

PART I  
LETTER FROM THE CHAIRMAN OF SIGNET



*Registered Office*

15 Golden Square  
London  
W1F 9JG

24 July 2008

Dear Signet Shareholders and Signet ADS holders

**Introduction**

The Board believes that the proposal to move to a US primary listing on the NYSE is in the best interests of Signet Shareholders. This is the natural next step in the evolution of the Company's shareholder base which has seen a steady growth in US ownership since 2003, including a significant increase over the last 12 months, with almost 50 per cent of Signet's voting securities now being beneficially owned by US residents. The Proposal will align the place of listing with the business activities of the Signet Group, which are predominantly based in the US, and where the Board expects the majority of the Signet Group's future growth to take place. Currently over 70 per cent of the Signet Group's sales, operating profit and net assets is in the US. The Board considers there to be a potentially larger pool of investors in the US than in the UK who are more familiar with the Signet Group's business model, have a better understanding of the underlying economic environment in the US and a lower exposure to foreign exchange movements impacting the value of their investment. In addition, the Board expects that the parent company of the Signet Group would benefit from its primary listing being amongst a more appropriate public company peer group.

Signet remains fully committed to enhancing its strong presence in the UK speciality jewellery market. As part of this ongoing investment, Signet Jewelers Limited intends to continue to encourage UK share ownership and investment with a secondary listing on the Official List, which it intends to establish concurrently with the commencement of trading of Signet Jewelers Limited Shares on the NYSE on 11 September 2008, subject to the Scheme of Arrangement becoming effective and the UK Listing Authority approving the related prospectus and application.

To be eligible for inclusion in US domestic stock indices the parent company of the Signet Group could not remain domiciled in England and Wales. It was therefore decided to move the parent company of the Signet Group's domicile to Bermuda as it is a well established jurisdiction for companies traded on US stock exchanges and included in US domestic stock indices such as Standard & Poor's. In addition, a change of domicile of the parent company of the Signet Group to Bermuda will minimise the impact on shareholders by allowing it to have legal, regulatory, capital and financial positions largely consistent with those of Signet today. Furthermore, a change of domicile of the parent company of the Signet Group to the US could have caused adverse US tax consequences—these adverse US tax consequences do not arise where the parent company of the Signet Group's domicile is changed to Bermuda.

**The Proposal**

On 10 July 2008, following a review of the most appropriate primary stock listing and domicile, the Board announced that it had unanimously approved a series of inter-related proposals, namely:

- to move the primary listing of the parent company of the Signet Group from the Official List to the NYSE;
- to reorganise the Signet Group pursuant to a Court approved scheme of arrangement so that Signet becomes a wholly-owned subsidiary of Signet Jewelers Limited, a new company incorporated in Bermuda, and former Signet Shareholders and Signet ADS holders become shareholders of Signet Jewelers Limited;
- to implement a one-for-twenty share capital consolidation (also known as a reverse stock split) after the Scheme of Arrangement becomes effective; and
- to apply for a secondary listing on the Official List.

The Scheme is conditional upon those matters set out in Part IV of this document, including the approval of Signet Shareholders at the Court Meeting and the passing of a special resolution at the Scheme GM. The proposed move of primary listing, the proposed Share Capital Consolidation and the proposed secondary listing of Signet Jewelers Limited Shares on the Official List are each subject to the Scheme becoming effective in accordance with its terms, but do not otherwise require further approval from Signet Shareholders. The proposed secondary listing of Signet Jewelers Limited Shares on the Official List is also subject to the UK Listing Authority approving the related prospectus and application and accordingly, in the event that such approval is not forthcoming, the secondary listing of Signet Jewelers Limited Shares on the Official List may not take effect as intended.

If fully implemented, the Proposal will result in all Signet Shares being replaced by Signet Jewelers Limited Shares, on the following basis:

***one Signet Jewelers Limited Share for every twenty Signet Shares held at the Scheme Record Time.***

Signet Shares held by the ADS Depositary will be subject to the Scheme of Arrangement and the Share Capital Consolidation on the same terms as all other Signet Shares. Accordingly, if fully implemented, the Proposal will also result in all Signet ADSs being replaced by Signet Jewelers Limited Shares on the following basis:

***one Signet Jewelers Limited Share for every two Signet ADSs.***

You will not have to pay anything for the Signet Jewelers Limited Shares.

