuneration by way of salary, commission or otherwise as the Board may determine in addition to or in lieu of any fee payable to him for his services as Director pursuant to these Bye-laws.

46.3 The Company shall repay to any Director all such reasonable expenses as he may properly incur in the performance of his duties including attending meetings of the Directors or of any committee of the Directors or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in or about the business of the Company.

46.4 Without prejudice to the generality of the foregoing, the Directors may exercise all the powers of the Company to establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of or who are or were at any time Directors or officers of and holding any salaried employment or office in the Company or any other Group company in which the Company or any Group company has any interest whether direct or indirect or which is in any way allied to or associated with the Company or any Group company and the families and dependants of any such persons, and also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company, or of any such persons as aforesaid, and, subject to the Act, make payments for or towards the insurance of any such persons as aforesaid, and do any of the matters aforesaid either alone or in conjunction with any such other company.

47. Defect in Appointment of Director

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

48. Directors to Manage Business

48.1 The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.

48.2 Subject to these Bye-laws, the Board may delegate to any company, firm, person, or body of persons any power of the Board (including the power to sub-delegate).

49. Powers of the Board of Directors

The Board may:

49.1 appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

49.2 exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

49.3 appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

49.4 appoint a person to act as manager of the Company’s day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

49.5 by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

49.6 procure that the Company pays all expenses incurred in promoting and incorporating the Company and listing the shares of the Company;

49.7 delegate any of its powers (including the power to sub-delegate) to a committee appointed by the Board which may consist partly or entirely of non-Directors, provided that every such committee shall conform to such directions as the Board shall impose on them and provided further that the meetings and proceedings of any such committee shall be governed by these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;

49.8 delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;

49.9 present any petition and make any application in connection with the liquidation or reorganisation of the Company;

49.10 in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

49.11 authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any agreement, document or instrument on behalf of the Company.

50. Register of Directors and Officers

The Board shall cause to be kept in one or more books at the registered office of the Company a register of directors and officers and shall enter therein the particulars required by the Act.

51. Appointment of Officers

The Board may appoint such officers (who may or may not be Directors) as the Board may determine.

52. Appointment of Secretary

The Secretary shall be appointed by the Board from time to time.

53. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

54. Remuneration of Officers

The Officers shall receive such remuneration as the Board may determine.

55. Conflicts of Interest

55.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.

55.2 If a Director or an immediate family member of a Director is directly or indirectly interested in a contract or proposed contract or arrangement with the Company, that Director shall declare the nature of such interest as required by the Act.

55.3 Following a declaration being made pursuant to this Bye-law, and unless disqualified by the chairman of the relevant Board meeting (or, if the declaration is made by the chairman of the meeting, by a majority in number of the other Directors in attendance), a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting. The chairman of a Board meeting may require a Director to leave the meeting to enable the Board to discuss and/or vote on a matter in which the chairman considers the Director or an immediate family member of the Director to be interested. If a majority in number of the Directors in attendance at a Board meeting consider the chairman of the meeting or an immediate family member of the chairman to be interested in a particular matter, they may require the chairman to leave the meeting to enable the Board to discuss and/or vote on such matter.

55.4 For the purpose of this Bye-law 55, "**immediate family member**" means, in relation to a Director, his child, step-child, parent, step-parent, spouse, civil partner, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or any person (other than a tenant or employee) sharing the household of the Director.

56. Indemnification and Exculpation of Directors and Officers

56.1 The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) for the time being acting in relation to any of the affairs of the Company, any subsidiary thereof and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them, and their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, liabilities, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of the Company's business, or their duty, or supposed duty, or in their respective offices or trusts, and none of them shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director or Officer. The indemnity provided to the persons specified in this Bye-law shall apply if those persons are acting in the reasonable belief that they have been appointed or elected to any office or trust of the Company, or any subsidiary thereof, notwithstanding any defect in such appointment or election.

56.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him under the Act in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

56.3 The Company may advance moneys to a Director or Officer for the costs, charges and expenses incurred by the Director or Officer in defending any civil or criminal proceedings against him, on condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty is proved against him.

56.4 No amendment or repeal of any provision of this Bye-law shall alter detrimentally the rights to the advancement of expenses or indemnification related to a claim based on an act or failure to act which took place prior to such amendment or repeal.

MEETINGS OF THE BOARD OF DIRECTORS

57. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. Subject to these Bye-laws, a resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

58. Notice of Board Meetings

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

59. Electronic Participation in Meetings

Directors may participate in any meeting by such electronic means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be considered to take place where the chairman of the meeting establishes that the meeting is held.

60. Quorum at Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board shall be two Directors. No meetings of the Board shall be quorate if the majority of the Directors present consists of persons who are resident in the United Kingdom for United Kingdom tax purposes.

61. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act only for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

62. Chairman to Preside

Unless otherwise agreed by a majority of the Directors attending, the chairman, if there be one, and if not, the president (if he is a Director), if there be one, shall act as chairman at all meetings of the Board at which such person is present. In their absence a chairman shall be appointed or elected by the Directors present at the meeting.

