MARINE PRODUCTS CORP
Form 8-K
July 13, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
washington, d.c. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 13, 2010

MARINE PRODUCTS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	1-16263	58-2572419
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2801 Buford Highway, Suite 520, Atlanta, Georgia 30329
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (404) 321-7910

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On July 13, 2010, Marine Products Corporation issued a press release titled, “Marine Products Corporation Plans to Announce Second Quarter 2010 Financial Results and Host a Conference Call on July 28, 2010.” The press release announced the date that Marine Products Corporation will release its second quarter 2010 financial results. This release also provided the related conference call information.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99 - Press Release dated July 13, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Marine Products Corporation has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Marine Products
Corporation.

Date: July 13, 2010

/s/ Ben M. Palmer
Ben M. Palmer
Vice President,
Chief Financial Officer and
Treasurer

-3-
g-right:2px;">

Foreign currency translation adjustments
2.8

—

6.0

(3.2
)

(2.8
)

2.8

Available-for-sale securities:

Unrealized loss
(0.3
)

—

—

(0.3
)

0.3

(0.3
)
Cash flow hedges:

Unrealized gain (loss)
(11.4
)

—

(11.4
)

—

11.4

(11.4
)
Reclassification adjustment of losses to net income
1.3

—

1.3

—

(1.3
)

1.3

Pension plan:

Reclassification adjustment to net income for amortization of actuarial loss
1.4

—

1.4

—

(1.4
)

1.4

Reclassification adjustment to net income for amortization of prior service credits
(0.9
)

—

(0.9
)

—

0.9

(0.9
)
Total other comprehensive income
(7.1
)

—

(3.6
)

(3.5
)

7.1

(7.1
)
Total comprehensive income (loss)
$
173.9

$
(0.3
)

$
184.6

$

195.7

$
(380.0
)

$
173.9

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

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

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

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

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Condensed Consolidated Balance Sheet
August 1, 2015
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$0.2	$0.1	$ 143.0	$ 16.5	$ —	$ 159.8
Accounts receivable, net	—	—	1,490.4	2.8	—	1,493.2
Intra-entity receivables, net	10.0	—	—	129.9	(139.9)	—
Other receivables	—	—	45.1	10.1	—	55.2
Other current assets	0.1	0.7	120.7	5.3	—	126.8
Deferred tax assets	—	—	3.9	0.4	—	4.3
Income taxes	—	—	3.0	—	—	3.0
Inventories	—	—	2,318.9	95.3	—	2,414.2
Total current assets	10.3	0.8	4,125.0	260.3	(139.9)	4,256.5
Non-current assets:						
Property, plant and equipment, net	—	—	679.5	5.6	—	685.1
Goodwill	—	—	514.0	3.6	—	517.6
Intangible assets, net	—	—	437.8	—	—	437.8
Investment in subsidiaries	2,879.9	—	554.9	535.9	(3,970.7)	—
Intra-entity receivables, net	—	402.5	—	3,479.9	(3,882.4)	—
Other assets	—	5.5	113.2	26.7	—	145.4
Deferred tax assets	—	—	128.9	0.1	—	129.0
Retirement benefit asset	—	—	40.4	—	—	40.4
Total assets	$2,890.2	$408.8	$ 6,593.7	$ 4,312.1	$ (7,993.0)	$ 6,211.8
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$—	$—	$ 82.0	$ —	$ —	$ 82.0
Accounts payable	—	—	187.5	6.5	—	194.0
Intra-entity payables, net	—	—	139.9	—	(139.9)	—
Accrued expenses and other current liabilities	18.0	2.4	422.2	10.5	—	453.1
Deferred revenue	—	—	230.2	—	—	230.2
Deferred tax liabilities	—	—	172.4	—	—	172.4
Income taxes	—	(0.1)	6.5	(0.6)	—	5.8
Total current liabilities	18.0	2.3	1,240.7	16.4	(139.9)	1,137.5
Non-current liabilities:						
Long-term debt	—	398.5	350.2	600.0	—	1,348.7
Intra-entity payables, net	—	—	3,882.4	—	(3,882.4)	—
Other liabilities	—	—	218.7	7.5	—	226.2
Deferred revenue	—	—	607.0	—	—	607.0
Deferred tax liabilities	—	—	20.2	—	—	20.2
Total liabilities	18.0	400.8	6,319.2	623.9	(4,022.3)	3,339.6
Total shareholders' equity	2,872.2	8.0	274.5	3,688.2	(3,970.7)	2,872.2
Total liabilities and shareholders' equity	$2,890.2	$408.8	$ 6,593.7	$ 4,312.1	$ (7,993.0)	$ 6,211.8

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Condensed Consolidated Balance Sheet
January 31, 2015

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$2.1	$0.1	$ 166.5	$ 24.9	$ —	$ 193.6
Accounts receivable, net	—	—	1,566.2	1.4	—	1,567.6
Intra-entity receivables, net	121.6	—	—	61.8	(183.4)	—
Other receivables	—	—	53.9	9.7	—	63.6
Other current assets	0.1	0.7	130.9	5.5	—	137.2
Deferred tax assets	—	—	4.3	0.2	—	4.5
Income taxes	—	—	1.8	—	—	1.8
Inventories	—	—	2,376.6	62.4	—	2,439.0
Total current assets	123.8	0.8	4,300.2	165.9	(183.4)	4,407.3
Non-current assets:						
Property, plant and equipment, net	—	—	660.2	5.7	—	665.9
Goodwill	—	—	515.6	3.6	—	519.2
Intangible assets	—	—	447.1	—	—	447.1
Investment in subsidiaries	2,701.3	—	462.8	421.7	(3,585.8)	—
Intra-entity receivables, net	—	402.4	—	3,490.0	(3,892.4)	—
Other assets	—	5.8	105.3	28.9	—	140.0
Deferred tax assets	—	—	111.0	0.1	—	111.1
Retirement benefit asset	—	—	37.0	—	—	37.0
Total assets	$2,825.1	$409.0	$ 6,639.2	$ 4,115.9	$ (7,661.6)	$ 6,327.6
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$—	$—	$ 97.5	$ —	$ —	$ 97.5
Accounts payable	—	—	273.4	4.3	—	277.7
Intra-entity payables, net	—	—	183.4	—	(183.4)	—
Accrued expenses and other current liabilities	14.7	2.4	456.7	8.6	—	482.4
Deferred revenue	—	—	248.0	—	—	248.0
Deferred tax liabilities	—	—	145.8	—	—	145.8
Income taxes	—	(0.2)	87.7	(0.6)	—	86.9
Total current liabilities	14.7	2.2	1,492.5	12.3	(183.4)	1,338.3
Non-current liabilities:						
Long-term debt	—	398.5	365.3	600.0	—	1,363.8
Intra-entity payables, net	—	—	3,892.4	—	(3,892.4)	—
Other liabilities	—	—	222.0	8.2	—	230.2
Deferred revenue	—	—	563.9	—	—	563.9
Deferred tax liabilities	—	—	21.0	—	—	21.0
Total liabilities	14.7	400.7	6,557.1	620.5	(4,075.8)	3,517.2
Total shareholders' equity	2,810.4	8.3	82.1	3,495.4	(3,585.8)	2,810.4
Total liabilities and shareholders' equity	$2,825.1	$409.0	$ 6,639.2	$ 4,115.9	$ (7,661.6)	$ 6,327.6

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Condensed Consolidated Balance Sheet
August 2, 2014
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$1.4	$—	$ 191.1	$22.5	$ —	$ 215.0
Accounts receivable, net	—	—	1,306.9	9.1	—	1,316.0
Intra-entity receivables, net	50.9	—	—	—	(50.9)	—
Other receivables	—	—	52.3	1.8	—	54.1
Other current assets	0.1	0.7	115.2	4.5	—	120.5
Deferred tax assets	—	—	2.1	0.2	—	2.3
Income taxes	—	—	14.9	0.6	—	15.5
Inventories	—	—	2,287.0	58.3	—	2,345.3
Total current assets	52.4	0.7	3,969.5	97.0	(50.9)	4,068.7
Non-current assets:						
Property, plant and equipment, net	—	—	621.6	6.2	—	627.8
Goodwill	—	—	548.3	3.6	—	551.9
Intangible assets, net	0.0	—	467.6	—	—	467.6
Investment in subsidiaries	2,646.2	—	546.8	435.8	(3,628.8)	—
Intra-entity receivables, net	—	403.9	—	3,330.0	(3,733.9)	—
Other assets	—	6.1	100.4	26.5	—	133.0
Deferred tax assets	—	—	84.4	—	—	84.4
Retirement benefit asset	—	—	61.3	—	—	61.3
Total assets	$2,698.6	$410.7	$ 6,399.9	$3,899.1	$ (7,413.6)	$ 5,994.7
Liabilities and Shareholders' equity						
Current liabilities:						
Loans and overdrafts	$—	$—	$ 31.2	$—	$ —	$ 31.2
Accounts payable	—	—	234.7	0.3	—	235.0
Intra-entity payables, net	—	—	19.7	31.2	(50.9)	—
Accrued expenses and other current liabilities	14.7	5.0	392.4	10.0	—	422.1
Deferred revenue	—	—	211.1	—	—	211.1
Deferred tax liabilities	—	—	218.9	—	—	218.9
Income taxes	—	—	60.4	(5.0)	—	55.4
Total current liabilities	14.7	5.0	1,168.4	36.5	(50.9)	1,173.7
Non-current liabilities:						
Long-term debt	—	398.4	380.7	600.0	—	1,379.1
Deferred tax liabilities	—	—	2.2	—	—	2.2
Intra-entity payables, net	—	—	3,733.9	—	(3,733.9)	—
Other liabilities	—	—	226.9	8.5	—	235.4
Deferred revenue	—	—	520.4	—	—	520.4
Total liabilities	14.7	403.4	6,032.5	645.0	(3,784.8)	3,310.8
Total shareholders' equity	2,683.9	7.3	367.4	3,254.1	(3,628.8)	2,683.9
Total liabilities and shareholders' equity	$2,698.6	$410.7	$ 6,399.9	$3,899.1	$ (7,413.6)	$ 5,994.7

