SIGNET JEWELERS LTD
Form DEF 14A
April 27, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ PreliminaryProxy Statement
¨ Confidential,for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
x DefinitiveProxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

SIGNET JEWELERS LIMITED

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3)

Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

Signet Jewelers Limited

(Registered in Bermuda, No. 42069)

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Dear Shareholder April 27, 2012

ANNUAL GENERAL MEETING (Meeting)

It is my pleasure to invite you to the 2012 Annual General Meeting of the Shareholders of Signet Jewelers

Limited, which will be held on Friday, June 15, 2012 at 11:00 a.m. Eastern Time, at the Hilton Akron/Fairlawn, 3180 W. Market Street, Akron, Ohio, 44333, United States.

With effect from the conclusion of the Meeting, I will be stepping down from the Signet Board after seven years of service. It has been my privilege to serve as Chairman of the Company.

At the Meeting, you are being asked to re-elect all of the other directors of the Company and to appoint our independent registered public accounting firm. We are also providing Shareholders with a vote, on a non-binding advisory basis, to approve the compensation of the named executive officers as disclosed in the Proxy Statement (referred to as a Say-on-Pay vote). Information regarding the matters to be voted upon at this year s Meeting is contained in the Notice of Meeting and Proxy Statement, which are included in the following pages.

The Company s audited financial statements for the fiscal year ended January 28, 2012 (Fiscal 2012), as approved by the Board, will be presented at the Meeting.

This year we are again taking advantage of the rules under the Securities Exchange Act of 1934 that allow companies to furnish proxy materials to Shareholders electronically. You will receive a Notice of Internet Availability of Proxy Materials (the Notice) by mail or email. You will not receive a printed copy

of the proxy materials unless you specifically request one or have previously requested one. The Notice explains how to access and review all of the important information contained in the Proxy Statement, as well as how

to submit your proxy electronically or, additionally for US Shareholders, by telephone. If you would like to receive a printed copy of our proxy materials, please follow the instructions for requesting these materials that are included in the Notice. The Notice, form of proxy and form of direction include instructions on how you can access and review the Notice, Proxy Statement and Annual Report on the Company s website.

It is important that your shares are represented and voted at the Meeting, regardless of the size of your holdings. Your vote is important.

Sir Malcolm Williamson

Chairman

Table of Contents

Notice of Annual General Meeting

Notice is hereby given that the 2012 Annual General Meeting (Meeting) of the Shareholders of Signet Jewelers Limited (the Company) will be held at the Hilton Akron/Fairlawn, 3180 W. Market Street, Akron, Ohio, 44333, United States on Friday, June 15, 2012 at 11:00 a.m. Eastern Time, to consider the following items of business:

1. Election of seven directors to the Company s Board of Directors to serve until the next Annual General Meeting of the Company or until their respective successors are elected in accordance with the Bye-laws of the Company.

2. To appoint KPMG LLP as independent auditor of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Audit Committee to determine its compensation.

3. To approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the Proxy Statement (the Say-on-Pay vote).

In addition, we will consider the transaction of any other business properly brought at the Meeting or any adjournment or postponement thereof.

Each of the matters to be presented at the Meeting will be voted upon by a poll.

The Company s audited financial statements for Fiscal 2012, as approved by our Board will be presented at the

Meeting.

The Board of Directors has fixed the close of business on April 13, 2012, as the record date for the Meeting. All Shareholders of record at the close of business on that date are entitled to notice of, and to be present and vote at, the Meeting and at any adjournment and continuation thereof.

Attendance at the Meeting will be limited to Shareholders of record, beneficial owners of Company Common Shares entitled to provide instructions to vote at the Meeting having evidence of ownership, proxies and corporate representatives of Shareholders, and invited guests of management. Any person claiming to be an authorized representative of a Shareholder must, upon request, produce written evidence of such authorization.

Table of Contents

The Meeting will be conducted pursuant to the Company s Bye-laws and rules of order prescribed by the Chairman of the Meeting.