63. Written Resolutions

A resolution signed by all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective at the place and on the date on which the last Director signs the resolution provided that any such resolution shall be valid only if the signature of the last Director to sign is affixed outside the United Kingdom. For the purposes of this Bye-law only, "Director" shall not include an Alternate Director.

64. Validity of Prior Acts of the Board

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

65. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, and meetings of committees appointed by the Board.

66. Place Where Corporate Records Kept

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

67. Form and Use of Seal

67.1 The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

67.2 A seal may, but need not, be affixed to any deed, instrument or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer, or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.

67.3 A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

ACCOUNTS

68. Books of Account

68.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

68.2 Such records of account shall be kept at the registered office of the Company, or subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

69. Financial Year End

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be the nearest Saturday to 31st January in each year.

AUDITS

70. Annual Audit

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

71. Appointment of Auditor

71.1 Subject to the Act, at the annual general meeting or at a subsequent special general meeting in each year, the Members shall appoint one or more Auditors to hold office until the close of the next annual general meeting.

71.2 No Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

72. Remuneration of Auditor

The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine.

73. Duties of Auditor

73.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

73.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

74. Access to Records

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers for any information in their possession relating to the books or affairs of the Company.

75. Financial Statements

Subject to any rights to waive laying of accounts pursuant to the Act, financial statements as required by the Act shall be laid before the Members in general meeting. A resolution in writing made in accordance with Bye-law 38 receiving, accepting, adopting, approving or otherwise acknowledging financial statements shall be deemed to be the laying of such statements before the Members in general meeting.

76. Distribution of Auditor’s Report

The report of the Auditor shall be submitted to the Members in general meeting.

77. Vacancy in the Office of Auditor

If the office of Auditor becomes vacant by the resignation or death or the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability at a time when the Auditor’s services are required, the vacancy thereby created shall be filled in accordance with the Act.

VOLUNTARY WINDING-UP AND DISSOLUTION

78. Winding-Up

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

79. Changes to Bye-laws

79.1 Subject to Bye-law 79.2, no Bye-law may be rescinded, altered or amended and no new Bye-law may be made until the same has been approved by a resolution of the Board and by a resolution of the Members.

79.2 Bye-laws 40 (*Election of Directors*), 41 (*Term of Office of Directors*), 42 (*No Share Qualification*), 44 (*Removal of Directors*), 56 (*Indemnification and Exculpation of Directors and Officers*), 79 (*Changes to Bye-laws*), 84 (*Business Combinations*) and 85 (*Amalgamations*) may not be rescinded, altered or amended and no new Bye-law shall be made which would have the effect of rescinding, altering or amending the provisions of such Bye-laws, until the same has been approved by a resolution of the Board including the affirmative vote of not less than 75% of the Directors then in office and by a resolution of the Members including the affirmative vote of not less than 75% per cent of the votes attaching to all Common Shares in issue.

80. Discontinuance

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

COMPANY INVESTIGATIONS INTO INTERESTS IN SHARES

81. Provisions applicable to Bye-laws 82 and 83.

81.1 For the purposes of Bye-laws 82 and 83:

(a) "**Relevant Share Capital**" means any class of the Company's issued share capital; and for the avoidance of doubt, any adjustment to or restriction on the voting rights attached to shares shall not affect the application of this Bye-law in relation to interests in those or any other shares;

(b) "**interest**" means, in relation to Relevant Share Capital, any interest of any kind whatsoever in any shares comprised therein (disregarding any restraints or restrictions to which the exercise of any right attached to the interest in the share is, or may be, subject) and without limiting the meaning of "**interest**" a person shall be taken to have an interest in a share if:

(i) he enters into a contract for its purchase by him (whether for cash or other consideration); or

(ii) not being the registered holder, he is entitled to exercise any right conferred by the holding of the share or is entitled to control the exercise of any such right; or

(iii) he is a beneficiary of a trust where the property held on trust includes an interest in the share; or

(iv) otherwise than by virtue of having an interest under a trust, he has a right to call for delivery of the share to himself or to his order; or

(v) otherwise than by virtue of having an interest under a trust, he has a right to acquire an interest in the share or is under an obligation to take an interest in the share; or

(vi) he has a right to subscribe for the share,

whether in any case the contract, right or obligation is absolute or conditional, legally enforceable or not and evidenced in writing or not, and it shall be immaterial that a share in which a person has an interest is unidentifiable;

(c) a person is taken to be interested in any shares in which his spouse or civil partner or any infant child or step-child of his is interested; and "**infant**" means a person under the age of 18 years;

(d) a person is taken to be interested in shares if a body corporate is interested in them and:

(i) that body or its directors are accustomed to act in accordance with his directions or instructions; or

(ii) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that company,

PROVIDED THAT (a) where a person is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of a company and that company is entitled to exercise or control the exercise of any of the voting power at general meetings of another company (the **"effective voting power**") then, for purposes of Bye-law 81.1(d)(ii) above, the effective voting power is taken as exercisable by that person and (b) for purposes of this Bye-law 81.1(d), a person is entitled to exercise or control the exercise of voting power if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled or he is under an obligation (whether or not so subject) the fulfillment of which would make him so entitled.

81.2 The provisions of Bye-laws 82 and 83 are in addition to any and separate from other rights or obligations arising at law or otherwise.

