

Directors' remuneration report

Information contained in sections and figures marked β has been audited.

1. The role of the Remuneration Committee

The primary purpose of the Remuneration Committee is to set the remuneration policy for executive directors and other senior executives and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having due regard to the interests of shareholders, the financial and commercial health of the Group and pay and conditions throughout the Group.

The Company's remuneration policy seeks, by application of the six principles detailed below, to provide an overall remuneration package to a value within a specific range. Due to the significant differences in remuneration practices in the two countries in which the Group operates, the level of remuneration is based upon and supported by separate and reliable independent market surveys which are undertaken in both the UK and the US, and therefore the way that individual packages are structured may differ.

None of the members of the Remuneration Committee has any personal financial interest (other than as shareholders) in matters decided by the Committee other than Mr. Williamson who absents himself from any discussion relating to his own remuneration. No executive director or senior manager is involved in determining their own remuneration.

The Remuneration Committee sets the remuneration of the Chairman of the Board and of the Group Chief Executive. It also sets the remuneration of the other executive directors and the Group Company Secretary based on recommendations made by the Group Chief Executive. The Committee also monitors and reviews the remuneration of certain other senior executives and sets performance targets. Where executive directors are involved in assisting the Remuneration Committee, care is taken to recognise and avoid possible conflicts of interest.

The Remuneration Committee takes external professional advice on a regular basis and has retained Towers Perrin as advisers to assist it and they are not retained in any other capacity within the Group. In addition Herbert Smith LLP (on UK aspects) and Weil, Gotshal & Manges (on US aspects) advise on legal matters. These firms also provide general legal advice to Signet.

The remuneration of the non-executive directors is determined by the Chairman and the executive members of the Board after consideration of, among other factors, external comparisons, the time commitment and responsibilities, and is not within the remit of the Remuneration Committee.

The Remuneration Committee consists of Robert Blanchard (Chairman), Robert Walker, Russell Walls and Malcolm Williamson (from 26 February 2007). The Committee met seven times during 2006/07 and there was full attendance at all meetings.

The terms of reference for the Remuneration Committee are available on request from the Group Company Secretary and on the Group's website.

2. Remuneration policy

The Remuneration Committee believes that the Group's remuneration policy must be based on sound, clear principles which recognise the long term interests of the Group, its shareholders and employees. The Remuneration Committee continually reviews the Company's remuneration policy to ensure that it remains effective and appropriate to the Company. In 2002/03 the Remuneration Committee formally adopted a set of six principles which, after careful consideration during a comprehensive review in 2005/06, were reconfirmed and remain unaltered. They are set out below:

- (i) Signet's primary business objective is to deliver results which should consistently outperform the average of the industry sector.
- (ii) It is recognised that to consistently deliver above industry average performance Signet will need to retain, and where necessary attract, executives of well above industry average ability and leadership potential.
- (iii) It is also recognised that retaining, and where necessary recruiting, senior executives of this calibre will require that the Group provides above industry average total remuneration.
- (iv) Therefore, Signet's executive directors and other senior executives should be remunerated in a range beginning with the 51st and ending with the 75th percentiles of industry total remuneration, based on current surveys of relevant companies appropriate to the executive's position and geographic location. The remuneration of each executive within this range will be based on performance (both of the Group and the individual executive), potential (i.e. the executive's potential to grow in responsibility and performance), and scarcity (i.e. the availability of candidates to replace the executive should he/she leave the Group).
- (v) Total remuneration for executive directors and other senior executives should be highly geared towards performance with the proportion of "at risk" pay increasing disproportionately according to: a) the level of performance achieved, and b) the seniority of the executives and their ability to influence results. Excluding pension contributions, the provision of a company car and private health insurance, base salary should be the only element of guaranteed remuneration. The performance related portion of total remuneration should reward short term and long term performance separately, with the potential level of payment being heavily weighted in favour of the latter. Short term achievement should be recognised through the annual bonus plan with long term achievement being rewarded through executive share option awards and participation in long term incentive plans.
- (vi) Surveys will be undertaken on a regular basis to ensure that total remuneration packages remain in the percentile range described in (iv) above. Recognising that more than 70% of Signet's sales and profits are generated in the US and that significant differences in remuneration practices exist between the US and the UK, separate surveys are conducted in each country.

The components of total remuneration are:

(a) Base salary

The base pay of each senior executive reflects the size and scope of that executive's responsibilities and is reviewed annually, taking account of individual performance, experience, geographic location, relevant comparative data, and the general movement of base pay within the Group.

(b) Annual bonus plan

Target annual bonus levels are set each year taking account of the role of the executive and current business plans. Annual bonus awards for executive directors are based on the achievement of growth in pre-tax profit, or operating profit of the division as appropriate, in the year at a rate above inflation measured using constant exchange rates. There is a maximum bonus level set each year on such awards, which is equal to twice the target level, and a threshold performance below which no payments are made. The bonus rate increases once target bonus is achieved.

(c) Share option plans

The Remuneration Committee believes that an executive share option plan is an appropriate part of the total remuneration package necessary to execute the remuneration principles set out on page 60, and that a well constructed plan forms an important element in motivating executives to deliver the long term performance needed to generate strong returns to shareholders. As at 3 February 2007 there were 364 participants.

The Company operates the following executive share option plans:

The Signet Group plc 1993 Executive Share Option Scheme (the "1993 Scheme") under which no further options may be granted but existing options are exercisable until the expiry of the 1993 Scheme in 2013.

In 2003 new Plans (the "2003 Plans") were introduced replacing the 1993 Scheme and consist of:

The Signet Group plc UK Inland Revenue Approved Share Option Plan 2003; The Signet Group plc International Share Option Plan 2003; The Signet Group plc US Share Option Plan 2003.

Further details of the plans and the applicable performance conditions are set out on page 64.

It is the policy of the Remuneration Committee that all employees, including directors, who satisfy certain qualifying conditions, should have the opportunity to participate in the equity of the Company. This is achieved through a savings-related share option plan, for which annual invitations are normally made. Under the relevant legislation the exercise of these share options is not subject to performance criteria.

(d) Long term incentive plan ("LTIP")

The Remuneration Committee believes that it is also appropriate to operate an LTIP to encourage executive directors, and certain senior executives, to meet long term strategic and financial objectives set by the Board. As at 3 February 2007 there were 21 participants. The policy is to make annual awards subject to the general principles explained in paragraphs 2(iv) and 2(v) above. Vesting is dependent on the achievement of challenging performance conditions set by the Committee at the time the awards are made and such awards do not normally vest within three years from the date the award is granted.

(e) Performance criteria

The Remuneration Committee believes that where performance criteria are used they should be:

- easily understood;
- able to be directly linked to the performance of the Group or relevant business unit and to be influenced by management's own actions;
- designed to motivate management to increase profitability significantly beyond the rate of inflation;
- designed to incentivise senior management to make efficient use of capital and to increase shareholder value;
- equity based for long term schemes; and
- consistent with the overall objectives of the Group.

In assessing achievement of performance criteria the Remuneration Committee applies a constant rather than a fluctuating exchange rate so as to ensure that executives are neither unfairly rewarded nor penalised simply by movements in exchange rates. For 2005/06 onwards achievement of performance criteria has been calculated against previously reported measures restated for Adopted IFRS.

(f) Pensions

(i) UK executive directors

The Group Finance Director and the Chief Executive of the UK division are members of the UK Group Scheme, which is a funded, HMRC registered, final salary, occupational pension scheme and has a separate category of membership for directors. Pensionable salary is the member's base salary, excluding all bonuses.