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL GENERAL MEETING

TO BE HELD ON JUNE 15, 2012

The Notice of Internet Availability of Proxy Materials, Notice of Annual General Meeting,

Proxy Statement and the Annual Report on Form 10-K are available at

www.signetjewelers.com

By Order of the Board

Mark A. Jenkins

Group Company Secretary

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Registered in Bermuda No. 42069

April 27, 2012

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL GENERAL MEETING IN PERSON AND REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE REGISTER YOUR VOTE BY APPOINTING A PROXY ELECTRONICALLY BY INTERNET OR, FOR U.S. SHAREHOLDERS, BY TELEPHONE IN ACCORDANCE WITH THE INSTRUCTIONS ON THE FORM OF PROXY, OR ALTERNATIVELY MARK, SIGN AND DATE THE FORM OF PROXY IN ACCORDANCE WITH THE INSTRUCTIONS THEREON AND MAIL IT PROMPTLY TO ENSURE THAT YOUR SHARES WILL BE REPRESENTED. YOU MAY VOTE IN PERSON IF YOU ATTEND THE ANNUAL GENERAL MEETING. YOUR PROXY IS REVOCABLE AT ANY TIME BY SENDING WRITTEN NOTICE OF REVOCATION OR BY SUBMISSION OF A PROPERLY EXECUTED PROXY BEARING A LATER DATE TO THE TRANSFER AGENT OR BY VOTING IN PERSON AT THE MEETING.

Table of Contents

SIGNET JEWELERS LIMITED

TABLE OF CONTENTS

Table of Contents

SIGNET JEWELERS LIMITED

Registered in Bermuda No. 42069

2012 Annual General Meeting of Shareholders

April 27, 2012

PROXY STATEMENT

For

Annual General Meeting of Shareholders

To Be Held On June 15, 2012

This Proxy Statement (the Proxy Statement) is being furnished to the holders of Common Shares, par value

$0.18 per share (the Common Shares) of Signet Jewelers Limited (the Company or Signet), a company registered in Bermuda, in connection with the solicitation of proxies by and on behalf of the Board of Directors of the Company (the Board of Directors or the Board) for use at the Annual General Meeting of Shareholders to be held on Friday, June 15, 2012 at 11:00 a.m. Eastern Time, at the Hilton Akron/Fairlawn, 3180 W. Market Street, Akron, Ohio, 44333, United States, and at any adjournments or postponements thereof (the Annual General Meeting or the Meeting). The purpose of the Annual General Meeting is to conduct the following items of business:

1. To elect seven directors to the Company s Board of Directors to serve until the next Annual General Meeting of the Company or until their respective successors are elected in accordance with the Bye-laws of the Company.

2. To appoint KPMG LLP as independent auditor of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Audit Committee to determine its compensation.

3. To approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the Proxy Statement (the Say-on-Pay vote).

In addition we will consider the transaction of any other business properly brought at the Meeting or any adjournment or postponement thereof.

The Company s audited financial statements for Fiscal 2012 as approved by our Board will be presented at the Meeting.

Table of Contents

INFORMATION ABOUT ANNUAL GENERAL MEETING & PROXY VOTING

Important Notice Regarding the Availability of Proxy Materials

for the Annual General Meeting

This year, the Company is again furnishing proxy materials to Shareholders electronically by internet. You will receive a Notice of Internet Availability of Proxy Materials (Internet Notice) by mail or e-mail, and you will not receive a printed copy of the proxy materials, unless you specifically request one or have previously requested one. The Internet Notice and Proxy Statement and Annual Report are available at www.signetjewelers.com. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting these materials included in the Internet Notice, or by any of the following methods: by internet at www.signetjewelers.com/shareholders, by telephone 808-776-9962 for US Shareholders or 0871 664 0300 for UK Shareholders; or by sending an e-mail to info@amstock.com for US Shareholders or ssd@capitaregistrars.com for UK Shareholders with Proxy Materials Signet Jewelers Limited in the subject line. We plan to mail the Internet Notice to Shareholders on or about April 30, 2012.