82. Power of the Company to Investigate Interests in Shares

82.1 The Company may give notice under this Bye-law (a "**Bye-law 82 Notice**") to any person whom the Company knows or has reasonable cause to believe:

(a) to be interested in shares comprised in the Relevant Share Capital; or

(b) to have been so interested at any time during the three years immediately preceding the date on which the notice is issued.

82.2 The Bye-law 82 Notice may request the person:

(a) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and

(b) if he holds, or has during that time held, any such interest, to give such further information as may be requested in accordance with this Bye-law 82.

82.3 A Bye-law 82 Notice may request the person to whom it is addressed to give particulars of his own past or present interest in shares comprised in the Relevant Share Capital (held by him at any time during the three year period mentioned in Bye-law 82.1).

82.4 The Bye-law 82 Notice may request the person to whom it is addressed, where:

(a) the interest is a present interest and any other interest in the shares subsists; or

(b) another interest in the shares subsisted during that three year period at a time when his own interest subsisted,

to give, so far as lies within his knowledge, such particulars with respect to that other interest as may be requested by the notice including the identity of persons interested in the shares in question.

82.5 The Bye-law 82 Notice may request the person to whom it is addressed where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

82.6 The information requested by a Bye-law 82 Notice must be given within such time as may be specified in the notice, being a period of not less than 5 days following service thereof.

82.7 For the purposes of this Bye-law 82:

(a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification whether following service of a Bye-law 82 Notice or otherwise which either:

(i) names such person as being so interested; or

(ii) (after taking into account any such notification and any other relevant information in the possession of the Company) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares.

83. Failure to Disclose Interests in Shares

83.1 For the purpose of this Bye-law:

(a) "**Exempt Transfer**" means, in relation to shares held by a Member:

(i) a transfer by way of, or in pursuance of, acceptance of a takeover offer for the Company meaning an offer to acquire all the shares, or all the shares of any class or classes, in the Company (other than shares which at the date of the offer are already held by the offeror), being an offer on terms which are the same in relation to all the shares to which the offer relates or, where those shares include shares of different classes, in relation to all the shares of each class;

(ii) a transfer in consequence of a sale made through the New York Stock Exchange or any stock exchange selected by the Company outside the United States of America on which any shares are normally traded; or

(iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the shares to a person who is unconnected with the Member and with any other person appearing to be interested in the shares;

(b) "**interested**" is construed as it is for the purpose of Bye-law 82;

(c) a person, other than the Member holding a share, shall be treated as appearing to be interested in such share if the Member has informed the Company that the person is or may be so interested, or if the Company (after taking account of information obtained from the Member or, pursuant to a Bye-law 82 Notice, from anyone else) knows or has reasonable cause to believe that the person is or may be so interested;

(d) reference to a person having failed to give to the Company information required by Bye-law 82, or being in default of supplying such information, includes references to his having:

(i) failed or refused to give all or any part of such information; and

(ii) given information which he knows to be false in a material particular or recklessly given information which is false in a material particular; and

(e) "**transfer**" means a transfer of a share or (where applicable) a renunciation of a renounceable letter of allotment or other renounceable document of title relating to a share.

83.2 Where a Bye-law 82 Notice is given by the Company to a Member, or another person appearing to be interested in shares held by such Member, and the Member or other person has failed in relation to any shares ("**Default Shares**", which expression applies also to any shares issued after the date of the Bye-law 82 Notice in respect of those shares and to any other shares registered in the name of such Member at any time whilst the default subsists) to give the Company the information required within fourteen days after the date of service of the Bye-law 82 Notice (and whether or not the Bye-law 82 Notice specified a different period), unless the Board in its absolute discretion otherwise decides:

(a) the Member is not entitled in respect of the Default Shares to be present or to vote (either in person or by proxy) at a general meeting or at a separate meeting of the holders of a class of shares or at an adjourned meeting or on a poll, or to exercise other rights conferred by membership in relation to any such meeting or poll; and

(b) where the Default Shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:

(i) a dividend (or any part of a dividend) payable in respect of the Default Shares (except on a winding up of the Company) may be withheld by the Company, which shall have no obligation to pay interest on such dividend;

(ii) the Member shall not be entitled to elect to receive shares instead of a dividend; and

(iii) the Board may, in its absolute discretion, refuse to register the transfer of any Default Shares (subject, in the case of any uncertificated shares, to the Uncertificated Securities Regulations) unless:

(1) the transfer is an Exempt Transfer; or

(2) the Member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any of the shares which are the subject of the transfer.

83.3 The sanctions under Bye-law 83.2 shall cease to apply seven days after the earlier of:

(a) receipt by the Company of notice of an Exempt Transfer, but only in relation to the shares transferred; and

(b) receipt by the Company, in a form satisfactory to the Board, of all the information required by the Bye-law 82 Notice.

83.4 The Board may:

(a) give notice in writing to any Member holding Default Shares in uncertificated form requiring the Member:

(i) to change his holding of such shares from uncertificated form into certificated form within a specified period; and

(ii) then to hold such Default Shares in certificated form for so long as the default subsists; and

(b) appoint any person to take any steps, by instruction, by means of the Uncertificated System or otherwise, in the name of any holder of Default Shares as may be required to change such shares from uncertificated form into certificated form (and such steps shall be effective as if they had been taken by such holder).