The main features of the UK Group Scheme for a director are:

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

All UK Group Scheme benefits were until 5 April 2006 subject to Inland Revenue limits. Where such limitation was due to the Inland Revenue earnings cap the Signet Group Funded Unapproved Retirement Benefit Scheme (the "FURBS") was, until April 2006 used to supplement pension benefits. This was a defined contribution arrangement.

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As a result of the changes to pension taxation in the UK in force from 6 April 2006 the Remuneration Committee agreed that pension provision through the UK Group Scheme should continue broadly as before to ensure that pension benefit commitments continued to be met. Members should not benefit from a windfall gain through the removal of existing limits, and therefore a scheme specific earnings cap was maintained equivalent to the previous earnings cap, increased by RPI annually. As the tax treatment of FURBS and the other advantages of such a funding scheme have now been entirely eroded, the Group has ceased paying contributions to the FURBS; and in substitution pays a supplement of the same amount to the member. The Group will not compensate members for any increase in taxation that they may face as a result of the changes and members will not be protected by the Group from the consequences of the changes in taxation, but will be provided with a cash supplement in lieu of pension accrual once members reach the Lifetime Allowance limit set by the new legislation if they choose to exercise this option.

The UK Group Scheme does allow for the new range of flexibility in pension arrangements without additional cost or administrative burden. For example, the new flexibility on tax-free cash has been incorporated into the UK Group Scheme.

(ii) US executive directors

In the US there are two savings vehicles by which provision for pension payments is made, the Sterling Jewelers Inc. 401(k) Retirement Savings Plan which is a qualified plan under Federal guidelines (the "401(k) Plan") and the Deferred Compensation Plan ("DCP") which is an unfunded, unqualified deferred compensation plan. These are defined contribution arrangements.

The primary retirement vehicle for US employees is the company sponsored 401(k) Plan. The company matches employee contributions to the plan at 25% of an employee's contribution up to a maximum of 6% of an employee's gross pay. Contribution levels are governed by Federal guidelines and are equalised so that in any given year, 401(k) Plan contributions by senior management may be reduced based on the participation levels of lower paid employees. Consequently a number of US companies including the Company have established supplemental plans for senior management to assist with pre-tax retirement savings.

The supplemental retirement plan, the DCP, exists for upper management employees. The DCP is considered to be an important savings vehicle in addition to the 401(k) Plan because of the restrictions placed on management contribution levels by the guidelines. The DCP was established in July 1996 and the employer generally makes a matched contribution to the plan equal to 50% of an employee's contribution up to a maximum of 10% of the individual's pre-tax base and bonus compensation although the rules allow for differing contractual matching arrangements without any effect to its tax beneficial status.

The Group Chief Executive has pension benefits provided via the 401(k) Plan and the DCP. At present the only contractual contribution matching arrangement is with the Group Chief

Executive with a contribution equal to 20% of base salary without any deferral being required.

The Chief Executive of the US division is a member of the 401(k) Plan and the DCP. His membership of the DCP is on a matched basis equal to 50% of the maximum of 10% of base salary and bonus.

(g) Other policy matters

Apart from remuneration itself, there are certain other allied policy matters which are the concern of the Remuneration Committee.

These are:

(i) Companies used for comparison

In assessing all aspects of remuneration, the Remuneration Committee considers comparative data from a range of companies from both within and outside the retail sector as appropriate. As a result of the significant differences in remuneration practices between the UK and the US, separate competitive surveys are conducted in each country to ensure that the executives are properly compensated relative to respective competitive environments. These companies are chosen on the basis of turnover, market capitalisation, profits, number of employees and the nature and geographic spread of their operations.

(ii) Service contracts

It is the Remuneration Committee's policy that an executive director's contract should be a rolling contract with the period of notice to terminate the contract to be given by either side not exceeding one year and that, if it is necessary to grant a longer period of notice when recruiting from outside the Group, this should reduce to a maximum of one year after an initial period. No director has a service contract of more than one year.

(iii) Early termination

Although the circumstances of early termination will vary, only in very exceptional circumstances will explicit terms for compensation for early termination be included in contracts for new directors. Where no explicit compensation terms are included, departing directors or senior managers are expected to mitigate their loss within the framework of individual circumstances.

(iv) External appointments

The Group recognises the benefits to the individual and to the Group when executive directors of the Company also act as non-executive directors of other companies not associated with Signet. Subject to certain conditions, unless otherwise determined by the Board, executive directors are permitted to accept one appointment as a non-executive director of another company. The executive director is permitted to retain any fees paid for such service.

3. Directors' remuneration

The Remuneration Committee understands that the Group's UK shareholders would like all aspects of the executive directors' remuneration packages to be wholly compliant with what is

Directors' emoluments⁶

Details of directors' emoluments for the year to 3 February 2007 were as follows:

	Basic salary or fees		Benefits ⁽¹⁾		Short term bonuses		Total	
	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000
Chairman:								
Malcolm Williamson ⁽²⁾	144	8	–	–	–	–	144	8
James McAdam ⁽³⁾	127	346	14	30	–	–	141	376
Executive:								
Robert Anderson ⁽⁴⁾ <i>UK Chief Executive</i>	300	246	29	27	128	–	457	273
Walker Boyd <i>Group Finance Director</i>	388	347	23	23	190	–	601	370
Terry Burman ⁽⁵⁾ <i>Group Chief Executive</i>	822	746	37	26	754	–	1,613	772
Mark Light ⁽⁵⁾⁽⁶⁾ <i>US Chief Executive</i>	385	18	19	1	188	10	592	29
Non-executive:								
Robert Blanchard	51	51	–	–	–	–	51	51
Dale Hilpert	46	46	–	–	–	–	46	46
Brook Land	56	56	–	–	–	–	56	56
Robert Walker	46	46	–	–	–	–	46	46
Russell Walls	51	51	–	–	–	–	51	51
Total	2,416	1,961	122	107	1,260	10	3,798	2,078

- (1) Benefits incorporate all benefits arising from employment by the Group, which in the main relate to the provision of a company car and private health insurance.
- (2) Malcolm Williamson was appointed as Chairman on 9 June 2006, with fees of £200,000 per annum. Prior to his appointment as Chairman he was appointed as a non-executive director on 28 November 2005 with fees of £46,000 per annum.
- (3) James McAdam retired as a director on 9 June 2006. Prior to his retirement, his basic salary was £350,000 per annum. On his retirement from the Company, Mr. McAdam remains a member of the Signet Health Care Scheme but he fully reimburses the Company the premium paid on his behalf.
- (4) Emoluments in 2006 are from his appointment as a director on 6 April 2005.
- (5) Messrs. Burman and Light have their emoluments specified and paid in US dollars and an average exchange rate of US\$1.88 was used (2005/06:US\$1.80).
- (6) Appointed as a director on 12 January 2006.

The figures above represent emoluments earned as directors during the relevant financial year. Such emoluments are paid in the same financial year with the exception of bonus payments, which are paid in the year following that in which they are earned.

considered to be best practice in UK companies. However, the Remuneration Committee also recognises that the Company must remain adequately competitive in the US where more than 70% of sales and profits are derived and where failure to do so would lead to the loss of some of the Group's most valuable US and Group executives, and inevitably damage the long term interests of the business and its shareholders. The Group, therefore, faces some unusual remuneration challenges in trying to meet the expectations of UK shareholders and still remain reasonably competitive in the US and the Remuneration Committee endeavours to find the appropriate balance between those differing factors.