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Condensed Consolidated Statement of Cash Flows
For the 13 weeks ended August 1, 2015
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$2.5	$(4.7)	$ 102.8	$ 43.0	$ —	$ 143.6
Investing activities						
Purchase of property, plant and equipment	—	—	(55.7)	(0.3)	—	(56.0)
Investment in subsidiaries	—	—	—	—	—	—
Purchase of available-for-sale securities	—	—	—	(0.5)	—	(0.5)
Proceeds from available-for-sale securities	—	—	—	0.1	—	0.1
Net cash (used in) provided by investing activities	—	—	(55.7)	(0.7)	—	(56.4)
Financing activities						
Dividends paid	(17.7)	—	—	—	—	(17.7)
Proceeds from issuance of common shares	0.1	—	—	—	—	0.1
Excess tax benefit from exercise of share awards	—	—	—	—	—	—
Proceeds from long-term debt	—	—	—	558.1	—	558.1
Repayments of long-term debt	—	—	(5.0)	(558.1)	—	(563.1)
Repurchase of common shares	(62.8)	—	—	—	—	(62.8)
Net settlement of equity based awards	0.4	—	—	—	—	0.4
Capital lease payments	—	—	(0.3)	—	—	(0.3)
Proceeds from (repayment of) short-term borrowings	—	—	35.0	—	—	35.0
Intra-entity activity, net	76.8	4.7	(44.3)	(37.2)	—	—
Net cash (used in) provided by financing activities	(3.2)	4.7	(14.6)	(37.2)	—	(50.3)
Cash and cash equivalents at beginning of period	0.9	0.1	110.4	11.2	—	122.6
(Decrease) increase in cash and cash equivalents	(0.7)	—	32.5	5.1	—	36.9
Effect of exchange rate changes on cash and cash equivalents	—	—	0.1	0.2	—	0.3
Cash and cash equivalents at end of period	$0.2	$0.1	$ 143.0	$ 16.5	$ —	$ 159.8

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Condensed Consolidated Statement of Cash Flows
For the 26 weeks ended August 1, 2015
(Unaudited)

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$(0.9)	$0.2	$ 157.2	$ 54.1	$ —	$ 210.6
Investing activities						
Purchase of property, plant and equipment	—	—	(98.6)	(0.3)	—	(98.9)
Investment in subsidiaries	—	—	—	—	—	—
Purchase of available-for-sale securities	—	—	—	(1.9)	—	(1.9)
Proceeds from available-for-sale securities	—	—	—	3.6	—	3.6
Acquisition of Zale Corporation, net of cash acquired	—	—	—	—	—	—
Net cash (used in) provided by investing activities	—	—	(98.6)	1.4	—	(97.2)
Financing activities						
Dividends paid	(32.1)	—	—	—	—	(32.1)
Intra-entity dividends paid	—	—	—	—	—	—
Proceeds from issuance of common shares	0.2	—	—	—	—	0.2
Excess tax benefit from exercise of share awards	—	—	5.1	—	—	5.1
Proceeds from long-term debt	—	—	—	1,196.3	—	1,196.3
Repayments of long-term debt	—	—	(10.0)	(1,196.3)	—	(1,206.3)
Payment of debt issuance costs	—	—	—	—	—	—
Repurchase of common shares	(81.9)	—	—	—	—	(81.9)
Net settlement of equity based awards	(8.3)	—	—	—	—	(8.3)
Capital lease payments	—	—	(0.6)	—	—	(0.6)
Proceeds from (repayment of) short-term borrowings	—	—	(20.0)	—	—	(20.0)
Intra-entity activity, net	121.1	(0.2)	(56.8)	(64.1)	—	—
Net cash (used in) provided by financing activities	(1.0)	(0.2)	(82.3)	(64.1)	—	(147.6)
Cash and cash equivalents at beginning of period	2.1	0.1	166.5	24.9	—	193.6
(Decrease) increase in cash and cash equivalents	(1.9)	—	(23.7)	(8.6)	—	(34.2)
Effect of exchange rate changes on cash and cash equivalents	—	—	0.2	0.2	—	0.4
Cash and cash equivalents at end of period	$0.2	$0.1	$ 143.0	$ 16.5	$ —	$ 159.8

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

(in millions)	Signet Jewelers Limited	Signet UK Finance plc	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$49.6	$3.8	$ 76.9	$ 30.1	$ (50.0)	$ 110.4
Investing activities						
Purchase of property, plant and equipment	—	—	(61.8)	(0.1)	—	(61.9)
Investment in subsidiaries	$—	$—	$ (7.4)	$ 0.0	$ 7.4	$ 0.0
Purchase of available-for-sale securities	—	—	—	(1.2)	—	(1.2)
Proceeds from available-for-sale securities	—	—	—	1.0	—	1.0
Acquisition of Zale Corporation, net of cash acquired	—	—	(1,431.1)	1.9	—	(1,429.2)
Net cash (used in) provided by investing activities	—	—	(1,500.3)	1.6	7.4	(1,491.3)
Financing activities						
Dividends paid	(14.4)	—	—	—	—	(14.4)
Intra-entity dividends paid	—	—	(850.2)	0.2	850.0	—
Proceeds from issuance of common shares	1.0	7.4	—	800.0	(807.4)	1.0
Repurchase of common shares	(11.0)	—	0.0	—	—	(11.0)
Net settlement of equity based awards	0.2	—	—	—	—	0.2
Proceeds from long-term debt	—	398.4	400.0	600.0	—	1,398.4
Payment of debt issuance costs	—	(5.7)	(7.4)	(2.3)	—	(15.4)
Capital lease payments	—	—	(0.2)	—	—	(0.2)
Repayment of short-term borrowings	—	—	(11.7)	—	—	(11.7)
Intra-entity activity, net	(25.7)	(403.9)	1,857.9	(1,428.3)	—	—
Net cash (used in) provided by financing activities	(49.9)	(3.8)	1,388.4	(30.4)	42.6	1,346.9
Cash and cash equivalents at beginning of period	1.7	—	226.7	20.7	—	249.1
(Decrease) increase in cash and cash equivalents	(0.3)	—	(35.0)	1.3	—	(34.0)
Effect of exchange rate changes on cash and cash equivalents	—	—	(0.6)	0.5	—	(0.1)
Cash and cash equivalents at end of period	$1.4	$—	$ 191.1	$ 22.5	$ —	$ 215.0

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

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

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

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements which are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, based upon management’s beliefs and expectations as well as on assumptions made by and data currently available to management, appear in a number of places throughout this document and include statements regarding, among other things, Signet’s results of operation, financial condition, liquidity, prospects, growth, strategies and the industry in which Signet operates. The use of the words “expects,” “intends,” “anticipates,” “estimates,” “predicts,” “believes,” “should,” “potential,” “may,” “forecast,” “object “target,” and other similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of risks and uncertainties, including but not limited to general economic conditions, a decline in consumer spending, the merchandising, pricing and inventory policies followed by Signet, the reputation of Signet and its brands, the level of competition in the jewelry sector, the cost and availability of diamonds, gold and other precious metals, regulations relating to customer credit, seasonality of Signet’s business, financial market risks, deterioration in customers’ financial condition, exchange rate fluctuations, changes in Signet's credit rating, changes in consumer attitudes regarding jewelry, management of social, ethical and environmental risks, security breaches and other disruptions to Signet’s information technology infrastructure and databases, inadequacy in and disruptions to internal controls and systems, changes in assumptions used in making accounting estimates relating to items such as extended service plans and pensions, risks related to Signet being a Bermuda corporation, the impact of the acquisition of Zale Corporation on relationships, including with employees, suppliers, customers and competitors, the impact of stockholder litigation with respect to the acquisition of Zale Corporation, and our ability to successfully integrate Zale Corporation's operations and to realize synergies from the transaction.

For a discussion of these risks and other risks and uncertainties which could cause actual results to differ materially from those expressed in any forward looking statement, see the "Risk Factors" section of Signet's Fiscal 2015 Annual Report on Form 10-K filed with the SEC on March 26, 2015 and Part II, Item 1A of this Form 10-Q. Signet undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by law.

OVERVIEW

Signet Jewelers Limited ("Signet" or the "Company") is the world's largest retailer of diamond jewelry. Signet is incorporated in Bermuda and its address and telephone number are shown on the cover of this document. Its corporate website is www.signetjewelers.com, from where documents that the Company is required to file or furnish with the US Securities and Exchange Commission (“SEC”) may be viewed or downloaded free of charge.

On May 29, 2014, the Company acquired 100% of the outstanding shares of Zale Corporation (the "Zale Acquisition" or "Acquisition") for $1,458.0 million, including $478.2 million to extinguish Zale Corporation’s existing debt. The Acquisition was funded by the Company through existing cash and the issuance of $1,400.0 million of long-term debt. The Acquisition aligns with each strategic pillar of the Company’s Vision 2020. See Notes 3 and 17 of Item 1 for additional information related to the Acquisition and the issuance of long-term debt to finance the transaction, respectively.

The Company manages its business by store brand grouping, a description of which follows:

- The Sterling Jewelers division is one reportable segment. It operated 1,530 stores in all 50 states at August 1, 2015. Its stores operate nationally in malls and off-mall locations principally as Kay Jewelers (“Kay”) and Jared The Galleria Of Jewelry (“Jared”). The division also operates a variety of mall-based regional brands.
- The Zale division consists of two reportable segments:

Zale Jewelry, which operated 966 jewelry stores at August 1, 2015, is located primarily in shopping malls in North America. Zale Jewelry includes the US store brand Zales and the Canada store brand Peoples Jewellers. The division also operates regional brands Gordon’s Jewelers and Mappins Jewellers.

Piercing Pagoda, which operated 599 mall-based kiosks at August 1, 2015, is located in shopping malls in the US and Puerto Rico.

- The UK Jewelry division is one reportable segment. It operated 498 stores at August 1, 2015. Its stores operate in shopping malls and off-mall (i.e. high street) principally as H.Samuel and Ernest Jones.

Certain company activities (e.g. diamond sourcing) are managed as a separate operating segment and are aggregated with unallocated corporate administrative functions in the segment "Other" for financial reporting purposes. Our diamond sourcing function includes our diamond polishing factory in Botswana. See Note 4 of Item 1 for additional information regarding the Company's operating segments.

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

The comparability of the Company's operating results for the 13 and 26 weeks ended August 1, 2015 and August 2, 2014 presented herein has been affected by certain transactions, including:

- The Zale Acquisition that closed on May 29, 2014, as described in Note 3 of Item 1 resulting in 26 incremental days of Zale operations in the second quarter of Fiscal 2016 compared to the second quarter of Fiscal 2015;
- Certain transaction-related costs;
- Zale Acquisition financing as described in Note 3 and Note 17 of Item 1, including global financing arrangements; and
- Certain non-recurring purchase accounting adjustments.