83.5 Any notice referred to in this Bye-law may be served by the Company upon the addressee either personally or by sending it through the post in a pre paid letter addressed to the addressee at his usual or last known address.

BUSINESS COMBINATIONS AND AMALGAMATIONS

84. Business Combinations

84.1 Any Business Combination with any Interested Shareholder within a period of three years following the time of the transaction in which the person become an Interested Shareholder must be approved by the Board and authorised at a general meeting by the affirmative vote of at least 66 $^{2}/_{3}$% of the issued Common Shares that are not owned by the Interested Shareholder unless:

(a) prior to the time that the person became an Interested Shareholder, the Board approved either the Business Combination or the transaction which resulted in the person becoming an Interested Shareholder; or

(b) upon consummation of the transaction which resulted in the person becoming an Interested Shareholder, the Interested Shareholder owned at least 75% of the Common Shares in issue at the time the transaction commenced, excluding for the purposes of determining the number of Common Shares in issue those Common Shares owned by:

(i) persons who are both Directors and Officers, or

(ii) employee share plans in which employee participants do not have the right to determine whether shares held subject to the plan will be tendered in a tender or exchange offer.

84.2 The restrictions contained in Bye-law 84.1 shall not apply if:

(a) a Member:

(i) becomes an Interested Shareholder inadvertently; and

(ii) as soon as practicable divests itself of ownership of sufficient shares so that the Member ceases to be an Interested Shareholder; and

(iii) would not, at any time within the three-year period immediately prior to a Business Combination between the Company and such Member, have been an Interested Shareholder but for the inadvertent acquisition of ownership; or

(b) the Business Combination is proposed prior to the consummation or abandonment of, and subsequent to the public announcement of, a proposed transaction which:

(i) constitutes one of the transactions described in the following sentence;

(ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board; and

(iii) is approved or not opposed by a majority of the members of the Board then in office who were Directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election or elected to succeed such Directors by resolution of the Board approved by a majority of such Directors.

(c) The proposed transactions referred to in the preceding sentence are limited to:

(i) a merger, amalgamation or consolidation of the Company (except an amalgamation in respect of which, pursuant to the Act, no vote of the shareholders of the Company is required);

(ii) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any entity directly or indirectly wholly-owned or majority-owned by the Company (other than to the Company or any entity directly or indirectly wholly-owned by the Company) having an aggregate market value equal to 50% or more of either the aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the issued shares of the Company; or

(iii) a proposed tender or exchange offer for 50% or more of the issued Common Shares.

84.3 For the purpose of this Bye-law 84 only, the term:

(a) "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person;

(b) "**associate**", when used to indicate a relationship with any person, means:

(i) any company, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares;

(ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; or

(iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person;

(c) "**Business Combination**", when used in reference to the Company and any Interested Shareholder of the Company, means:

(i) any merger, amalgamation or consolidation of the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company, wherever incorporated, with:

(1) the Interested Shareholder or any of its affiliates, or

(2) any other company, partnership, unincorporated association or other entity if the merger, amalgamation or consolidation is caused by the Interested Shareholder;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a shareholder of the Company, to or with the Interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Company or of any entity directly or indirectly wholly-owned or majority-owned by the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the issued shares of the Company;

(iii) any transaction which results in the issue or transfer by the Company or by any entity directly or indirectly wholly-owned or majority-owned by the Company of any shares of the Company, or any share of such entity, to the Interested Shareholder, except:

(1) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company, or shares of any such entity, which securities were issued prior to the time that the Interested Shareholder became such;

(2) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company, or shares of any such entity, which security is distributed, pro rata to all holders of a class or series of shares subsequent to the time the Interested Shareholder became such;

(3) pursuant to an exchange offer by the Company to purchase shares made on the same terms to all holders of such shares; or

provided however, that in no case under items (2) or (3) of this subparagraph, shall there be an increase in the Interested Shareholder's proportionate share of any class or series of shares;

(iv) any transaction involving the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company which has the effect, directly or indirectly, of increasing the proportionate share of any class or series of shares, or securities convertible into any class or series of shares of the Company, or shares of any such entity, or securities convertible into such shares, which is owned by the Interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any repurchase or redemption of any shares not caused, directly or indirectly, by the Interested Shareholder; or

(v) any receipt by the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of the Company), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in this Bye-law 84.3(c)) provided by or through the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company;

(d) "**control**", including the terms "**controlling**", "**controlled by**" and "**under common control with**", means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise. A person who is the owner of 20% or more of the voting shares of any company, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary; provided that notwithstanding the foregoing, such presumption of control shall not apply where such person holds voting shares, in good faith and not for the purpose of circumventing this provision, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity;

(e) "**Interested Shareholder**" means any person (other than the Company and any entity directly or indirectly wholly-owned or majority-owned by the Company) that:

(i) is the owner of 15% or more of the issued Common Shares;

(ii) is an affiliate or associate of the Company and was the owner of 15% or more of the Common Shares at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Shareholder; or

(iii) is an affiliate or associate of any person listed in (i) or (ii) above; provided, however, that the term "Interested Shareholder" shall not include any person whose ownership of shares in excess of the 15% limitation set out herein is the result of action taken solely by the Company unless such person referred to in this proviso acquires additional Common Shares otherwise than as a result of further corporate action not caused, directly or indirectly, by such person.