Record Date and Quorum

We first made available the proxy solicitation materials on April 27, 2012 by filing them with the United States Securities and Exchange Commission (the SEC) and posting them on our website, www.signetjewelers.com. We expect to begin to mail the proxy solicitation materials to Shareholders who requested hard copies on or about April 30, 2012.

Each outstanding Common Share entitles the holder thereof as of the close of business on April 13, 2012 (the Record Date) to one vote on each matter to come before the Annual General Meeting. As of the Record Date, excluding treasury shares, there were 85,930,609 Common Shares outstanding. There are no other outstanding voting securities of the Company other than the Common Shares.

The presence at the Annual General Meeting in person or by proxy, of two holders of Common Shares outstanding and entitled to vote will constitute a quorum for the transaction of business. Abstentions and broker non-votes are treated as present and entitled to vote, and therefore are counted in determining the existence of a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner with respect to such item. At the Annual General Meeting, the Group Company Secretary will determine whether or not a quorum is present.

Voting and Who May Vote

Voting on the matters to come before the meeting will be conducted by way of a poll. After each resolution has been introduced, Shareholders will have an opportunity to ask questions relating to the resolution. Voting on the specific resolution will be deferred to the end of the Meeting in order to simplify and aid the voting procedure. The Company s transfer agent, American Stock Transfer & Trust Company, will explain and conduct the poll on each resolution, count the votes and certify the results. The final figures of the proxy votes cast for, against (or withheld) and in abstention from the proposals will be filed with the SEC and the London Stock Exchange and will be published on the Company s website as soon as practicable after the conclusion of the Meeting. Only Shareholders who were recorded in the register of Shareholders of the Company at the Record Date will be entitled to vote. Other than Shareholders, only proxies or corporate representatives are entitled to vote at the meeting. In order to do so, the proxy card must be signed by the Shareholder, or the proxy. Holders of depositary interests should see the paragraph headed Electronic Voting through CREST for Depositary Interest Holders below for details of the deadline to register their vote.

Table of Contents

Electronic Voting Instruction through CREST for Depositary Interest Holders

This method of voting instruction is only open to persons who hold interests in the Company s shares through depositary interests held in CREST outside the United States.

CREST Shareholders who wish to appoint Capita IRG Trustees (Nominees) Limited to vote on their behalf utilizing the CREST proxy voting service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal Shareholders or other CREST sponsored Shareholders, and those CREST Shareholders who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

In order for a voting instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited s specifications and must contain the information required for such instructions as described in the CREST manual. The CREST message must, in order to be valid, be transmitted so as to be received by Capita Registrars (CREST participant ID RA 10) no later than **72** hours before the time appointed for the holding of the Meeting or adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST message by the CREST Applications Host) from which the Company s agent is able to retrieve the CREST message by enquiry to CREST in the manner prescribed by CREST. After this time any change of voting instructions through CREST should be communicated through other means.

CREST Shareholders and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Voting Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST message is transmitted by means of the CREST system by any particular time. In this connection, CREST Shareholders and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system timings which can be found at www.euroclear.com/site/public/EU.

The Company may treat as invalid a CREST Voting Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of Proxies

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, speak and vote on his behalf. A proxy may be appointed by returning a proxy card or by internet at www.signetjewelers.com, and, for US Shareholders, by telephone. For more information refer to the form of proxy card for instruction. A proxy need not be a Shareholder of the Company, but must attend the Meeting in person to represent the Shareholder. If a Shareholder appoints more than one proxy, each proxy must be appointed to exercise the rights attaching to different shares held by that Shareholder. If you do not nominate your own proxy, the Chairman of the Meeting will be appointed as your proxy.

To be valid, the form of proxy and any power of attorney or other authority under which it is signed must be received at the office of the Company s registrars/transfer agents, American Stock Transfer & Trust Company Operations Center, 6201 15th Avenue, Brooklyn, NY 11219 for US Shareholders, or Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for UK Shareholders, by 12:01 am Eastern Time (5.01 am UK time) on June 15, 2012 Completing and returning a form of proxy will not prevent a Shareholder from attending and voting at the Meeting should he so wish. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the form of

Table of Contents

proxy and would like to change the instructions using another form of proxy, please contact the Company s relevant registrars. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same Meeting, the one which is last sent will be treated as replacing and revoking the other or others.