Non-GAAP measures

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

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

Exchange translation impact

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

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1. Income statement at constant exchange rates

Movements in the US dollar to British pound and Canadian dollar exchange rates have an impact on Signet's results. The UK Jewelry division functions in British pounds and the Canadian reporting unit of the Zale Jewelry segment functions in Canadian dollars as sales and a majority of operating expenses are incurred in those foreign currencies. The results for each are then translated into US dollars for external reporting purposes. Management believes it assists in understanding the performance of Signet and its segments if constant currency figures are given. This is particularly so in periods when exchange rates are volatile. The constant currency amounts are calculated by retranslating the prior year figures using the current year's exchange rate. Management considers it useful to exclude the impact of movements in the US dollar to British pound and Canadian dollar exchange rates to analyze and explain changes and trends in Signet's sales and costs.

(in millions, except per share amounts)	13 weeks ended		Change %	Impact of exchange rate movement	13 weeks ended August 2, 2014 at constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP) %
Sales by segments:	August 1, 2015	August 2, 2014				
Sterling Jewelers	$858.5	$810.4	5.9 %	$ —	$ 810.4	5.9 %
Zale Jewelry	336.4	215.0	56.5 %	(6.1)	208.9	61.0 %
Piercing Pagoda	52.9	32.5	62.8 %	—	32.5	62.8 %
UK Jewelry	159.1	162.9	(2.3)%	(13.3)	149.6	6.4 %
Other	3.7	5.1	(27.5)%	—	5.1	(27.5)%
	1,410.6	1,225.9	15.1 %	(19.4)	1,206.5	16.9 %
Cost of sales	(919.8)	(816.9)	(12.6)%	14.4	(802.5)	(14.6)%
Gross margin	490.8	409.0	20.0 %	(5.0)	404.0	21.5 %
Selling, general and administrative expenses	(452.8)	(379.2)	(19.4)%	5.1	(374.1)	(21.0)%
Other operating income, net	62.8	53.7	16.9 %	(0.1)	53.6	17.2 %
Operating income (loss):						
Sterling Jewelers	157.8	129.9	21.5 %	—	129.9	21.5 %
Zale Jewelry(1)	(2.0)	(8.0)	75.0 %	—	(8.0)	75.0 %
Piercing Pagoda(2)	(0.1)	(1.8)	94.4 %	—	(1.8)	94.4 %
UK Jewelry	3.2	1.1	190.9 %	(0.1)	1.0	220.0 %
Other(3)(4)	(58.1)	(37.7)	(54.1)%	0.1	(37.6)	(54.5)%
	100.8	83.5	20.7 %	—	83.5	20.7 %
Interest expense, net	(11.1)	(13.7)	19.0 %	—	(13.7)	19.0 %
Income before income taxes	89.7	69.8	28.5 %	—	69.8	28.5 %
Income taxes	(27.5)	(11.8)	(133.1)%	—	(11.8)	(133.1)%
Net income	$62.2	$58.0	7.2 %	$ —	$ 58.0	7.2 %
Basic earnings per share	$0.78	$0.73	6.8 %	$ —	$ 0.73	6.8 %
Diluted earnings per share	$0.78	$0.72	8.3 %	$ —	$ 0.72	8.3 %

(1) Includes net operating loss of $4.4 million and $9.4 million related to the effects of purchase accounting associated with the acquisition of Zale Corporation for the 13 weeks ended August 1, 2015 and August 2, 2014, respectively.

(2) Includes net operating loss of $0.7 million and $2.1 million related to the effects of purchase accounting associated with the acquisition of Zale Corporation for the 13 weeks ended August 1, 2015 and August 2, 2014,

respectively.

(3) Includes $43.6 million of transaction-related and integration expenses for the 13 weeks ended August 1, 2015, which are primarily attributed to the legal settlement over appraisal rights and consulting expenses.

(4) Includes $30.8 million of transaction-related and integration expenses for the 13 weeks ended August 2, 2014, which are primarily attributed to one-time transaction and severance related costs.

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(in millions, except per share amounts)	26 weeks ended		Change %	Impact of exchange rate movement	26 weeks ended August 2, 2014 at constant exchange rates (non-GAAP)	Change at constant exchange rates (non-GAAP) %
Sales by segments:	August 1, 2015	August 2, 2014				
Sterling Jewelers	$1,802.7	$1,713.9	5.2 %	$ —	$ 1,713.9	5.2 %
Zale Jewelry	709.3	215.0	229.9 %	(6.1)	208.9	239.5 %
Piercing Pagoda	117.1	32.5	260.3 %	—	32.5	260.3 %
UK Jewelry	305.6	314.6	(2.9)%	(27.6)	287.0	6.5 %
Other	6.5	6.0	8.3 %	—	6.0	8.3 %
	2,941.2	2,282.0	28.9 %	(33.7)	2,248.3	30.8 %
Cost of sales	(1,884.5)	(1,465.8)	(28.6)%	24.8	(1,441.0)	(30.8)%
Gross margin	1,056.7	816.2	29.5 %	(8.9)	807.3	30.9 %
Selling, general and administrative expenses	(906.0)	(689.7)	(31.4)%	9.0	(680.7)	(33.1)%
Other operating income, net	126.3	107.7	17.3 %	—	107.7	17.3 %
Operating income (loss):						
Sterling Jewelers	336.0	296.2	13.4 %	—	296.2	13.4 %
Zale Jewelry(1)	8.4	(8.0)	205.0 %	—	(8.0)	205.0 %
Piercing Pagoda(2)	5.0	(1.8)	377.8 %	—	(1.8)	377.8 %
UK Jewelry	3.7	1.1	236.4 %	(0.1)	1.0	270.0 %
Other(3)(4)	(76.1)	(53.3)	(42.8)%	0.2	(53.1)	(43.3)%
	277.0	234.2	18.3 %	0.1	234.3	18.2 %
Interest expense, net	(22.1)	(15.5)	(42.6)%	—	(15.5)	(42.6)%
Income before income taxes	254.9	218.7	16.6 %	0.1	218.8	16.5 %
Income taxes	(73.9)	(64.1)	(15.3)%	—	(64.1)	(15.3)%
Net income	$181.0	$154.6	17.1 %	$ 0.1	$ 154.7	17.0 %
Basic earnings per share	$2.27	$1.93	17.6 %	$ 0.01	$ 1.94	17.0 %
Diluted earnings per share	$2.26	$1.93	17.1 %	$ —	$ 1.93	17.1 %

(1) Includes net operating loss of $13.5 million and $9.4 million related to the effect of purchase accounting associated with the acquisition of Zale Corporation for the 26 weeks ended August 1, 2015 and August 2, 2014, respectively.
(2) Includes net operating loss of $3.0 million and $2.1 million related to the effect of purchase accounting associated with the acquisition of Zale Corporation for the 26 weeks ended August 1, 2015 and August 2, 2014, respectively.
(3) Includes $50.0 million of transaction-related and integration expenses for the 26 weeks ended August 1, 2015, which are primarily attributed to the legal settlement over appraisal rights and consulting expenses.
(4) Includes $39.2 million of transaction-related and integration expenses for the 26 weeks ended August 2, 2014, which are primarily attributed to one-time transaction and severance related costs.

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2. Operating data reflecting the impact of Zale operations and acquisition-related costs
The table below reflects the impact of the Zale operations, costs associated with the integration of the acquisition of Zale Corporation, along with certain other accounting adjustments made. Management finds the information useful to analyze the results of the business excluding these items in order to appropriately evaluate the performance of the business without the impact of significant and unusual items.
(a) Second Quarter Fiscal 2016 operating data reflecting the impact of Zale operations and acquisition-related costs
Second quarter of Fiscal 2016

in millions	Adjusted Signet excluding Zale (1)	Zale operations	Adjusted Signet	Accounting adjustments (2)	Transaction costs (3)	Signet consolidated, as reported
Sales	$ 1,021.3	$ 396.5	$ 1,417.8	$ (7.2)	$ —	$ 1,410.6
Cost of sales	(657.0)	(260.7)	(917.7)	(2.1)	—	(919.8)
Gross margin	364.3	135.8	500.1	(9.3)	—	490.8
Selling, general and administrative expenses	(280.8)	(132.6)	(413.4)	4.2	(43.6)	(452.8)
Other operating income, net	63.0	(0.2)	62.8	—	—	62.8
Operating income (loss)	146.5	3.0	149.5	(5.1)	(43.6)	100.8
Interest expense, net	(11.0)	(0.1)	(11.1)	—	—	(11.1)
Income before income taxes	135.5	2.9	138.4	(5.1)	(43.6)	89.7
Income taxes	(34.8)	(1.0)	(35.8)	1.8	6.5	(27.5)
Net income (loss)	100.7	1.9	102.6	(3.3)	(37.1)	62.2
Earnings per share – diluted	$ 1.26	$ 0.02	$ 1.28	$ (0.04)	$ (0.46)	$ 0.78

	Adjusted Signet excluding Zale	Zale operations	Adjusted Signet	Signet consolidated, as reported
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(64.3)%	(65.8)%	(64.7)%	(65.2)%
Gross margin	35.7 %	34.2 %	35.3 %	34.8 %
Selling, general and administrative expenses	(27.5)%	(33.4)%	(29.2)%	(32.1)%
Other operating income, net	6.2 %	(0.1)%	4.4 %	4.5 %
Operating income (loss)	14.4 %	0.7 %	10.5 %	7.2 %
Interest expense, net	(1.1)%	— %	(0.8)%	(0.8)%
Income before income taxes	13.3 %	0.7 %	9.7 %	6.4 %
Income taxes	(3.4)%	(0.2)%	(2.5)%	(2.0)%
Net income (loss)	9.9 %	0.5 %	7.2 %	4.4 %

(1) Includes capital structure and financing costs.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to the Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.3 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet's methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of

$32.2 million and amortization of acquired intangibles.

(3) Transaction costs are primarily attributed to the legal settlement over appraisal rights and consulting expenses. These costs are included within Signet's Other segment.