For the purpose of determining whether a person is an Interested Shareholder, the Common Shares deemed to be in issue shall include Common Shares deemed to be owned by the person through application of Bye-law 84.3(f), but shall not include any other unissued shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise;

(f) "**owner**", including the terms "**own**" and "**owned**", when used with respect to any shares, means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such shares, directly or indirectly; or

(ii) has:

(1) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered shares are accepted for purchase or exchange; or

(2) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any shares because of such person's right to vote such shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in Bye-law 84.3(f)(ii)(2)), or disposing of such shares with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such shares;

(g) "**person**" means any individual, company, partnership, unincorporated association or other entity; and

(h) "**voting shares**" means, with respect to any company, shares of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a company, any equity interest entitled to vote generally in the election of the governing body of such entity.

85. Amalgamations

85.1 Subject to Bye-law 85.2, the Company shall not amalgamate with any other company unless the amalgamation agreement relating thereto has been approved by a resolution of the Members passed by a majority of not less than 75% of the total voting rights attaching to all the issued shares in the capital of the Company entitled to vote on such resolution. The quorum for a meeting convened to pass such a resolution shall be two or more persons present representing in person or by proxy in excess of 50% of the total voting rights attaching to all the issued shares in the capital of the Company entitled to vote on such resolution present throughout the meeting.

85.2 Bye-law 85.1 shall not apply to an amalgamation which has been approved by the Board prior to the commencement of the meeting convened to pass the resolution approving the amalgamation agreement relating thereto. In respect of any such amalgamation which the Act requires to be approved by the Members, the amalgamation agreement relating thereto shall be approved by a resolution of the Members passed by a simple majority of the votes cast by those attending and voting at the meeting. The quorum for a meeting convened to pass such a resolution shall be two or more Members present in person or by proxy.

Exhibit 4.1

EXECUTION COPY

THIS SECOND SUPPLEMENTAL INDENTURE is dated as of June 30, 2014 among SIGNET UK FINANCE PLC, a public limited company incorporated under the laws of England and Wales (the "**Company**"), each of the entities identified as an "Existing Guarantor" on the signature pages hereto (individually, an "**Existing Guarantor**" and, collectively, the "**Existing Guarantors**"), each of the entities identified as a "New Guarantor" on the signature pages hereto (individually, a "**New Guarantor**" and, collectively, the "**New Guarantors**" and, together with the Existing Guarantors, the "**Guarantors**") and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, as trustee (the "**Trustee**").

RECITALS

A. The Company, the Existing Guarantors and the Trustee executed and delivered (i) an Indenture, dated as of May 19, 2014 (the "**Base Indenture**"), to provide for the issuance by the Company from time to time of unsubordinated debt securities (the "**Securities**") and for the issuance of guarantees of the Securities and (ii) the First Supplemental Indenture, dated as of May 19, 2014 (the "**First Supplemental Indenture**" and, together with the Base Indenture and this Second Supplemental Indenture, the "**Indenture**"), relating to the Company's $400,000,000 aggregate principal amount of 4.700% Senior Notes due 2024 (the "**Offered Securities**") .

B. Pursuant to Section 1.3 of the First Supplemental Indenture, the Company agreed to cause the New Guarantors to provide guarantees of the Offered Securities.

C. The entry into of this Second Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Base Indenture.

D. The Company and the Guarantors desire to enter into this Second Supplemental Indenture pursuant to Section 9.01 of the Base Indenture to add the New Guarantors as Guarantors with respect to the Offered Securities.

E. All things necessary to make this Second Supplemental Indenture a valid indenture have been done.

NOW, THEREFORE, for and in consideration of the foregoing premises, the Company, the Guarantors and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective Holders from time to time of the Offered Securities as follows:

Section 1.1 <u>Definitions</u>.

Capitalized terms used but not defined in this Second Supplemental Indenture shall have the meanings ascribed thereto in the Base Indenture or the First Supplemental Indenture, as applicable.

Section 1.2 <u>Guarantees.</u> Each New Guarantor hereby unconditionally guarantees the Company's obligations for the due and punctual payment of the principal of, premium, if any, and interest on each Security that is authenticated and delivered by the Trustee under the Indenture, including the Offered Securities, and the performance and observance of each other obligation and covenant set forth in the Indenture to be performed or observed on the part of the Company, on the terms and subject to the conditions set forth in Article XV of the Base Indenture and Section 1.3 of the First Supplemental Indenture and agrees to be bound by all other provisions of the Indenture and any Security that is authenticated and delivered by the Trustee under the Indenture applicable to a Guarantor therein. Each New Guarantor agrees that its Guarantee shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Guarantee on any such Security, including the Offered Securities. Notwithstanding the foregoing, and anything to the contrary contained in Article XV of the Base Indenture or Section 1.3 of the First Supplemental Indenture, ZCSC, LLC, a Delaware limited liability company and a New Guarantor, shall be a Guarantor and be bound by the applicable provisions of the Indenture only to the extent permitted by applicable law.