The actions set forth above are being proposed following a period of extensive consultation with major shareholders. **The Board believes that the Proposal, including the Scheme and the Share Capital Consolidation, is in the best interests of Signet, Signet Shareholders and Signet ADS holders taken as a whole for the reasons set forth below:**

- the Proposal will align the place of listing with the business activities of the Signet Group which are predominantly based in the US and where the Board expects the majority of the Signet Group's future growth to take place. Currently over 70 per cent of the Signet Group's sales, operating profit and net assets is located in the US;
- a US primary listing is the natural next step in the evolution of the Company's shareholder base which has seen a steady growth in US ownership since 2003, including a significant increase over the last 12 months, with almost 50 per cent of Signet's voting securities being beneficially owned by US residents;
- the Board considers there to be a potentially larger pool of investors in the US than in the UK who are more familiar with the Signet Group's business model, have a better understanding of the underlying economic environment in the US and a lower exposure to foreign exchange movements impacting the value of their investment;
- the Board expects that the parent company of the Signet Group would benefit from its primary listing being amongst a more appropriate public company peer group;
- to be eligible for inclusion in US domestic stock indices the parent company of the Signet Group could not remain domiciled in England and Wales. It was therefore decided to move the parent company of the Signet Group's domicile to Bermuda as it is a well established jurisdiction for companies traded on US stock exchanges and included in US domestic stock indices. In addition, a change of domicile of the parent company of the Signet Group to Bermuda will minimise the impact on shareholders by allowing it to have legal, regulatory, capital and financial positions largely consistent with those of Signet today. Furthermore, a change of domicile of the parent company of the Signet Group to the US could have caused adverse US tax consequences—these adverse US tax consequences do not arise where the parent company of the Signet Group's domicile is changed to Bermuda;
- the Share Capital Consolidation should cause the shares of Signet Jewelers Limited to trade initially on the NYSE at a price more readily comparable to its peers. Whilst the Share Capital Consolidation will reduce the number of issued shares of Signet Jewelers Limited, shareholders will still own the same proportion of Signet Jewelers Limited immediately after the Scheme of Arrangement becomes effective as they did of Signet immediately before the Scheme of Arrangement became effective, subject to fractional interests, if any; and
- a secondary listing on the Official List will allow UK shareholders and employees to continue trading in Signet Jewelers Limited Shares more easily than if Signet Jewelers Limited was only listed on the NYSE.

The proposals set forth above are described in more detail in the various parts of this document. **You are strongly urged to read this document in its entirety in order to gain a better understanding of the proposals set forth herein and not to rely solely upon the information set forth in this letter.**

## **The board of directors of Signet Jewelers Limited**

The proposal to move to a US primary listing on the NYSE and to maintain a secondary listing on the Official List, reflects the natural next step in the evolution of the Company's shareholder base and reflects the movement that has occurred in the business activities of the Signet Group. These business activities are now predominantly based in the US, where the Board expects the majority of the Signet Group's future growth to take place. The Board expects that the parent company of the Signet Group would benefit from its primary listing being amongst a more appropriate public company peer group.

It is considered that the composition of Signet Jewelers Limited's board should reflect this realignment from a UK to a US primary listed company. Consequently, it is proposed that the majority of the Signet Jewelers Limited board should be resident in the US, as such directors will be more familiar with the place of primary listing, with the US business activities and have a better understanding of the underlying economic environment in the US. Such a board will also be more in keeping with Signet Jewelers Limited's status as a US primary listed company.

The UK market and shareholder base will remain a vital part of the Signet Group's future and consequently it is important that certain UK resident members of the existing Board of Signet, who are familiar with the Signet Group's UK business, UK shareholder base and underlying UK economic environment, are asked to serve on the new board of Signet Jewelers Limited. In addition, the Board is mindful that as Signet Jewelers Limited is a Bermuda resident company it should not be UK managed and controlled. In keeping with these principles and objectives, the initial board of Signet Jewelers Limited will comprise Sir Malcolm Williamson, Terry Burman, Walker Boyd, Russell Walls, Dale Hilpert, Robert Blanchard and Mark Light.