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Year to date Fiscal 2016

in millions	Adjusted Signet excluding Zale [1]	Zale operations	Adjusted Signet	Accounting adjustments [2]	Transaction costs [3]	Signet consolidated, as reported
Sales	$2,114.8	$842.2	$2,957.0	$(15.8)	$—	$2,941.2
Cost of sales	(1,327.1)	(548.4)	(1,875.5)	(9.0)	—	(1,884.5)
Gross margin	787.7	293.8	1,081.5	(24.8)	—	1,056.7
Selling, general and administrative expenses	(601.3)	(263.0)	(864.3)	8.3	(50.0)	(906.0)
Other operating income, net	127.2	(0.9)	126.3	—	—	126.3
Operating income (loss)	313.6	29.9	343.5	(16.5)	(50.0)	277.0
Interest expense, net	(21.2)	(0.9)	(22.1)	—	—	(22.1)
Income before income taxes	292.4	29.0	321.4	(16.5)	(50.0)	254.9
Income taxes	(77.4)	(11.2)	(88.6)	5.8	8.9	(73.9)
Net income (loss)	215.0	17.8	232.8	(10.7)	(41.1)	181.0
Earnings per share – diluted	$2.69	$0.22	$2.91	$(0.13)	$(0.52)	$2.26

	Adjusted Signet excluding Zale	Zale operations	Adjusted Signet	Signet consolidated, as reported
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(62.8)%	(65.1)%	(63.4)%	(64.1)%
Gross margin	37.2 %	34.9 %	36.6 %	35.9 %
Selling, general and administrative expenses	(28.4)%	(31.2)%	(29.2)%	(30.8)%
Other operating income, net	6.0 %	(0.1)%	4.2 %	4.3 %
Operating income (loss)	14.8 %	3.6 %	11.6 %	9.4 %
Interest expense, net	(1.0)%	(0.2)%	(0.7)%	(0.7)%
Income before income taxes	13.8 %	3.4 %	10.9 %	8.7 %
Income taxes	(3.6)%	(1.3)%	(3.0)%	(2.5)%
Net income (loss)	10.2 %	2.1 %	7.9 %	6.2 %

(1) Includes capital structure and financing costs.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to the Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.3 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet's methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of $32.2 million and amortization of acquired intangibles.

(3) Transaction costs are primarily attributed to the legal settlement over appraisal rights and consulting expenses. These costs are included within Signet's Other segment.

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(b) Second Quarter Fiscal 2015 operating data reflecting the impact of acquisition-related costs
Second quarter of Fiscal 2015

in millions	Adjusted Signet excluding Zale [1]	Zale operations	Adjusted Signet	Accounting adjustments [2]	Transaction costs [3]	Signet consolidated, as reported
Sales	$978.4	$256.8	$1,235.2	$(9.3)	$—	$1,225.9
Cost of sales	(638.4)	(173.3)	(811.7)	(5.2)	—	(816.9)
Gross margin	340.0	83.5	423.5	(14.5)	—	409.0
Selling, general and administrative expenses	(269.6)	(81.8)	(351.4)	3.0	(30.8)	(379.2)
Other operating income, net	53.7	—	53.7	—	—	53.7
Operating income (loss)	124.1	1.7	125.8	(11.5)	(30.8)	83.5
Interest expense, net	(12.3)	(0.2)	(12.5)	(1.2)	—	(13.7)
Income before income taxes	111.8	1.5	113.3	(12.7)	(30.8)	69.8
Income taxes	(27.1)	(0.6)	(27.7)	4.8	11.1	(11.8)
Net income (loss)	84.7	0.9	85.6	(7.9)	(19.7)	58.0
Earnings per share – diluted	$1.06	$0.01	$1.07	$(0.10)	$(0.25)	$0.72

	Adjusted Signet excluding Zale	Zale operations	Adjusted Signet	Signet consolidated, as reported
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(65.2)%	(67.5)%	(65.7)%	(66.6)%
Gross margin	34.8 %	32.5 %	34.3 %	33.4 %
Selling, general and administrative expenses	(27.6)%	(31.8)%	(28.4)%	(31.0)%
Other operating income, net	5.5 %	— %	4.3 %	4.4 %
Operating income (loss)	12.7 %	0.7 %	10.2 %	6.8 %
Interest expense, net	(1.3)%	(0.1)%	(1.0)%	(1.1)%
Income before income taxes	11.4 %	0.6 %	9.2 %	5.7 %
Income taxes	(2.7)%	(0.2)%	(2.3)%	(1.0)%
Net income (loss)	8.7 %	0.4 %	6.9 %	4.7 %

(1) Includes Signet organic results and capital structure and financing costs to conform with the current year presentation.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to the Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.3 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet’s methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of $31.3 million and amortization of acquired intangibles.

(3) Transaction costs include transaction-related and integration expenses associated with advisor fees for legal, tax, accounting and consulting expenses. Severance costs related to Zale and other management changes are also

included to conform with the current year presentation. These costs are included within Signet’s Other segment.

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Year to date Fiscal 2015

in millions	Adjusted Signet excluding Zale [1]	Zale operations	Adjusted Signet	Accounting adjustments [2]	Transaction costs [3]	Signet consolidated, as reported
Sales	$2,034.5	$256.8	$2,291.3	$(9.3)	$—	$2,282.0
Cost of sales	(1,287.3)	(173.3)	(1,460.6)	(5.2)	—	(1,465.8)
Gross margin	747.2	83.5	830.7	(14.5)	—	816.2
Selling, general and administrative expenses	(571.7)	(81.8)	(653.5)	3.0	(39.2)	(689.7)
Other operating income, net	107.7	—	107.7	—	—	107.7
Operating income (loss)	283.2	1.7	284.9	(11.5)	(39.2)	234.2
Interest expense, net	(14.1)	(0.2)	(14.3)	(1.2)	—	(15.5)
Income before income taxes	269.1	1.5	270.6	(12.7)	(39.2)	218.7
Income taxes	(81.0)	(0.6)	(81.6)	4.8	12.7	(64.1)
Net income (loss)	188.1	0.9	189.0	(7.9)	(26.5)	154.6
Earnings per share – diluted	$2.35	$0.01	$2.36	$(0.10)	$(0.33)	$1.93

	Adjusted Signet excluding Zale	Zale operations	Adjusted Signet	Signet consolidated, as reported
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(63.3)%	(67.5)%	(63.7)%	(64.2)%
Gross margin	36.7 %	32.5 %	36.3 %	35.8 %
Selling, general and administrative expenses	(28.1)%	(31.8)%	(28.6)%	(30.2)%
Other operating income, net	5.3 %	— %	4.7 %	4.7 %
Operating income (loss)	13.9 %	0.7 %	12.4 %	10.3 %
Interest expense, net	(0.7)%	(0.1)%	(0.6)%	(0.7)%
Income before income taxes	13.2 %	0.6 %	11.8 %	9.6 %
Income taxes	(4.0)%	(0.2)%	(3.6)%	(2.8)%
Net income (loss)	9.2 %	0.4 %	8.2 %	6.8 %

(1) Includes capital structure and financing costs.

(2) Includes deferred revenue adjustments related to acquisition accounting which resulted in a reset of deferred revenue associated with extended service plans previously sold by Zale Corporation. Similar to the Sterling Jewelers division, historically, Zale Corporation deferred the revenue generated by the sale of lifetime warranties and recognized revenue in relation to the pattern of costs expected to be incurred, which included a profit margin on activities related to the initial selling effort. In acquisition accounting, deferred revenue is only recognized when a legal performance obligation is assumed by the acquirer. The fair value of deferred revenue is determined based on the future obligations associated with the outstanding plans at the time of the Acquisition. The acquisition accounting adjustment results in a reduction to the deferred revenue balance from $183.8 million to $93.3 million as of May 29, 2014 as the fair value was determined through the estimation of costs remaining to be incurred, plus a reasonable profit margin on the estimated costs. Revenues generated from the sale of extended services plans subsequent to the Acquisition are recognized in revenue in a manner consistent with Signet's methodology. Additionally, accounting adjustments include the recognition of a portion of the inventory fair value step-up of $31.3 million and amortization of acquired intangibles.

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

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3. Net cash (debt)

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

(in millions)	August 1, 2015	January 31, 2015	August 2, 2014
Cash and cash equivalents	$159.8	$193.6	$215.0
Loans and overdrafts	(82.0)	(97.5)	(31.2)
Long-term debt	(1,348.7)	(1,363.8)	(1,379.1)
Net debt	$(1,270.9)	$(1,267.7)	$(1,195.3)

4. Free cash flow

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

	13 weeks ended		26 weeks ended	
(in millions)	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net cash provided by operating activities	$143.6	$110.4	$210.6	$183.9
Purchase of property, plant and equipment	(56.0)	(61.9)	(98.9)	(90.0)
Free cash flow	$87.6	$48.5	$111.7	$93.9

5. Adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA")

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

	13 weeks ended		26 weeks ended	
(in millions)	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Operating income	$100.8	$83.5	$277.0	$234.2
Depreciation and amortization on property, plant and equipment (1)	39.3	34.3	77.6	62.3
Amortization of definite-lived intangibles (1) (2)	3.4	2.2	6.9	2.2
Amortization of unfavorable leases and contracts (2)	(8.8)	(5.9)	(17.6)	(5.9)
Other non-cash accounting adjustments (2)	10.5	15.2	27.2	15.2
Adjusted EBITDA	$145.2	$129.3	$371.1	$308.0

(1) Total amount of depreciation and amortization reflected on the condensed consolidated statement of cash flows for the 13 and 26 weeks ended August 1, 2015 equals $42.7 million and $84.5 million, respectively, which includes $3.4 million and $6.9 million, respectively, related to the amortization of definite-lived intangibles, primarily favorable leases and trade names. Total amount of depreciation and amortization reflected on the condensed consolidated statement of cash flows for the 13 and 26 weeks ended August 2, 2014 equals $36.5 million and $64.5 million, respectively, which includes $2.2 million for the 13 and 26 weeks ended August 2, 2014, respectively, related to the amortization of definite-lived intangibles, primarily favorable leases and trade names.

(2) Total net operating loss relating to Acquisition accounting adjustments is $5.1 million and $16.5 million for the 13 and 26 weeks ended August 1, 2015 as reflected in the non-GAAP tables above. Total net operating loss relating to Acquisition accounting adjustments is $11.5 million for the 13 and 26 weeks ended August 2, 2014, respectively, as reflected in the non-GAAP tables above.

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RESULTS OF OPERATIONS

The following should be read in conjunction with the financial statements and related notes in Part I of this Quarterly Report on Form 10-Q, as well as the financial and other information included in Signet's Fiscal 2015 Annual Report on Form 10-K. The results for the second quarter of Fiscal 2016 include Zale, which was acquired on May 29, 2014 and therefore affect the comparability of Signet's operating results for the 13 and 26 weeks ended August 1, 2015 and August 2, 2014 as Zale contributed 65 days of performance during the second quarter of Fiscal 2015 based on the timing of the acquisition. Signet's results are affected by adjustments related to purchase accounting and transaction costs associated with integrating the acquisition. For comparability purposes, Signet results that exclude adjustments in connection with the acquisition of Zale will be referred to within Management's Discussion and Analysis as "Adjusted Signet." See Non-GAAP measures on pages 41-48.

Second Quarter Highlights

- Same store sales: up 4.2%.
- Operating income: \$100.8 million, up \$17.3 million or 20.7%. Adjusted(1) operating income: \$149.5 million, up 18.8% compared to \$125.8 million in second quarter Fiscal 2015.
- Diluted earnings per share: \$0.78, up 8.3%. Adjusted(1) diluted earnings per share: \$1.28, up 19.6% compared to \$1.07 in second quarter Fiscal 2015.