Section 1.3 No Recourse Against Others.

No director, officer, manager, employee, incorporator or holder of any equity interest of any New Guarantor shall have any liability for any obligations of the Company or the Guarantors (including the New Guarantors) under the Offered Securities, any Guarantees, the Indenture (include this Second Supplemental Indenture and any other supplemental indentures) or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting Offered Securities waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Offered Securities.

Section 1.4 Confirmation of Indenture.

The Indenture, as supplemented and amended by this Second Supplemental Indenture, is in all respects ratified and confirmed, and the Base Indenture, the First Supplemental Indenture, this Second Supplemental Indenture and all indentures supplemental thereto with respect to the Offered Securities shall be read, taken and construed as one and the same instrument.

Section 1.5 Concerning the Trustee.

In carrying out the Trustee's responsibilities hereunder, the Trustee shall have all of the rights, protections and immunities which it possesses under the Indenture. The recitals contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Second Supplemental Indenture.

Section 1.6 Governing Law.

This Second Supplemental Indenture shall be deemed to be a contract made under the internal laws of the State of New York, and for all purposes shall be construed in accordance with the laws of said State.

Section 1.7 Separability.

In case any provision in this Second Supplemental Indenture shall for any reason be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.8 Counterparts.

This Second Supplemental Indenture may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 1.9 No Benefit.

Nothing in this Second Supplemental Indenture, express or implied, shall give to any Person other than the parties hereto and their successors or assigns, and the Holders of the Offered Securities, any benefit or legal or equitable rights, remedy or claim under the Indenture.

Section 1.10 Judgment Currency.

The Company and the Guarantors, jointly and severally, agree to indemnify each Holder against any loss incurred by such Holder as a result of any judgment or order being given or made for any amount due hereunder and such judgment or order being expressed and paid in a currency (the "**judgment currency**") other than U.S. dollars and as a result of any variation as between (i) the rate of exchange at which the U.S. dollar amount is converted into the judgment currency for the purpose of such judgment or order, and (ii) the rate of exchange at which such indemnified person is able to purchase U.S. dollars with the amount of the judgment currency actually received by the indemnified person. The foregoing indemnity shall constitute a separate and independent obligation of the Company and each Guarantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "**rate of exchange**" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed all as of the day and year first above written.

SIGNET UK FINANCE PLC,
as Issuer

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: Director

SIGNET JEWELERS LIMITED,
as an Existing Guarantor

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: Chief Financial Officer

SIGNET US FINANCE LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

SIGNET GROUP LIMITED,
as an Existing Guarantor

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: Director

SIGNET TRADING LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

H. SAMUEL LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

ERNEST JONES LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

LESLIE DAVIS LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

CHECKBURY LIMITED,
as an Existing Guarantor

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

SIGNET US HOLDINGS, INC.,
as an Existing Guarantor

By: /s/ Mark S. Light
Name: Mark S. Light
Title: Chief Executive Officer and President

SIGNET U.S. SERVICES INC.,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

[Signature Page to Second Supplemental Indenture]

SIGNET GROUP TREASURY SERVICES INC.,
as an Existing Guarantor

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: Vice President

STERLING JEWELERS INC.,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

ULTRA STORES, INC.,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

STERLING ECOMM LLC,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

STERLING JEWELERS LLC,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

[Signature Page to Second Supplemental Indenture]

SCAMP & SCOUNDREL LLC,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

SIGNET GROUP SERVICES US INC.,
as an Existing Guarantor

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: President

STERLING INC.,
as an Existing Guarantor

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

ZALE CORPORATION,
as a New Guarantor

By: /s/ Ronald Ristau
Name: Ronald Ristau
Title: Chief Financial Officer

ZALE DELAWARE, INC.,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

ZALE INTERNATIONAL, INC.,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

ZAP, INC.,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

ZGCO, LLC,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

TXDC, L.P.,
as a New Guarantor

By ZALE DELAWARE, INC., its General Partner

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

[Signature Page to Second Supplemental Indenture]

ZALE CANADA CO.,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

ZCSC, LLC,
as a New Guarantor

By: /s/ Ken Brumfield
Name: Ken Brumfield
Title: President and Chief Executive Officer

ZALE PUERTO RICO, INC.,
as a New Guarantor

By: /s/ Theo Killion
Name: Theo Killion
Title: Chief Executive Officer

[Signature Page to Second Supplemental Indenture]

ZALE CANADA HOLDING LP,
as a New Guarantor

By ZALE INTERNATIONAL, INC., its General Partner

By: /s/ Theo Killion

Name: Theo Killion
Title: Chief Executive Officer

[Signature Page to Second Supplemental Indenture]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: /s/ Rosemary Cabrera
Name: Rosemary Cabrera
Title: Associate

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Assistant Vice President

[Signature Page to Second Supplemental Indenture]

Exhibit 10.2

FIRST AMENDMENT TO THE CREDIT AGREEMENT

FIRST AMENDMENT (this "Amendment"), dated as of September 9, 2014, to the Credit Agreement dated as of May 27, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Signet Group Limited, Signet Group Treasury Services Inc. and Sterling Jewelers Inc. (collectively, the "Borrowers"), Signet Jewelers Limited (the "Parent"), the several banks and other financial institutions or entities from time to time party thereto (the "Lenders"), JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), and the other agents party thereto.

