

Policies on Pay and Promotion

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Exhibit 39



Policies

Benefits

HR Home

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COMPENSATION ADMINISTRATION MANAGEMENT GUIDELINES

POLICY

Compensation is defined as the payment of wages and other monetary and/or non-monetary considerations in exchange for services. Compensation, therefore, also includes wages, benefits, incentives and bonus plans.

Sterling Jeweler's Inc. Compensation Management Guidelines have been developed to:

- Compensate all employees on an equitable basis without regard to race, religion, sex, national origin, age, veteran and disability status.
- Reflect a compensation structure that provides internal equity among jobs and flexibility in administering salaries, which attract, retain and motivate competent personnel.
- Provide appropriate differentials in compensation to recognize differences in position and responsibilities.
- Compensate all employees according to combined consideration of the market place, internal equity and the cost of doing business.
- Provide for an objective systematized approach to the budgeting and controlling of compensation expenses.
- Comply with Federal Wage and Hour Laws and other applicable governmental guidelines.

Wage/salary ranges have been developed for purposes of establishing relationships between positions within Sterling Jeweler's Inc., providing guidance to managers as to appropriate pay rates for new employees and establishing a framework for compensation decisions.

Ranges are based upon the average market rates for similar jobs, both nationally and locally, and reflect in the retail jewelry industry, as well as other relevant employers. Ranges are structured to reflect the Company's philosophy towards compensation. Wage/salary ranges must be competitive enough to attract new employees. They must also provide a sufficient level of potential earnings to retain qualified employees, but must not be too high as to cost an unreasonable amount to the Company in exchange for their services.

Sterling's aim is to provide compensation which is competitive with similar work at other retailers in the same geographic area.

New Hires

New employees with no applicable experience are generally hired at the minimum rate assigned to their job. Supervisors may recommend higher starting rates based on the new employee's experience or education. These recommendations will be reviewed by the

appropriate District Manager, Vice President and/or Department Head.

Performance Appraisals

The performance appraisal is an important tool in Sterling Jeweler's Inc.'s employee development program and the salary management process. When linked to a position description, the performance appraisal can be a guide to both the appraiser and the employee in defining and understanding the elements of quality job performance.

The performance appraisal can also serve as a basis for training and development plans that identify opportunities for individual growth.

Sterling requires that all employees receive a performance appraisal periodically, usually in March and September.

Pay Increases

Merit increases are based upon the employee's demonstrated level of performance as indicated on the performance appraisal. Merit increases are intended to reward above average job performance and not given on the basis of length of service.

- Merit increases may be granted once a year in either March or September.

Promotional increase

- Promotional increases are granted to an employee who is advanced from one position to a position with a higher level of responsibility.
- Promotional increases are normally granted at the time of promotion.

Demotions

Human Resources must be contacted regarding all demotions. Human Resources will advise the department of the impact of the demotion on the employee's wage/salary range and exempt/non-exempt status.

Classification

Sterling Jeweler's Inc.'s policy is to follow the guidelines as established by the U.S. Department of Labor, Wage and Hour Division. For purposes of compliance with the Fair Labor Standards Act, all positions have been classified as either exempt (salary) or non-exempt (hourly).

Employees are compensated based on a rate per hour (hourly) or a fixed salary. Non-exempt employees will be compensated for all hours worked based on their rate per hour.

HR-05/04
Implemented: 05/04



Exhibit 209

Compliance Management

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(Attorney Client Privilege – Prepared at the Request of Counsel)

July 20, 2006 UPDATE

Topic: Compliance Update

Gender/Wage Disparity Allegations

- The EEOC wage/gender charges now stand at thirteen in Florida, New York and most recently California and Massachusetts.
- Twelve of the claimants are represented by the same class action attorney from Tampa. **The twelfth claimant is represented by a class-action consortium law firm, Cohen-Milstein, of Washington DC.** The California claimants charge was time barred by the EEOC and she did receive a right to sue letter with a deadline of 9/25/06.
- The plaintiffs' lawyer has now submitted eleven charges to our internal Alternative Dispute Resolution program (RESOLVE) and legal counsel is advising us that we could expect a class action lawsuit to be filed by mid September 2006.
- A comprehensive analysis by two consulting expert groups to assess our data and determine if we have any systemic issues has been ongoing. The analysis of payroll data shows that female hourly sales employees on average are paid approximately .40 per hour less than male employees. **This equates to over 7 million annual affected hours.** Numerous models which looked at a spectrum of variables failed to alter the forty cent factor. The disparity begins at the time of hire and generally continues throughout the employee lifecycle. Sterling does not have a structured compensation program in place in the field that provides ranges or guidance for DM/Manager hiring decisions. The absence of such is a dual edged sword as it helps to fight class certification (commonality) but arguably gives rise to unintentional disparate pay practices.

- We continue our planning and preparation by interviewing our employees to obtain insight on the EEOC charges and to obtain supportive affidavits from employees to use in a class action defense.
- Based on all field interviews to date, District Manager Paul Chur's district (San Francisco) presents the most numerous issues to investigate and resolve.
- Current U.S. Supreme Court case, *Ledbetter v. Goodyear*, has significant implications for this case for available damages and timeliness and is a factor which could influence a willingness to mediate on behalf of plaintiffs. **If the decision was for Goodyear, most of the current claimants would be limited for an award of any recoverable damages.**
- An employee communications strategy continues to be implemented which focuses on making our employees aware of our commitment to diversity and positive employee relations. A letter sent to the homes of all Sterling associates on April 14th explaining the efforts of plaintiffs' attorneys and Sterling's position has generated minimal response from our employees. Communications intended to inform our employees about the situation and strengthen our positive position with employees will continue.
- **We and our legal counsel have been attempting to work closely with our insurance carriers, AIG and Zurich, and have put them on notice of the pending claims. A meeting occurred in New York on July 11th to present and partner on defense strategies.** Ralph Davis is preparing to hire Coverage Counsel for anticipated coverage disputes. Our EPLI coverage has a \$500K deductible per claim with limits of \$15M primary and \$25M umbrella. Currently, AIG considers these as individual claims.
- **AIG was asked to approve our attempt to propose a binding group mediation to plaintiffs counsel outside of RESOLVE and prior to the actual public filing of the class action complaint.** There are significant advantages to this strategy. Sterling has requested but not received any feedback from AIG since 7/11/06.
- **The impact of RESOLVE is under review.** Currently, most of the claimants have advanced to Step 2 and will be scheduled for individual mediations. Notice of such will begin to go out in early August. Individual mediations, although required by the RESOLVE contract, may not be fully effective/successful in halting the class action case building/attempt by the consortium.

- As previously noted in past updates, these EEOC charges are not part of the DOL activities and are not covered under the DOL settlement.
- In addition to the costs associated with the forthcoming class action case, Sterling will need to undertake a review of its compensation and promotional practices and make necessary adjustments to avoid sustained issues.

Colorado Store Manager Status

- We continue to finalize the back wage estimates related to our Colorado Store Managers employment classification. Similar to the California situation a few years ago, it has been concluded, by three law firms, that our Colorado Store Managers (**currently classified as exempt**) are **not exempt from overtime pay under Colorado law. Plans are underway to finalize back wage calculations and to implement the clarification and changes. This is likely to occur in August 2006. Back wage cost estimates near \$550,000. A detailed analysis is scheduled for final presentation on 7/25/06. Anticipated increased payroll costs for Colorado stores for the balance of FY06/07 was incorporated into the P5 reforecast.**
- Similar manager exemption reviews are planned for Michigan, Wisconsin and New Jersey.

Other Matters

- Claimant Wendy Krietzer has appealed her case to the Ohio Supreme Court for a Writ of Certiorari. Sterling is preparing its Memorandum in Opposition. Krietzer's chances to be granted review are slim at best.
- Phase I Compliance Audit follow up includes the introduction of several updated policies and practices effective late July 2006 including a revised Employment Application; FMLA, USSERA, MEAL/ REST BREAK and HOME OFFICE ATTENDANCE policies.
- DOL Compliance partnership adjustment checks are scheduled for release and distribution on 7/28/06.

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CONFIDENTIAL AND ATTORNEYS' EYES ONLY

SJI 01050049

Exhibit 210

Compliance Management

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September 2006

Topic: Compliance Update

DOL Settlement

- In June Sterling completed an agreement with the US Department of Labor and mailed checks to over 16,000 current and past employees in July.
- Both the DOL and human resources report that the communication and pay plan worked better than expected with few issues.
- Continued internal initiatives (Pay Practice Project) are underway with specific phases for systemic improvements scheduled through 2007.

Gender/Wage Disparity Allegations

- Fourteen wage/gender discrimination (Equal Pay Act) charges remain open and pending as well as 13 internal ADR (RESOLVE program) claims.
- AIG issued a claims coverage letter which is under review by coverage counsel and treats the claims as one for retention (deductible) purposes.
- AIG approved Sterling's proposed plan to approach the plaintiffs consortium and suggest a global mediation attempt, staying both the EEOC charge process and RESOLVE process.
- The consortium is agreeable to this approach and conditions/terms for the mediation and tolling agreements are being negotiated.
- Continued analysis of our payroll data by nationally recognized experts continues in preparation for mediation.

1 of 3

Colorado Store Manager Status

- Colorado store and shop managers were converted from exempt to non- exempt in August of 2006.
- The communication plan and conversion process met little resistance and was well received.
- Backpay adjustment checks are being issued to twelve (12) former managers for \$171, 943.51 and seventeen (17) current managers for \$293,540.53. 22 out of 29 affected managers have executed releases and have received their checks (9/27/06).
- Two additional repair shop managers in California will be converted in October 2006.

Other Compliance Matters

- Phase II of the Compliance audit has been initiated with key review areas including a national review of the exempt status for repair shop managers, a specific four state review of exempt status for store managers and home office position exempt status reviews.
- A State of New Hampshire Wage and Hour Inspector stopped into Jared 2443 with a Notice Of Inspection for compliance with state labor laws on 9/29/06. Requests for information regarding payroll data, policies, employee files, safety training etc, was made for all 12 Sterling store locations in New Hampshire. No specific target area for compliance concerns was identified and no basis for the inspection was provided.

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Exhibit 206

Spring 2009

FIELD
PERFORMANCE
APPRAISAL
GUIDE



TOTAL REWARDS

Compensation • Benefits • Recognition • Work Life • Wellness

CCD: 0901119BL-H/R

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INTRODUCTION

This guide has been developed to assist in the preparation/presentation of store level performance appraisals for positions of Store Manager, Assistant Manager/Second Assistant Manager, Sales Associates and Sales Support.

This guide is applicable for the 2009 Spring performance appraisal cycle only. An updated guide will be issued each appraisal cycle.

IMPORTANT DATES

Discuss completed Performance Appraisals with your DM including numerical scores
byFebruary 20th
Increases will be effective..... January 25th
Appraisal discussions are to be shared with the Team Members by.....March 25th
Merit increases will be included in the paycheck received on.....March 27th

PREPARATION INFORMATION

1. A performance appraisal is an important event for a Team Member and is an activity that is used to communicate to a Team Members whether he/she is performing his/her job to store, district and company expectations.
2. To prepare the appraisal form, the evaluator should reflect on the Team Member's performance **over the entire six-month appraisal period.**
3. Evaluate the Team Member in each category based on results, observed behaviors, objective expectations and overall performance.

Key Steps to Creating Effective Performance Appraisals

- Is the Team Member **consistent** in meeting expectations?
- Does the Team Member require **little** or **frequent** supervision in order to perform their job?
- Is the Team Member a "self-starter" with consistent initiative?
- Evaluate **results** – not effort.
- Cite specific examples in the observations/comments section to support your ratings.

Rating Definitions:

Please note the new rating system and definitions used in this year's appraisal.

Exceeds All Expectations – Consistently meets and often exceeds all relevant performance standards. Has mastered the key accountabilities of the position, consistently delivers very strong results, and, overall, performs at a level well beyond that normally expected of the vast majority of incumbents with similar duties.

Exceeds Some, Not All Expectations – Consistently meets and sometimes exceeds all relevant performance standards. The Team Member usually anticipates and adapts to changing job needs and accomplishments were consistent with objectives. Achieves results and exceeds expectations on some goals.

Meets All Expectations – Meets all relevant performance standards. Seldom exceeds or falls short of desired results. The Team Member is a good solid member of the organization and handles the given assignments within the scope of the position.

Meets Some, Not All Expectations – Achieves results inconsistently, satisfactory in some areas of the job expectations, but fails to meet performance standards and expectations in others. The Team Member produces good work in some assigned duties and responsibilities but requires improvement in one or more areas.

Does Not Meet Expectations – Consistently falls short of relevant performance standards. Performance in key areas is below requirements and needs improvement.

General Scoring Information

When completing the appraisal form please check the appropriate box based upon the Team Member's performance. At the completion of each section, please add up the number of points and enter the total in the section score box. Do not award half points. All scores should be a whole number.

B. SALES TECHNIQUES: (Effectively utilizes tools/ techniques to maximize sales.)	EXCEEDS ALL EXPECTATIONS	EXCEEDS SOME EXPECTATIONS	MEETS ALL EXPECTATIONS	MEETS SOME, NOT ALL EXPECTATIONS	DOES NOT MEET EXPECTATIONS
1. Works lease line, greets customers within 45 seconds, offers store introduction.	4 <input checked="" type="checkbox"/>	3 <input type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
2. Asks appropriate rapport building questions, presents merchandise using professional tools while utilizing effective features, benefits and check questions.	4 <input type="checkbox"/>	3 <input checked="" type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
3. Effectively overcomes objections.	4 <input type="checkbox"/>	3 <input type="checkbox"/>	2 <input checked="" type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
4. Uses effective closing techniques.	4 <input type="checkbox"/>	3 <input checked="" type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
5. Use of personal trade books, thank you cards and customer calls.	4 <input type="checkbox"/>	3 <input checked="" type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
6. Effective special event preparation and production.	4 <input type="checkbox"/>	3 <input checked="" type="checkbox"/>	2 <input type="checkbox"/>	1 <input type="checkbox"/>	0 <input type="checkbox"/>
Observations:					
					Section B Score: 18

STORE MANAGER PERFORMANCE APPRAISAL

A. Sales Production Scoring

The following chart is to be used to score the sales production category (Section A). Use the **latest available financial data** to score.

If a Store Manager has been in more than one location, please list each store separately and rate him/her against the plan for each store for the relevant time period. The scores from each store must then be averaged before being transferred to Box A. This is the only time that partial points are permitted.

<u>Rating</u>	<u>Formula</u>	<u>Points</u>
Exceeds All Expectations	More than 105.2% of plan	4
Exceeds Some Expectations	102.7% - 105.1% of plan	3
Meets All Expectations	100.0% - 102.6% of plan	2
Meets Some, Not All Expectations	95.0% - 99.9% of plan	1
Does Not Meet Expectations	Below 95.0% of plan	0

B. Controllable Financial Performance

B1 – Payroll

<u>Rating</u>	<u>Variance to Hours Budget</u>	<u>Points</u>
Meets All Expectations	< or = to 48 hours over budget	4
Does Not Meet Expectations	> 48 hours	0

B2 – Performance Standards (See C1 on Assistant Manager/Second Assistant Manager & Sales Appraisal Form)

<u>ESP – States with PPP</u>		
<u>Rating</u>	<u>% of Units sold</u>	<u>Points</u>
Exceeds All	57.0% & above	4
Exceeds Some	51.0 – 56.9%	3
Meets All	50.0 - 50.9%	2
Meets Some, Not All	47.0 – 49.9%	1
Does Not Meet	Below 47.0%	0

<u>PPP</u>		
<u>Rating</u>	<u>% of Units sold</u>	<u>Points</u>
Exceeds All	38.0% & above	4
Exceeds Some	36.0 – 37.9%	3
Meets All	35.0 - 35.9%	2
Meets Some, Not All	32.0 - 34.9%	1
Does Not Meet	Below 32.0%	0

<u>ESP – States without PPP</u>		
<u>Rating</u>	<u>% of Units sold</u>	<u>Points</u>
Exceeds All	57.0% & above	8
Exceeds Some	51.0 – 56.9%	6
Meets All	50.0 – 50.9%	4
Meets Some, Not All	47.0 – 49.9%	2
Does Not Meet	Below 47.0%	0

<u>Add On Sales</u>		
<u>Rating</u>	<u>% of Units sold</u>	<u>Points</u>
Exceeds All	35.0% & above	4
Exceeds Some	31.0 - 34.9%	3
Meets All	30.0 – 30.9%	2
Meets Some, Not All	25.0 - 29.9%	1
Does Not Meet	Below 25.0%	0

Credit Application Standard		
Rating	% of Units sold	Points
Exceeds All	115.0% & above	4
Exceeds Some	101.0 – 114.9%	3
Meets All	100.0 – 100.9%	2
Meets Some, Not All	85.0 - 99.9%	1
Does Not Meet	Below 85.0%	0

(Store Manager Appraisal Only)

Trade-Ins (Foreign)		
Rating	%	Points
Exceeds All	30.0% & above	4
Exceeds Some	27.0 – 29.9%	3
Meets All	24.0 – 26.9%	2
Meets Some, Not All	21.0 – 23.9%	1
Does Not Meet	Below 21.0%	0

B3 – Repair Sales (See C2 on Assistant Manager/Second Assistant Manager Appraisal Form)
Mall Stores

Rating	% to Standard	Points
Exceeds All	105.2% & above	4
Exceeds Some	102.7 - 105.1%	3
Meets All	100.0 - 102.6%	2
Meets Some, Not All	95.0 - 99.9%	1
Does Not Meet	Below 95.0%	0

Repair Margin

Stores assigned to Sterling Shop		
Rating	Margin	Points
Exceeds All	56.1% & above	4
Exceeds Some	53.1 – 56.0%	3
Meets All	51.1 – 53.0%	2
Meets Some, Not All	48.1 – 51.0%	1
Does Not Meet	Below 48.0%	0

New Mall Stores Assigned to Sterling Shop		
Rating	Margin	Points
Exceeds All	42.1% & above	4
Exceeds Some	39.1 - 42.0%	3
Meets All	36.1 - 39.0%	2
Meets Some, Not All	33.0 - 36.0%	1
Does Not Meet	Below 33.0%	0

D3. Customer Experience Index (See E3 on the Assistant Manager/Second Assistant Manager Appraisal Form)

Customer Experience Index – Mall Stores		
Rating	Margin	Points
Exceeds All	77.0% & above	4
Exceeds Some	74.0 – 76.9%	3
Meets All	72.0 – 73.9%	2
Meets Some, Not All	71.0 – 71.9%	1
Does Not Meet	Below 71.0%	0

ASSISTANT MANAGER/SECOND ASSISTANT MANAGER AND SALES PERFORMANCE APPRAISAL

A. Sales Production Scoring (Assistant Managers/Second Assistant Managers & Sales)

Enter the total actual sales and standard for the past six months and calculate the percent (%) above or below standard. Assign points based upon the chart below.