(a) Salary and benefits

The Group Chief Executive, the highest paid director, and the Chief Executive of the US division are US citizens residing in the US, and their remuneration packages are determined on that basis and are set in US dollars and not pounds sterling.

Details of the salaries received by executive directors are shown above.

The Remuneration Committee normally reviews the salary and benefits of executive directors annually. However following extensive consultation with major shareholders on the effect of the removal of the retesting provisions of share option awards and the resulting need to discount their expected value, modest base salary increases were made and target bonus levels adjusted during the year. These base salary increases were as follows: that of the Group Chief Executive from \$1,435,000 to \$1,477,000, and that of the Group Finance Director from £385,000 to £395,000 and the Chief Executive of the US division from \$700,000 to \$712,000. No increase was made to the base salary of the Chief Executive of the UK division.

Following the normal 2007 annual reviews the Remuneration Committee increased the Group Chief Executive's basic salary from \$1,477,000 to \$1,575,000, that of the Group Finance Director from £395,000 to £425,000 and that of the Chief Executive of the UK division from £310,000 to £330,000. The basic salary of the Chief Executive of the US division was increased from \$712,000, to \$800,000. The increase in base salary for the Chief Executive of the US division reflects the fact that he did not receive an increase during the normal annual review process in 2006 as his remuneration had been reviewed during 2005 at the time of his promotion from Chief Operating Officer to Chief Executive officer

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of the US division. The Remuneration Committee considers that this level of increase is justified in the circumstances as it reflects that he has now been in the role over a year, his performance, and the necessity to bring his remuneration in line competitively with the current US market. The Chairman of the Board receives a fee of £200,000 per annum and his fee will be reviewed upon the anniversary of his appointment as Chairman, in June 2007.

(b) Annual bonus plan

(i) Bonus plan 2006/07

In 2006/07 an annual bonus of 96% of base salary was paid to the Group Chief Executive (target is 100% and potential maximum is capped at 200% of base salary). The Group Finance Director received a bonus of 48% of base salary (target is 50% and potential maximum is capped at 100% of base salary). The bonus entitlements for the Group Chief Executive and the Group Finance Director were calculated for 2006/07 on the basis of the following formula:

2005/06 pre-tax profit + inflation: 0% of maximum bonus;
2005/06 pre-tax profit + 10%: 50% of maximum bonus; and
2005/06 pre-tax profit + 15%: 100% of maximum bonus.

Increase in pre-tax profit is calculated on a constant exchange rate basis and is earned on a pro-rata basis for performance between the targets. In 2006/07 an annual bonus of 41.3% of base salary was earned by the Chief Executive of the UK division (target is 50% and potential maximum is capped at 100% of base salary). An annual bonus of 49.7% of base salary (target is 60% and potential maximum is capped at 120% of base salary) was earned by the Chief Executive of the US division. The bonuses were calculated using the same formula as above, but based on operating profit of the respective divisions.

(ii) Bonus plan 2007/08

The performance measure for the annual bonus plan for 2007/08 will be based on growth in profits. As shown below the specific targets agreed for the US division are identical to those set in 2006/07. The targets set for the UK division have been marginally reduced to reflect the lack of available store growth and the generally difficult retail market. The Group goals reflect the weighted average of the two divisions:

The US formula will be based upon divisional operating profit:
2006/07 operating profit + inflation: 0% of maximum bonus;
2006/07 operating profit + 10%: 50% of maximum bonus; and
2006/07 operating profit + 15%: 100% of maximum bonus.

The UK formula will be based upon divisional operating profit:
2006/07 operating profit + inflation: 0% of maximum bonus;
2006/07 operating profit + 8%: 50% of maximum bonus; and
2006/07 operating profit + 12%: 100% of maximum bonus.

The Group formula will be based upon Group pre-tax profit:
2006/07 pre-tax profit + inflation: 0% of maximum bonus;
2006/07 pre-tax profit + 9.4%: 50% of maximum bonus; and
2006/07 pre-tax profit + 14.1%: 100% of maximum bonus.

Increase in pre-tax profit is calculated on a constant exchange rate basis and is earned on a pro-rata basis for performance between the targets.

(c) Share option and long term incentive plans

Share option and long term incentive plan grants to directors are set out on pages 70 to 72. See page 61 for the factors influencing the choice of performance criteria and for the basis of measurement.

(i) Executive share option plans

In 2005, after consultation with shareholders, Signet discontinued retesting of options for future grants beginning with grants awarded in 2006. The Remuneration Committee historically took the position that the presence of retesting of performance conditions to determine the vesting of share option grants effectively eliminated the need for discounting the expected value of options. The elimination of the retesting of options means that the Remuneration Committee can no longer take that view. Towers Perrin analysed the Group's performance to determine the probability that options granted without retests will fail to vest. The conclusion from their analysis was that there is a 35% probability that options granted in 2006 and beyond will fail to vest with a single test three years later. They therefore recommended the expected value of options be discounted by 35% which, they advised, is at the lower end of the discount range utilised by most UK public companies of between 30% and 70%.

In order to maintain market competitiveness, the Remuneration Committee developed proposals to restore the value lost by virtue of the elimination of the retesting of options. During December 2006 and January 2007 the Remuneration Committee consulted extensively with major shareholders, RREV and the ABI on proposals which comprised increases in the annual bonus opportunity and, where necessary, modest increases in base salary. These changes, which were broadly supported by shareholders, simply restored the exact total remuneration levels which were in place prior to the elimination of share option retesting.

For the Group Chief Executive, it was agreed that base salary would be increased by 2.9% and target annual bonus to move from 50% to 100% of base salary. For the Group Finance Director, base salary was increased by 2.6% with target annual bonus moving from 37.5% to 50% of base salary. The base salary for the Chief Executive of the US division was increased by 1.8% and target bonus moved from 40% to 60% of base salary. Finally, for the Chief Executive of the UK division, target bonus was increased from 37.5% to 50% of base salary. His base salary did not change.

These changes took effect from April 2006 when the retesting of share options and the reduction in the expected value took effect.

In addition to the four executive directors there are executives in both the UK and the US who participate in Signet's share option plan, and who would also be subjected to the reduction in the value of the total packages. In addition the application of performance conditions to determine vesting is not competitive in the US.

Therefore it has been agreed, on the basis of these two factors and after consultation with shareholders, who were broadly supportive of the proposal, to remove vesting conditions for future grants of share options to executives below Board level. However vesting conditions will be maintained for options granted to executive directors. In dropping vesting conditions for executives below the Board, it is believed that the Group will both improve competitiveness in the US and also avoid having to correct the value gap in the same way as has been done for executive directors.

The Remuneration Committee has made the 2007/08 option grants on the basis of the arrangements described above. Options granted under the executive share option plans that have passed the necessary performance conditions are normally only exercisable between three and ten years from the date of grant, after which the options lapse.

The conditions as they apply are set out below:

UK executives

For UK executives the personal performance of participants will be assessed on each occasion that share option grants take place and will be reflected in the level of the individual awards. In addition, grants awarded up until 2006 and all subsequent grants made to executive directors are subject to exercise conditions as follows:

Level of grant	Required annual rate of compound growth in earnings per share ⁽¹⁾ above inflation ⁽²⁾
Up to 200% of base salary	+3%
201% to 400% of base salary	+4%

(1) Normalised earnings per share as defined by the Institute of Investment Management and Research.