W I T N E S S E T H :

WHEREAS, the parties hereto are parties to the Credit Agreement;

WHEREAS, the Borrowers have requested that the Lenders agree to make certain amendments to the Credit Agreement as set forth herein; and

WHEREAS, the Required Lenders are willing to agree to such amendments and other matters, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS.

1.1 Unless otherwise defined herein, capitalized terms which are defined in the Credit Agreement are used herein as therein defined.

SECTION 2. AMENDMENTS.

2.1 The definitions of "Consolidated EBITDA" and "Consolidated Net Interest Expense" in Section 1.01 of the Credit Agreement are hereby amended by replacing such definitions in their entirety with the following definitions:

(a) "Consolidated EBITDA" means, in respect of any Relevant Period, Consolidated Net Income plus, to the extent included in determining Consolidated Net Income, (i) interest expense (including, without limitation, interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) for such Relevant Period (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under interest rate Swap Agreements, the amortization of any debt financing and/or receivables financing fees, costs and expenses (or fees, costs and expenses of any amendment related thereto) and the amount of all fees, costs and expenses which have been incurred and/or paid by a member of the Group in relation to the execution and delivery of, or any amendment to, the Existing Credit Agreement, this Agreement, the Loan Documents or documentation in connection with any other debt financing and/or receivables financing, (ii) income tax expenses (benefits), (iii) depreciation and (iv) amortization, all calculated for the Group in accordance with GAAP on a consolidated basis; provided that, for the avoidance of doubt, Consolidated EBITDA shall exclude any material profits or losses recognized that result from the sale of a long-lived asset or a disposal group regardless of whether such a sale qualifies as a discontinued operation under FASB ASC 205-20, the costs associated with exit activities (as defined under FASB ASC 420-10 "Exit or Disposal Cost Obligations"), material infrequently occurring items and extraordinary items (in the case of extraordinary items as defined in FASB ASC 225-20 "Extraordinary and Unusual Items") for such Relevant Period and as identified on the Compliance Certificate. For the purposes of calculating Consolidated EBITDA for any Relevant Period pursuant to any determination of the Leverage Ratio, (i) if at any time during such Relevant

Period any member of the Group shall have made any Material Disposition, the Consolidated EBITDA for such Relevant Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Relevant Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Relevant Period and (ii) if during such Relevant Period any member of the Group shall have made a Material Acquisition, Consolidated EBITDA for such Relevant Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Relevant Period. As used in this definition, “Material Acquisition” means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by members of the Group in excess of $50,000,000; and “Material Disposition” means any Disposition of property or series of related Dispositions of property that yields gross proceeds to members of the Group in excess of $50,000,000.

(b) “Consolidated Net Interest Expense” means, in respect of any Relevant Period, the interest expense required to be paid in cash or accrued (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Group calculated on a consolidated basis for such Relevant Period (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under interest rate Swap Agreements to the extent such net costs are allocable to such Relevant Period) in accordance with GAAP, minus the amount of any interest income received in cash or accrued by the Group in or in respect of such Relevant Period (including, without limitation, any periodic commission, fees, discounts and other finance payments receivable by the Group under any interest rate and/or currency hedging agreements or instruments).

SECTION 3. CONDITIONS PRECEDENT. This Amendment shall become effective on the date (the “Effective Date”) on which all of the following conditions have been satisfied or waived:

(a) Execution and Delivery. The Administrative Agent shall have received counterparts of this Amendment duly executed by (i) the Borrowers and (ii) the Required Lenders.

(b) No Default. Both prior to and after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing on the Effective Date.

(c) Representations and Warranties. As of the Effective Date (both prior to and after giving effect to this Amendment) all representations and warranties contained in Section 4 shall be true and correct in all material respects.

For the purpose of determining compliance with the conditions specified in this Section 3, each Lender that has signed this Amendment shall be deemed to have accepted, and to be satisfied with, each document or other matter required under this Section 3.

SECTION 4. REPRESENTATIONS AND WARRANTIES. In order to induce the Required Lenders to enter into this Amendment, each Borrower hereby represents and warrants to the Required Lenders that (a) this Amendment has been duly authorized by all necessary organizational actions and, if required, actions by equity holders of such Borrower and (b) this Amendment has been duly executed and delivered by such Borrower and constitutes a legal, valid and binding obligation of such Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 5. CONTINUING EFFECT. Except as expressly amended, waived or modified hereby, the Loan Documents shall continue to be and shall remain in full force and effect in accordance with their respective terms. This Amendment shall not constitute an amendment, waiver or modification of any provision of any Loan Document not expressly referred to herein and shall not be construed as an amendment, waiver or modification of any action on the part of the Borrowers or the other Loan Parties that would require an amendment, waiver or consent of the Administrative Agent or the Lenders except as expressly stated herein, or be construed to indicate the willingness of the Administrative Agent or the Lenders to further amend, waive or modify any provision of any Loan Document amended, waived or modified hereby for any other period, circumstance or event. Except as expressly modified by this Amendment, the Credit Agreement and the other Loan Documents are ratified and confirmed and are, and shall continue to be, in full force and effect in accordance with their respective terms. Except as expressly set forth herein, each Lender and the Administrative Agent reserves all of its rights, remedies, powers and privileges under the Credit Agreement, the other Loan Documents, applicable law and/or equity. Any reference to the "Credit Agreement" in any Loan Document or any related documents shall be deemed to be a reference to the Credit Agreement as amended by this Amendment and the term "Loan Documents" in the Credit Agreement and the other Loan Documents shall include this Amendment.