It is the intention that further directors will be added when identified, particularly those with experience of the US market and that additional UK directors may also be added.

## **Admission and listing**

The Signet Jewelers Limited Shares are intended to be listed on the NYSE. The listing of the Signet Jewelers Limited Shares on the NYSE is expected to become effective on the Effective Date and dealings in Signet Jewelers Limited Shares on the NYSE are expected to commence at 2.30 p.m. (9.30 a.m. New York time) on 11 September 2008, being the expected Effective Date. The current listing of Signet ADSs on the NYSE is intended to be cancelled simultaneously with the commencement of dealings of the Signet Jewelers Limited Shares on the NYSE.

The Signet Jewelers Limited Shares are also intended to be listed on the Official List (by way of a secondary listing) and admitted to trading on the London Stock Exchange's main market for listed securities with effect from 8.00 a.m. on 11 September 2008, being the expected Effective Date. Subject to UK Listing Authority approval, a prospectus will be published and an application made in due course. The Company intends to make an application for the cancellation of the listing of Signet Shares on the Official List and their admission to trading on the London Stock Exchange's main market for listed securities and it is expected that this cancellation will take effect simultaneously with the listing of the Signet Jewelers Limited Shares on the Official List.

## **Dividends**

Following implementation of the Proposal, Signet Jewelers Limited intends to adopt a dividend policy that will continue to take into account the needs of the business including its store development programme, the significant competitive advantages of a strong balance sheet, as well as the wider economic environment. The board of Signet Jewelers Limited will also take account of the payout ratio of US listed speciality retailers, which are typically lower than in the UK. The board of Signet Jewelers Limited may also consider the repurchase of shares from time to time.

Signet currently intends to declare an interim dividend of 0.96 cents per share when it announces its 6 months results to 31 July 2008 on 3 September 2008. It is intended that this interim dividend distribution by Signet will be passed on to shareholders by Signet Jewelers Limited in November 2008. A final dividend will be considered by Signet Jewelers Limited at the time of the full year results for 2008/09 in March 2009. In subsequent years the board of Signet Jewelers Limited intends to declare quarterly dividends.

For more details on dividends please refer to paragraph 9 of Part II of this document.

## **The Signet Share Plans and the Signet Jewelers Limited Share Plans**

Participants in the Signet Share Plans will have the opportunity to agree the replacement of existing options and awards over Signet Shares with options of equivalent value over Signet Jewelers Limited Shares. Options granted

before 2003 will be capable of exercise but in view of the current share price it is expected most participants will take advantage of the opportunity to apply for the replacement options. You should read paragraphs 13 and 14 of Part II of this document for further information in relation to the Signet Share Plans and the new share plans to be established.

### **Taxation**

Please refer to paragraph 11 of Part II of this document for a detailed description of the tax consequences for UK and US resident Signet Shareholders and Signet ADS holders. For all other jurisdictions, or if you are in any doubt about your taxation position, you should consult your professional adviser.

### **Overseas Shareholders**

If you are resident outside the United Kingdom or the United States, or a national or citizen of jurisdictions outside the United Kingdom or the United States, you should read paragraph 12 of Part II of this document.

### **CREST and Depositary Interests**

For further details of these arrangements, in particular if you intend to hold your Signet Jewelers Limited Shares in uncertificated form, please see paragraph 8 of Part II of this document.

### **Secondary listing on the Official List**

A company whose shares are listed on the Official List by way of a secondary listing has fewer obligations under the Listing Rules than a company with a primary listing. If Signet Jewelers Limited is listed on the Official List (by way of secondary listing) as is intended, it will not be required to, and does not intend to, comply with the provisions of Chapters 6 – 13 of the Listing Rules. However, the disclosure requirements under the Disclosure and Transparency Rules will continue to apply to Signet Jewelers Limited and holders of Signet Jewelers Limited Shares (although the relevant disclosure thresholds will differ from those currently applicable to Signet and Signet Shareholders as is described in further detail in the “Disclosure of Interests” section of Part III of this document on pages 62 to 64).

Signet Jewelers Limited, as a non-UK company, will not be required to comply with the Combined Code. However, the board of directors of Signet Jewelers Limited will continue to have due regard for the principles of the Combined Code.