(2) Defined as the UK Retail Prices Index.

US executives

For US directors there is a pre-grant test based on both personal and corporate performance as described below. In addition grants awarded up until 2006 and all subsequent grants made to executive directors are subject to a post-grant exercise condition requiring that the annual compound growth in earnings per share be more than 3% above inflation.

UK and US executives

For grants made to both UK and US executives performance will be measured initially over three years from the start of the financial year in which the award is made. For grants awarded up until but not including those made in 2006, performance may be retested in accordance with the retest provisions. For grants beginning with those awarded in 2006/07 the post-grant performance condition will only be measured over three years from the start of the financial year in which the award is made, all retesting in the measurement of performance target achievement having been eliminated. As noted previously, all grants awarded to executives below the main board from 2007 and beyond are not subject to vesting conditions.

Grants to executive directors

Awards to the Group Chief Executive are based on principles 2(iv), 2(v), 2(vi) (set out on page 60), a comparative remuneration survey and a review of the performance of both the Group and the executive over the prior three years.

Before any share option grant is made to the Group Chief Executive, the Remuneration Committee has to satisfy itself that the demanding pre-grant conditions have been achieved. This requires affirmation: (i) that the Group's business performance has been superior to that of its industry sector; and (ii) that the Group Chief Executive's personal performance continues to be of the highest standard.

On the basis of sustained outperformance and with management achievements acknowledged by industry followers, the Committee concluded that the Group Chief Executive and Group Finance Director continued to merit total remuneration towards the upper end of the range determined by the remuneration principles. Based on the surveys conducted, this indicated a base salary increase as detailed on page 63 and a share option grant equivalent to four times base salary for the Group Chief Executive. Similar surveys undertaken in the UK indicated a base salary increase as detailed on page 63 for the Group Finance Director and options amounting to 120% of base salary. Similarly on the basis of survey data and performance the Chief Executives of the UK and the US divisions were awarded base salary increases as detailed on page 63 and were awarded options amounting to 80% and 160% of base salary respectively.

Scheme amendments

Certain provisions of the share option plans may be amended by the Board, although a number of basic provisions (and in particular most of the limitations on individual participation, the number of shares and the percentage of share capital that can be issued thereunder) cannot be altered to the advantage of the participants except with the approval of shareholders or in accordance with the adjustment provisions in the share option plans.

In 2007 the Remuneration Committee approved an amendment to the Share Option Plans to ensure compliance with UK age discrimination legislation contained in the Employment Equality (Age) Regulations 2006.

(ii) All-employee share plans

In 1998/99 the Group introduced an Inland Revenue approved savings related share option scheme for UK employees (the "Sharesave Scheme"), a US Section 423 Plan (the "Employee Stock Savings Plan") and a savings related share option scheme for employees in the Republic of Ireland (the "Irish Sharesave Scheme"). These schemes give those employees with qualifying service the opportunity to participate in the equity of the Company, with the aim of aligning the interests of employees with those of shareholders.

The options granted under the Sharesave Scheme and the Irish Sharesave Scheme are normally exercisable between 36 and 42 months from the date of the relevant savings contract. Options are

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granted under these schemes at a price approximately 20% below the middle market price of the shares on the London Stock Exchange on the dealing day prior to the date that employees are invited to participate in them.

The options granted under the Employee Stock Savings Plan, for employees in the US, are normally exercisable between 24 and 27 months from the date of grant. The options under this plan are granted at a price approximately 15% below the middle market price of the shares on the London Stock Exchange on the date of grant. The period of exercise and the discount allowed vary from the UK due to different legal regulations in the US.

(iii) Long term incentive plan

Shareholders gave approval, in December 2005, to the Signet Group plc 2005 Long Term Incentive Plan ("LTIP") which was a replacement for the Signet Group plc 2000 Long Term Incentive Plan ("LTIP 2000"), that expired in June 2005.

The LTIP provides for the Remuneration Committee to make awards subject to performance targets which will normally be tested at the end of a fixed period of at least three years. To the extent the performance targets are satisfied the participant will receive a combination of the grant of an option over shares in the Company and cash on the basis of a mix of 50% cash and 50% share options. The share options will normally be exercisable within ten years of the original award date.

The performance conditions, set by the Remuneration Committee for the foreseeable future, are based on:

- the compound annual growth in profit before tax of the Group or in operating profit of the relevant division as appropriate above a threshold inflation level; and
- ROCE of the Group or relevant division as appropriate.

In determining the precise conditions that will apply to an award, the Remuneration Committee will specify, at the commencement of each three-year performance period, the compound annual growth in profit that it will be necessary to achieve over the performance period and the required ROCE for the performance period.

The LTIP contains no element to allow retesting of the performance targets and allows only a pro-rated release of an award, whether in the form of the grant of an option over shares or cash, where a participant leaves early for good reasons or there is a change of control. The performance targets must in any event be satisfied before any release is made in all cases.

Awards were made to executive directors and other senior executives in 2004/05 and 2005/06 under the LTIP 2000 and for 2006/07 and 2007/08 under the LTIP. All these awards are subject to the fulfilment of performance conditions based upon the two components described above.

In each case performance is measured over a fixed period of three successive financial years starting with the one in which the award is made. Nothing is payable under the award unless both minimum performance conditions are achieved. If the performance conditions are achieved the award will vest and its value will depend on the extent to which the minimum performance conditions are exceeded:

- if Profit Growth exceeds the minimum threshold inflation level, the amount of the award will be calculated on a straight line basis from that level up to a specified inflection point, currently 10%, at which point 37.5% of the award will vest, and then at an accelerated rate on a straight line basis up to the maximum level of award at 15%. This maximum is equal to a specified percentage of base salary at the time at which the award vests. The maximum award for the Group Chief Executive under the LTIP 2000 was equal to 70% of base salary at vesting, and for the Group Finance Director and the Chief Executive of the UK division 50% of base salary at vesting and for the Chief Executive of the US division 45% of base salary at vesting. The maximum award for the Group Chief Executive under the LTIP in 2007/08 (as in 2006/07) is equal to 158% of base salary at vesting and for the Group Finance Director in 2007/08 (as in 2006/07) 77.0% of base salary at vesting and the Chief Executive of the UK division in 2007/08 (as in 2006/07) 68.0% of base salary at vesting and for the Chief Executive of the US division in 2007/08 (as in 2006/07) 100% of base salary at vesting; and

LTIP performance criteria

	2007/08 award			2006/07 award			2005/06 award			2004/05 award		
	Group %	UK %	US %	Group %	UK %	US %	Group %	UK %	US %	Group %	UK %	US %
Minimum performance for any vesting:				Profit Growth in excess of threshold inflation level								
Profit measure				20.1	28.2	19.3	23.2	42.2	19.4	22.2	43.0	17.6
ROCE measure	19.8	31.4	18.7									
Profit Growth performance measure:												
Profit measure	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
ROCE measure	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
ROCE performance measure:												
Specified ROCE required	20.8	32.4	19.7	21.1	29.2	20.3	24.2	43.3	20.4	23.2	44.5	18.6