(If a Team Member worked less than 6 months, the sales production scoring is prorated. For example, the Team Member worked 3 out of the 6 months during the review period. To calculate the total points achieved, take the sum of the 3 months and divide by 3 to get an average and then multiply the average by 6. This will give you an average score for the 6 months.)

Rating	Formula	Points
Exceeds All	105.2% & above	4
Exceeds Some	102.7 – 105.1%	3
Meets All	100.0 – 102.6%	2
Meets Some, Not All	95.0 – 99.9%	1
Does Not Meet	Less than 95%	0

**SPECIAL INSTRUCTIONS
(Where PPP does not apply)**

C1. Individual Performance Standards (Assistant Managers/Second Assistant Managers & Sales)

Where PPP does not apply, double the ESP sales standard points achieved (found under the Individual Performance Standards Section on the appraisal) and add these points to the Section Total Score. Please refer to the Performance Standards under the Store Managers (B2).

C2. Store Repair (Assistant Managers/Second Assistant Managers Only)

Please refer to Repair Sales and Repair Margin under the Store Managers (B3).

PRESENTATION

To conduct an effective performance appraisal discussion, please follow the guidelines below.

- Schedule uninterrupted time.
- Be prepared. Discuss in private.
- Take time to discuss each rating and how the Team Member can improve.
- Seek the Team Member's feedback.
- Focus on the future. Develop a plan.
- Address the Team Member's performance and behavior, not his/her personality.
- Offer helpful feedback.
- Encourage the Team Member to make comments in writing in the area provided.

**DO NOT JUST HAND THE TEAM MEMBER HIS/HER
PERFORMANCE APPRAISAL FORM TO READ.**

Sample Descriptors/ Key Phrases

For your convenience we have included sample behavioral-based phrases that may be helpful in completing performance appraisals.

Customer Service

- Presents well considered and appropriate alternatives when making recommendations
- Effectively presents, exchanges, and receives information both orally and in writing
- Keeps others informed
- Fosters open communications, encourages open expression
- Conveys written information clearly, concisely, professionally
- Shares information and ideas with others

Leadership

- Makes decisions in a timely manner
- Develops and implements realistic plans that meet department and company goals and future needs
- Foresees changes and trends
- Makes sound decisions that consider cost/benefit
- Makes accurate estimation of expense levels
- Develops innovative ideas to reduce expenses
- Effectively manages resources and expenses
- Provides timely and direct feedback to Team Members

Initiative

- Accumulates all relevant information prior to making decisions
- Initiates change when necessary
- Generates ideas to solve problems and improve performance
- Exhibits creativity through _____
- Encourages others to new ideas
- Leads team through change effectively by _____
- Executes direction and plans from superiors
- Actively works to develop skills and continue self growth
- Generates new ideas
- Recognizes and acts on opportunities

Results/Job Knowledge

- Meets expectations on personal development, growth and learning activities
- Keeps technical knowledge current
- Maintains effective checks and controls over areas of responsibility
- Exhibits foresight in recognizing potential problems and develops solutions
- Tracks and adheres to financial plan
- Keeps managers informed and submits reports timely
- Works effectively with superior and peers
- Understands and promotes company mission and values

Phrases to Encourage Improvement

- Needs to stay focused on meeting objectives
- Make improvements of _____ a priority
- Build on strengths by _____
- Has shown improvement in _____ by _____. Needs to continue to show improvement by _____.
- Demonstrating efforts to increase effectiveness in _____
- Needs to focus on achieving measurable results by _____
- In the future, become more involved in solving problems within the department through _____
- Needs to act immediately to reach and sustain an acceptable level of performance in terms of _____

FOR ASSISTANCE

- Contact your District Manager.
- Contact Bo Berger at Ext. 6383 or Michael Dente at Ext. 6109
- Refer to the Personnel Policy (on the Intranet).

MERIT REVIEW GUIDELINES

1. ELIGIBILITY

For an Team Member to be considered eligible for a merit increase, they must have at least 10 months of service with the Company as of January 25, 2009 and **have NOT received a merit increase, promotional increase, or any other wage change during the same period of time.** Employees who do not meet this criteria will appear on your computer printout as "INELIGIBLE". Exceptions require Sr. Vice President, Operations approval.

2. MERIT INCREASE BUDGETS

Increases are to follow the guidelines set forth below:

<u>EXPECTATIONS</u>	<u>% INCREASE</u>
EXCEEDS ALL	4 – 6%
EXCEEDS SOME, NOT ALL	3 – 4%
MEETS ALL	2%
MEETS SOME, NOT ALL	0
DOES NOT MEET	0

It is important to emphasize that while many of our Team Members may be loyal and tenured, we must objectively and accurately evaluate his/her job performance and as such, will have Team Members whose performance falls in the "Meets All Expectations", "Meets Some, Not All Expectations" or "Does Not Meet Expectations" ranges. The amount of merit increase awarded must be consistent with the Team Member's performance.

3. Team Members who are eligible for a merit increase, but who are rated "Meets Some, Not All Expectations" (receiving 0% increase) will be eligible to be considered for a merit increase during the Fall merit cycle, if the Team Member's performance has improved.

4. EXECUTIVE COMMITTEE APPROVAL

To ensure that merit increases fall within normal distribution of ranges, the Executive Management Team will have final approval of all merit increases awarded.

This means that any recommendations made for merit increases are only recommendations, and are not to be discussed with Team Members until final approval is granted by the Executive Management Team. Notification will be provided to the Sr. Vice President of Operations and Vice Presidents, Regional Operations by March 17, 2009.

TIME AND ACTION PLAN Spring 2009 (FIELD)

<u>TIME</u>	<u>ACTION</u>
February 2-3	Merit Increase Worksheets e-mailed to District Managers.
February 4-6	Stores receive Performance Appraisal packets from Human Resources.
February 20	Store Manager prepares performance appraisals and reviews scores and appraisals with District Manager via phone.
February 23	District Manager verifies ratings and calculates increase based on the attached guidelines. Ratings and increases are e-mailed to Human Resources.
February 25-27	Human Resources prepares master Merit Increase Files & Worksheets and e-mails file to each Vice President of Regional Operations.
March 4-6	Vice Presidents review merit increases actions with District Managers and make changes to file and return to Human Resources.
March 11	Human Resources prepare summary of exceptions for Sr. Vice President of Operations.
March 12	Sr. Vice President of Operations makes changes as necessary to file.
March 16	Human Resources receive Merit Increase Files; calculates overall percent of increase and reviews with Executive Management Team.
March 17	Approval is communicated to Sr. Vice President of Operations and Vice Presidents of Regional Operations.
March 17	District Manager to communicate wage increases to Store Managers.
March 25	Performance appraisals MUST be presented to Team Members by March 25 th .
March 27	Merit increases are effective January 25 th , and reflected in paychecks dated March 27 th .
April 24	Store Manager must mail performance appraisals to District Manager for review and signature.
May 8	District Managers must mail all Performance Appraisals to Janet Miller in Human Resources for inclusion in Employee file.

Exhibit 24



Position Description

Date: 8.08

Title: Jared Assistant General Manager

Job Code:

Reports To (position): Jared General Manager

Positions Reporting to This: Diamond Department Manager, Time Piece Department Manager, Store Consultants and Sales Support in General Managers absence.

FLSA Status (Exempt/Nonexempt):

Summary:

- Assist the General Manager in the daily operation of assigned store to achieve and develop sales and profit through leadership and training in accordance with company policies, systems and procedures. Oversees the repair department function within the assigned store.

Accountabilities:

- Assists the General Manager in the application and adherence to Company policies and procedures in support of the Company's business objectives and Corporate Mission Statement.
- Assists the General Manager in the application and adherence to Company policies and procedures in support of the company's Customer first philosophy.
- The incumbent is required to cultivate and maintain productive relationships at all levels ensuring an atmosphere of teamwork and cooperation.
- Assumes the duties and responsibilities of the General Manager in his/her absence.
- Exerts maximum effort to achieve store sales projections. Maintains and achieves a high level of the store's monthly quota in personal sales.
- Assists in maintaining daily focus among all associates on standards achievement.
- Assists in enforcing all policies and procedures to assure store profits, the control of mark downs, store expenses and repair departments.
- Assists the General Manager in sales training, store meetings and role plays, as directed by General Manager.
- Assists in the processing of merchandise control transactions as directed by the Store Manager (i.e., transfers and merchandise orders).
- Assists the General Manager in the recruiting and selection of personnel. Interviews and screens applicants as directed.
- Assists the General Manager in the supervision of sales, office and inventory personnel.
- Recommends promotions when appropriate.
- Consistently monitors the flow of customers at each counter and identifies when to shift personnel from one department to another to provide superior customer service.
- Understands and enforces all store policies and practices.
- Investigates and handles customer complaints quickly, efficiently, and courteously.
- Assists in implementing and administering merchandise and advertising programs, merchandise displays in showcases and windows, and inventories as directed. Reports customer comments and requests to management.
- Assists in monitoring the inventory control function as directed by the General Manager.
- Assists in store maintenance both inside and outside by delegating or performing these duties.
- Responsible for maintaining the following work schedule: Normal schedule of forty (40) to forty-five (45) hours per week, minimum three (3) nights per week, Tuesday or Wednesday ONLY as day off (excluding Sunday, which is alternated with Manager), minimum of seven (7) or eight (8) hours Friday and Saturday, full schedule during Special Events.
- Hours will increase in the absence of the Manager (i.e., vacation and during the Christmas selling season).

- Learns features and benefits of the merchandise. Provides expert knowledge regarding quality, value, warranties and services.
- Monitors the sale ability of the merchandise (i.e. ticketed properly, clean and properly displayed). Maintains a high level of security as defined in the Corporate Security Manual at all times.
- Follows Company guidelines regarding window and showcase displays as outlined in the Visual Merchandise Manual and monthly promotion book. Advises management of customer comments and responses to advertising programs.
- Responds promptly and accurately to all management directives, requests for merchandise transfers, inventories, and request for information. Strictly adheres to Company guidelines pertaining to discount policies.
- Develops a full understanding of all sales, credit, administrative and security policies, procedures and duties. Develops a full understanding of store promotions (i.e., credit programs and special events).
- Develops technical knowledge of Repair Department and custom design services. Estimates cost on watch and jewelry repairs. Executes minor repair service; oversees Repair Department.
- Ensures all credit applications are verified and that credit guidelines and policies are adhered to.
- Keeps management informed of the marketing, merchandising, and credit programs of competitors within the area.
- Performs customer calling as required.
- Establishes a positive, professional work atmosphere. Conducts himself/herself in a manner that will influence and earn the respect of employees and management.
- Maintains a neat, professional appearance in keeping with established Dress Code Policy.
- Maintains open lines of communication with employees and management. Encourages employees to participate and offer ideas.
- Administrates ETS with efficiency and compliance with corporate guidelines.
- Maintains the neatness and cleanliness of the sales floor, office, windows, and storage areas.
- Strictly adheres to and enforces all Company policies and procedures.
- Performs other duties as assigned.

Position Requirements:

-

ADA Requirements:

- Performing tasks in a sitting down or standing position for extended periods of time.
- Repetitive movements.
- Lifting of boxes and/or files of weights less than 25 lbs.
- Consistent regular scheduled attendance is considered an essential function of this job.

Exhibit 205

Fall 2006
Jared
Performance
Appraisal
Guide

STERLING JEWELERS
Inc.

CCD#: 0602107 L - H/R

CONFIDENTIAL
SJI 00000395

INTRODUCTION

This guide has been developed to assist in the preparation/presentation of store level performance appraisals for positions of General Manager, Assistant General Manager, Sales and Sales Support.

This guide is applicable for the 2006 Spring performance appraisal cycle only. An updated guide will be issued each appraisal cycle.

IMPORTANT DATES

Phone in numerical scores to DM and discuss completed
Performance Appraisals with your DM by..... July 31st
Increases will be effective..... August 28th
Appraisals are to be communicated to the employees no later than September 28th
Increases will be in paychecks received on..... September 29th

PREPARATION INFORMATION

1. A performance appraisal is an important event for an employee and is an activity that is used to communicate to an employee whether or not he/she is performing his/her job to store, district and company expectations.
2. To prepare the appraisal form, the evaluator should be familiar with the employee's overall performance for the past six-month appraisal period.
3. Evaluate the employee in each category based on results, observed behaviors, objective expectations and overall performance. Consider the entire appraisal period.

Key Points

- Is the employee consistent in meeting expectations?
- Does the employee require little or frequent supervision in order to perform their job?
- Is the employee a "self-starter" with consistent initiative?
- Evaluate results – not effort.
- Cite specific examples in the observations/comments section to support your ratings.

SCORING DEFINITIONS AND EXAMPLES

Each form has a 5 level rating system, which utilizes the following definitions:

Excellent	<u>Consistently exceeds</u> job requirements and performs in a manner rarely equated by others. Exceptional in all components of the category.
Above Expectations	<u>Frequently exceeds</u> all job requirements resulting in significant contribution to the store, district and company.
At Expectations	<u>Consistently meets</u> job requirements. Contributes to the success of the store, district and company.
Below Expectations	Need for improvement is clearly recognized. Inconsistent in meeting job requirements.
Unacceptable	Fails to meet job requirements and store, district and company expectations.

Example 1:

In reviewing a sales support employee under Section F. General, item 1, "Contributes to success of special events."

F. General: (Overall performance contributes to success of the store.)

	EXCELLENT	ABOVE	AT	BELOW	UNACCEPTABLE
1. Contributes to success of special events.	4	3	2	1	0
2. Adheres to security, key and merchandise control policies.	4	3	2	1	0
3. Accurately administers special orders/ layaways.	4	3	2	1	0
4. Is receptive to feedback/direction.	4	3	2	1	0
5. Properly handles repair administration.	4	3	2	1	0
6. Successfully completes all corporate training requirements.	4	3	2	1	0
7. Adheres to Sterling's Code of Conduct.	4	3	2	1	0

Excellent	<u>Consistently exceeds</u> job requirements and performs in a manner rarely equated by others. Exceptional in all components of the category.
At Expectations	The employee has <u>met</u> all expectations in this area, <u>consistently</u> , for all special events in the past six month appraisal period and has contributed to the success of the store.
Above Expectations	The employee <u>exceeded</u> expectations <u>frequently</u> by doing more than expected (and more than other employees) for special events in the past six month appraisal period.
Below Expectations	The employee was <u>inconsistent</u> in meeting expectations (sometimes met expectations, sometimes not) for special events in the past six month appraisal period.
Unacceptable	Fails to meet job requirements and store, district and company expectations.

Example 2:

In reviewing a sales employee under Section D. Guest Service under number 1, "Adheres to Sterling's Customer Service Commitment".

D. Customer Service: (Demonstrates consistent commitment to customer service.)

	EXCELLENT	ABOVE	AT	BELOW	UNACCEPTABLE
1. Adheres to Sterling's Customer Service Commitment and provides friendly, courteous and knowledgeable sales assistance in accordance with the Sterling Selling System.	4	3	2	1	0
2. Prepares thank you cards.	4	3	2	1	0

- Excellent** The employee who consistently exceeds the expectations in a manner rarely equaled by others.
- At Expectations** The employee consistently is responsive to customers regarding complaints and all aspects of processing returns.
- Above Expectations** The employee demonstrates an exceptional commitment to customer service, ensuring that every customer (despite complaint or return) leaves the store satisfied.
- Below Expectations** The employee is inconsistent and has experienced some difficulties in being responsive to customer complaints and in handling returns.
- Unacceptable** The employee who consistently fails to meet expectations and do not contribute to the store, district or company's success in any given area of responsibility.