It should be noted that, if the Signet Jewelers Limited Shares are listed on the NYSE as intended, obligations arising from applicable securities and corporate legislation in the United States, as well as applicable rules of the NYSE, will apply to Signet Jewelers Limited.

For further information on the material differences between the rights of a Signet Jewelers Limited Shareholder and a Signet Shareholder arising from the differences between the corporate laws of Bermuda and those of England and Wales, the governing instruments of the two companies, and the securities laws and regulations governing Signet and, upon completion of the Scheme, governing Signet Jewelers Limited please see Part III of this document on page 48.

### **The Takeover Code**

Following implementation of the Proposal, the Takeover Code will not apply to acquisitions of shares in, or offers for shares of, Signet Jewelers Limited. For more details on the Takeover Code please refer to paragraph 7 of Part II of this document.

A summary of key points regarding the application of the Takeover Code to takeovers generally is set out in Part VI of this document. You are encouraged to read this information carefully as it outlines certain important protections which you will be giving up if the Scheme is implemented.

The Signet Jewelers Limited Bye-laws contain provisions relating to takeovers as described in Part III of this document, “Takeovers of Public Companies”.

### **The Court Meeting and the Scheme GM**

In order to seek your approval of the matters set forth above and otherwise described in this document, Signet will hold two meetings of shareholders—a Court Meeting and a Scheme GM. The Court Meeting is a statutory requirement and is convened by the Court to approve the Scheme itself whereas the Scheme GM is a general

meeting of the Company convened by the Company in order to pass two resolutions including a special resolution which is necessary to allow the Proposal (including the Scheme) to be implemented. The special resolution is being proposed for the purpose of giving effect to the Scheme, and in particular to:

- (i) authorise the Directors to take all such actions as they may consider necessary or appropriate for carrying the Scheme into effect;
- (ii) approve the cancellation of the Scheme Shares;
- (iii) approve: (A) the increase of Signet's share capital by the number of shares that are cancelled pursuant to the Capital Reduction; (B) the application of the reserve arising out of the cancellation of the Scheme Shares to pay up in full the number of new shares in Signet created pursuant to the increase of Signet's share capital described at (A) above; and (C) the issue, pursuant to section 80 of the Companies Act 1985 (in relation to the authority of Directors to allot shares), of such new shares; and
- (iv) amend the Articles of Association to: (A) ensure that any Signet Shares issued after the date of such amendment to the Articles but before the Reduction Record Time are issued subject to the terms of the Scheme; (B) provide that, subject to the Scheme becoming effective, any Signet Shares issued on or after the Reduction Record Time will automatically be transferred to Signet Jewelers Limited in consideration of the issue to such holder by Signet Jewelers Limited of Signet Jewelers Limited Shares on the same terms as under the Scheme and Share Capital Consolidation; and (C) make provision for Overseas Shareholders in respect of whom Signet is advised that the issue of Signet Jewelers Limited Shares may infringe the laws of an overseas jurisdiction or may require Signet to comply with obligations with which it is unable to comply with or compliance with which it regards as unduly onerous (the proposed amendments are described in more detail in paragraph 3.3 of Part II of this document).

The second resolution is an ordinary resolution (which is subject to the special resolution above first having been approved) and is being proposed to give Signet Shareholders the opportunity to approve in principle the operation by Signet Jewelers Limited of the Signet Jewelers Limited Share Plans. These are employee share plans that Signet Jewelers Limited has established for continuing use after completion of the Proposal. These replacement plans will provide for the use of Signet Jewelers Limited Shares instead of Signet Shares but otherwise will be in substantially similar form to the existing Signet Share Plans, subject to some updating to bring the plans in line with current practice. Further details are set out in paragraph 14 of Part II of this document.

The Shareholder Meetings are to be held at Café Royal, 68 Regent Street, London W1B 5EL from 11.30 a.m. on 19 August 2008. Formal notices of the meetings are set out on pages 84 to 91 of this document.