- if the minimum threshold inflation level of Profit Growth is achieved but the maximum award has not been earned, then the award may be increased on the basis of the ROCE growth. In the case of the Group Chief Executive, under the LTIP 2000 for each 0.5% by which the ROCE exceeds the level specified in the award, the amount of the award will increase by an amount equal to 5% of base salary (at vesting) up to a maximum increase equal to 35% of such base salary (i.e. 50% of the award). Similarly in the case of the Group Finance Director, for each 0.5% by which the ROCE exceeds the specified level the amount of the award will increase by an amount equal to 3% of base salary (at vesting) up to a maximum increase equal to 25% of such base salary (i.e. 50% of the award). In the case of the Chief Executive of the UK division the award will increase by 2% of such base salary (at vesting) up to a maximum increase equal to 25% of such base salary (i.e. 50% of the award) and in the case of the Chief Executive of the US division 3.6% of such base salary (at vesting) up to a maximum increase equal to 22.5% of such base salary (i.e. 50% of the award) for every 0.5% by which the ROCE exceeds the specified level. In the case of the Group Chief Executive, under the LTIP in 2007/08 (as in 2006/07) the maximum percentage of base salary that may be earned for each 0.5% by which the ROCE exceeds its specified level is 11.3% which is in proportion to the increase in target LTIP award from 70% to 158% of base salary. Similarly in the case of the Group Finance Director, in 2007/08 (as in 2006/07) for each 0.5% by which the ROCE exceeds the specified level the amount of the award will increase by an amount equal to 4.6% of such base salary up to a maximum increase equal to 38.5% of such base salary and in the case of the Chief Executive of the UK division, in 2007/08 (as in 2006/07) 2.7% of such base salary up to a maximum increase equal to 34.0% of such base salary and for the Chief Executive of the US division, in 2007/08 (as in 2006/07) 8.0% of such base salary up to a maximum equal to 50% of such base salary.

In no event, however, can any such increase result in the applicable maximum award amount stated in the preceding paragraph being exceeded.

The table on page 66 shows the percentages and the inflection points which have been specified for the existing awards and indicates the relevant profits and ROCE to be used for measurement.

When the performance conditions have been satisfied, 50% of the amount which vests will be payable in cash and the other 50% will consist of the grant of an option to acquire shares in the Company, the number of shares being determined by using the middle market price on the day preceding the grant of the award. For the 2004/05, 2005/06 and 2006/07 awards, that share price was 112.50p, 112.60p and 106.00p respectively. Due to the deferred equity nature of the share linked element of the award, the exercise price of the total option grant under the LTIP 2000 is a nominal amount of £1 or \$1, as appropriate (there is no nominal exercise price payable under the LTIP). The participants can normally exercise their option

at any time after vesting until the tenth anniversary of the grant of the award.

The share price for the awards was fixed following the announcement of the preliminary results.

(d) Employee trusts

The share option plans may be operated in conjunction with one or more employee share ownership trusts (the Signet Group plc Employee Share Trust ("ESOT") or the Signet Group plc 2004 Employee Share Trust ("2004 ESOT")). The Signet Group Qualifying Employee Share Trust ("QUEST") was removed from the register of companies during the year as it no longer fulfilled the purpose for which it had been originally set up.

Both the LTIP 2000 and the LTIP (the "LTIPs") operate in conjunction with the ESOT and the 2004 ESOT which may be funded by the Group to acquire shares in the Company for the purposes of meeting the Company's obligation to provide shares on the exercise of options.

The trustees of the ESOT and 2004 ESOT have waived their rights to any dividends declared on shares held in the trusts.

(e) Share scheme limits

The executive share option plans are subject to the following limits on the number of shares that may be issued:

- (i) the maximum number of shares that have been or may be issued pursuant to options granted under the executive share option plans and any other discretionary share option scheme adopted by the Company may not exceed 5% of the shares from time to time in issue in any ten year period;
- (ii) the maximum number of shares that have been or may be issued pursuant to options granted under the executive share option plans and any other employees' share scheme adopted by the Company may not exceed 10% of the shares from time to time in issue in any ten year period; and
- (iii) the maximum of 171,376,839 shares (representing 10% of the issued share capital on 8 July 2003) may be issued pursuant to incentive options granted under the US Plan.

In any ten year period not more than 10% of the issued share capital of the Company from time to time may in aggregate be issued or issuable pursuant to options granted under the All-employee Schemes or any other employees' share schemes adopted by the Company.

The number of shares which may be issued or issuable pursuant to the LTIPs (including to the ESOT and the 2004 ESOT), when aggregated with any shares issued or issuable by the Company in the preceding ten years under any employees' share scheme, participation in which is at the discretion of the Board, is limited to 5% of the Company's issued share capital from time to time. The number of shares which may be issued or issuable pursuant to the

Directors' remuneration report (continued)

LTIPs (including to the ESOT and the 2004 ESOT), when aggregated with all shares issued or issuable by the Company in the preceding ten years under any other employees' share scheme, is limited to 10% of the Company's issued share capital from time to time.

No more than 5% of the issued share capital of the Company may be held by the trustee of the ESOT or the 2004 ESOT without prior approval of shareholders.

(f) Shareholding guidelines

Shareholding guidelines have been set for directors of the Group. The Group Chief Executive is expected to build a holding of shares equal to at least twice salary and the Group Finance Director and the Chief Executives of both the UK and US divisions to at least one times salary. Until these levels have been achieved, half of any post tax option gains under the 2003 Plans should be held in Signet shares. All non-executive directors are required to build a minimum holding of 10,000 shares within two years of appointment and maintain that holding whilst they remain a director of the Company.

(g) Service contracts

The Group Chief Executive has a rolling service contract (dated 20 December 2000 and amended and restated in January 2006) with a US subsidiary with certain covenants given by Signet Group plc, which can be terminated on one year's notice in writing by either party. The Group Finance Director has a rolling service contract (dated 14 June 1995 and amended on 15 May 2000) with the Company, which can be terminated on one year's notice in writing by either party and which terminates on his 60th birthday.

The service contracts for the Group Chief Executive and the Group Finance Director provide for termination payments in the cases of early termination by the Group or in the event of certain changes of control. In these circumstances the amount of termination payments due to the Group Chief Executive would equal, in summary, the aggregate of (i) 100% of his base salary at the time of termination, (ii) 25% of his base salary in respect of pension and other benefits, (iii) his outstanding entitlement to a cash bonus under the annual bonus plan referred to on page 64 in respect of the proportion of the fiscal year prior to the effective date of termination, and (iv) a sum equal to a variable percentage (currently 74.4%) of the cash bonus to which he would have become entitled under the annual bonus plan during the notice period. If the Company reduces or eliminates the Directors' and Officers' liability insurance, although the Board has no intention of doing so, such that the Group Chief Executive does not have coverage which meets at least £100 million aggregate coverage limit and £50 million Side A aggregate dedicated coverage limits, then the Group Chief Executive may be permitted upon 90 days written notice to terminate his employment. In the event of such termination the Company will pay the Group Chief Executive his base salary and short term bonus pro-rated to the date of termination. Entitlement to any share options or LTIP awards is governed by the rules of the relevant scheme.

The amount of termination payments due to the Group Finance Director in the case of early termination by the Group in the event

of certain changes of control would equal, in summary, the aggregate of (i) his annual salary at the time of termination, (ii) the market value of the contractual benefits in kind (including any pension contribution) to which he would have become entitled during the following 12 months, and (iii) all payments to which he would have become entitled under the annual bonus plan during the same 12 month period.

The Chief Executive of the UK division has a rolling service contract (dated 1 March 2003) with a UK subsidiary which can be terminated on one year's notice in writing by either party or terminates on his 65th birthday. In the case of early termination, the contract provides for salary to be paid in lieu of notice, or where notice has been given, for any balance of the notice period.