GENERAL SCORING INFORMATION

In each appraisal form category, points are earned on each performance factor. **Circle the appropriate rating for each factor and add all factor points for a category total.**

	EXCELLENT	ABOVE	AT	BELOW	UNACCEPTABLE
1. Ensures complete/accurate credit applications.	④	3	2	1	0
2. Ensures accuracy with sales slips and special orders.	4	③	2	1	0
3. Is knowledgeable and accurate with POS/ACS.	④	3	2	1	0
4. Properly handles repairs.	4	3	②	1	0

Do not award points on the line between ratings. No half points are permitted.

NOTE: In some categories, "0" points are awarded for a rating of "Unacceptable."

Sales Production Scoring (Department Manager and Sales Associate)

The following chart is to be used to score the sales production category (Section A).

For each of the past six months, complete the actual sales, the standard and calculate the percent (%) above or below standard. Assign points for each month, based on the chart below and total all points in this section.

(If an employee worked less than 6 months, the sales production scoring is prorated. For example, the employee worked 3 out of the 6 months during the review period. To calculate the total points achieved, take the sum of the 3 months and divide by 3 to get an average and then multiple the average by 6. This will give you an average score for the 6 months.)

<u>Rating</u>	<u>Formula</u>	<u>Points</u>
Excellent	105% or more of standard	4
Above	100.2 – 104.9%	3
At	99.9 - 100.1%	2
Below	95.0 – 99.8%	1
Unacceptable	Less than 95%	0

**SPECIAL INSTRUCTIONS
(Where PPP does not apply)**

Individual Performance Standards

Where PPP does not apply, double the ESP sales standard points achieved (found under the Individual Performance Standards Section on the appraisal) and add these points to the Section Total Score.

A. Sales Production Scoring

The following chart is to be used to score the sales production category (Section A). Use the **latest available financial data** to score.

If a **General Manager** or an **Assistant General Manager** has been in more than one location, please list each store separately and rate him/her against the plan for each store for the relevant time period. The scores from each store must then be averaged before being transferred to Box A. This is the only time that partial points are permitted.

<u>Rating</u>	<u>Formula</u>	<u>Points</u>
Excellent	More than 105% of plan	4
Above	100.2 – 104.9% of plan	3
At	99.9 - 100.1%	2
Below	95.0 – 99.8% of plan	1
Unacceptable	Below 95.0% of plan	0

General Manager Instructions Continued

B. Customer Service

Demonstrates a commitment to Sterling's Customer Service Standards.

Rating	Variance	Points
At Expectations	No Complaints	4
Below Expectations	1 or More Complaints	0

C. Controllable Performance

1 – Payroll

Rating	Variance to Hours Budget	Points
At Expectations	< or = to 96 hours over budget	4
Below Expectations	+97 hours to 1% over budget	1
Unacceptable	More than 1.0% over hours budget	0

2 – Performance Standards

ESP – States with PPP		
Rating	% of Units sold	Points
Excellent	57%	4
Above	51.0 – 56.9%	3
At	50.0 – 50.9%	2
Below	47.1 – 49.9%	1
Unacceptable	Below 47%	0

PPP		
Rating	% of Units sold	Points
Excellent	38%	4
Above	36.0 – 37.9%	3
At	35.0 – 35.9%	2
Below	32.0 – 34.9%	1
Unacceptable	Below 32%	0

ESP – States without PPP		
Rating	% of Units sold	Rating
Excellent	57%	8
Above	51.0 – 56.9%	6
At	50.0 – 50.9%	4
Below	47.1 – 49.9%	2
Unacceptable	Below 47%	0

Add On Sales		
Points	% of Units sold	Points
Excellent	45%	4
Above	41.0 - 44.9%	3
At	40.0 – 40.9%	2
Below	35.0 - 39.9%	1
Unacceptable	Below 35%	0

Credit Application Standard		
Rating	% of Units sold	Points
Excellent	Above 115.0%	4
Above	101.0 – 115.0%	3
At	100.0 – 100.9%	2

UWP		
Rating	% of Units sold	Points
Excellent	38.0%	4
Above	36.0 - 37.9%	3
At	35.0 – 35.9%	2

Below	85.0 - 99.9%	1
Unacceptable	Below 85%	0

Below	34.9% - 32%	1
Unacceptable	Below 32%	0

Guest Experience Index – Jared Stores		
Rating	Score	Points
Excellent	Above 78.0%	4
Above	75.0 - 77.0%	3
At	74.0%	2
Below	72.0 – 73.0%	1
Unacceptable	Below 71.0%	0

3 – Repair Sales
Jared Stores

Rating	% to Standard	Points
Excellent	101.1% & above	4
Above	100.1 – 101%	3
At	100%	2
Below	95% - 99.9%	1
Unacceptable	Below 95%	0

Repair Margin

Jared		
Rating	Margin	Points
Excellent	59.1% & above	4
Above	57.1 - 59.0%	3
At	55.1 - 57.0%	2
Below	52.1 - 55.0%	1
Unacceptable	Below 52%	0

New Jared		
Rating	Margin	Points
Excellent	48.1% & above	4
Above	46.1 - 48%	3
At	44.1 - 46%	2
Below	42.0- 44.0%	1
Unacceptable	Below 42%	0

PRESENTATION

Present each eligible employee with his/her performance appraisal.

- Schedule uninterrupted time.
- Be prepared. Discuss in private.
- Take time to discuss each rating and how the employee can improve.
- Seek the employee's feedback.
- Focus on the future. Develop a plan.
- Address the employee's performance, not his/her personality.
- Offer helpful feedback.
- Allow the employee to make comments in writing in applicable section.

**DO NOT JUST HAND THE EMPLOYEE HIS/HER
PERFORMANCE APPRAISAL FORM TO READ.**

FOR ASSISTANCE

- Contact your District Manager.
- Contact Michael Dente, Senior Compensation Analyst at Ext. 6109 or Loree Gambatesa, Compensation Analyst at Ext. 5821.
- Refer to the Personnel Policy Manual.

Exhibit 26



Position Description

Title: Sales Jared

Date:

Incumbent:

Reports To: General Manager

Basic Function:

Attains personal standards goals by developing performance skills through company training programs. Works effectively with other employees and contributes to the overall success of the assigned store.

Responsibilities:

- Responsible adherence to company policies and procedures in support of the Company's business objectives and Corporate Mission statement.
- Responsible adherence to Company policies and procedures in support of the Company's Customer first philosophy.
- Achieves sales goal by maintaining a daily focus on standards achievement.
- Responsible for maintaining the following work schedule: three (3) nights per week or as required by the Store Manager, Sunday on alternate basis or as needed.

Principal Accountabilities:

- Makes an active effort to sell the customer. Seeks to identify and sell according to the customer's needs and buying potential. Works the leaseline and payment counter in an effort to solicit sales. Participates in customer calling on a regular basis.
- Sell ESP and offer PPP (where available).
- Performs customer calling as required.
- Develops a complete knowledge of the merchandise. Learns the features and benefits through sales meetings, sales bulletins, trade magazines and independent study.
- Develops customer service skills to provide quality service to the customer, thus assuring repeat sales.
- Handles customer complaints quickly, efficiently and courteously.
- Develops a full understanding of Company sales and credit policies and procedures.

- Monitors and maintains the saleability of the merchandise (i.e., that it is ticketed properly, clean and attractively displayed).
- Carefully and accurately estimates costs on jewelry and watch repairs. Provides minor repair service as necessary.
- Maintains the appearance of the sales floor and display areas. Keeps showcases, windows, back rooms and under stock clean and orderly.
- Utilizes the ETS in accordance with company guidelines.
- Conducts himself/herself in a manner that will merit the goodwill and respect of customers and fellow employees. Consistently maintains a neat, professional appearance in keeping with the established Dress Code Policy.
- Implements merchandising and advertising programs. Sets up advertised merchandise displays. Reports customer requests. Conducts and assists with merchandise inventories, as requested.
- Adheres to merchandise control procedures and completes in-store transfers, case counts and other tasks as required.
- Enforces all policies regarding security and loss prevention. Exercises every effort to protect Company interests.
- Performs other duties as assigned.

Exhibit 25



Position Description

Title: Mall Assistant Manager

Date:

Incumbent:

Reports To: Store Manager

Reporting to this Position:

Store sales/office associates in Store Manager's absence

Basic Function:

Assist the Store Manager in the daily operation of assigned store to achieve and develop sales and profit through leadership and training in accordance with company policies, systems and procedures. Oversees the repair department function within the assigned store.

Responsibilities:

- Assists the Store Manager in the application and adherence to Company policies and procedures in support of the Company's business objectives and Corporate Mission Statement.
- Assists the Store Manager in the application and adherence to Company policies and procedures in support of the company's Customer first philosophy.
- The incumbent is required to cultivate and maintain productive relationships at all levels ensuring an atmosphere of teamwork and cooperation.
- Assumes the duties and responsibilities of the Store Manager in his/her absence.
- Exerts maximum effort to achieve store sales projections. Maintains and achieves a high level of the store's monthly quota in personal sales.
- Assists in maintaining daily focus among all associates on standards achievement.
- Assists in enforcing all policies and procedures to assure store profits, the control of mark downs, store expenses and repair departments.
- Assists the Store Manager in sales training, store meetings and role plays, as directed by Store Manager.
- Assists in the processing of merchandise control transactions as directed by the Store Manager (i.e., transfers and merchandise orders).
- Assists the Store Manager in the recruiting and selection of personnel. Interviews and screens applicants as directed.

- Understands and enforces all store policies and practices.
- Investigates and handles customer complaints quickly, efficiently, and courteously.
- Assists in implementing and administering merchandise and advertising programs, merchandise displays in showcases and windows, and inventories as directed. Reports customer comments and requests to management.
- Responsible for maintaining the following work schedule: Normal schedule of forty (40) hours per week, minimum three (3) nights per week, Tuesday or Wednesday ONLY as day off (excluding Sunday, which is alternated with Manager), minimum of seven (7) or eight (8) hours Friday and Saturday, full schedule during Special Events.
NOTE: Hours will increase in the absence of the Manager (i.e., vacation and during the Christmas selling season).

Principal Accountabilities:

- Learns features and benefits of the merchandise. Provides expert knowledge regarding quality, value, warranties and services.
- Monitors the saleability of the merchandise (i.e. ticketed properly, clean and properly displayed). Maintains a high level of security as defined in the Corporate Security Manual at all times.
- Follows Company guidelines regarding window and showcase displays as outlined in the Visual Merchandise Manual and monthly promotion book. Advises management of customer comments and responses to advertising programs.
- Responds promptly and accurately to all management directives, requests for merchandise transfers, inventories, and request for information. Strictly adheres to Company guidelines pertaining to discount policies.
- Develops a full understanding of all sales, credit, administrative and security policies, procedures and duties. Develops a full understanding of store promotions (i.e., credit programs and special events).
- Develops technical knowledge of Repair Department. Estimates cost on watch and jewelry repairs. Executes minor repair service; oversees Repair Department.
- Ensures all credit applications are verified and that credit guidelines and policies are adhered to.
- Keeps management informed of the marketing, merchandising, and credit programs of competitors within the area.
- Performs customer calling as required.
- Establishes a positive, professional work atmosphere. Conducts himself/herself in a manner that will influence and earn the respect of employees and management. Maintains a neat, professional appearance in keeping with established Dress Code Policy.

- Maintains open lines of communication with employees and management. Encourages employees to participate and offer ideas.
- Administrates ETS with efficiency and compliance with corporate guidelines.
- Maintains the neatness and cleanliness of the sales floor, office, windows, and storage areas.
- Strictly adheres to and enforces all Company policies and procedures.
- Performs other duties as assigned.

Exhibit 27



Position Description

Title: Sales Mall

Date:

Incumbent:

Reports To: Store Manager

Basic Function:

Attains personal standards goals by developing performance skills through company training programs. Works effectively with other employees and contributes to the overall success of the assigned store.

Responsibilities:

- Responsible adherence to company policies and procedures in support of the Company's business objectives and Corporate Mission statement.
- Responsible adherence to Company policies and procedures in support of the Company's Customer first philosophy.
- Achieves Company goals by maintaining a daily focus on standards achievement.
- Responsible for maintaining the following work schedule: three (3) nights per week or as required by the Store Manager, Sunday on alternate basis or as needed.

Principal Accountabilities:

- Makes an active effort to sell the customer. Seeks to identify and sell according to the customer's needs and buying potential. Works the leaseline and payment counter in an effort to solicit sales.
- Sell ESP and offer PPP (where available).
- Performs customer calling as required.
- Develops a complete knowledge of the merchandise. Learns the features and benefits through sales meetings, sales bulletins, trade magazines and DCA.
- Develops customer service skills to provide quality service to the customer, thus assuring repeat sales.
- Handles customer complaints quickly, efficiently and courteously.
- Develops a full understanding of Company sales and credit policies and procedures.

- Monitors and maintains the saleability of the merchandise (i.e., that it is ticketed properly, clean and attractively displayed).
- Carefully and accurately estimates costs on jewelry and watch repairs. Provides minor repair service as necessary.
- Maintains the appearance of the sales floor and display areas. Keeps showcases, windows, back rooms and under stock clean and orderly.
- Utilizes the ETS in accordance with company guidelines.
- Conducts himself/herself in a manner that will merit the goodwill and respect of customers and fellow employees. Consistently maintains a neat, professional appearance in keeping with the established Dress Code Policy.
- Implements merchandising and advertising programs. Sets up advertised merchandise displays. Reports customer requests. Conducts and assists with merchandise inventories, as requested.
- Adheres to merchandise control procedures and completes in-store transfers, case counts and other tasks as required.
- Enforces all policies regarding security and loss prevention. Exercises every effort to protect Company interests.
- Performs other duties as assigned.

Exhibit 191

MERIT INCREASE GUIDELINES

1. ELIGIBILITY

For an employee to be considered eligible for a merit increase, they must have at least 10 months of service with the Company as of August 27th, 2006 and have NOT received a merit increase, promotional increase, or any other wage change during the same period of time. Employees who do not meet this criteria will appear on your computer printout as "INELIGIBLE". Exceptions require Sr. Vice President, Operations approval.

2. MERIT INCREASE BUDGETS

Increases are to follow the guidelines set forth below:

<u>RATING</u>	<u>% INCREASE</u>
EXCELLENT	4 - 6%
ABOVE EXPECTATIONS	3 - 4%
AT EXPECTATIONS	2%
BELOW EXPECTATIONS	0
UNACCEPTABLE	0

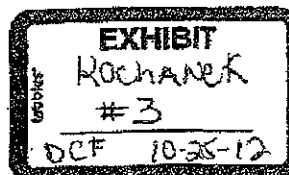
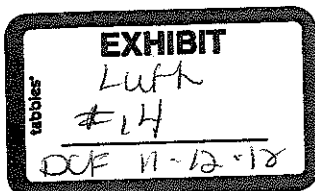
It is important to emphasize that while many of our employees may be loyal and tenured, we must objectively and accurately evaluate his/her job performance and as such, will have employees whose performance falls in the "at expectations", "below expectations" or "unacceptable" ranges. The amount of merit increase awarded must be consistent with the employee's performance.

3. Employees who are eligible for a merit increase, but who are rated "below expectations" (receiving 0% increase) will be eligible to be considered for a merit increase in January 2007, if the employee's performance has improved.

4. EXECUTIVE COMMITTEE APPROVAL

To ensure that merit increases fall within normal distribution of ranges, the Executive Management Team will have final approval of all merit increases awarded.

This means that any recommendations made for merit increases are only recommendations, and are not to be discussed with employees until final approval is granted by the Executive Management Team. Notification will be provided to the Sr. Vice President, Operations and Vice Presidents, Operations by September 21st.