It should be noted that Signet ADS holders will not be entitled to attend the Shareholder Meetings. However, Signet ADS holders will be able to have the votes attaching to the underlying Signet Shares which their Signet ADSs represent cast at the Court Meeting and the Scheme GM by using the ADS Voting Instruction Card to direct the manner in which the ADS Depositary should vote such underlying Signet Shares at the Shareholder Meetings. In addition, a Signet ADS holder who wishes to attend the Shareholder Meetings may do so by becoming the registered holder of the Signet Shares underlying their Signet ADSs by arranging for the surrender of the Signet ADSs in accordance with the terms and conditions of the Deposit Agreement, as discussed in paragraph 10 of Part II of this document.

**In the event that the resolution to be proposed at the Court Meeting and the special resolution to be proposed at the Scheme GM are not both passed by the requisite majority or the Court does not sanction the Scheme, none of the proposed redomiciliation, the Share Capital Consolidation, the listing of the Signet Jewelers Limited Shares on the NYSE or the listing of the Signet Jewelers Limited Shares on the Official List will take place.**

**Even if you intend to attend the Shareholder Meetings, you are strongly encouraged to vote by completing and returning the enclosed forms of proxy for the Court Meeting and Scheme GM in accordance with the instructions contained in this document and on the forms of proxy.**

#### **Action to be taken**

Implementation of the Scheme will require the approval of Scheme Shareholders at the Court Meeting which has been convened by order of the Court and which is to be held at Café Royal, 68 Regent Street, London W1B 5EL at 11.30 a.m. on 19 August 2008. The Scheme will also require the Signet Shareholders to pass the special resolution to be proposed at the Scheme GM to be held at Café Royal, 68 Regent Street, London W1B 5EL at 11.45 a.m. on the same day (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

**If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including any Scheme Shareholders who did not vote to approve the Scheme or who voted against the Scheme.**

Signet Shareholders will find enclosed different coloured forms of proxy to be used in connection with the Court Meeting and the Scheme GM (as detailed on page 4 of this document under the heading “Enclosures”). **Whether or not Signet Shareholders intend to attend these meetings, they are requested to complete and sign each form of proxy enclosed with this document and return them in accordance with the instructions printed thereon to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as soon as possible and in any event at least 48 hours prior to the relevant meeting.** If the BLUE forms of proxy relating to the Court Meeting are not lodged by then, they may be handed to the chairman of the Court Meeting before the start of that meeting. However, in the case of the Scheme GM, unless the WHITE form of proxy is lodged so as to be received by the time mentioned in the instructions on that form of proxy, it will be invalid.

The completion and return of the BLUE form of proxy for the Court Meeting will not preclude Signet Shareholders from attending the Court Meeting and voting in person, if they so wish. The completion and return of the WHITE form of proxy will not preclude Signet Shareholders from attending the Scheme GM and voting in person, if they so wish.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of Signet Shareholder opinion. You are therefore strongly urged to sign and return both forms of proxy as soon as possible.

Signet ADS holders should read paragraph 10 of Part II of this document, which contains further important information which is relevant to them. Signet ADS holders are strongly urged to sign and return the ADS Voting Instruction Card as soon as possible.

If you are in any doubt as to the action to be taken, please contact the helpline numbers as set out on page 4 of this document.

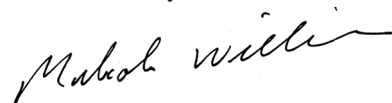
### **Recommendation**

**The Board, which has received financial advice from Lazard & Co., Limited, considers the terms of the Proposal to be fair and reasonable. In providing their advice to the Board, Lazard & Co., Limited has relied upon the Board’s commercial assessment of the Proposal. The Board considers that the Proposal (including the passing of each of the resolutions to be proposed at the Court Meeting and Scheme GM) is in the best interests of Signet, Signet Shareholders and Signet ADS holders taken as a whole and unanimously recommends that you support the Scheme of Arrangement by, if you are a Signet Shareholder, voting, or, if you are a Signet ADS holder, instructing the ADS Depositary to vote, in favour of the resolutions to be proposed at the Court Meeting and the Scheme GM as the Directors intend to do in respect of their own holdings of Signet Shares, details of which appear in paragraph 5 of Part VII of this document.**

### **General**

Thank you for your consideration of the matters set forth herein. If you should have questions after reading this document, helplines have been established to address your questions. Information regarding the helplines is set forth in this document.

Yours faithfully



**Sir Malcolm Williamson**  
Chairman  
Signet Group plc