Year to Date Highlights

- Same store sales: up 3.8%.
- Operating income: \$277.0 million, up \$42.8 million or 18.3%. Adjusted(1) operating income: \$343.5 million, up 20.6% compared to \$284.9 million in the prior year comparable period.
- Diluted earnings per share: \$2.26, up 17.1%. Adjusted(1) diluted earnings per share: \$2.91, up 23.3% compared to \$2.36 in the prior year comparable period.

(1) Non-GAAP measure. The Company uses adjusted metrics, which adjust for purchase accounting and transaction costs related to the Zale Acquisition to give investors information as to the Company's results without regard to the expenses associated with the May 2014 acquisition of Zale.

	Second Quarter				Year To Date			
	Fiscal 2016		Fiscal 2015		Fiscal 2016		Fiscal 2015	
(in millions)	$	% of sales	$	% of sales	$	% of sales	$	% of sales
Sales	$1,410.6	100.0 %	$1,225.9	100.0 %	$2,941.2	100.0 %	$2,282.0	100.0 %
Cost of sales	(919.8)	(65.2)	(816.9)	(66.6)	(1,884.5)	(64.1)	(1,465.8)	(64.2)
Gross margin	490.8	34.8	409.0	33.4	1,056.7	35.9	816.2	35.8
Selling, general and administrative expenses	(452.8)	(32.1)	(379.2)	(31.0)	(906.0)	(30.8)	(689.7)	(30.2)
Other operating income, net	62.8	4.5	53.7	4.4	126.3	4.3	107.7	4.7
Operating income	100.8	7.2	83.5	6.8	277.0	9.4	234.2	10.3
Interest expense, net	(11.1)	(0.8)	(13.7)	(1.1)	(22.1)	(0.7)	(15.5)	(0.7)
Income before income taxes	89.7	6.4	69.8	5.7	254.9	8.7	218.7	9.6
Income taxes	(27.5)	(2.0)	(11.8)	(1.0)	(73.9)	(2.5)	(64.1)	(2.8)
Net income	$62.2	4.4 %	$58.0	4.7 %	$181.0	6.2 %	$154.6	6.8 %

Second quarter sales

In the second quarter, Signet's same store sales increased 4.2%, compared to an increase of 4.8% in the prior year second quarter, and total sales increased 15.1% to \$1,410.6 million compared to \$1,225.9 million in the prior year second quarter. The increase in sales was primarily driven by favorable sales performance across virtually all store brands. In the second quarter, an operational change related to the Sterling division's extended service plans ("ESP") associated with ring sizing was made to further align Zale and Sterling ESP policies. This change triggered a change in the revenue and expense recognition rates which favorably impacted Signet same store sales by 60 basis points. eCommerce sales in the second quarter were $65.9 million compared to $50.5 million in the prior year second quarter. The breakdown of the sales performance is set out in the table below.

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Second quarter of Fiscal 2016	Change from previous year Same store sales[(1)]	Non-same store sales, net[(2)]	Total sales at constant exchange rate[(3)]	Exchange translation impact[(3)]	Total sales as reported	Total sales (in millions)
Sterling Jewelers division	3.3 %	2.6 %	5.9 %	— %	5.9 %	$ 858.5
Zale Jewelry	5.4 %	55.6 %	61.0 %	(4.5)%	56.5 %	$ 336.4
Piercing Pagoda	8.4 %	54.4 %	62.8 %	— %	62.8 %	$ 52.9
Zale division[(4)]	5.8 %	55.5 %	61.3 %	(4.0)%	57.3 %	$ 389.3
UK Jewelry division	5.1 %	1.3 %	6.4 %	(8.7)%	(2.3)%	$ 159.1
Other[(5)]	— %	(27.5)%	(27.5)%	— %	(27.5)%	$ 3.7
Signet	4.2 %	12.7 %	16.9 %	(1.8)%	15.1 %	$ 1,410.6
Adjusted Signet[(3)]						$ 1,417.8
Adjusted Signet excluding Zale[(3)]						$ 1,021.3

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.
(2) Includes all sales from stores not open for 12 months.
(3) Non-GAAP measure.
(4) Zale division results in the prior year second quarter reflect the 65 days of performance subsequent to the acquisition of Zale Corporation as of May 29, 2014.
(5) Includes sales from Signet's diamond sourcing initiative.

Sterling Jewelers sales

In the second quarter, the Sterling Jewelers division's total sales were $858.5 million compared to $810.4 million in the prior year second quarter, up 5.9% and same store sales increased 3.3%, compared to an increase of 6.7% in the prior year second quarter. Sterling sales increases were broad-based across store banners, product brands and non-brands, as well as multi-channels. Bridal and diamond jewelry was particularly strong. In the second quarter, the average transaction value increased and the number of transactions decreased for both Kay and Jared due principally to merchandise mix.

Second quarter of Fiscal 2016	Change from previous year Same store sales[(1)]	Non-same store sales, net[(2)]	Total sales as reported	Total sales (in millions)
Kay	4.1 %	2.5 %	6.6 %	$ 530.0
Jared[(3)]	2.7 %	5.1 %	7.8 %	$ 285.4
Regional brands	(1.8)%	(9.5)%	(11.3)%	$ 43.1
Sterling Jewelers division	3.3 %	2.6 %	5.9 %	$ 858.5

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.
(2) Includes all sales from stores not open or owned for 12 months.
(3) Includes smaller concept Jared stores such as Jared Vault and Jared Jewelry Boutique.

	Average Merchandise Transaction Value[(1)(2)]				Merchandise Transactions	
	Average Value		Change from previous year		Change from previous year	
Second quarter	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
Kay	$441	$422	4.5 %	6.0 %	(2.1)%	2.8 %
Jared	$567	$547	3.7 %	(0.4)%	(3.0)%	6.0 %

Regional brands	$437	$426	2.6 %	3.4 %	(5.7)%	(1.3)%
Sterling Jewelers division	$476	$457	4.2 %	3.9 %	(2.5)%	3.4 %

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

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

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Zale sales

The Zale division's second quarter total sales were $389.3 million compared to $247.5 million in the prior year second quarter, with the prior year period reflecting 26 fewer days given the acquisition of Zale Corporation occurred on May 29, 2014. Zale Jewelry contributed $336.4 million and Piercing Pagoda contributed $52.9 million of revenues. Zale division total sales included purchase accounting adjustments of $(7.2) million related to a reduction of deferred revenue associated with extended warranty sales. Same store sales increased 5.8% in the current year compared to (0.9)% in the prior year second quarter, driven by sales associate training, branded bridal, branded diamond fashion merchandise and new marketing creative.

Second quarter of Fiscal 2016	Change from previous year					
	Same store sales[(1)]	Non-same store sales, net[(2)]	Total sales at constant exchange rate[(3)]	Exchange translation impact[(3)]	Total sales as reported	Total sales (in millions)
Zales	6.2 %	59.3 %	65.5 %	— %	65.5 %	$ 262.0
Gordon’s	(7.6)%	39.1 %	31.5 %	— %	31.5 %	$ 16.7
Zale US Jewelry	5.3 %	57.7 %	63.0 %	— %	63.0 %	$ 278.7
Peoples	6.7 %	49.1 %	55.8 %	(21.5)%	34.3 %	$ 49.7
Mappins	— %	33.3 %	33.3 %	(19.0)%	14.3 %	$ 8.0
Zale Canada Jewelry	5.7 %	46.5 %	52.2 %	(21.1)%	31.1 %	$ 57.7
Total Zale Jewelry	5.4 %	55.6 %	61.0 %	(4.5)%	56.5 %	$ 336.4
Piercing Pagoda	8.4 %	54.4 %	62.8 %	— %	62.8 %	$ 52.9
Zale division[(4)]	5.8 %	55.5 %	61.3 %	(4.0)%	57.3 %	$ 389.3

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.

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

(3) Non-GAAP measure.

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

UK Jewelry sales

In the second quarter, the UK Jewelry division’s total sales decreased 2.3% to $159.1 million compared to $162.9 million in the prior year second quarter and increased 6.4% at constant exchange rates. Same store sales increased 5.1% compared to an increase of 4.4% in the prior year second quarter. The increase in sales was primarily driven by strong results in bridal and watches. The average transaction value and number of transactions increased in both H.Samuel and Ernest Jones due principally to merchandise mix.

Second quarter of Fiscal 2016	Change from previous year					
	Same store sales[(1)]	Non-same store sales, net[(2)]	Total sales at constant exchange rate[(3)]	Exchange translation impact[(3)]	Total sales as reported	Total sales (in millions)
H.Samuel	1.9 %	(0.3)%	1.6 %	(8.3)%	(6.7)%	$ 76.3
Ernest Jones	8.3 %	2.8 %	11.1 %	(9.0)%	2.1 %	$ 82.8
UK Jewelry division	5.1 %	1.3 %	6.4 %	(8.7)%	(2.3)%	$ 159.1

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.

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

(3) Non-GAAP measure.

	Average Merchandise Transaction Value[(1)(2)]	Merchandise Transactions

Second quarter	Average Value		Change from previous year		Change from previous year	
	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
H.Samuel	£74	£73	1.4 %	(2.7)%	0.4 %	4.2 %
Ernest Jones	£274	£267	2.6 %	(6.2)%	6.9 %	11.7 %
UK Jewelry division	£120	£115	4.3 %	(2.6)%	1.8 %	5.7 %

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

(2) Net merchandise sales include all merchandise product sales, including value added tax (“VAT”), net of discounts and returns.

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Year to date sales

In the year to date, Signet's same store sales increased 3.8%, compared to an increase of 4.1% in the prior year second quarter, and total sales increased 28.9% to $2,941.2 million compared to $2,282.0 million in the prior year second quarter. The increase in sales was primarily driven by the acquisition of the Zale division, which resulted added $826.4 million of sales in the current year to date period compared with $247.5 million in the prior year to date period. eCommerce sales in the year to date period were $142.8 million compared to $89.2 million in the prior year to date period.

Year to date Fiscal 2016	Change from previous year Same store sales[1]	Non-same store sales, net[2]	Total sales at constant exchange rate[3]	Exchange translation impact[3]	Total sales as reported	Total sales (in millions)
Sterling Jewelers division	2.8 %	2.4 %	5.2 %	— %	5.2 %	$ 1,802.7
Zale Jewelry	5.5 %	234.0 %	239.5 %	(9.6)%	229.9 %	$ 709.3
Piercing Pagoda	7.1 %	253.2 %	260.3 %	— %	260.3 %	$ 117.1
Zale division[4]	5.7 %	236.6 %	242.3 %	(8.4)%	233.9 %	$ 826.4
UK Jewelry division	5.6 %	0.9 %	6.5 %	(9.4)%	(2.9)%	$ 305.6
Other[5]	— %	8.3 %	8.3 %	— %	8.3 %	$ 6.5
Signet	3.8 %	27.0 %	30.8 %	(1.9)%	28.9 %	$ 2,941.2
Adjusted Signet[3]						$ 2,957.0
Adjusted Signet excluding Zale[3]						$ 2,114.8

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.