CCD#: 06021009L - HR

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Exhibit 212

SJI 1046514

Merit Payout Alternatives (Field Operations/Field Repair)

Current

TM	Wage	Merit Score	Min. \$	Min. %	Max. \$	Max. %	Actual	Actual %	New Rate
# 1	\$10.00	62	\$0.20	2.00%	\$0.20	2.00%	\$0.20	2.00%	\$10.20
# 2	\$11.10	50	\$0.22	2.00%	\$0.22	2.00%	\$0.22	2.00%	\$11.32
# 3	\$15.00	38	\$0.30	2.00%	\$0.30	2.00%	\$0.30	2.00%	\$15.30

Exceeds All
Exceeds Some
Meets All
Meets Some
Does Not Meet

Score	Min.	Max.
86-100	4.00%	6.00%
63-85	3.00%	4.00%
38-62	2.00%	2.00%
19-37	-	-
0-18	-	-

Alternate #1 (differentiate "Meets All")

Potential Incremental Cost = \$149,703

TM	Wage	Merit Score	Min. \$	Min. %	Max. \$	Max. %	Actual	Actual %	New Rate
# 1	\$10.00	62	\$0.20	2.00%	\$0.30	3.00%	\$0.30	3.00%	\$10.30
# 2	\$11.10	50	\$0.22	2.00%	\$0.33	3.00%	\$0.27	2.43%	\$11.37
# 3	\$15.00	38	\$0.30	2.00%	\$0.45	3.00%	\$0.24	1.60%	\$15.24

Exceeds All
Exceeds Some
Meets All
Meets Some
Does Not Meet

Score	Min.	Max.
86-100	4.00%	6.00%
63-85	3.00%	4.00%
38-62	2.00%	3.00%
19-37	-	-
0-18	-	-

Alternate #2 (Same as #1 with varying "Max." rate)

Potential Incremental Cost = \$92,713

TM	Wage	Merit Score	Min. \$	Min. %	Max. \$	Max. %	Actual	Actual %	New Rate
# 1	\$10.00	62	\$0.20	2.00%	\$0.30	3.00%	\$0.30	3.00%	\$10.30
# 2	\$11.10	50	\$0.22	2.00%	\$0.28	2.50%	\$0.28	2.50%	\$11.38
# 3	\$15.00	38	\$0.30	2.00%	\$0.30	2.00%	\$0.30	2.00%	\$15.30

Exceeds All
Exceeds Some
Meets All
Meets Some
Does Not Meet

Score	Min.	Max.	Max. Calc.
86-100	4.00%	6.00%	4% + in-range score
63-85	3.00%	4.00%	3% + in-range score
38-62	2.00%	3.00%	2% + in-range score
19-37	-	-	-
0-18	-	-	-

Alternate #3 (Same as #2 with no variation for "Min. "/"Max." rates)

Potential Incremental Cost = -\$3,833

TM	Wage	Merit Score	Min. \$	Min. %	Max. \$	Max. %	Actual	Actual %	New Rate
# 1	\$10.00	62	\$0.30	3.00%	\$0.30	3.00%	\$0.30	3.00%	\$10.30
# 2	\$11.10	50	\$0.28	2.50%	\$0.28	2.50%	\$0.28	2.50%	\$11.38
# 3	\$15.00	38	\$0.30	2.00%	\$0.30	2.00%	\$0.30	2.00%	\$15.30

Exceeds All
Exceeds Some
Meets All
Meets Some
Does Not Meet

Score	Min.	Max.	No Variance Calc.
86-100	=max	=min	4% + in-range score
63-85	=max	=min	3% + in-range score
38-62	=max	=min	2% + in-range score
19-37	-	-	-
0-18	-	-	-

Alternate #4 (dollar increases based on average wages)

Potential Incremental Cost = -\$110,363

TM	Wage	Merit Score	Min. \$	Min. %	Max. \$	Max. %	Actual	Actual %	New Rate
# 1	\$10.00	62	\$0.33	-	-	-	\$0.33	3.33%	\$10.33
# 2	\$11.10	50	\$0.28	-	-	-	\$0.28	2.50%	\$11.38
# 3	\$15.00	38	\$0.22	-	-	-	\$0.22	1.48%	\$15.22

Exceeds All
Exceeds Some
Meets All
Meets Some
Does Not Meet

Score	Min.	Max.	No Variance Calc.
86-100	=max	=min	rate + in-range score
63-85	=max	=min	rate + in-range score
38-62	=max	=min	rate + in-range score
19-37	-	-	-
0-18	-	-	-

Position	Avg. Wage	2.00%	6.00%
Mall Store Manager	\$44,178	\$875	\$2,650
Mall Asst. Manager	\$14.50	\$0.29	\$0.87
Jared General Manager	\$68,199	\$1,375	\$4,100
Jared Asst. Manager	\$20.10	\$0.40	\$1.21
Department Manager	\$15.31	\$0.31	\$0.92
Sales Associate	\$11.10	\$0.22	\$0.67
Other	\$11.45	\$0.23	\$0.69

Position	Avg. Wage	2.00%	6.00%
Shop Manager	\$23.28	\$0.47	\$1.40
Asst. Shop Manager	\$18.11	\$0.36	\$1.09
Jeweler AA	\$20.41	\$0.41	\$1.22
Jeweler A	\$18.49	\$0.37	\$1.11
Jeweler B	\$15.48	\$0.31	\$0.93
Jeweler C	\$12.65	\$0.25	\$0.76
Apprentice	\$10.31	\$0.21	\$0.62

Scenarios

Merit Payout Alternatives
(Field Operations/Field Repair)

Current

	EEO Category	Count	Pre-Merit Salary	Merit Score	% Increase	Merit Increase
<i>Mall Store Manager</i>	<40	190	\$ 42,719	74.38	3.84%	\$ 1,642
	40+	166	\$ 45,884	72.83	3.58%	\$ 1,643
	White	278	\$ 44,643	73.76	3.74%	\$ 1,668
	Non-White	78	\$ 42,600	73.31	3.64%	\$ 1,550
	Female	221	\$ 43,214	73.04	3.71%	\$ 1,605
	Male	135	\$ 45,801	74.68	3.72%	\$ 1,704
<i>Mall Asst. Manager</i>	<40	103	\$ 28,043	81.61	4.52%	\$ 1,266
	40+	54	\$ 31,398	77.17	3.72%	\$ 1,168
	White	106	\$ 28,951	80.15	4.18%	\$ 1,211
	Non-White	51	\$ 29,709	79.96	4.30%	\$ 1,278
	Female	125	\$ 29,123	80.20	4.16%	\$ 1,212
	Male	32	\$ 29,487	79.64	4.46%	\$ 1,315
<i>Jared General Manager</i>	<40	13	\$ 65,541	81.27	4.34%	\$ 2,842
	40+	56	\$ 67,888	77.96	3.88%	\$ 2,637
	White	60	\$ 67,890	77.90	3.86%	\$ 2,619
	Non-White	9	\$ 64,484	83.14	4.73%	\$ 3,053
	Female	30	\$ 66,029	80.98	4.20%	\$ 2,775
	Male	39	\$ 68,536	76.75	3.79%	\$ 2,600
<i>Jared Asst. Manager</i>	<40	30	\$ 40,348	76.79	3.83%	\$ 1,543
	40+	54	\$ 41,144	76.95	3.69%	\$ 1,517
	White	66	\$ 40,781	76.99	3.72%	\$ 1,519
	Non-White	18	\$ 41,150	76.55	3.78%	\$ 1,555
	Female	43	\$ 41,066	79.09	3.93%	\$ 1,614
	Male	41	\$ 40,644	74.59	3.53%	\$ 1,434
<i>Department Manager</i>	<40	37	\$ 30,059	76.42	3.68%	\$ 1,106
	40+	38	\$ 33,831	73.52	3.48%	\$ 1,177
	White	63	\$ 32,105	74.52	3.59%	\$ 1,153
	Non-White	12	\$ 31,262	77.20	3.48%	\$ 1,087
	Female	42	\$ 31,554	75.61	3.49%	\$ 1,100
	Male	33	\$ 32,501	74.10	3.68%	\$ 1,195
<i>Sales Associate</i>	<40	624	\$ 23,038	76.15	3.94%	\$ 908
	40+	535	\$ 27,394	76.00	3.74%	\$ 1,025
	White	847	\$ 25,325	75.73	3.78%	\$ 956
	Non-White	312	\$ 24,300	77.02	4.02%	\$ 977
	Female	918	\$ 24,893	76.19	3.85%	\$ 959
	Male	241	\$ 25,644	75.64	3.79%	\$ 972

Alternate #1

	EEO Category	Count	Pre-Merit Salary	Merit Score	% Increase	Merit Increase
<i>Mall Store Manager</i>	<40	190	\$ 42,719	74.38	4.03%	\$ 1,720
	40+	166	\$ 45,884	72.83	3.79%	\$ 1,741
	White	278	\$ 44,643	73.76	3.92%	\$ 1,750
	Non-White	78	\$ 42,600	73.31	3.89%	\$ 1,656
	Female	221	\$ 43,214	73.04	3.94%	\$ 1,704
	Male	135	\$ 45,801	74.68	3.87%	\$ 1,771
<i>Mall Asst. Manager</i>	<40	103	\$ 28,043	81.61	4.55%	\$ 1,277
	40+	54	\$ 31,398	77.17	3.90%	\$ 1,224
	White	106	\$ 28,951	80.15	4.27%	\$ 1,236
	Non-White	51	\$ 29,709	79.96	4.40%	\$ 1,306
	Female	125	\$ 29,123	80.20	4.25%	\$ 1,237
	Male	32	\$ 29,487	79.64	4.55%	\$ 1,342
<i>Jared General Manager</i>	<40	13	\$ 65,541	81.27	4.48%	\$ 2,936
	40+	56	\$ 67,888	77.96	4.01%	\$ 2,725
	White	60	\$ 67,890	77.90	3.99%	\$ 2,710
	Non-White	9	\$ 64,484	83.14	4.85%	\$ 3,129
	Female	30	\$ 66,029	80.98	4.31%	\$ 2,848
	Male	39	\$ 68,536	76.75	3.94%	\$ 2,701
<i>Jared Asst. Manager</i>	<40	30	\$ 40,348	76.79	3.93%	\$ 1,584
	40+	54	\$ 41,144	76.95	3.84%	\$ 1,580
	White	66	\$ 40,781	76.99	3.85%	\$ 1,569
	Non-White	18	\$ 41,150	76.55	3.95%	\$ 1,627
	Female	43	\$ 41,066	79.09	4.00%	\$ 1,644
	Male	41	\$ 40,644	74.59	3.73%	\$ 1,516
<i>Department Manager</i>	<40	37	\$ 30,059	76.42	3.70%	\$ 1,111
	40+	38	\$ 33,831	73.52	3.64%	\$ 1,230
	White	63	\$ 32,105	74.52	3.68%	\$ 1,182
	Non-White	12	\$ 31,262	77.20	3.57%	\$ 1,116
	Female	42	\$ 31,554	75.61	3.61%	\$ 1,140
	Male	33	\$ 32,501	74.10	3.73%	\$ 1,211
<i>Sales Associate</i>	<40	624	\$ 23,038	76.15	4.09%	\$ 943
	40+	535	\$ 27,394	76.00	3.89%	\$ 1,067
	White	847	\$ 25,325	75.73	3.93%	\$ 997
	Non-White	312	\$ 24,300	77.02	4.16%	\$ 1,010
	Female	918	\$ 24,893	76.19	4.01%	\$ 998
	Male	241	\$ 25,644	75.64	3.93%	\$ 1,008

Alternate #2

	EEO Category	Count	Pre-Merit Salary	Merit Score	% Increase	Merit Increase
<i>Mall Store Manager</i>	<40	190	\$ 42,719	74.38	3.98%	\$ 1,699
	40+	166	\$ 45,884	72.83	3.72%	\$ 1,708
	White	278	\$ 44,643	73.76	3.86%	\$ 1,725
	Non-White	78	\$ 42,600	73.31	3.81%	\$ 1,624
	Female	221	\$ 43,214	73.04	3.88%	\$ 1,676
	Male	135	\$ 45,801	74.68	3.81%	\$ 1,747
<i>Mall Asst. Manager</i>	<40	103	\$ 28,043	81.61	4.55%	\$ 1,275
	40+	54	\$ 31,398	77.17	3.83%	\$ 1,204
	White	106	\$ 28,951	80.15	4.24%	\$ 1,227
	Non-White	51	\$ 29,709	79.96	4.37%	\$ 1,298
	Female	125	\$ 29,123	80.20	4.22%	\$ 1,229
	Male	32	\$ 29,487	79.64	4.52%	\$ 1,334
<i>Jared General Manager</i>	<40	13	\$ 65,541	81.27	4.45%	\$ 2,914
	40+	56	\$ 67,888	77.96	3.99%	\$ 2,709
	White	60	\$ 67,890	77.90	3.97%	\$ 2,696
	Non-White	9	\$ 64,484	83.14	4.79%	\$ 3,091
	Female	30	\$ 66,029	80.98	4.31%	\$ 2,843
	Male	39	\$ 68,536	76.75	3.90%	\$ 2,674
<i>Jared Asst. Manager</i>	<40	30	\$ 40,348	76.79	3.89%	\$ 1,569
	40+	54	\$ 41,144	76.95	3.80%	\$ 1,564
	White	66	\$ 40,781	76.99	3.81%	\$ 1,554
	Non-White	18	\$ 41,150	76.55	3.91%	\$ 1,610
	Female	43	\$ 41,066	79.09	3.98%	\$ 1,636
	Male	41	\$ 40,644	74.59	3.67%	\$ 1,492
<i>Department Manager</i>	<40	37	\$ 30,059	76.42	3.69%	\$ 1,110
	40+	38	\$ 33,831	73.52	3.57%	\$ 1,207
	White	63	\$ 32,105	74.52	3.64%	\$ 1,170
	Non-White	12	\$ 31,262	77.20	3.52%	\$ 1,101
	Female	42	\$ 31,554	75.61	3.56%	\$ 1,123
	Male	33	\$ 32,501	74.10	3.71%	\$ 1,205
<i>Sales Associate</i>	<40	624	\$ 23,038	76.15	4.05%	\$ 932
	40+	535	\$ 27,394	76.00	3.84%	\$ 1,053
	White	847	\$ 25,325	75.73	3.88%	\$ 984
	Non-White	312	\$ 24,300	77.02	4.11%	\$ 999
	Female	918	\$ 24,893	76.19	3.96%	\$ 986
	Male	241	\$ 25,644	75.64	3.89%	\$ 996

Alternate #3

	EEO Category	Count	Pre-Merit Salary	Merit Score	% Increase	Merit Increase
<i>Mall Store Manager</i>	<40	190	\$ 42,719	74.38	3.59%	\$ 1,532
	40+	166	\$ 45,884	72.83	3.49%	\$ 1,603
	White	278	\$ 44,643	73.76	3.55%	\$ 1,584
	Non-White	78	\$ 42,600	73.31	3.52%	\$ 1,498
	Female	221	\$ 43,214	73.04	3.53%	\$ 1,525
	Male	135	\$ 45,801	74.68	3.56%	\$ 1,630
<i>Mall Asst. Manager</i>	<40	103	\$ 28,043	81.61	4.09%	\$ 1,146
	40+	54	\$ 31,398	77.17	3.82%	\$ 1,198
	White	106	\$ 28,951	80.15	3.98%	\$ 1,153
	Non-White	51	\$ 29,709	79.96	3.99%	\$ 1,187
	Female	125	\$ 29,123	80.20	3.99%	\$ 1,161
	Male	32	\$ 29,487	79.64	3.98%	\$ 1,173
<i>Jared General Manager</i>	<40	13	\$ 65,541	81.27	4.02%	\$ 2,633
	40+	56	\$ 67,888	77.96	3.79%	\$ 2,575
	White	60	\$ 67,890	77.90	3.80%	\$ 2,581
	Non-White	9	\$ 64,484	83.14	4.06%	\$ 2,618
	Female	30	\$ 66,029	80.98	3.96%	\$ 2,615
	Male	39	\$ 68,536	76.75	3.74%	\$ 2,563
<i>Jared Asst. Manager</i>	<40	30	\$ 40,348	76.79	3.79%	\$ 1,531
	40+	54	\$ 41,144	76.95	3.79%	\$ 1,560
	White	66	\$ 40,781	76.99	3.82%	\$ 1,560
	Non-White	18	\$ 41,150	76.55	3.67%	\$ 1,512
	Female	43	\$ 41,066	79.09	3.95%	\$ 1,623
	Male	41	\$ 40,644	74.59	3.62%	\$ 1,473
<i>Department Manager</i>	<40	37	\$ 30,059	76.42	3.67%	\$ 1,104
	40+	38	\$ 33,831	73.52	3.54%	\$ 1,197
	White	63	\$ 32,105	74.52	3.58%	\$ 1,151
	Non-White	12	\$ 31,262	77.20	3.69%	\$ 1,153
	Female	42	\$ 31,554	75.61	3.64%	\$ 1,147
	Male	33	\$ 32,501	74.10	3.56%	\$ 1,156
<i>Sales Associate</i>	<40	624	\$ 23,038	76.15	3.76%	\$ 867
	40+	535	\$ 27,394	76.00	3.76%	\$ 1,030
	White	847	\$ 25,325	75.73	3.74%	\$ 946
	Non-White	312	\$ 24,300	77.02	3.83%	\$ 931
	Female	918	\$ 24,893	76.19	3.78%	\$ 940
	Male	241	\$ 25,644	75.64	3.71%	\$ 951