The Chief Executive of the US division has a rolling service contract (dated 26 April 2002 and amended and restated in August 2004 and January 2006) with a US subsidiary. The Company may terminate the contract at any time by notice in writing. In the case of termination the Company is obligated to continue to pay salary for 12 months from the date of termination.

Entitlement to any share options or LTIP awards is governed by the rules of the relevant scheme, and these contracts all contain confidentiality and non-competition clauses.

The Chairman has a letter of appointment (dated 19 June 2006), for a fixed term of three years. The appointment does not provide for compensation for loss of office. Each non-executive director has a letter of appointment from the Company.

The Board has adopted the best practice corporate governance approach of appointing non-executive directors on a staggered basis for a specific three year period albeit with the ability to renew such appointments for longer periods. Therefore during the year letters of appointment were amended to reflect that change, with appointment now anticipated to run until each non-executive director is next due to retire by rotation in accordance with the Articles of Association. Letters of appointment were also updated to reflect changes to fees, committee membership, confidentiality undertakings and to include details of the Directors' and Officers' insurance cover. They do not provide for compensation for loss of office.

The letters of appointment are dated as set out below:

Robert Blanchard	20 June 2006
Dale Hilpert	20 June 2006
Brook Land	20 June 2006
Robert Walker	20 June 2006
Russell Walls	20 June 2006

(h) Company pension

The Chairman does not receive any pension provision. The Group Chief Executive and the Chief Executive of the US division are members of both the 401(k) Plan and the DCP. Contributions made by Signet's US division in respect of the Group Chief Executive during the period totalled £1,755[£] (2005/06: £1,074[£]) and £151,168[£] (2005/06: £148,472[£]) respectively and those for the

Pension benefits for the UK based executive directors⁶

	Robert Anderson Chief Executive UK division		Walker Boyd Group Finance Director	
	2006/07	2005/06	2006/07	2005/06
Change in accrued benefits during the year (gross of inflation)	–	7,995	4,983	5,039
Change in accrued benefits during the year (net of inflation)	–	7,752	3,237	3,866
Accrued benefits at the end of the year	17,005	17,005	53,474	48,491
Transfer value of change in accrued pension (net of inflation)	n/a	90,804	41,892	58,987
Transfer value of accrued benefits at the beginning of the year	201,054	58,367	662,639	510,434
Transfer value of accrued benefits at the end of the year	189,799	201,054	698,295	662,639
Change in transfer value of accrued benefits ⁽¹⁾	(11,255)	141,837	35,656	152,205
Group payments to the FURBS/supplement	38,380	37,500	55,880	48,333
Life assurance contributions	521	737	539	1,100

(1) Calculated in accordance with the Actuarial Guidance Note GN 11.

Chief Executive of the US division during the period totalled £1,755⁶ (2005/06: £50⁶) and £36,952⁶ (2005/06: £11,544⁶) from his appointment on 12 January 2006, respectively.

Pension benefits in respect of the UK based directors are set out above.

(i) Aggregate emoluments for the year to 3 February 2007

The total emoluments for directors of the Company and officers of the Group (excluding amounts due under the LTIP), as listed on page 46, for services in all capacities was £4,069,000 (2005/06: £2,270,000). The amounts due under the LTIP for directors of the Company and officers of the Group was £373,000 (2005/06: £532,000, restated to reflect the market value at vesting). Under the LTIP 50% of the amounts due are payable in cash and the other 50% consists of the grant of an option to acquire shares in the Company. Details of the directors' emoluments are given on page 63.

Except as set out in tables (a), (b) and (c) on pages 70 to 73, or in the notes under these tables, no director nor any member of any director's immediate family had an interest in, or was granted or exercised any right to subscribe for, shares or debentures of the Company or any subsidiary, nor did any such right to subscribe lapse during the financial year, nor was there any change between the end of the financial year and 17 April 2007 in the interests of any director of the Company disclosed to the Company under the provisions of Section 324 (duty of directors to disclose shareholdings in own company) as extended by Section 328 (extension of Section 324 to spouses and children) of the Companies Act 1985 and under the Disclosure and Transparency Rules nor in any right to subscribe for shares in, or debentures of, the Company.

At 28 January 2006, 3 February 2007 and 17 April 2007, according to the register kept by the Company under Section 325 of the Companies Act 1985 and under the Disclosure and Transparency Rules, the directors held interests in the shares of the Company as indicated in tables (a), (b) and (c) on pages 70 to 73. As explained on page 66 the value of the awards that vest under the LTIP depends upon the extent to which the performance conditions are met. The awards are also capped by reference to a percentage of the recipient's base salary. Where the minimum performance conditions for the 2003/04 and 2004/05 awards have been exceeded, vesting will occur within 60 days of the preliminary results announcement for the year ended 3 February 2007.

The Group currently operates the ESOT and the 2004 ESOT. The QUEST, which was used in connection with the Sharesave Scheme was removed from the register of companies during the course of the year. Robert Anderson, Walker Boyd, Terry Burman, and Mark Light, at 28 January 2006, 3 February 2007 and 17 April 2007, were, in common with all other employees of the Group, deemed to have an interest in the shares held by the ESOT and the 2004 ESOT. The ESOT held 3,745,265 on 28 January 2006, 2,633,908 on 3 February 2007 and 2,618,492 on 17 April 2007. The 2004 ESOT held nil shares on 28 January 2006, nil shares on 3 February 2007 and nil shares on 17 April 2007. The QUEST held nil shares on 28 January 2006 and was dissolved on 1 August 2006.

No director had been granted any specific interest in such shares. The Company's register of directors' interests, which is open to inspection at the registered office, contains full details of directors' shareholdings and share options.

Directors' remuneration report (continued)