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

(3) Non-GAAP measure.

(4) Zale division results in the prior year to date period reflect the 65 days of performance subsequent to the acquisition of Zale Corporation as of May 29, 2014.

(5) Includes sales from Signet's diamond sourcing initiative.

Sterling Jewelers sales

In the year to date, the Sterling Jewelers division's total sales were $1,802.7 million compared to $1,713.9 million in the prior year comparable period, up 5.2% and same store sales increased 2.8%, compared to an increase of 4.8% in the comparable prior year period. Sterling sales increases were broad-based across store banners as well as multi-channels. Bridal and diamond jewelry was particularly strong. In the year to date, the average transaction price increased and the number of transactions decreased for both Kay and Jared due principally to merchandise mix.

Year to date Fiscal 2016	Change from previous year Same store sales[1]	Non-same store sales, net[2]	Total sales as reported	Total sales (in millions)
Kay	3.8 %	2.5 %	6.3 %	$ 1,126.6
Jared[3]	1.4 %	4.6 %	6.0 %	$ 580.9
Regional brands	(1.3)%	(9.1)%	(10.4)%	$ 95.2
Sterling Jewelers division	2.8 %	2.4 %	5.2 %	$ 1,802.7

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.

(2) Includes all sales from stores not open or owned for 12 months.

(3) Includes smaller concept Jared stores such as Jared Vault and Jared Jewelry Boutique.

	Average Merchandise Transaction Value[1][2]	Merchandise Transactions
	Average Value	

Year to date Fiscal 2016	Fiscal 2016	Fiscal 2015	Change from previous year Fiscal 2016	Change from previous year Fiscal 2015	Change from previous year Fiscal 2016	Change from previous year Fiscal 2015
Kay	$423	$401	5.5 %	2.8 %	(2.4)%	5.5 %
Jared	$562	$545	3.1 %	(2.2)%	(3.1)%	8.0 %
Regional brands	$424	$412	2.9 %	1.7 %	(5.1)%	(0.6)%
Sterling Jewelers division	$460	$440	4.5 %	1.2 %	(2.8)%	5.7 %

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

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

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Zale sales

As Zale was acquired May 29, 2014, there is no comparable period presented. In the year to date, the Zale division's total sales were $826.4 million. Zale Jewelry contributed $709.3 million and Piercing Pagoda contributed $117.1 million of revenues. Total Zale division total sales included purchase accounting adjustments of $(15.8) million related to a reduction of deferred revenue associated with extended warranty sales. Same store sales increased 5.7% driven primarily by sales associate training, new marketing creative and branded bridal and branded diamond fashion merchandise in the Zale Jewelry segment.

	Change from previous year					
Year to date Fiscal 2016	Same store sales(1)	Non-same store sales, net	Total sales at constant exchange rate	Exchange translation impact	Total sales as reported	Total sales (in millions)
Zales	6.1 %					$ 559.3
Gordon's	(5.1)%					$ 37.5
Zale US Jewelry	5.4 %					$ 596.8
Peoples	6.7 %					$ 96.9
Mappins	1.4 %					$ 15.6
Zale Canada Jewelry	5.9 %					$ 112.5
Total Zale Jewelry	5.5 %					$ 709.3
Piercing Pagoda	7.1 %					$ 117.1
Zale division	5.7 %					$ 826.4

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website. The Zale division same store sales includes merchandise and repair sales and excludes warranty and insurance revenues.

UK Jewelry sales

In the year to date, the UK Jewelry division's total sales decreased 2.9% to $305.6 million compared to $314.6 million in the prior year comparable period and increased 6.5% at constant exchange rates. Same store sales increased 5.6% compared to an increase of 4.3% in the prior year comparable period. The increase in sales was primarily driven by branded bridal, fashion diamond jewelry and fashion watches. The average transaction value increased in both H.Samuel and Ernest Jones primarily driven by increases in diamond sales. The number of merchandise transactions increased in both H.Samuel and Ernest Jones due to strong performance in diamond, fashion jewelry and watch sales.

	Change from previous year					
Year to date Fiscal 2016	Same store sales(1)	Non-same store sales, net(2)	Total sales at constant exchange rate(3)	Exchange translation impact(3)	Total sales as reported	Total sales (in millions)
H.Samuel	3.0 %	0.1 %	3.1 %	(9.0)%	(5.9)%	$ 151.1
Ernest Jones	8.3 %	1.7 %	10.0 %	(9.7)%	0.3 %	$ 154.5
UK Jewelry division	5.6 %	0.9 %	6.5 %	(9.4)%	(2.9)%	$ 305.6

(1) Based on stores open for at least 12 months. eCommerce sales are included in the calculation of same store sales for the period and comparative figures from the anniversary of the launch of the relevant website.

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

(3) Non-GAAP measure.

	Average Merchandise Transaction Value(1)(2)		Merchandise Transactions
	Average Value	Change from previous year	Change from previous year
Year to date Fiscal 2016			

	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
H.Samuel	£74	£73	1.4 %	(2.7)%	1.4 %	6.3 %
Ernest Jones	£270	£262	3.1 %	(6.5)%	5.3 %	11.6 %
UK Jewelry division	£117	£113	3.5 %	(4.3)%	2.2 %	7.4 %

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

(2) Net merchandise sales include all merchandise product sales, including value added tax (“VAT”), net of discounts and returns.

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Cost of sales and gross margin

In the second quarter, gross margin was $490.8 million or 34.8% of sales compared to $409.0 million or 33.4% of sales in the prior year second quarter. Adjusted gross margin was $500.1 million or 35.3% of sales, compared to 34.3% in the prior year second quarter. The increase in the adjusted gross margin rate from prior year of 100 basis points was due to improvement in gross merchandise margin through higher sales and favorable commodity costs. Excluding Zale, the adjusted gross margin rate was 35.7%, up 90 basis points.

- Gross margin dollars in the Sterling Jewelers division increased $25.1 million compared to the prior year second quarter, reflecting higher sales and a gross margin rate increase of 90 basis points. The gross margin rate expansion was driven principally by an improvement in the merchandise margin due to favorable commodity costs partially offset by higher bad debt expense due to credit sales growth.
- Gross margin dollars in the Zale division increased $52.3 million compared to the prior year second quarter, reflecting higher sales and an adjusted gross margin rate increase of 170 basis points. The gross margin rate expansion was driven principally by improved merchandise margin attributed to a number of factors, including merchandise synergy initiatives and favorable commodity costs, and leverage on store occupancy.
- Gross margin dollars in the UK Jewelry division increased $0.5 million compared to the prior year second quarter, and the gross margin rate increased 100 basis points. The gross margin rate expansion was driven principally by lower store occupancy expenses.

In the year to date, gross margin was $1,056.7 million or 35.9% of sales compared to $816.2 million or 35.8% of sales in the prior year second quarter. Adjusted gross margin was $1,081.5 million or 36.6% of sales compared to 36.3% in the prior year to date period. The increase in the adjusted gross margin rate from prior year of 30 basis points was also due to higher sales and favorable commodity costs. Excluding Zale, the adjusted gross margin rate was 37.2%, up 50 basis points.

- Gross margin dollars in the Sterling Jewelers division increased $43.0 million compared to the prior year to date, reflecting higher sales and a gross margin rate increase of 50 basis points. The gross margin rate expansion was driven principally by an improvement in the merchandise margin due to favorable commodity costs partially offset by higher bad debt expense due to credit sales growth.
- Gross margin in the year to date period for the Zale division is not comparable.
- In the UK Jewelry division, gross margin dollars decreased $0.7 million but gross margin rate increased 50 basis points compared to the prior year to date. The decrease in dollars was due to lower gross merchandise margin as a result of promotional activity. The gross margin rate increase was due to leverage on store occupancy expenses.

Selling, general and administrative expenses (“SGA”)

Selling, general and administrative expenses (“SGA”) were $452.8 million or 32.1% of sales compared to $379.2 million or 31.0% of sales in second quarter Fiscal 2015. The $73.6 million increase was primarily due to the incremental 26 days of Zale operations in this year's quarter, as well as transaction-related expenses of $43.6 million, including the appraisal rights legal settlement of $34.2 million, and a net favorable impact from purchase accounting adjustments of $4.2 million. In the prior year, the net favorable impact from purchase accounting adjustments was $3.0 million and transaction-related expenses were $30.8 million. Second quarter Fiscal 2016 adjusted SGA was $413.4 million or 29.2% of sales compared to 28.4% in the prior year. The 80 basis point increase was due to incremental investments in Zale principally around advertising, information technology support, and employee benefits. Excluding Zale, the adjusted SGA rate was 27.5%, down 10 basis points, due to leverage on store payroll costs offset in part by higher central costs associated with legal fees related to the appraisal rights litigation.

In the year to date of Fiscal 2016, SGA were $906.0 million or 30.8% of sales compared to $689.7 million or 30.2% of sales in prior year to date period. The $216.3 million increase was primarily due to owning Zale for the entire year to date period compared with 65 days in the prior year comparable period as well as higher transaction costs. Adjusted SGA was $864.3 million or 29.2% of sales compared to adjusted SGA of $653.5 million or 28.6% of sales in the prior year to date period. The 60 basis point increase was driven by higher store operation expenses as well as advertising investments related to Zale. Excluding Zale, the adjusted SGA rate was 28.4%, up 30 basis points, driven by central

costs associated principally with legal fees related to the appraisal rights litigation.
Other operating income, net
Other operating income in the second quarter was $62.8 million or 4.5% of sales compared to $53.7 million or 4.4% of sales in the prior year second quarter. This increase was primarily due to higher interest income earned from higher outstanding receivable balances.
In the year to date, other operating income was $126.3 million or 4.3% of sales compared to $107.7 million or 4.7% of sales in the prior year to date period. This increase was primarily due to higher interest income earned from higher outstanding receivable balances.