Alternate #4

	EEO Category	Count	Pre-Merit Salary	Merit Score	% Increase	Merit Increase
<i>Mall Store Manager</i>	<40	190	\$ 42,719	74.38	3.71%	\$ 1,585
	40+	166	\$ 45,884	72.83	3.38%	\$ 1,549
	White	278	\$ 44,643	73.76	3.52%	\$ 1,570
	Non-White	78	\$ 42,600	73.31	3.67%	\$ 1,562
	Female	221	\$ 43,214	73.04	3.61%	\$ 1,561
	Male	135	\$ 45,801	74.68	3.45%	\$ 1,580
<i>Mall Asst. Manager</i>	<40	103	\$ 28,043	81.61	4.37%	\$ 1,225
	40+	54	\$ 31,398	77.17	3.64%	\$ 1,142
	White	106	\$ 28,951	80.15	4.13%	\$ 1,197
	Non-White	51	\$ 29,709	79.96	4.03%	\$ 1,197
	Female	125	\$ 29,123	80.20	4.12%	\$ 1,200
	Male	32	\$ 29,487	79.64	4.02%	\$ 1,185
<i>Jared General Manager</i>	<40	13	\$ 65,541	81.27	4.16%	\$ 2,728
	40+	56	\$ 67,888	77.96	3.81%	\$ 2,585
	White	60	\$ 67,890	77.90	3.81%	\$ 2,587
	Non-White	9	\$ 64,484	83.14	4.30%	

**Merit Payout Alternatives
(Field Operations/Field Repair)**

Prepared by Bo Berger - Compensation Manager

Min Score	Max Score
98.01	100.00
94.01	98.00
90.01	94.00
86.01	90.00
82.01	86.00
78.01	82.00
74.01	78.00
70.01	74.00
66.01	70.00
62.01	66.00
58.01	62.00
54.01	58.00
50.01	54.00
46.01	50.00
42.01	46.00
38.00	42.00

Totals

Avg. Score	#	Base Wages (Annualized)
99	30	\$844,750
96	133	\$4,064,370
92	180	\$5,502,835
88	271	\$8,611,599
84	250	\$7,417,765
80	262	\$7,972,706
76	254	\$7,884,490
72	219	\$6,567,603
68	189	\$5,614,073
64	189	\$5,821,769
60	97	\$3,048,017
56	129	\$3,905,570
52	89	\$2,554,567
49	91	\$2,698,759
44	36	\$1,099,574
40	44	\$1,209,752

2,463 \$74,818,200

Current Merit	%
\$43,160	5.11%
\$210,982	5.19%
\$277,240	5.04%
\$434,785	5.05%
\$299,438	4.04%
\$288,936	3.62%
\$285,726	3.62%
\$233,845	3.56%
\$195,383	3.48%
\$196,194	3.37%
\$61,502	2.02%
\$78,435	2.01%
\$50,864	1.99%
\$53,585	1.99%
\$21,805	1.98%
\$23,368	1.93%

\$2,755,247 3.68%

Proposed Merit	%
\$41,454	4.91%
\$196,587	4.84%
\$247,043	4.49%
\$359,643	4.18%
\$284,894	3.84%
\$295,764	3.71%
\$272,366	3.45%
\$220,000	3.35%
\$177,935	3.17%
\$172,687	2.97%
\$88,962	2.92%
\$105,536	2.70%
\$64,931	2.54%
\$65,293	2.42%
\$25,763	2.34%
\$26,025	2.15%

\$2,644,884 3.54%

\$ Variance	% Variance
(\$1,706)	-0.20%
(\$14,395)	-0.35%
(\$30,197)	-0.55%
(\$75,142)	-0.87%
(\$14,544)	-0.20%
\$6,829	0.09%
(\$13,360)	-0.17%
(\$13,845)	-0.21%
(\$17,448)	-0.31%
(\$23,507)	-0.40%
\$27,460	0.90%
\$27,101	0.69%
\$14,067	0.55%
\$11,708	0.43%
\$3,958	0.36%
\$2,657	0.22%

(\$110,363) -0.15%

In-Range Analysis

Exhibit 211

SJI 1285226



TOTAL REWARDS

Compensation • Benefits • Recognition • Work Life • Wellness

To: Lynn Ahlers
CC: Mike Dente
From: Bo Berger
Date: September 17, 2013
RE: Post-Merit Field Operations EEOC Analysis

Ethnicity:

- 1.) 80% of management population (DM and SMGR) are white.
- 2.) White management populations, on average, earn approximately higher base salaries than non-white (DM = +4.2%, SMGR = +7.5%).
- 3.) White DMs scored approximately 10% higher performance scores, but received approximately 21% higher increases than non-whites.

Gender:

- 1.) Male manager populations, on average, earn approximately higher base salaries than female (DM = +2.9%, SMGR = +8.2%).
- 2.) Both DM and SMGR populations show that Females scored higher performance scores, yet received lower dollar increases than males.
- 3.) At the store level (excluding DMs), males earn, on average, 12.5% higher base pay wages. In addition, this merit cycle shows that males will be increasing \$0.05/hour more than females.

Prepared at the request of counsel.

Fall 2008 Merit Demographics (Field)

Background:

A demographics report is to be conducted at the request of counsel for the Fall 2008 merit cycle.

Parameters:

Information enclosed includes only those team members who were recorded at the time of the original merit worksheet (07/28/08).

Terminated, seasonal and new team members hired after 07/28/08 are not included in this report.

The analysis consists of Field Operations personnel only and does not include any Home Office personnel.

Only merit increases are being reported at this time (no promotions or market adjustments).

Average increases are based on only those team members receiving an increase.

Demographics	Eligible for Increase	% Receiving	Average Increase \$	Average Increase %	Average Base Pay Receiving	Average PA Score Receiving
< 40	3,168	57.9%	\$ 0.41	3.38%	\$ 25,434	66.09
40+	2,168	60.8%	\$ 0.48	3.32%	\$ 30,085	68.18
White	3,916	60.5%	\$ 0.45	3.33%	\$ 27,936	67.12
Non-White	1,420	55.0%	\$ 0.42	3.41%	\$ 25,691	66.50
Male	1,290	52.6%	\$ 0.48	3.33%	\$ 29,921	66.08
Female	4,046	61.1%	\$ 0.43	3.36%	\$ 26,683	67.21

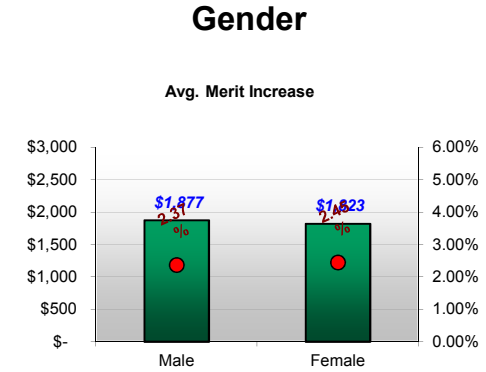
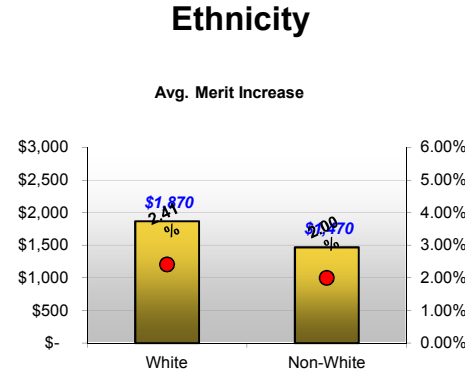
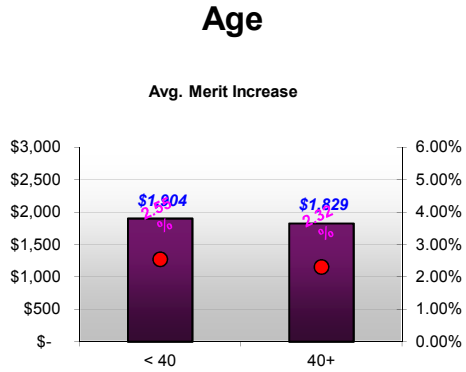
* Data contained in the charts above are for store personnel only and does not include DMs.

Details can be found on the following pages.

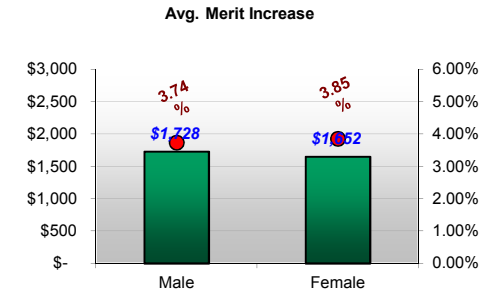
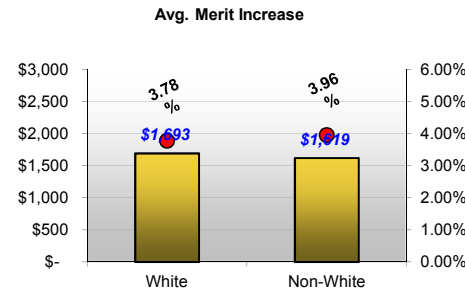
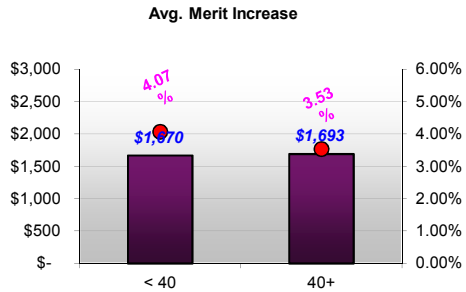
Cover

2008 Field Fall Merit Cycle (Graphical Overview)

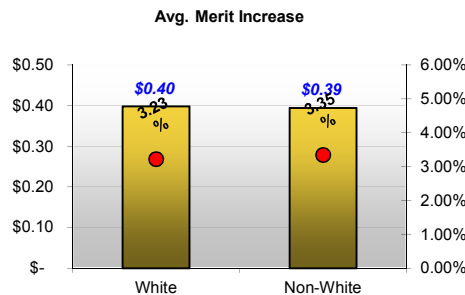
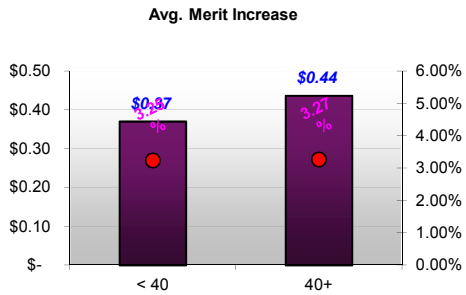
District Manager



Managers



Non-Managers



EEOC Charts

**2008 Field Fall Merit Cycle
(Graphical Overview Detail)**

Salary Range	Demographic	Demographic Breakout	Average Pre-Merit Base Pay (Total Population)	Total Team Members	Eligible for Increase	Receiving "NO"	Receiving "YES"	% Elig. And Receiving Increase	Average Base Pay Receiving	Average PA Score Receiving	Merit Eligible Dollars	Merit Increase Dollars	Average Increase	Average Increase %	
District Managers	Age	< 40	\$74,220	40	29	8	21	72.4%	\$ 74,552	53.32	\$ 1,565,601	\$ 39,992	\$ 1,904	2.55%	
		40+	\$78,957	73	54	17	37	68.5%	\$ 78,974	52.78	\$ 2,922,051	\$ 67,689	\$ 1,829	2.32%	
	Ethnicity	White	\$77,504	105	78	22	56	71.8%	\$ 77,512	53.17	\$ 4,340,652	\$ 104,741	\$ 1,870	2.41%	
		Non-White	\$74,350	8	5	3	2	40.0%	\$ 73,500	47.53	\$ 147,000	\$ 2,940	\$ 1,470	2.00%	
	Gender	Male	\$78,173	67	47	11	36	76.6%	\$ 79,211	51.35	\$ 2,851,601	\$ 67,567	\$ 1,877	2.37%	
		Female	\$75,980	46	36	14	22	61.1%	\$ 74,366	55.65	\$ 1,636,051	\$ 40,114	\$ 1,823	2.45%	
	Managers	Age	< 40	\$42,147	732	440	258	182	41.4%	\$ 41,013	71.69	\$ 7,464,421	\$ 304,017	\$ 1,670	4.07%
			40+	\$47,909	619	415	264	151	36.4%	\$ 47,893	69.60	\$ 7,231,815	\$ 255,585	\$ 1,693	3.53%
		Ethnicity	White	\$45,456	1,067	671	393	278	41.4%	\$ 44,783	70.88	\$ 12,449,562	\$ 470,564	\$ 1,693	3.78%
			Non-White	\$42,271	284	184	129	55	29.9%	\$ 40,849	70.06	\$ 2,246,675	\$ 89,038	\$ 1,619	3.96%
		Gender	Male	\$46,944	530	332	207	125	37.7%	\$ 46,211	69.28	\$ 5,776,377	\$ 216,048	\$ 1,728	3.74%
			Female	\$43,395	821	523	315	208	39.8%	\$ 42,884	71.62	\$ 8,919,859	\$ 343,554	\$ 1,652	3.85%
Non-Management		Age	< 40	\$10.92	8,065	2,728	1,077	1,651	60.5%	\$ 23,717	65.47	\$ 39,156,111	\$ 1,271,209	\$ 0.37	3.25%
			40+	\$12.76	3,893	1,753	586	1,167	66.6%	\$ 27,781	68.00	\$ 32,420,246	\$ 1,059,484	\$ 0.44	3.27%
		Ethnicity	White	\$11.63	8,684	3,245	1,153	2,092	64.5%	\$ 25,697	66.62	\$ 53,758,308	\$ 1,734,675	\$ 0.40	3.23%
			Non-White	\$11.24	3,274	1,236	510	726	58.7%	\$ 24,543	66.23	\$ 17,818,049	\$ 596,018	\$ 0.39	3.35%
		Gender	Male	\$12.01	2,820	958	405	553	57.7%	\$ 26,239	65.35	\$ 14,510,109	\$ 459,025	\$ 0.40	3.16%
			Female	\$11.37	9,138	3,523	1,258	2,265	64.3%	\$ 25,195	66.80	\$ 57,066,248	\$ 1,871,668	\$ 0.40	3.28%
	Store Totals *	Age	< 40	\$24,338	8,797	3,168	1,335	1,833	57.9%	\$ 25,434	66.09	\$ 46,620,532	\$ 1,575,226	\$ 0.41	3.38%
			40+	\$29,478	4,512	2,168	850	1,318	60.8%	\$ 30,085	68.18	\$ 39,652,061	\$ 1,315,069	\$ 0.48	3.32%
		Ethnicity	White	\$26,514	9,751	3,916	1,546	2,370	60.5%	\$ 27,936	67.12	\$ 66,207,870	\$ 2,205,238	\$ 0.45	3.33%
			Non-White	\$24,894	3,558	1,420	639	781	55.0%	\$ 25,691	66.50	\$ 20,064,724	\$ 685,056	\$ 0.42	3.41%
		Gender	Male	\$28,448	3,350	1,290	612	678	52.6%	\$ 29,921	66.08	\$ 20,286,486	\$ 675,073	\$ 0.48	3.33%
			Female	\$25,284	9,959	4,046	1,573	2,473	61.1%	\$ 26,683	67.21	\$ 65,986,107	\$ 2,215,221	\$ 0.43	3.36%

* Does not include District Managers

EEOC Detail

Exhibit 31

TEAM MEMBER HANDBOOK

Field Edition

integrity



opportunity



teamwork



customer
first

STERLING JEWELERS
Inc.

375 Ghent Road
Akron, OH 44333
800.877.8812

STERLING JEWELERS
Inc.

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CONFIDENTIAL

SJI 00289808

Welcome to the Sterling Team!

your place to
SHINE

You're a part of the largest specialty retail jeweler in North America, with stores in all 50 states and sales of nearly \$3 billion. As a wholly owned subsidiary of London-based Signet Jewelers Ltd., we are a part of the largest specialty retail jeweler in the world and contribute approximately 75% of the Group's sales. We have more than 4% of the \$63 billion U.S. jewelry market and 8.8% of the specialty market share. We pride ourselves on consistent growth year over year, which in turn leads to more opportunities for your own individual growth.

Part of what makes Sterling the leading specialty retail jeweler is our reputation for integrity. Our customers see us as offering quality merchandise that is competitively priced. We have enthusiastic sales teams who are well trained and knowledgeable about our products. Additionally, we recognize the competitive nature of the retail market. It is our goal to both remain the industry leader and to exceed every customer's expectations. In fact, it is exceeding those expectations that helps make us the industry leader.

The primary way in which we meet those goals is through our commitment to continuous improvement. Continuous improvement means being better today than we were yesterday and it is an idea that is practiced throughout the company, both in the Field and at the Home Office. Some examples of continuous improvement can be seen in places like our merchandise, where new products are carefully tested and attractively priced. Our marketing, through radio, print, and television, for Kay and Jared, increases our name recognition and strengthens our brands. Store locations and real estate are carefully chosen to meet our standards and increase sales by maximizing the number of customers who visit. And finally, continuous improvement is shown in the training that we give you.

Sterling truly is "your place to shine" and we want you to have the tools to become an industry expert. After you complete your training, you will be able to deliver total customer satisfaction, constantly looking for new ways to deliver better service for your customers.

Hard work is highly valued at Sterling and is always recognized and rewarded. As part of the Sterling team, you are one of our competitive advantages and part of what makes us an industry leader. We are proud to have you on our team and as you begin to develop your career, you'll learn why Sterling Jewelers is a great place to grow.



Mark Light
President and Chief Executive Officer

STERLING JEWELERS
INC.