SECTION 6. GOVERNING LAW. THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

SECTION 7. SUCCESSORS AND ASSIGNS. This Amendment shall be binding upon and inure to the benefit of the Borrowers, the other Loan Parties, the Administrative Agent, the other Agents and the Lenders, and each of their respective successors and assigns, and shall not inure to the benefit of any third parties. The execution and delivery of this Amendment by any Lender prior to the Effective Date shall be binding upon its successors and assigns and shall be effective as to any Loans or Commitments assigned to it after such execution and delivery.

SECTION 8. ENTIRE AGREEMENT. This Amendment, the Credit Agreement and the other Loan Documents represent the entire agreement of the Loan Parties, the Administrative Agent, the Agents, the Lenders and the Lenders, as applicable, with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, any other Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Credit Agreement or the other Loan Documents.

SECTION 9. LOAN DOCUMENT. This Amendment is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Credit Agreement.

SECTION 10. COUNTERPARTS. This Amendment may be executed by the parties hereto in any number of separate counterparts and all of said counterparts taken together shall be deemed to constitute one and the same instrument. An executed signature page of this Amendment may be delivered by facsimile transmission or electronic PDF of the relevant signature page hereof.

SECTION 11. HEADINGS. Section headings used in this Amendment are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first written above.

SIGNET GROUP LIMITED,
as a Borrower

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Director

SIGNET GROUP TREASURY SERVICES INC.,
as a Borrower

By: /s/ Mark Jenkins
Name: Mark Jenkins
Title: Vice President and Secretary

STERLING JEWELERS INC.,
as a Borrower

By: /s/ George S. Frankovich
Name: George S. Frankovich
Title: Vice President and Secretary

JPMORGAN CHASE BANK, N.A., as
Administrative Agent and Lender

By: /s/ Brendan Korb

Name: Brendan Korb
Title: Vice President

[Signature Page to First Amendment]

FIFTH THIRD BANK,
as a Lender

By: /s/ Martin H. McGinty

Name: Martin H. McGinty
Title: Vice President

[Signature Page to First Amendment]

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Valerie A. Geiger

Name: Valerie A. Geiger
Title: Senior Vice President

[Signature Page to First Amendment]

Citizens Bank, N.A.,
as a Lender

By: /s/ Joshua Botnick
Name: Joshua Botnick
Title: Vice President

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Paul M. Angland
Name: Paul M. Angland
Title: Vice President

[Signature Page to First Amendment]

ABN AMRO CAPITAL USA, LLC,
as a Lender

By: /s/ Michael Mondazzi
Name: Michael Mondazzi
Title: Vice President

By: /s/ R. Bisscheroux
Name: R. Bisscheroux
Title: Director

[Signature Page to First Amendment]

BARCLAYS BANK PLC,
as a Lender

By: /s/ Aarti Rao

Name: Aarti Rao
Title: Director

[Signature Page to First Amendment]

STANDARD CHARTERED BANK,
as a Lender

By: /s/ Felipe Macia

Name: Felipe Macia
Title: Managing Director Syndications, Americas

By: /s/ Hsing H. Huang

Name: Hsing H. Huang
Title: Associate Director

U.S. BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Mark D. Rodgers
Name: Mark D. Rodgers
Title: Vice President

[Signature Page to First Amendment]

WELLS FARGO BANK, N.A.,
as a Lender

By: /s/ Beth Rue
Name: Beth Rue
Title: Director

[Signature Page to First Amendment]

Exhibit 31.1

CERTIFICATION

I, Michael W. Barnes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Signet Jewelers Limited (the “Report”);

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: September 10, 2014

By: /s/ Michael W. Barnes

Name: Michael W. Barnes

Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Michele L. Santana, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Signet Jewelers Limited (the “Report”);

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this Report;

4. The company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(d) Disclosed in this Report any change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter (the company’s fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting; and

5. The company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company’s auditors and the audit committee of the company’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company’s internal control over financial reporting.

Date: September 10, 2014

By:	/s/ Michele L. Santana
Name:	Michele L. Santana
Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael W. Barnes, as Chief Executive Officer of Signet Jewelers Limited (the "Company"), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending August 2, 2014, as filed with the US Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2014

By:	/s/ Michael W. Barnes
Name:	Michael W. Barnes
Title:	Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Michele L. Santana, as Chief Financial Officer of Signet Jewelers Limited (the "Company"), hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending August 2, 2014, as filed with the US Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2014

By:	/s/ Michele L. Santana
Name:	Michele L. Santana
Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)