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Operating income

Operating income for the second quarter was $100.8 million, or 7.2% of sales compared to $83.5 million or 6.8% of sales in the prior year second quarter. There were $48.7 million of unfavorable purchase accounting and transaction-related adjustments this year which reduced operating income in the second quarter compared with adjustments of $42.3 million in the prior year period. Adjusted operating income was $149.5 million, or 10.5% of sales compared to adjusted operating income of $125.8 million or 10.2% of sales in the prior year second quarter. The 30 basis point increase in adjusted operating margins was due principally to higher sales and gross margin. Signet's operating income consisted of the following components:

	Second Quarter							
	Fiscal 2016				Fiscal 2015			
	$ (in millions)		% of divisional sales		$ (in millions)		% of divisional sales	
Sterling Jewelers division	$157.8		18.4	%	$129.9		16.0	%
Zale division[(1)]	(2.1	)	(0.5	)%	(9.8	)	(4.0	)%
UK Jewelry division	3.2		2.0	%	1.1		0.7	%
Other[(2)]	(58.1	)	nm		(37.7	)	nm	
Operating income	$100.8		7.2	%	$83.5		6.8	%

(1) In the second quarter of Fiscal 2016, Zale division includes net operating loss impact of $5.1 million for purchase accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $3.0 million or 0.7% of sales. The Zale division operating income included $2.4 million from Zale Jewelry or 0.7% of sales and $0.6 million from Piercing Pagoda or 1.1% of sales. In the prior year second quarter, Zale division includes net operating loss impact of $11.5 million for purchase accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $1.7 million or 0.7% of sales. The Zale division operating income included $1.4 million from Zale Jewelry or 0.6% of sales and $0.3 million from Piercing Pagoda or 0.9% of sales.

(2) Other includes $43.6 million of transaction-related and integration expenses in the second quarter of Fiscal 2016, which are primarily attributed to the legal settlement over appraisal rights and consulting expenses. In prior year second quarter, $30.8 million of transaction-related and integration expenses were incurred, primarily attributed to one-time transaction and severance related costs.

nm Not meaningful

In the year to date, operating income was $277.0 million, or 9.4% of sales compared to $234.2 million or 10.3% of sales last year. Included in operating income were purchase accounting and transaction-related adjustments which reduced operating income by $66.5 million compared with adjustments of $50.7 million in the prior year to date period. Adjusted operating income was $343.5 million, or 11.6% of sales compared to adjusted operating income of $284.9 million or 12.4% of sales last year. The 80 basis point decrease in adjusted operating margins was due to the addition of the Zale division this year, which required incremental investment in SGA. Excluding the Zale division, the adjusted Signet operating margin would have been 14.8%, up 90 basis points compared to last year. Year to date operating income consisted of the following components:

	Year to date							
	Fiscal 2016				Fiscal 2015			
	$ (in millions)		% of divisional sales		$ (in millions)		% of divisional sales	
Sterling Jewelers division	$336.0		18.6	%	$296.2		17.3	%
Zale division[(1)]	13.4		1.6	%	(9.8	)	(4.0	)%
UK Jewelry division	3.7		1.2	%	1.1		0.3	%
Other[(2)]	(76.1	)	nm		(53.3	)	nm	

Operating income	$277.0	9.4	%	$234.2	10.3	%

(1) In the year to date period of Fiscal 2016, Zale division includes net operating loss impact of $16.5 million for purchase accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $29.9 million or 3.6% of sales. The Zale division operating income included $21.9 million from Zale Jewelry or 3.0% of sales and $8.0 million from Piercing Pagoda or 6.8% of sales. In the prior year to date period, Zale division includes net operating loss impact of $11.5 million for purchase accounting adjustments. Excluding the impact from accounting adjustments, Zale division's operating income was $1.7 million or 0.7% of sales. The Zale division operating income included $1.4 million from Zale Jewelry or 0.6% of sales and $0.3 million from Piercing Pagoda or 0.9% of sales.

(2) Other includes $50.0 million of transaction-related and integration expenses in the year to date period of Fiscal 2016, which are primarily attributed to the legal settlement over appraisal rights and consulting expenses. In prior year to date period, $39.2 million of transaction-related and integration expenses were incurred, primarily attributed to one-time transaction and severance related costs.

nm Not meaningful

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Interest expense, net

In the second quarter, net interest expense was $11.1 million compared to $13.7 million in the prior year second quarter. The decrease was driven by the one-time write off of fees totaling $3.2 million related to the $800 million bridge facility during the second quarter of Fiscal 2015, offset by interest expense associated with the $1.4 billion of debt related to financing the acquisition of Zale Corporation. This debt was outstanding for the entire second quarter compared to a partial period in the prior year second quarter.

In the year to date, net interest expense was $22.1 million compared to $15.5 million in the prior year to date period driven by the $1.4 billion of debt related to financing the acquisition of Zale Corporation.

Income before income taxes

For the second quarter, income before income taxes was up 28.5% to $89.7 million or 6.4% of sales compared to $69.8 million or 5.7% of sales in the prior year second quarter.

For the year to date, income before income taxes was up 16.6% to $254.9 million or 8.7% of sales compared to $218.7 million or 9.6% of sales in the prior year to date period.

Income taxes

In the second quarter, income tax expense was $27.5 million, an effective tax rate ("ETR") of 30.7%, compared to $11.8 million, an ETR of 16.9%, in the prior year second quarter. The second quarter ETR was unfavorably affected by the impact of the $34.2 million appraisal rights legal settlement, which is a non-deductible tax item.

In the year to date, income tax expense was $73.9 million, an ETR of 29.0% compared to $64.1 million, an ETR of 29.3%, in the prior year to date period.

The forecasted effective tax rate for the Fiscal 2016 full year remains 28% to 29%.

Net income

For the second quarter, net income was up 7.2% to $62.2 million or 4.4% of sales compared to $58.0 million or 4.7% of sales in the prior year second quarter. Adjusted net income was $102.6 million or 7.2% of adjusted sales compared to $85.6 million or 6.9% of adjusted sales in the prior year second quarter.

For the year to date, net income was up 17.1% to $181.0 million or 6.2% of sales compared to $154.6 million or 6.8% of sales in the prior year to date period. Adjusted net income was $232.8 million or 7.9% of adjusted sales compared to $189.0 million or 8.2% of adjusted sales in the prior year to date period.

Earnings per share

For the second quarter, diluted earnings per share were $0.78 compared to $0.72 in the prior year second quarter, up 8.3%. Adjusted diluted earnings per share were $1.28, which included a contribution of $0.02 per share related to the Zale division, as well as the impact related to an operational change associated with extended service plans, which resulted in a change in revenue recognition and impacted adjusted diluted earnings per share by $0.05. The weighted average diluted number of common shares outstanding was 79.9 million compared to 80.2 million in the prior year second quarter.

For the year to date, diluted earnings per share were $2.26 compared to $1.93 in the prior year second quarter, up 17.1%. Adjusted diluted earnings per share were $2.91, which included a contribution of $0.22 per share related to the Zale division. The weighted average diluted number of common shares outstanding was 80.0 million compared to 80.2 million in the prior year to date period.

Dividends per share

In the second quarter of Fiscal 2016, dividends of $0.22 per share were approved by the Board of Directors compared to $0.18 in the second quarter of Fiscal 2015. In the year to date, dividends of $0.44 per share were approved by the Board of Directors compared to $0.36 in the prior year to date period.

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LIQUIDITY AND CAPITAL RESOURCES

Summary cash flow

The following table provides a summary of Signet's cash flow activity for the year to date periods of Fiscal 2016 and Fiscal 2015:

(in millions)	26 weeks ended August 1, 2015	26 weeks ended August 2, 2014
Net cash provided by operating activities	$210.6	$183.9
Net cash used in investing activities	(97.2)	(1,519.4)
Net cash used in financing activities	(147.6)	1,303.4
Decrease in cash and cash equivalents	(34.2)	(32.1)
Cash and cash equivalents at beginning of period	193.6	247.6
Decrease in cash and cash equivalents	(34.2)	(32.1)
Effect of exchange rate changes on cash and cash equivalents	0.4	(0.5)
Cash and cash equivalents at end of period	$159.8	$215.0

Operating activities

Net cash provided by operating activities was $210.6 million compared to $183.9 million in the prior year comparable period. Net income increased by $26.4 million to $181.0 million from $154.6 million and depreciation and amortization increased $20.0 million to $84.5 million from $64.5 million in the prior year comparable period. The increase in depreciation and amortization was primarily due to the Zale Division. The primary drivers of cash used in operating activities were as follows:

- Cash provided by accounts receivable was $74.7 million as compared to $58.3 million in the prior year to date period. In the Sterling Jewelers division, credit participation was 61.6% and the average monthly collection rate was 12.0% compared to 60.0% and 12.4%, respectively, in the prior year comparable period. The decrease in the average monthly collection rate is primarily attributed to the continued shift of customers opting for regular credit terms which require lower monthly payments and no down payment as opposed to the 12-month interest free program.
- Cash used for purchases of inventory and inventory-related items was $28.4 million compared to $17.1 million provided in the prior year comparable period. The change in inventories is primarily attributed to new stores and rough diamond purchases. Accounts payable used $80.8 million compared to a use of $28.9 million in the prior year comparable period primarily driven by the Zale Division and timing of payments.
- Total inventory as of August 1, 2015 was $2,414.2 million compared to the January 31, 2015 balance of $2,439.0 million and prior year comparable quarter balance of $2,345.3 million. The increase in inventories from the prior year comparable period is due to higher diamond inventories due primarily to more stores and rough diamond inventory.
- Cash used for accrued expenses and other liabilities was $28.6 million compared to $19.0 million in the prior year comparable period primarily driven by salary and payroll-related items paid in the second quarter related to incentive compensation.

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Investing activities

Net cash used in investing activities in the 26 weeks ended August 1, 2015 was $97.2 million, consisting primarily of capital additions associated with new Kay and Jared stores, store remodels and Zale division information technology infrastructure and stores. Net cash used in investing activities in the 26 weeks ended August 2, 2014 was $1,519.4 million, consisting primarily of $1,429.2 million to fund the Acquisition, net of cash acquired, and $90.0 million related to capital additions associated with new Kay and Jared stores, store remodels and Zale division information technology infrastructure and stores.

Stores opened and closed in the 26 weeks ended August 1, 2015:

	January 31, 2015	Openings	Closures	August 1, 2015
Store count:				
Kay	1,094	28	(4)	1,118
Jared	253	9	(1)	261
Regional brands	157	—	(6)	151
Sterling Jewelers division	1,504 [1]	37	(11)	1,530
Zales	716	2	(6)	712
Peoples	144	1	—	145
Regional brands	112	—	(3)	109
Total Zale Jewelry	972	3	(9)	966
Piercing Pagoda	605	—	(6)	599
Zale division	1,577 [1]	3	(15)	1,565
H.Samuel	302	—	(1)	301
Ernest Jones	196	2	(1)	197
UK Jewelry division	498 [1]	2	(2)	498
Signet	3,579	42	(28)	3,593

(1) The annual net change in selling square footage for Fiscal 2015 for Sterling Jewelers division and UK Jewelry division was 5% and 2%, respectively. As the Acquisition occurred during Fiscal 2015, the Zale division does not have a comparable prior period to show the net change in selling square footage.