CONFIDENTIAL


SJI 00289809

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Sterling makes all of its employment policies available online via the Company Intranet. This icon  is your signal that a more complete and detailed policy exists in the Personnel Policy Manual which can be accessed through the store's POS/SIS terminal.

Sterling also provides much information on the HR Portal at www.jewelshr.com. The Portal is housed on the Internet, which means you have 24/7 access to important information. Look for this icon  to see what is available on the HR Portal.

Important Notice:

Sterling prepared this handbook because we want you to enjoy your association with us, and so you have pertinent information about Sterling. This handbook supersedes any previous handbook.

Although the Team Member Handbook is intended to generally set forth guidelines for your employment, it does not constitute a contract of employment for any fixed period of time, either expressly or by implication. Sterling Jewelers Inc. reserves the right to change or modify any of the benefits and/or employment guidelines set forth in this booklet. Likewise, Sterling Jewelers Inc. reserves the right to alter any conditions of employment, reclassify work, reassign employees and/or make any employment related changes without notice or cause.

All employees are employed on an "at-will basis" and may terminate their employment or be terminated by Sterling Jewelers Inc. at any time with or without notice or cause.

Changes to Sterling's policies and benefits and/or employment guidelines must be made in writing and signed only by a member of Sterling's Executive Committee and the Senior Vice President of Human Resources.

To the extent that the information contained in this handbook conflicts with federal, state or local law, such laws will control. Further, to the extent that any information in this handbook pertains to any employee benefit plans, please see the summary plan descriptions of such plans and the terms of the summary plan descriptions shall control.

STERLING'S HISTORY

- 1910 Henry Shaw opens first store in Lorain, Ohio.
- 1912 The headquarters move to Akron, Ohio.
- 1919 Shaw's Jewelers opens in Akron, Ohio.
- 1937 The Company, called Shaw-Rogers, splits into two businesses. Shaw-Rogers becomes Westhall Co. and the other business, LeRoy's Jewelry Co., later becomes Sterling Merchandise Co.
- 1986 The Company becomes publicly traded on NASDAQ and opens our 100th store in Canton, Ohio.
- 1987 Signet Group plc purchases the Company creating the largest jewelry retailer in the world. Sterling acquires Westhall Co. which has 82 stores, including Belden Jewelers and Rogers Jewelers.
- 1988 Sterling acquires the 56 stores of Osterman's Inc.
- 1989 A new headquarters opens in Akron, Ohio. Sterling acquires Ringmaker's and Allen's 15 stores and Weisfield's Inc. with 90 stores.
- 1990 Sterling acquires Kay Jewelers, Inc. (506 stores) which doubles our size.
- 1993 Sterling opens the first Jared The Galleria Of Jewelry, a jewelry superstore.
- 1995 Terry Burman joins Sterling as Chairman and Chief Executive Officer.
- 1998 For the first time in history, Sterling's sales exceed one billion dollars.
- 2000 Sterling completes acquisition of Marks & Morgan Jewelers (137 stores).
- 2004 Signet's American Depositary shares (ADSs) are listed exclusively on the NYSE ("SIG"). Kay Jewelers becomes the largest specialty retail jewelry brand in the U.S.
- 2005 For the first time in history, Sterling's sales exceed two billion dollars. The 100th Jared The Galleria Of Jewelry store opens.
- 2006 Mark Light is appointed President and Chief Executive Officer of Sterling and is appointed to the Board of Signet as President and an Executive Director. Terry Burman continues as Chairman of Sterling and Signet Group CEO.
- 2008 The Company becomes Signet Jewelers Ltd. and is listed on the NYSE.
- 2010 Sterling celebrates its 100th year as a company.
- 2011 Terry Burman retires and Signet Board of Directors appoints Michael Barnes as Signet Jewelers Ltd. Chief Executive Officer, effective January 30, 2011.



OUR MISSION

IS TO EARN THE TRUST OF OUR CUSTOMERS BY DELIVERING:

- A SUPERIOR CUSTOMER EXPERIENCE**
An experience that makes our customers feel valued and confident in their purchase and use of our products and services, and recognizes the importance of jewelry to them as an expression of caring or self reward.
- ASSISTANCE**
Consistent assistance delivered to our customers by individuals across the organization who are friendly, knowledgeable, well trained, enthusiastic, and concerned about satisfying their customers' needs.
- PRODUCTS**
Quality products in a broad range of the most popular styles presented in exciting displays.
- SERVICES**
A range of relevant services that are easy to use, timely and reliable.
- VALUE**
Thoughtfully priced products and services competitively priced.
- CONVENIENCE**
Attractive, clean, and inviting stores in high traffic and easy access locations.

OUR MISSION

IS TO CONDUCT OURSELVES AS A COMPANY WITH:

- TEAMWORK**
Teamwork and coordination at all levels. Treat each other with consistency, fairness and respect, while valuing diversity.
- INTEGRITY**
Adherence to a code of conduct which promotes honesty and integrity in all that we do.
- COMMUNICATIONS**
Honest, open and constructive communication throughout the organization.
- REWARDS**
Financial rewards and career advancement in recognition of value added contribution by individuals who have had superior training.

OUR MISSION

IS TO ACHIEVE:

- RETURN ON ASSETS**
Produce a level of operating income that will provide a return on assets that will motivate investors and lenders to provide capital to expand our company, increase our market share and further improve our profitability.
- CONTINUOUS IMPROVEMENT**
Constant refinement of the way we conduct the business utilizing the best, most effective practices in order to increase productivity.

EQUAL EMPLOYMENT OPPORTUNITY

Sterling Jewelers Inc. believes in the goals of equal opportunity and that employment decisions should never be based upon race, color, creed, religion, ancestry, sex, marital status, sexual orientation, age, national origin, physical or mental disability, military service, genetic information, or any other status protected by law. Employment decisions include, but are not limited to, hiring, promotion, transfer, demotion, termination, training, compensation, benefits, discipline, and participation in company sponsored social and recreational events.

It is the responsibility of everyone to know and understand this policy as Sterling does not tolerate or sanction violations of this policy. Team Members who believe they have been discriminated against or harassed in violation of this policy or believe that another person has been discriminated against or harassed are to notify their manager and/or Human Resources immediately.

DIVERSITY

At Sterling, our success is dependent on your success! To ensure that our Team Members have every opportunity to shine, we are committed to maintaining a work environment that is professional, productive, positive and comfortable for all Team Members.

We celebrate diversity and strive to respect one another's unique and varied backgrounds. This creates a work environment where differences are welcomed, appreciated and valued.

The backbone of our commitment is the Diversity Leadership Team (DLT), a cross-functional group of Team Members who work collaboratively to identify opportunities that promote diversity and inclusion in our workplace, enhance the experiences of our diverse customer base and maximize the performance results of our Company.

We welcome your comments, questions and concerns about maintaining Sterling's respectful work environment. Please email us from your store or repair shop POS by selecting the Diversity link.

DRESS CODE

Sterling believes that because you never get a second chance to make a first impression, it is important for Team Members to be well groomed. Looking your best and making a positive first impression with your customers helps you achieve success. When Team Members look their best, they feel better and work with more confidence.

A neat, tasteful, and business-like appearance is required, whether on the selling floor or in the repair shop. Therefore, it is necessary to maintain a high standard of appearance and grooming at all times during working hours or when representing Sterling.

Specific dress code requirements will differ depending on the business unit. Your manager will review these requirements with you during orientation. We strongly encourage you to discuss this policy with your manager should you have any questions.

WORK SCHEDULE

Your manager will assign you a weekly schedule, which will generally include at least one day off in each week and will comply with applicable law. Under normal conditions, your manager will post the schedule at least two weeks in advance. Therefore, you should be able to plan all non-business-related activities accordingly.

Because of the nature of the retail business, there will be times during the year when you will be asked to extend or otherwise change your schedule to accommodate specific business situations. Under such circumstances, your manager will attempt to give you as much advance notice as possible. Because schedules may periodically change, it is your responsibility to review your schedule every day you work.

Requests for schedule changes must be handled with your manager. Changes in schedule may not be arranged with co-workers. Because of the complexity of staffing a store, missed work normally cannot be replaced with extended hours at other times during the week. Likewise, days off normally cannot be changed to accommodate missed work.

DEPENDABILITY

In order to deliver a Superior Customer Experience, it is important for you to maintain good attendance habits. Therefore, strict observance of your assigned schedule is important to your fellow Team Members and the customers who depend on you.

If you will be absent or late, you are personally required to notify your manager as far in advance of your scheduled shift as possible. This is important because management may need to make arrangements for another Team Member to replace you during your absence.

Leaving a message with a co-worker is not acceptable.

Unless on an approved leave of absence being monitored by the Benefits area of the Human Resources Department, you are responsible for keeping your manager informed each day that your absence or lateness continues beyond the stated time.



Violations of Sterling's Attendance Policy or absence or lateness which is excessive, improperly explained, or falsified in explanation, may be considered as basis for disciplinary action, up to and including termination of employment.

RECORDING YOUR WORK HOURS

Sterling requires all Team Members to record all time worked daily, without exception, using the Electronic Timecard System (ETS). This confidential system permits Team Members to clock in and clock out as often as necessary using a personal passcode.

At the end of every shift and at the end of every week, Team Members are responsible for checking their time records for accuracy. If, at any point, you realize an error has occurred, you must promptly notify a member of management to correct the error.

DO NOT SHARE YOUR PASSCODE WITH ANYONE ELSE. Never allow anyone else to clock you in or out. Falsification of time records is a serious violation of Sterling policy and may result in immediate termination. **DO NOT WORK OFF THE CLOCK!**

Sterling abides by all applicable state and federal overtime laws and processes pay accordingly.

PAYDAY

Sterling's two-week pay cycle⁽¹⁾ begins on a Sunday and extends through the following second Saturday. Your paycheck is calculated based upon this pay period cycle.

Sterling utilizes a paperless payroll system called ePayroll that is not only environmentally friendly, but provides Team Members with flexibility, speed, and convenience. Team Members who elect to use direct deposit or have their pay placed directly onto a PayCard can access their pay information *electronically* via a secure website on the Wednesday before each payday, from the store system or home. Team Members who elect to receive a paper check will have their checks mailed to their home address via the U.S. Postal Service. Although checks will be in the U.S. Postal system prior to payday, Sterling cannot guarantee delivery on payday due to possible and uncontrollable delays in the U.S. Postal system. Paychecks may not be cashed in the store.

Team Members should examine every paycheck for accuracy and contact their District Manager if they have any questions or concerns. If there is an error in the hours or amount, their District Manager will work with the Payroll Department to have the error resolved. Team Members can help prevent mistakes by clocking in/out correctly and monitoring their payroll records.

CHANGES IN PERSONNEL RECORDS

It is important to notify your Records Administrator in the Human Resources Department of any change in your personal information, such as marital status, address, telephone number, etc. Complete a Payroll/Personnel Action Form (PPAF) with the assistance of your store/shop manager.

⁽¹⁾ Sterling complies with specific state laws which may differ.

TOTAL REWARDS

An important part of Sterling's Total Rewards package is the overall wellness of our Team Members and their families. In partnership with our benefit vendors, we offer a variety of FREE or low cost programs and online resources that are designed to help you in achieving and maintaining physical, mental, and financial wellness. To get the most from your Total Rewards package, be sure to visit the applicable vendor website (see page 12) for "round-the-clock" access to valuable information, health and wellness resources, decision-making tools, cost saving opportunities, and much more!

HEALTH CARE COVERAGE

All full-time Team Members are eligible to enroll in the comprehensive health care coverage. Health care coverage, available through the Company, includes medical, prescription drug, vision and dental coverage.

At the time you become eligible for health care coverage, you will receive a benefits enrollment package, including applicable enrollment forms, at your home address. The effective date of coverage is based upon the Team Member's status and tenure with the Company.

Team Members have the option to enroll in medical only, dental only or elect medical and dental together. Team Members who elect coverage under the Medical Plan are automatically enrolled in the prescription drug and vision plans.

Medical Coverage

The Sterling Group Medical Plan is a competitive health care plan that protects Team Members and their family members from catastrophic medical expenses and provides quality health care options including hospital, preventive care, prescription drug and vision benefits.

Dental Coverage

The Sterling Group Dental Plan is a high-caliber program that offers preventive oral health benefits and coverage for a wide range of treatment options.

FLEXIBLE SPENDING ACCOUNT

Full time Team Members are eligible to enroll in the Flexible Spending Account (FSA).

The Plan entry date is based upon the Team Member's status and tenure with the Company.

Team Members may set aside money on a pre-tax basis to pay for out-of-pocket health care expenses and dependent care costs. Expenses eligible for reimbursement are based upon the IRS Publication 502.

GROUP LIFE COVERAGE

All full-time Team Members are eligible to be enrolled in Sterling's group life insurance plan which is paid entirely by the Company.

The basic group plan benefit is equal to one times the Team Member's annual base salary (maximum \$100,000).

The Team Member is also eligible to purchase optional group term life insurance up to five times his/her base salary (maximum \$500,000).

In addition, the Team Member may purchase insurance for his/her spouse and/or children at group rates through the Company.

TRAVEL ACCIDENT LIFE INSURANCE

Travel Accident Life Insurance is provided to all full-time Team Members whenever they travel on Company business. This coverage is paid entirely by Sterling. The amount of coverage is based upon the Team Member's position with the Company.

Contact the Benefits area of the Human Resources Department for additional information.

PAID TIME OFF

After the first 90 days of employment, all full-time non-exempt and regular part-time non-exempt (hourly) Team Members will be eligible for paid time off to be used for their own illness, the illness of a dependent child or to conduct personal business which cannot be conducted outside of the regular work schedule. This time may not be used as additional vacation or to attend recreational, social or sports events.

Full-time non-exempt Team Members (those who work 30-40 hours per week) who have completed their first 90 days of employment by December 31 will be eligible for 48 paid time off hours on January 1 of each year.

Regular part-time non-exempt Team Members (those who work 20-29 hours per week) who have completed their first 90 days of employment by December 31 will be eligible for 24 paid time off hours on January 1 of each year.

Team Members who have not completed their first 90 days of employment as of December 31 will receive a pro-rated benefit based on the number of months remaining in the year.

At the end of the calendar year, the full-time Team Member may carry over up to 16 (eight if part-time) unused hours, to a maximum of 64 hours (32 hours if part-time), to be used in any given calendar year. Sterling complies with specific state and local laws which may differ.

SHORT TERM DISABILITY

All full-time or regular part-time Team Members unable to work due to a personal illness, injury or medical condition may be eligible for an unpaid disability leave. A disability leave is required for absences which will exceed three (3) consecutive scheduled work days.

Based upon the Team Member's status and tenure with the Company, the Team Member may be eligible to receive short term disability payments during the leave of absence. Disability benefits for non-work related injuries or illnesses begin on the eighth calendar day and are based upon the Team Member's base pay, for a maximum period of up to 12 weeks.

Short term disability benefits will be reduced by the amounts paid by Social Security and/or State Disability benefits or Workers' Compensation.

In the event a specific state or local law requires action not contained, or which differs from this policy, the Company will comply with the applicable provisions. The Company will also incorporate all applicable provisions of the Family and Medical Leave Act when administering this policy.



LONG TERM DISABILITY

Depending on the Team Member's management status, a Team Member unable to work due to a personal illness, injury or medical condition lasting longer than 13 weeks is eligible for Long Term Disability (LTD) coverage.

All eligible management Team Members are automatically enrolled in the Basic LTD Plan coverage. Team Members may select the Supplemental LTD Plan coverage by submitting a completed LTD enrollment form to the Human Resources Department no later than 31 days from the date he/she becomes eligible for coverage.

FAMILY AND MEDICAL LEAVE OF ABSENCE

Team Members who have been employed by the Company for at least 12 months and who have worked at least 1,250 hours in the 12 months prior to requesting a leave may be granted an unpaid leave of absence of up to twelve (12) work weeks within a year for the birth of a child, the placement of a child for adoption or foster care, to care for a family member with a serious health condition, for the Team Member's own serious health condition, or for a qualifying exigency.

In addition, an eligible Team Member who is a spouse, son, daughter, parent or next of kin (the nearest blood relative) of a member of the U.S. Armed Forces who has a serious injury or illness may be entitled to a combined total of 12-26 work weeks of leave. Refer to the 2008 Servicemember Family and Medical Leave Amendment.

Eligible Team Members requiring leave must **complete a Family and Medical Leave Act Request Form and the appropriate U.S. Department of Labor Certification of Health Care Provider form (WH-380E, WH-380F, WH-385, WH-384).**

A Family and Medical Leave runs concurrent with the provisions of Sterling's short term disability policy, long term disability policy, or in conjunction with a Workers' Compensation claim.

Any Team Member who qualifies to take a leave under the provisions of the Family and Medical Leave Act should contact the Human Resources Department at 1-800-877-8812 to request a FMLA packet. They should also notify their manager. In the event a specific state or local law requires action not contained, or which differs from this policy, the Company will comply with the applicable local or state provisions.

VACATION

In recognition of length of service and hours worked/paid, paid vacation time is earned by all full-time and part-time Team Members. Sterling's vacation plan is an "Earn As You Go" program. Team Members earn vacation time based on hours worked/paid and years of service. Hours worked/paid include regular, overtime, calculated overtime, vacation, funeral, jury duty, holiday, and PTO.