4. Directors' interests in shares⁶

(a) Directors' interest in share options⁶

Director	Number of shares under option				At 3 February 2007	Exercise price	Date from which exercisable ⁽¹⁾	Expiry date ⁽¹⁾
	At 28 January 2006	Granted	Forfeited	Exercised				
Robert Anderson ⁽²⁾	(3) 232,558	–	–	–	232,558	75.25p	2.5.04	2.5.11
	(3) 160,416	–	–	–	160,416	120.00p	11.4.05	11.4.12
	(3) 322,188	–	–	–	322,188	82.25p	25.4.06	25.4.13
	(4) 251,685	–	–	–	251,685	111.25p	5.4.07	5.4.14
	(5) 35,452	–	–	–	35,452	£1 in total	15.4.04	4.5.11
	(6) 10,985	–	–	–	10,985	86.25p	1.1.08	30.6.08
	(4) 261,989	–	–	–	261,989	112.60p	12.4.08	12.4.15
	(5) 23,140	–	–	–	23,140	£1 in total	15.4.05	26.4.12
	(4) –	221,586	–	–	221,586	111.92p	11.4.09	11.4.16
Total	1,298,413	221,586	–	–	1,519,999	96.38p⁽⁷⁾		
Walker Boyd ⁽²⁾	(3) 429,648	–	–	(429,648) ⁽⁸⁾	–	49.75p	–	–
	(3) 611,842	–	–	–	611,842	57.00p	5.5.03	5.5.10
	(3) 179,401	–	–	–	179,401	75.25p	2.5.04	2.5.11
	(3) 225,000	–	–	–	225,000	120.00p	11.4.05	11.4.12
	(5) 133,484	–	–	(133,484) ⁽⁸⁾	–	£1 in total	–	–
	(4) 397,435	–	–	–	397,435	97.50p	14.7.06	14.7.13
	(4) 444,943	–	–	–	444,943	111.25p	5.4.07	5.4.14
	(6) 10,985	–	–	–	10,985	86.25p	1.1.08	30.6.08
	(5) 87,505	–	–	(87,505) ⁽⁸⁾	–	£1 in total	–	–
	(4) 466,252	–	–	–	466,252	112.60p	12.4.08	12.4.15
	(5) 68,182	–	–	–	68,182	£1 in total	12.4.05	26.4.12
	(4) –	412,794	–	–	412,794	111.92	11.4.09	11.4.16
	(5) –	61,407	–	–	61,407	£1 in total	28.4.06	30.4.13
Total	3,054,677	474,201	–	(650,637)	2,878,241	91.47p⁽⁷⁾		
Terry Burman ⁽²⁾	(3) 496,289	–	–	(496,289) ⁽⁹⁾	–	\$1.08	–	–
	(3) 1,242,019	–	–	(1,242,019) ⁽⁹⁾	–	\$1.72	–	–
	(4) 3,807,426	–	–	–	3,807,426	\$1.59	14.7.06	14.7.13
	(4) 3,129,267	–	–	–	3,129,267	\$2.05	5.4.07	5.4.14
	(6) 5,850	–	–	(5,850) ⁽¹⁰⁾	–	\$1.64	–	–
	(5) 344,829	–	–	(344,829) ⁽¹¹⁾	–	\$1 in total	–	–
	(4) 3,193,395	–	–	–	3,193,395	\$2.12	12.4.08	12.4.15
	(5) 254,485	–	–	(254,485) ⁽¹¹⁾	–	\$1 in total	–	–
	(6) –	5,170	–	–	5,170	\$1.86	1.11.08	31.1.09
	(4) –	2,936,060	–	–	2,936,060	\$1.96	11.4.09	11.4.16
	(5) –	227,244	–	(227,244) ⁽¹²⁾	–	\$1 in total	–	–
Total	12,473,560	3,168,474	–	(2,570,716)	13,071,318	\$1.91⁽⁷⁾		

4. Directors' interests in shares⁶

(a) Directors' interest in share options⁶ (continued)

Director	Number of shares under option				At 3 February 2007	Exercise price	Date from which exercisable ⁽¹⁾	Expiry date ⁽¹⁾
	At 28 January 2006	Granted	Forfeited	Exercised				
Mark Light ⁽²⁾	⁽³⁾ 92,764	–	–	(92,764) ⁽¹³⁾	–	\$1.08	–	–
	⁽³⁾ 290,191	–	–	–	290,191	\$1.72	11.4.05	11.4.12
	⁽³⁾ 472,476	–	–	–	472,476	\$1.31	25.4.06	25.4.13
	⁽⁴⁾ 329,267	–	–	–	329,267	\$2.05	5.4.07	5.4.14
	⁽⁶⁾ 5,850	–	–	(5,850) ⁽¹⁰⁾	–	\$1.64	–	–
	⁽⁴⁾ 339,032	–	–	–	339,032	\$2.12	12.4.08	12.4.15
	⁽⁶⁾ –	5,170	–	–	5,170	\$1.86	1.11.08	31.1.09
	⁽⁴⁾ –	572,889	–	–	572,889	\$1.96	11.4.09	11.4.16
	⁽⁵⁾ –	96,632	–	(96,632) ⁽¹²⁾	–	\$1 in total	–	–
Total	1,529,580	674,691	–	(195,246)	2,009,025	\$1.81⁽⁷⁾		

All options were granted to directors while they were directors apart from Messrs. Anderson and Light who were appointed as directors on 6 April 2005 and 12 January 2006 respectively. The performance conditions for grants made under the 2003 Plans are set out on page 65. The conditions set by the Remuneration Committee for exercise of options granted under the 1993 Scheme were that for vesting to take place, a post inflation minimum growth in earnings per share of 10% over any consecutive three year period had to be achieved. Under the 2003 Plans, for vesting to take place, a post inflation minimum growth in earnings per share of 10% from a fixed base year applied over a three year period, or 12.55% over a four year period, or 15.92% over a five year period has to be achieved. The performance conditions were chosen as the Remuneration Committee believed them to be in line with market practice. These conditions have been met in respect of the options granted between October 1997 and April 2004; the performance criteria having been satisfied in each case over the first three year period following the grant of the options apart from the options granted in April and July 2003 for which the performance criteria were satisfied in the fourth year of the grant. The Black-Scholes option-pricing model fair value is given on page 104 for options granted in the last three years.

- (1) The dates from which options are exercisable and the expiry dates are the dates that normally apply. Other dates apply in certain circumstances, such as an option holder ceasing to be employed. Options that have not already vested will only vest and become exercisable on the dates detailed subject to satisfaction of the specified performance criteria.
- (2) See page 65 regarding awards made in 2007/08.
- (3), (4), (5) and (6) The options marked (3) were granted under the 1993 Scheme, those marked (4) were granted under the 2003 Plans, those marked (5) were awarded under the LTIP 2000 and those marked (6) were granted under the terms of the Sharesave Scheme or, in the case of Terry Burman and Mark Light, the Employee Stock Savings Plan.
- (7) Weighted averages of the exercise prices per share for the options held at the year end.
- (8) Exercised on 12 January 2007, when the market price was 120.22p.
- (9) Exercised on 16 January 2007, when the market price was 119.65p.
- (10) Exercised on 23 November 2006, when the market price was 120.25p.
- (11) Exercised on 5 April 2006, when the market price was 110.00p.
- (12) Exercised on 15 June 2006, when the market price was 95.25p.
- (13) Exercised on 28 September 2006, when the market price was 110.00p.

The aggregate amount of gains made by directors on the exercise of options during the year amounted to £2,301,439 (2005/06: £613,983).

Directors' remuneration report (continued)

(b) Directors' interests in LTIPs⁸

Director	Date of award	Awards subject to performance conditions		Awards where the performance conditions have been satisfied ⁽¹⁾			Cash and options total current value ⁽⁴⁾⁽⁵⁾ £	Cash and options total vested ⁽⁶⁾ £	Expiry of award or vested option
		Cash portion (grant value) ⁽²⁾ £	Option portion (number) ⁽²⁾	Cash portion (grant value) ⁽³⁾ £	Option portion (number) ⁽³⁾	Option portion (current value) ⁽⁴⁾ £			
Robert Anderson ⁽⁷⁾									
2003/04 award ⁽⁸⁾	30.4.03	–	–	–	–	–	–	–	–
2004/05 award ⁽⁸⁾	5.4.04	–	–	–	–	–	–	–	–
2005/06 award ⁽⁸⁾	12.4.05	77,500	68,828	–	–	–	161,642	–	– ⁽⁹⁾
2006/07 award	–	105,400	94,174	–	–	–	220,528	–	– ⁽⁹⁾
Awards at end of year		182,900	163,002	–	–	–	382,170	–	
Walker Boyd ⁽⁷⁾									
2003/04 award ⁽⁸⁾	30.4.03	–	–	–	–	–	–	116,366	30.4.13
2004/05 award ⁽⁸⁾	5.4.04	–	–	23,305	20,715	25,324	48,629	–	5.4.14
2005/06 award ⁽⁸⁾	12.4.05	98,750	87,700	–	–	–	205,963	–	– ⁽⁹⁾
2006/07 award	28.4.06	152,075	135,878	–	–	–	318,186	–	– ⁽⁹⁾
Awards at end of year		250,825	233,578	23,305	20,715	25,324	572,778	116,366	
Terry Burman ⁽⁷⁾									
2003/04 award ⁽⁸⁾	30.4.03	–	–	–	–	–	–	407,560	30.4.13
2004/05 award ⁽⁸⁾	5.4.04	–	–	65,228	62,354	76,228	141,456	–	5.4.14
2005/06 award ⁽⁸⁾	12.4.05	262,411	243,944	–	–	–	559,072	–	– ⁽⁹⁾
2006/07 award	28.4.06	592,299	597,009	–	–	–	1,322,143	–	– ⁽⁹⁾
Awards at end of year		854,710	840,953	65,228	62,354	76,228	2,022,671	407,560	
Mark Light ⁽⁷⁾									
2003/04 award ⁽⁸⁾	30.4.03	–	–	–	–	–	–	173,309	30.4.13
2004/05 award ⁽⁸⁾	5.4.04	–	–	81,320	77,737	95,033	176,353	–	5.4.14
2005/06 award ⁽⁸⁾	12.4.05	81,320	75,597	–	–	–	173,737	–	– ⁽⁹⁾
2006/07 award	28.4.06	180,711	182,148	–	–	–	403,386	–	– ⁽⁹⁾
Awards at end of year		262,031	257,745	81,320	77,737	95,033	753,476	173,309	