Planned store count changes for the remainder of Fiscal 2016:

Signet anticipates opening between 90 - 110 new stores or 30 to 35 new stores net of closures in Fiscal 2016. Net selling square footage is anticipated to grow between 2% to 3% for the year driven principally by the addition of off-mall stores led by Kay and Jared. Square footage growth will be offset in part primarily due to the closure of regional store brands in North America.

	Gross locations	Net locations	Net square feet
Sterling Jewelers division	up 55 to 65	up 30 to 35	up 3% to 4%
Zale division	up 30 to 35	approximately flat	approximately flat
UK Jewelry division	up 5 to 10	slight increase	slight increase

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Financing activities

Net cash used in financing activities in the 26 weeks ended August 1, 2015 was $147.6 million, comprised primarily of $81.9 million cash used to repurchase approximately 629,000 shares. Additionally, approximately $32 million was used for dividend payments. Net cash provided by financing activities in the 26 weeks ended August 2, 2014 was $1,303.4 million, primarily due to $1,380.0 million in proceeds from debt issued (net of debt issuance costs) to fund the Acquisition, offset by $76.6 million of net cash outflows associated with dividend payments, share repurchases, net cash outflows associated with share based compensation plans and repayment of short-term borrowings and capital leases. Details of the major items within financing activities are discussed below:

Dividends

(in millions, except per share amounts)	August 1, 2015 Cash dividend per share	Total dividends		August 2, 2014 Cash dividend per share	Total dividends	
First quarter[1]	$0.22	$17.6	[2]	$0.18	$14.4	
Second quarter	$0.22	$17.6	[3]	$0.18	$14.4	[3]

(1) Signet's dividend policy results in the dividend payment date being a quarter in arrears from the declaration date. As a result, the dividend declared in the fourth quarter of Fiscal 2015 of $0.18 per share was paid on February 26, 2015 in the aggregate of $14.4 million.

(2) The first quarter Fiscal 2016 $0.22 per share cash dividend was paid on May 27, 2015 in the aggregate amount of $17.6 million.

(3) As of August 1, 2015 and August 2, 2014, $17.6 million and $14.4 million, respectively, has been recorded in accrued expenses and other current liabilities in the condensed consolidated balance sheets reflecting the cash dividends declared for the second quarter of Fiscal 2016 and Fiscal 2015, respectively.

Share repurchase

The Company's share repurchase activity was as follows:

		26 weeks ended August 1, 2015			26 weeks ended August 2, 2014		
	Amount authorized	Shares repurchased	Amount repurchased	Average repurchase price per share	Shares repurchased	Amount repurchased	Average repurchase price per share
	(in millions)		(in millions)			(in millions)	
2013 Program[1]	$350.0	628,955	$ 81.9	$ 130.27	220,132	$ 22.4	$ 101.57

(1) On June 14, 2013, the Board authorized the repurchase of up to $350 million of Signet's common shares (the "2013 Program"). The 2013 Program may be suspended or discontinued at any time without notice. The 2013 Program had $183.7 million remaining as of August 1, 2015.

Proceeds from issuance of Common Shares

During the 26 weeks ended August 1, 2015, $0.2 million was received for the exercise of share options pursuant to Signet's equity compensation programs. This compares to $2.0 million in the 26 weeks ended August 2, 2014.

Movement in cash and indebtedness

Net debt was $1,270.9 million as of August 1, 2015 compared to net debt of $1,195.3 million as of August 2, 2014; see non-GAAP measures discussed herein.

Cash and cash equivalents at August 1, 2015 were $159.8 million compared to $215.0 million as of August 2, 2014. Signet has significant amounts of cash and cash equivalents invested in various 'AAA' rated liquidity funds and at a number of financial institutions. The amount invested in each liquidity fund or at each financial institution takes into account the credit rating and size of the liquidity fund or financial institution and is invested for short-term durations. At August 1, 2015, Signet had $1,378.5 million of outstanding debt, comprised of $398.5 million of senior unsecured notes, $600.0 million of an asset-backed securitization facility and a $380.0 million term loan facility. The term loan requires the Company to make scheduled quarterly principal payments over the five-year term. During the 26 weeks ended August 1, 2015, $10.0 million in principal payments were made. This debt was incurred during the second quarter of Fiscal 2015 to fund the Acquisition. In addition, the Company maintains a $400 million revolving credit facility, which was undrawn upon as of August 1, 2015. On May 28, 2015, Signet amended the note purchase agreement associated with the asset-backed securitization facility to extend the term of the facility by one year to May 2017 with all terms substantially the same as the original agreement.

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At August 2, 2014, Signet had $1,400 million of outstanding debt, which was incurred to finance the Acquisition. The debt was comprised of $400 million of senior unsecured notes, $600 million of an asset-backed securitization facility and a $400 million term loan facility. In connection with the issuance of the debt, Signet incurred and capitalized fees totaling $16.3 million. Signet also amended its $400 million revolving credit facility and extended the maturity date to 2019. As of August 2, 2014, the credit facility was undrawn upon. In addition, Signet entered into an $800 million 364-day unsecured bridge facility to finance the acquisition of Zale Corporation. No amounts were drawn on this bridge facility, which was replaced in the second quarter of Fiscal 2015 when the Company executed its acquisition financing described above.

The Company had stand-by letters of credit on the revolving credit facility of $21.9 million and $20.3 million as of August 1, 2015 and August 2, 2014, respectively, that reduce remaining availability under the revolving credit facility.

CONTRACTUAL OBLIGATIONS

Signet's contractual obligations and commitments as of August 1, 2015 and the effects such obligations and commitments are expected to have on Signet's liquidity and cash flows in future periods have not changed materially outside the ordinary course from those disclosed in Signet's Annual Report on Form 10-K for the year ended January 31, 2015, filed with the SEC on March 26, 2015.

SEASONALITY

Signet's sales are seasonal, with the first quarter slightly exceeding 20% of annual sales, the second and third quarters each approximating 20% and the fourth quarter accounting for almost 40% of annual sales, with December being by far the most important month of the year. The "Holiday Season" consists of results for the months of November and December. As a result, approximately 45% to 55% of Signet's annual operating income normally occurs in the fourth quarter, comprised of nearly all of the UK Jewelry and Zale divisions' annual operating income and about 40% to 45% of the Sterling Jewelers division's annual operating income.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies covering areas of greater complexity that are subject to the exercise of judgment due to the reliance on key estimates are listed below. A comprehensive listing of Signet's critical accounting policies are set forth in the financial statements in Item 1.

Revenue recognition

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

The Sterling Jewelers division sells extended service plans, subject to certain conditions, to perform repair work over the life of the product. Revenue from the sale of these lifetime extended service plans is recognized consistent with the estimated pattern of claim costs expected to be incurred by the Company in connection with performing under the extended service plan obligations. Based on an evaluation of historical claims data, management currently estimates that substantially all claims will be incurred within 17 years of the sale of the warranty contract.

In the second quarter of Fiscal 2016, an operational change related to the Sterling Jewelers division's extended service plans associated with ring sizing was made to further align Zale and Sterling ESP policies. As a result, revenue from the sale of these lifetime extended service plans in the Sterling Jewelers division is deferred and recognized over 17 years for all plans, with approximately 57% of revenue recognized within the first two years for plans sold on or after May 2, 2015 and 42% of revenue recognized within the first two years for plans sold prior to May 2, 2015 (January 31, 2015: 45%; August 2, 2014: 45%).

The Zale division also sells extended service plans. Zale Jewelry customers are offered lifetime warranties on certain products that cover sizing and breakage with an option to purchase theft protection for a two-year period. Revenue from the sale of lifetime extended service plans is deferred and recognized over 10 years, with approximately 69% of revenue recognized within the first two years (January 31, 2015: 69%). Revenues related to the optional theft protection are deferred and recognized over the two-year contract period on a straight-line basis. Zale Jewelry customers are also offered a two-year watch warranty and a one-year warranty that covers breakage. Piercing Pagoda customers are also offered a one-year warranty that covers breakage. Revenue from the two-year watch warranty and one-year breakage warranty is recognized on a straight-line basis over the respective contract terms.

The Sterling Jewelers division also sells a Jewelry Replacement Plan ("JRP"). The JRP is designed to protect customers from damage or defects of purchased merchandise for a period of three years. If the purchased merchandise is defective or becomes damaged under normal use in that time period, the item will be replaced. JRP revenue is deferred and recognized on a straight-line basis over the period of expected claims costs.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

Signet's market risk profile as of August 1, 2015 has not materially changed since January 31, 2015. The market risk profile as of January 31, 2015 is disclosed in Signet's Fiscal 2015 Annual Report on Form 10-K, filed with the SEC on March 26, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended. Based on this review, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of August 1, 2015.

Changes in internal control over financial reporting

During the second quarter of Fiscal 2016, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
Information regarding legal proceedings is incorporated by reference from Note 21 of the Financial Statements set forth in Part I of this Quarterly Report on Form 10-Q.
ITEM 1A. RISK FACTORS
There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of Signet's Fiscal 2015 Annual Report on Form 10-K, filed with the SEC on March 26, 2015.
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
Repurchases of equity securities
The following table contains the Company's repurchases of equity securities in the second quarter of Fiscal 2016:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs(1)	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
May 3, 2015 to May 30, 2015	131,602	$134.93	131,602	$225,892,330
May 31, 2015 to June 27, 2015	93,350	$131.14	93,350	$213,650,075
June 28, 2015 to August 1, 2015	243,705	$123.10	243,705	$183,650,103
Total	468,657	$128.03	468,657	$183,650,103

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

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ITEM 6. EXHIBITS

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

Number	Description of Exhibits[(1)]
31.1*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

(1) Signet hereby agrees to furnish to the U.S. Securities and Exchange Commission, upon request, a copy of each instrument that defines the rights of holders of long-term debt under which the total amount of securities authorized does not exceed 10% of the total assets of Signet and its subsidiaries on a consolidated basis that is not filed or incorporated by reference as an exhibit to our annual and quarterly reports.

* Filed herewith.

† Management contract or compensatory plan or arrangement.

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SIGNATURES

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

		Signet Jewelers Limited	
Date:	September 3, 2015	By:	/s/ Michele L. Santana
		Name:	Michele L. Santana
		Title:	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)