For exempt Team Members, earned vacation time is credited in the pay period it is earned. For non-exempt Team Members with less than six months of service, earned vacation time is credited after six months of service. For non-exempt Team Members with more than six months of service, earned vacation time is credited in the pay period it is earned.

Team Members earn vacation time based on hours worked/paid and their tenure per the chart that follows. Team Members who experience a significant anniversary earn vacation crediting at the higher rate on the first check that includes their anniversary at the 5, 10, and 20-year milestones.

YEARS OF SERVICE	ELIGIBLE VACATION
0 up to 5 years	0.0385 per hour to a maximum of 80 hours
5 up to 10 years	0.0577 per hour to a maximum of 120 hours
10 up to 20 years	0.0770 per hour to a maximum of 160 hours
20+ years	0.0962 per hour to a maximum of 200 hours

Vacation is earned in the pay period that includes November 1 through the pay period that includes October 31 each plan year and must be used by the end of the following fiscal year. Field Team Members may not schedule or take vacation during peak business times including inventory weeks, major sales events, and between November 1 and December 31. All vacation time is subject to supervisor approval.

All vacation time due is to be taken and may not be offset by additional wage payments. No carry over beyond the end of the fiscal year is permitted, and any vacation not taken will be forfeited. Sterling complies with all laws which may differ.

HOLIDAYS

All full-time, non-exempt Team Members who have completed their first 90 days of employment are eligible for holiday pay. The recognized holidays are New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day and Christmas Day.

JURY DUTY

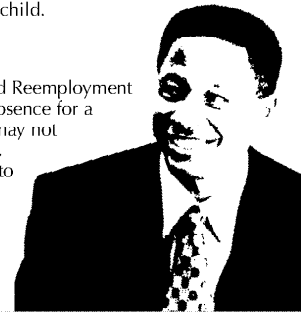
All full-time Team Members may receive a leave of absence if called upon to serve as a member of a jury. Sterling will pay the difference between your regular salary and the jury duty reimbursement with the understanding that when temporarily excused from court duty during regular working hours you will report to work. Sterling complies with specific state laws which may differ.

FUNERAL LEAVE

All full-time, non-exempt Team Members who have completed 90 days of employment may receive up to three consecutive calendar days of paid leave due to a death in the immediate/step family. Immediate/step family is defined as a spouse, child, parent, brother, sister, parent-in-law, daughter-on-law, son-in-law, brother-in-law, sister-in-law, grandparent, grandchild, step-parent, step-sibling and step-child.

MILITARY LEAVE

In compliance with the Uniformed Services Employment and Reemployment Rights Act (USERRA), Sterling will grant a military leave of absence for a Team Member to perform military service. Such absence(s) may not exceed a cumulative total of five (5) years of military service, excluding annual training, monthly drills, involuntary recall to or retention on active duty, and voluntary or involuntary active duty in support of war or national emergency. Reinstatement rights apply regardless of whether the military service is "voluntary" or "involuntary". To the extent that state or local laws provide greater benefits, Sterling will comply with such laws.



401(k) RETIREMENT SAVINGS PLAN

Sterling believes in helping you achieve a greater degree of financial security - both now and in retirement. To help you save and invest for your retirement, Sterling offers the 401(k) Retirement Savings Plan and Trust.

All full-time and part-time Team Members who are at least 21 years old, have worked a minimum of 1,000 hours in a 12 month period and who have completed one year of service with Sterling are eligible to participate in the Plan. Team Members can contribute up to 40% of pay (in 1% increments), within IRS annual plan maximums. In addition, Team Members age 50 years or older can contribute additional amounts each calendar year. All contributions are pretax (before federal and, in most cases, state income taxes are withheld).

Team Members can roll over prior retirement accounts to the Sterling Jewelers Inc. 401(k) Plan upon hire. To initiate a rollover, contact Principal at 1-800-547-7754 or visit www.principal.com.

EMPLOYEE STOCK SAVINGS PLAN

Each Team Member's efforts are what make Sterling successful. Therefore, to share in the future success of the Company, the Employee Stock Savings Plan makes it possible for Team Members to purchase stock from Signet (Sterling's Parent Company) in the form of US shares at a significant discount. Team Members must be employed by the Company for one year and have worked 1,000 hours as of September 1 to participate in the program.

WAGE ADMINISTRATION

Sterling's aim is to provide compensation for its Team Members which is competitive with similar work at other retailers in the same geographic area. Team Members have the opportunity to earn additional compensation in the form of incentives and contests and may be able to earn merit increases once a year based on their job performance.

If you have a question concerning your pay, ask your manager.

EMPLOYEE DISCOUNT PROGRAM

One of the most visible benefits you receive from Sterling is a merchandise discount on purchases made for yourself and your dependents and for gifts paid for out of your own earnings. **The discount privilege is not granted on merchandise charged on the accounts of relatives or friends or paid for by relatives or friends.**

Full-time and part-time Team Members are eligible for this benefit upon hire. This benefit is subject to change, and employee discounts/purchases may be limited by the Company at its discretion with or without notice.



The Store Manager must process the purchase for all Team Members in the store. Purchases for the Store Manager must be processed by the District Manager or Assistant Manager. Purchases made by "extra," "on call" or "temporary/seasonal" Team Members must be made on the day the Team Member is working.

STERLING PERKS PROGRAM

The Sterling Perks program is a voluntary discount program that provides Team Members and their families access to national and local merchant discounts on items such as apparel, travel and entertainment. The discounts are accessed via a Sterling customized Team Member-only Internet website at <http://sterling.corporateperks.com>. Simply click "Register Now", enter the requested information including the company code "JEWCLS" and a password will be e-mailed to you.

TUITION REIMBURSEMENT PROGRAM

All full-time Team Members who have completed one year of service and are in good standing with the Company are eligible to apply for Sterling's Tuition Reimbursement Program. Team Members must complete a Request for Tuition Reimbursement Form and submit a course description to their Vice President of Regional Operations for approval prior to enrollment.

The decision on reimbursement will be made by your Vice President and the Human Resources Department, based on whether the course is related to the Team Member's position and enhances the Team Member's value to the Company.

The percentage of reimbursement for tuition and fees is based on the grade attained by the student and is limited to \$2,000 each calendar year.

EMPLOYEE ASSISTANCE PROGRAM

Sterling provides all Team Members with access to an Employee Assistance Program (EAP). Nationally recognized, Bensinger, DuPont & Associates provides confidential counseling, assessment and referral service 24 hours a day for both you and your family.

In addition to being able to speak to a trained professional on the telephone at no charge, this program may help you obtain local counseling in dealing with personal problems including alcohol and drug abuse, emotional, mental, health, family, marital, financial and legal problems.

Please contact Bensinger, DuPont & Associates at 1-800-227-8620, or visit them at www.bdaeap.com, password "sterlingeap," for more information.

CAREER OPPORTUNITIES

Sterling promotes career growth and strongly believes in promotion from within. Promotions are based on the availability of openings, current performance, and successful competition. Sterling will promote the candidate who has demonstrated the ability to accept higher levels of responsibility, has expressed an interest via the self-nomination process, and, in management's view, will be most successful.

• Career Advancement Registry

Team Members interested in advancing their careers with Sterling must register their interests for a promotion via Sterling's Intranet, "Sterling Information Portal", on the Career Advancement Registry (accessible through your store's POS/SIS terminal). With Sterling's self-nomination process, Team Members have an opportunity to provide data in order to be considered for promotion in the future. Although Team Members are not posting for a specific job, those Team Members who register their interests for a promotion will be considered as promotional opportunities arise.

Sterling Career Advancement Registry

Interested in Career Advancement?

Register Today at "Sterling Information Portal" via your SIS/POS Terminal
www.sterling.com/thefieldhiband/hiband.htm

• Career Service Center

Team Members interested in career growth with Sterling are encouraged to visit the Sterling Jewelers Career Service Center website on the "Sterling Information Portal." This valuable career development resource provides all Team Members with access to:

- Career advancement related policies and job descriptions
- Career growth information via Frequently Asked Questions
- Store and Corporate careers
- Links to the Field Training Website and the Career Advancement Registry
- Email communication with Human Resources

Talk to your manager about how you can access these sites. Sterling bases promotional decisions solely upon merit and qualifications. All decisions regarding employment with the Company, including promotions and transfers, are not based upon race, color, creed, religion, ancestry, sex, marital status, sexual orientation, age, national origin, physical or mental disability, military service, genetic information, or any other status protected by law.

Sterling Career Service Center

Your up-to-date source for career growth information

at "Sterling Information Portal" - Accessible via your SIS/POS Terminal
www.sterling.com/thefieldhiband/hiband.htm

TEAM MEMBER RECOGNITION

Sterling has spirit, and one of the chief ingredients in our Company's enthusiastic approach to fulfilling our mission is the frequent spotlight we shine on deserving Team Members. The variety of incentives and awards is carefully spread out to cover Team Members at every level in the organization.

• President's Club

Membership in the President's Club recognizes our top sellers.

• Service Awards

Sterling recognizes and thanks all Team Members for their service on their annual anniversary of employment.

• Incentive Programs

Sterling offers monthly incentives for all sales and office Team Members. These incentive programs may include:

- Monthly sales incentive contests
- Incentive contest trips
- Credit promotions
- Annual four-month contest (October, November, December and January) which results in an incentive trip for qualifying Team Members.

• Manager Awards

At Sterling's Annual Managers' Meeting, awards are presented to honor outstanding achievement.



COMMISSION EARNINGS

As part of the Total Rewards package, Team Members in sales positions have the ability to earn incentive compensation based upon their personal and store sales levels. Examples of incentive compensation opportunities include sales commission, Extended Service Plan (ESP) sales commission, and incentive contests.

TEAM MEMBER BENEFIT RESOURCES

All websites are only one click away.

Benefit	Provider	Phone/Website
401(k) Plan	Principal	1-800-547-7754 www.principal.com
Stock Savings Plan	AST Equity Plan Solutions, Inc.	1-866-709-7704 www.astepsdiv.com
Dental Coverage	Delta Dental	1-800-524-0149 www.toolkitsonline.com
Disability Insurance	Prudential	1-800-842-1718 www.prudential.com/inst/gldi
Flexible Spending Account (FSA)	ADP	1-800-654-6695 www.flexdirect.odp.com
Life Insurance	Prudential	1-800-778-3827 www.prudential.com
Mail Order Pharmacy	Caremark	1-800-776-1355 www.caremark.com
Medical Coverage [Outside of Ohio]	Aetna	1-800-331-6910 www.aetna.com (Choice POS II Open Access)
Medical Coverage [Ohio only]	Medical Mutual	1-800-552-0166 www.MedMutual.com (SuperMed PPO Network)
Vision Coverage	EyeMed	1-800-334-7591 www.eyemedvisioncare.com

WORKPLACE ENVIRONMENT

ZERO TOLERANCE POLICY

Sterling is committed to maintaining a hostile-free work environment and upholds a strict Zero Tolerance policy against harassment, discrimination, and retaliation in the workplace. Behavior of a sexual, discriminatory, or retaliatory nature is unacceptable conduct and will not be tolerated. Sterling believes that your commitment to upholding these policies will serve to maintain a positive and productive work atmosphere in which all Team Members have the potential to thrive. Team Members violating these policies are subject to disciplinary action, up to and including termination of employment, as appropriate.

SEXUAL HARASSMENT

Sexual harassment may include, but is not limited to, unwelcome sexual advances, request for sexual favors, leers, unsolicited and non-accidental touches or caresses, references to sexual stereotypes, discussions of sexual activity or other verbal or physical conduct of a harassing nature. These actions constitute sexual harassment when submission to such conduct is explicitly or implicitly a condition of employment, when submission to or rejection of such conduct is used as a basis for decisions affecting an individual's career, or when such conduct has the effect of interfering with an individual's performance or creating an intimidating, hostile or offensive work environment.

DISCRIMINATION/OTHER ILLEGAL HARASSMENT

Adverse, discriminatory, or harassing conduct towards any individual because of race, color, creed, religion, ancestry, sex, marital status, sexual orientation, age, national origin, physical or mental disability, military service, genetic information, or any other status protected by law is strictly prohibited. This includes "stereotyping," "cultural bashing," or any implied or actual expression of prejudice or bias.

RETALIATION

Retaliation against any individual for complaining about harassment or discrimination or for assisting in the investigation of a complaint is unacceptable conduct and will not be tolerated.

COMPLAINT REPORTING PROCEDURE

In order for Sterling to investigate and remedy concerns regarding harassment, discrimination, or retaliation, all Team Members who have knowledge of violations by anyone, including managers, co-workers, customers, vendors or others, must bring the issue to the attention of their manager and/or Human Resources immediately. You may contact your Regional Human Resources Specialist through our toll-free number at **1-800-877-8821**.

Human Resources will promptly handle all complaints in a discreet and appropriate manner.



T.I.P.S. LINE (TAKE IT PERSONALLY, STERLING)

Sterling is committed to the principles of teamwork, integrity and honesty. If an illegal, unsafe or unethical situation arises in the workplace, we want you to Take It Personally, Sterling. Speak with your manager, Loss Prevention, Human Resources, or call the toll-free T.I.P.S. LINE to put an end to behaviors such as: theft, fraud, dishonest or unethical behavior, conflicts of interest, alcohol or drug abuse, harassment and discrimination, violence in the workplace, and/or policy violations. The T.I.P.S. LINE is answered by independent specialists who **do not** work for Sterling, so you can remain anonymous. Call the T.I.P.S. LINE at 1-800-984-1115.

OPEN DOOR COMMUNICATION

Sterling believes that communicating openly is the basis for good team Member relations. In fact, the best way to settle any problem is to talk it over with your manager or any member of management. The Human Resources Department can be contacted at 1-800-877-8821.

NO SOLICITATION

It is Sterling's policy to limit solicitation of Team Members by fellow Team Members only to those times and in those areas which are compatible with the efficient and orderly operation of the business.

Therefore, Team Members may only solicit one another during meals and breaks and only in non-work areas. With the exception of isolated charities authorized in advance by the Executive Committee, no Team Member should engage in any solicitation, for any purpose whatsoever, during work time or in work areas.

Compliance with this policy is required of all Team Members and any violation may result in disciplinary action, up to and including termination. Violations of this policy, whether by Team Members or third parties, should be promptly reported to your manager or the Human Resources Department.

MEDIA RELATIONS

Sterling's desire is to maintain positive relationships with the media and maintain a consistent approach to any and all media releases. In keeping with that objective, Sterling has established a policy for managing the media (television, radio, newspapers and trade journals). All Team Members are required to comply with this policy at all times.

In the event that a member of the media contacts you to gather information for a story, immediately contact the Vice President of Public Relations, at 1-800-877-8812, extension 5369. If you are unable to contact the Vice President, contact the Chief Operating Officer, at extension 5222.

SMOKE FREE ENVIRONMENT

In an effort to comply with federal, state and local laws concerning smoking and secondary smoke, and to provide a healthy work environment for all of our Team Members, Sterling prohibits smoking in the stores, the back room of stores, and repair shops. Team Members must utilize the designated smoking areas.

FIREARMS/WEAPONS

Sterling strictly prohibits the possession of firearms/weapons (concealed or unconcealed) by Team Members on Company property or while representing the Company. Violation of this policy may result in immediate dismissal, whether or not civil law governing a given location permits such possession. This policy does not apply to security staff authorized and required to carry a firearm by the nature of their position.

ALCOHOL AND DRUG ABUSE

Sterling recognizes the seriousness of the use of intoxicants and illegal drugs and the possible influence they may have on job performance. Because of this, the use of intoxicants and/or illegal drugs, prior to reporting to work or during work, may be cause for immediate dismissal. Team Members using prescribed medication which may have an influence on performance must advise their manager prior to commencing work.

Sterling reserves the right to require any Team Member who is suspected of illegal drug use or who is suspected of being under the influence of intoxicants to report to a certified laboratory for a drug use screening test. See "Drug Free Workplace" store poster for details.

PRIVACY

Sterling Jewelers Inc. retains the right to monitor or review telephone calls, voice mail, electronic mail, computer files, and internal correspondence, with or without notice, when there is a legitimate business reason in accordance with applicable state and federal laws. Consistent with this policy, Sterling also retains the right to enter a Team Member's desk, files, file drawers and lockers.

Monitoring and or entering desks, files, file drawers, etc., may also occur when there is a need to conduct an investigation regarding known or suspected violations of Company policy. In these instances, Human Resources must first approve such activity.

UNEMPLOYMENT COMPENSATION

Unemployment insurance are coordinated federal/state programs which exist to compensate workers during periods of unemployment resulting through no fault of their own. Sterling contributes to the unemployment insurance program by way of state and federal taxes.

COMPANY PROPERTY

Sterling provides its Team Members with the necessary tools and resources to achieve success. Such Company property is intended solely for Company business and is not intended for personal use. Examples of Company property include, but are not limited to, cell phones, laptops, store and case keys, as well as any and all manuals, reports, and documents.