All grants were made to directors while they were directors, apart from Messrs. Anderson and Light who were appointed as directors on 6 April 2005 and 12 January 2006 respectively, and the performance conditions relating to the awards are set out on page 64.

- In respect of the 2004/05 awards the Group performance achieved was a three year compound annual growth in profit before tax of 6.3% per annum and a three year average ROCE of 23.8%. The US division performance achieved was a three year compound annual growth in operating profit of 13.3% and a three year average ROCE of 22.0%. This resulted in 24.9% of the award vesting for the Group Chief Executive, 23.6% for the Group Finance Director and 100% for the Chief Executive of the US division. The UK division experienced a fall in three year annual profit and therefore no award is payable to the Chief Executive of the UK division.
- Assumes maximum performance conditions are satisfied and is calculated using salary at 26 February 2007. For the cash portion an exchange rate of \$1.97 has been used for Terry Burman and Mark Light. Options are calculated using a share price at the time of grant in 2005 of 112.60p and in 2006 of 111.92p and in the case of Terry Burman and Mark Light exchange rates of \$1.88 in 2005 and \$1.75 in 2006.
- Calculated using a salary at 26 February 2007. For the cash portion an exchange rate of \$1.97 has been used for Terry Burman and Mark Light. Options are calculated using a share price and exchange rate at the time of grant in 2004 of 112.50p and \$1.83 respectively. The LTIP payment is made in the year following the last year in respect of which the performance condition was set.
- Calculated using a share price as at 3 February 2007 of 122.25p.
- Cash portion plus option portion value at 3 February 2007. For awards where the level of performance is currently unknown, no payment, or a reduced payment may be made. In respect of awards where the performance is known the base salary may be different at the date of vesting.
- Vesting took place on 28 April 2006 and the cash portion was worth £51,275, £166,681 and £70,879 respectively, for Walker Boyd, Terry Burman and Mark Light. The option interest was over 61,407 shares for Walker Boyd, 227,244 shares for Terry Burman and 96,632 shares for Mark Light and are included in the table of directors' interests in share options on pages 70 to 71. The share price on the day of vesting was 106.00p. For Terry Burman and Mark Light an exchange rate of \$1.8253 was used. The Remuneration Committee confirmed that there was no entitlement earned under the LTIP by Robert Anderson.
- The Remuneration Committee approved grants of LTIP awards to Terry Burman (maximum of 158% of salary at vesting), Mark Light (maximum of 100% of salary at vesting), Walker Boyd (maximum of 77% of salary at vesting) and Robert Anderson (maximum of 68% of salary at vesting) on 16 April 2007.
- Awards at start of year.
- Expiry dates of awards will be known within 60 days after the announcement of the preliminary results for the last financial year in the performance period.

(c) Directors' interests in shares⁶

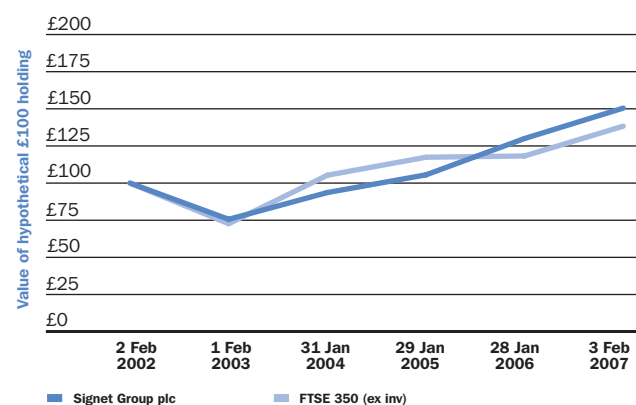
Director	Number of shares		
	At start of year	At end of year	At 17 April 2007
Robert Anderson	19,000	19,000	19,000
Robert Blanchard	10,010	10,010	10,010
Walker Boyd	452,495	392,495	392,495
Terry Burman	710,601	710,601	710,601
Dale Hilpert	20,000	20,000	20,000
Brook Land	25,000	25,000	25,000
Mark Light	–	–	–
Robert Walker	19,308	19,308	19,308
Russell Walls	10,000	10,000	10,000
Malcolm Williamson	28,605	28,605	28,605

5. Share price

The middle market price of a Signet share on the London Stock Exchange was 122.25p on 3 February 2007 and 104.25p on 28 January 2006. During the 53 weeks ended 3 February 2007, the middle market prices on the London Stock Exchange ranged between a low of 92.25p and a high of 127.0p. On 17 April 2007 the closing middle market price was 125.25p.

Five year historical TSR performance

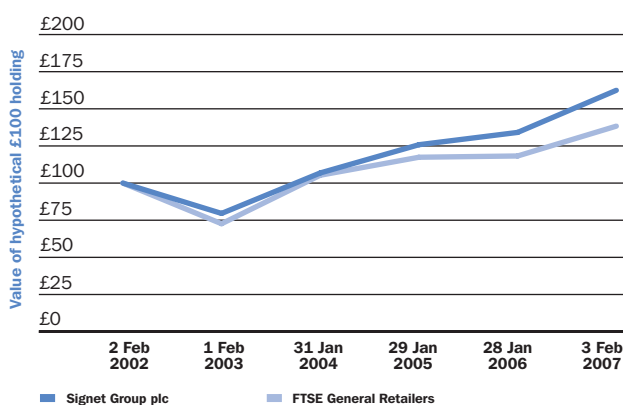
Growth in the value of a hypothetical £100 holding over five years FTSE 350 (ex inv) comparison based on 30 trading day average values

**6. Total shareholder return ("TSR")**

The graph below (left) shows the cumulative annual total return (share price movement and dividends) to shareholders of the Group since 2 February 2002 based on the 30 day average of value of the share price compared to the FTSE 350 index. This index was chosen as a suitable comparator as it is a major market index of which the Group is a member. Also shown on a similar basis on the graph below (right), is the Group's performance compared to the FTSE general retail sector.

Five year historical TSR performance

Growth in the value of a hypothetical £100 holding over five years FTSE general retailers index comparison based on 30 trading day average values



The Directors' remuneration report was approved by the Board on 18 April 2007, and signed on its behalf by:

Robert Blanchard

Chairman
Remuneration Committee