All Company property is to be maintained in good condition and any damage, theft, loss or misuse may result in disciplinary action, up to and including termination of employment.

Moreover, if a Team Member happens to leave the Company for any reason, all Company property must immediately be returned to his/her manager.

SAFETY

Sterling Jewelers strives to provide a safe environment for all Team Members and complies with all federal, state and local regulations and policies.

What should you do if an accident occurs?

- Help the injured Team Member or customer. However, unless specifically directed, an injured person should not be moved.
- Team Members should avoid making any statements concerning the accident to any person other than members of Sterling management.
- Obtain the names of witnesses immediately - customers first.
- Make careful inspection of the accident scene.
- Faulty conditions at the accident scene should be rectified as quickly as possible.

The manager will assume the remaining duties, including the completion of the incident report. If you have an accident, notify your manager immediately.



SEVERE COMMUNICABLE ILLNESSES IN THE WORKPLACE

We value each and every Team Member. Your safety is of utmost importance at all times. To help prepare for emergency situations, Sterling has a Severe Communicable Illnesses in the Workplace Policy. The Severe Communicable Illnesses in the Workplace Policy was developed with international resources to help protect Home Office and Field Team Members in the event of a large-scale health threat such as a pandemic outbreak. This policy is intended to provide you with important steps to safeguard yourself and your team should a severe communicable illness occur.

WORKERS' COMPENSATION

Sterling provides Workers' Compensation for all Team Members for work-related injuries or illnesses. If you experience a work related injury or illness, you must notify your manager and complete a "First Report of Injury" form immediately. Failure to take these steps may result in a delay in processing your claim or denial of your claim. Regardless of the necessity for medical treatment, a Team Member must notify his/her manager and complete the "First Report of Injury" form.

SECURITY

All Team Members are required to read and review the **Security Manual** with their manager within the first week of employment, and once a year thereafter. This manual has been prepared to acquaint you with our policies concerning security. Security instructions must be followed since failure to do so could cause loss of money or merchandise.

SHOPLIFTING

Shoplifting is a problem for any retailer. Always be on the lookout for shoplifters. If you should see someone shoplifting, use our code word to alert fellow Team Members to potential security problems.

NEVER, NEVER accuse or attempt to apprehend a thief yourself. Shoplifting is costly to you as well as the Company. Follow the procedure outlined in the **Security Manual** and talk to your manager concerning this policy.

PERFORMANCE STANDARDS OVERVIEW

Sterling provides a wide variety of services and products to our customers beyond fine jewelry. Sterling offers repair services, extended service protection (ESP) warranties, convenient consumer credit, Payment Protection Plans (PPP), and much more. In order to maximize the customer's experience and your personal success, Sterling has developed specific performance standards in sales and other areas that all Team Members are expected to achieve. Your manager will review these performance standards and provide you with training on how you can maximize your success in these areas.

Non-Selling Responsibilities: All Team Members participate in non-selling duties including, but not limited to, inventory counts, daily housekeeping, and merchandising. These duties may vary from day to day and will be assigned by your manager at appropriate times to effectively capitalize upon selling opportunities.

Team Selling: When it comes to excellence in customer service, Sterling prides itself on being the leader in the jewelry industry. This is accomplished through our team-selling environment. At Sterling, no one "owns" a guest. Rather, Sterling's philosophy regarding a team environment extends to guest services and, at times, Team Members may work together to close the sale.

PERFORMANCE APPRAISALS

The Company's performance appraisal program provides for periodic review of your work performance by your manager. You will receive appraisals periodically. These appraisals are retained in your personnel file at the Home Office (#10).

The purpose of the appraisal is to promote better understanding of job expectations, to give performance feedback, to show areas where improvement may be needed, and to help determine a merit increase, a promotion, or a transfer.

TRAINING & EDUCATIONAL OPPORTUNITIES

Sterling's biggest competitive advantage is our Team Members! Your knowledge, skills, and talents are what make the Sterling difference. Therefore, Sterling supports its Team Members with comprehensive training programs that prepare them for success. Some of these outstanding career growth and development opportunities include:

- Diamontology and Gemology courses
- Sales, Product Knowledge, and Interpersonal Skills training
- In-Store/Self-Study programs
- New Store/Shop Manager Training Programs
- District Manager and District Repair Manager Training Programs

Many of these training programs are considered mandatory and must be accomplished within a certain time frame. Your manager will review these requirements and provide you access to store training manuals for specific information.

For more information on Diamontology and Gemology courses, contact the Training Department at 1-800-877-8812, extension 5745.

PROFESSIONALISM

Sterling wants all Team Members and guests to experience a professional, positive, and enjoyable environment. Therefore, Sterling believes in treating our guests and each other with consistency, fairness, and respect. As a Sterling Team Member, you are expected to uphold the Company's long standing commitment to honesty, integrity, and ethical conduct, as well as the highest standards of professionalism.

STATEMENT OF STANDARDS OF CONDUCT AND BUSINESS ETHICS

Sterling believes that the professionalism and integrity demonstrated by its Team Members is the cornerstone of its reputation and greatly influences the extent of its success. During orientation, you received and reviewed Sterling's "Statement of Standards of Conduct and Business Ethics" policy. Please refer to this policy in its entirety.

Conflicts of Interest

As a Sterling Team Member, you have a duty of loyalty to the Company by which you should avoid situations that may create a conflict between your personal interests and those of the Company. Conflicts of interest are considered improprieties that unacceptably tarnish the valuable reputation that Sterling has worked hard to establish.

Outside Employment

Team Members are not permitted to be gainfully employed, privately or by another business, when the product or service performed by that business would be in competition with Sterling or creates a conflict of interest. When a second job is involved, the Team Member must give priority to Sterling's work schedule and not allow the job to have any adverse effect on the Team Member's efficiency at Sterling.

Confidentiality of Proprietary Information

Team Members are prohibited from using or disclosing confidential or proprietary information to anyone outside the Company and from removing, duplicating, or distributing any confidential or proprietary information or data, unless prior written consent is provided by a member of the Executive Committee.

The obligations of Team Members not to disclose any confidential information or trade secrets of the Company shall be effective both during his/her employment and at all times after he/she leaves the Company.

PERSONAL TELEPHONE CALLS, MAIL, AND VISITS

Personal phone calls during your shift, whether on Company telephones or personal cell phones, are an interruption of your job and should be limited to emergency situations or to meal periods/breaks. Team Members should not have personal mail sent to the store. Personal visits by your friends and relatives are certainly welcome in our stores. However, such visits should be arranged during your lunch and break periods.

ELECTRONIC COMMUNICATIONS DEVICES

Sterling strives to maintain an environment free of distractions caused by the use of electronic devices such as cell phones, pagers, electronic planners, laptop computers, portable scanners, and other portable/electronic communication devices. Team Members are prohibited from using camera phones anywhere within Sterling's facilities and cell phones and other electronic devices while on the sales floor.

RESIGNATION

Should it become necessary for you to resign your position, you should notify your manager. The Human Resources Department will make arrangements regarding your final paycheck, continuation of Company benefits, and other details related to your resignation.

In cases of a resignation, Sterling may release the Team Member from employment immediately, due to the nature of the retail jewelry business. This is a decision that is made on an individual basis with the approval of district or regional management.

TERMINATION

Unfortunately, there are times when, for one reason or another, a Team Member may be terminated. However, Sterling recognizes that the employer/employee relationship may be terminated at will by either party at any time, regardless of fault or justification and with or without cause.

Severance may be paid to full-time Team Members who are terminated due to store/shop closings or reasons not related to misconduct. Whether to pay severance is the sole decision of the Company.

In the event a Team Member is terminated for what the Company believes to be misconduct such as dishonesty, immorality, insubordination, intoxication, destruction of property, or direct violation of Company policies and rules, the Team Member will receive no severance pay.

In cases of termination, Team Members shall not be afforded the option of resignation.

REINSTATEMENT/REHIRE (SERVICE CREDIT)

A Team Member's service date is established the first day of employment with Sterling. However, under certain conditions, a Team Member may be given credit for previous service with the Company for the purpose of establishing eligibility for specified Company benefits. This applies to both full-time and part-time Team Members.

When a Team Member is re-employed within a six (6) month period, the Team Member will have his/her original hire date reinstated. When a Team Member is re-employed at any time beyond six (6) months, the Team Member will have a new service date established at the time of rehire. No credit will be given for previous service.



COMMUNICATION TOOLS AND RESOURCES

COMMUNICATIONS

Open, honest communication is the lifeblood of a company built on teamwork. To support a strong communication network, we publish business and personal updates in the "Sterling Link" news magazine and convey additional information via bulletin boards, memos, meetings, videos, emails and other media. Personal items or solicitations may not be posted on Company bulletin boards. When communication is urgent, for example, in the wake of a natural disaster, the Sterling Team Connection Hotline puts all of us in touch immediately online at www.sterlingteamconnection.com and by phone at 1-800-448-2619.

STORE AND OFF-SITE MEETINGS

Occasionally, Team Members may be required to attend store or off-site meetings for the purpose of training or to provide pertinent information regarding your job, your store, and the Company. Meetings are considered time worked, and you will be paid accordingly.

If travel to an off-site meeting location is required, Team Members will be paid for travel time as well as mileage, as applicable, for personal vehicle use.

RELEASE OF PERSONNEL INFORMATION: THEWORKNUMBER

It is Sterling's policy to maintain the confidentiality of all information regarding current and former Team Members. Only dates of employment, position and verification of the Team Member's stated salary will be released to parties inquiring about a Team Member's work history through a secure outside vendor, "TheWorkNumber."

The only exceptions to this policy will be made when the inquiry is from the Unemployment Insurance Commission, the Bureau of Workers' Compensation or upon receipt of a court order or as required by law.

All external requests, via telephone or in writing, for employment verification or references must be referred to the TheWorkNumber's toll free number at 1-800-367-2884 or online at www.theworknumber.com. Sterling's employer code is 10639.

COMPANY INTRANET

Sterling's Intranet, also known as the "Sterling Information Portal" is an online user resource center. The "Sterling Information Portal" provides Team Members with up-to-date information on company policies, departments, Store Operations, training, news and current events. Team Members can also register their interest for promotional opportunities with Sterling's Career Advancement Register.

HR PORTAL – www.jewelshr.com

The HR Portal is a Sterling Internet based website that serves as a premier communication channel for conveying Company information. The Portal is designed as a quick reference for all of your HR questions. By visiting the website, you will have easy access to information about benefits, policies, vacation, Company events and more! You can visit the HR Portal from any computer with Internet access 24 hours a day, 7 days a week.

INTERNET

Access to the Internet may be provided to Team Members for the benefit of the organization and its customers. Team Members accessing the Internet represent the Company. As a result, communications should be for professional reasons and may not be used for personal gain or advancement of individual views.

Fraudulent, harassing, or obscene messages are prohibited. Further, it is a violation of Company policy to utilize the Internet as a medium to canvass for customers, or to communicate or post corporate information, merchandise or product information, pricing, advertising, promotional event notifications and store information, or develop websites which contain any of this information without the express written permission of a member of Sterling's Executive Committee.

It is a violation of Company policy to provide information to mall-based locator sites which highlight tenant pages without the express written or email authorization of the Vice President of Marketing and Advertising.

All messages and attachments created, sent or received over the Internet are the property of the Company and should be considered public information, not private. The Company reserves the right to access and monitor all messages and files on the computer system as deemed necessary and appropriate. Violations of this policy are very serious and may result in disciplinary action, up to and including termination.



HUMAN RESOURCES DIRECTORY

Call 1-800-877-8812, then the following extension:

For questions about Direct Deposit, Paychecks, W-4's, W-2's, and other payroll related matters	5852
For questions about the Family and Medical Leave Act (FMLA) and Short term Disability	6243, 5731, 5924
For questions about COBRA	5786
For questions about Relocation	5708
For questions about Workers' Compensation (First Report of Injury)	5627
For questions about your Medical, Prescription Drug, Dental, and Vision Coverage	Refer to Team Member Benefit Resources, page 12
For questions about your 401(k) and Stock Savings Plan	Refer to Team Member Benefit Resources, page 12
For questions about your Flexible Spending Account	Refer to Team Member Benefit Resources, page 12
For questions about address and name changes and to request a copy of your personnel file	5763, 5082, 5910, 5487, 6389

To report Sexual Harassment or other Illegal Harassment, Discrimination or any other policy violation, call the Human Resources toll-free number at 1-800-877-8821, ext. 5195

My Sterling Resources:

Store/Shop Manager: _____ Phone _____
 District Manager: _____ Phone _____
 Regional Vice President: _____ Phone _____
 Payroll Administrator: _____ Phone _____
 Records Administrator: _____ Phone _____
 Leave of Absence Administrator: _____ Phone _____
 Regional Loss Prevention Manager: _____ Phone _____
 Regional Human Resources Specialist: _____ Phone _____
 Mall Security: _____ Phone _____

For Team Member

WAIVER FORM

EMPLOYEE _____ LOCATION # _____

I _____, HEREBY ACKNOWLEDGE RECEIPT OF THE STERLING JEWELERS INC. TEAM MEMBER HANDBOOK. I UNDERSTAND THAT THIS IS NOT A CONTRACT OF GUARANTEED OR CONTINUED EMPLOYMENT AND THAT I AM AN AT-WILL EMPLOYEE. AS AN AT-WILL EMPLOYEE, I MAY TERMINATE MY EMPLOYMENT AT ANY TIME FOR ANY REASON OR FOR NO REASON AT ALL. LIKEWISE, STERLING JEWELERS INC. MAY TERMINATE MY EMPLOYMENT WITH THE COMPANY AT ANY TIME FOR ANY REASON OR NO REASON AT ALL.

To be turned in at orientation.

THE HANDBOOK, AS GIVEN TO ME, IS NOT A WRITTEN CONTRACT OF EMPLOYMENT, AND I HAVE RECEIVED NO ASSURANCES OR OTHER STATEMENTS WHICH INDICATE OTHERWISE. I FURTHER ACKNOWLEDGE THAT THE PROCEDURES, BENEFITS AND POLICIES CONTAINED IN THE TEAM MEMBER HANDBOOK CAN ONLY BE ALTERED IN WRITING AND SIGNED BY A MEMBER OF THE EXECUTIVE COMMITTEE AND THE SENIOR VICE PRESIDENT OF HUMAN RESOURCES. ANY OTHER PERSON WHO ATTEMPTS TO ALTER THE PROCEDURES, BENEFITS AND POLICIES DOES NOT HAVE THE AUTHORITY TO DO SO. TO THE EXTENT THAT ANY INFORMATION IN THIS HANDBOOK CONFLICTS WITH FEDERAL, STATE OR LOCAL LAWS, SUCH LAWS WILL CONTROL.

TEAM MEMBER SIGNATURE

DATE

SJI 00289822

IMPORTANT STERLING RESOURCES

*Wishing you a successful
future with Sterling!*



TheWorkNumber

1-800-367-2884
www.theworknumber.com
Company Code #10639
For Employment Verification & Salary Requests

T.I.P.S. (Take It Personally, Sterling)

1-800-984-TIPS (8477)
To report illegal, unsafe or unethical situations

Personnel Policy Manual

From a Store:
Use your SIS or POS Terminal to access the Intranet
From the Intranet:
<http://www.sterlingintranet/departments/Policies.shtml>

Team Connection Hotline

1-800-448-2619
www.sterlingteamconnection.com
Emergency Communications Program

Employee Assistance Program (EAP)

1-800-227-8620
www.bdaeap.com
Password: sterlingeap
24/7 confidential help for Team Members and their families

Sterling Perks Program

<http://sterling.corporateperks.com>
Company Code: Jewels
Retail Discounts

HR Portal

www.jewelshr.com
24/7 access to Team Member information



CONFIDENTIAL

SJI 00289823

Exhibit 38



Policies

Benefits

HR Home

Source Home



WAGE AND SALARY ADMINISTRATION

POLICY

It is Sterling's policy to pay wages and salaries which are based upon the nature of the job performed and the responsibilities of the job. Also, it is Sterling's aim to provide compensation which is competitive with similar work at other retailers in the same geographic area. Employees may earn merit increases once a year based upon job performance. Merit increases are intended to reward above average job performance and are not given on the basis of length of service alone. Employees who are promoted from one position to another position of greater responsibility may be granted a promotional increase.

PROCEDURE

Jobs are classified as Exempt (Salary) or Non-exempt (Hourly) under the Fair Labor Standards Act. Employees are compensated based on a rate per hour (hourly) or a fixed salary. Non-exempt employees will be compensated for all hours worked based on their rate per hour.

Pay Rate

New employees with no applicable experience are generally hired at the minimum rate assigned to their job. Supervisors may recommend higher starting rates based on the new employee's experience or education. These recommendations will be reviewed by the appropriate District Manager, Vice President, and/or Department Head.

Pay Increases

- Merit Increase
 - Merit increases may be granted once a year in either March or September and are based on the results of the employee's performance

appraisal.

- Promotional Increase
 - Promotional increases are granted to an employee who is advanced from one position to a position with a higher level of responsibility.
 - Promotional increases are normally granted at the time of promotion.

HR-1/93
Implemented: 1/93