Proxies

If you submit your proxy by mail, please ensure that the form of proxy is properly completed signed, dated and returned to the Company as directed by 12:01 am Eastern Time (5.01 am UK time) on June 15, 2012, which is approximately 11 hours before the start of the meeting. The individual(s) identified as proxies thereon will vote the shares represented by the form of proxy in accordance with the directions noted thereon. Alternatively, you can appoint a proxy to cast your vote electronically by internet or, if you are a US Shareholder, by telephone as set out in the Internet Notice. If you do not indicate how your shares should be voted on a matter, the shares represented by your properly completed form of proxy, in which no named proxy is appointed, will be voted as the Board of Directors recommends. The Company s management does not know of any matters other than those discussed in this Proxy Statement that will be presented at the Annual General Meeting. If, however, other matters are presented, all proxies, in which no named proxy is appointed, will be voted in accordance with the recommendations of the Board of Directors.

Returning your completed proxy card or appointing a proxy electronically by the internet or by telephone will not prevent you from voting in person at the Annual General Meeting if you are able to attend and wish to vote.

Revocation of Proxy

You may revoke your proxy at any time before it is voted by sending written notice of revocation, or by submission of a properly executed form of proxy bearing a later date to the Company s Registrars/transfer agents prior to the Annual General Meeting at: American Stock Transfer & Trust Company Operations Center, 6201 15th Avenue, Brooklyn, NY 11219 for US Shareholders or Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU for UK Shareholders or by attending the Annual General Meeting and giving notice of revocation in person. A Shareholder who votes in person at the Annual General Meeting will have effectively revoked any previously granted proxies.

Required Votes

Proposal One (Election of Seven Directors)**:** The election of Directors is decided by the affirmative vote of a majority of the votes cast by the holders of Common Shares represented in person or by proxy at the Annual General Meeting entitled to vote in the election. Abstentions and broker non-votes are not counted as votes cast for the purpose of electing Directors. Accordingly, abstentions and broker non-votes will not be taken into account and, therefore, will not affect the outcome of the election of Directors. In accordance with the New York Stock Exchange (NYSE) rules, brokers are not able to vote shares with respect to the election of Directors without instructions from the underlying Shareholders.

Proposal Two (Appointment of KPMG LLP as Independent Auditor)**:**

The affirmative vote of a majority of the votes cast by the holders of Common Shares represented in person or by proxy at the Annual General Meeting and entitled to vote on this proposal is required to appoint KPMG LLP as the Company s independent auditor until the end of the next Annual General Meeting of the Company and to authorize the Audit Committee to determine its compensation. Abstentions are not counted as votes cast for the purpose of the appointment of KPMG LLP. Accordingly, abstentions will not be taken into account and, therefore, will not affect the outcome of the appointment of the Company s independent registered public accounting firm. In accordance with NYSE rules, brokers are able to vote shares with respect to the appointment of the Company s independent registered public accounting firm without instructions from the underlying Shareholders.

Table of Contents

***Proposal Three (Vote to Approve, on a Non-Binding Advisory Basis, the Compensation of Named Executive Officers as Disclosed in the Proxy Statement)*:** The affirmative vote of a majority of the votes cast by the holders of Common Shares represented in person or by proxy at the Annual General Meeting and entitled to vote on this proposal is required to approve, on a non-binding advisory basis, the compensation of the named executive officers as disclosed in the Proxy Statement. The Say-on-Pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. Abstentions and broker non-votes are not counted as votes cast for the purpose of the advisory vote. Accordingly, abstentions and broker non-votes will not be taken into account and, therefore, will not affect the outcome of the advisory vote. In accordance with NYSE rules, brokers are not able to vote shares with respect to the Say-on-Pay advisory vote without instruction from the underlying Shareholders.

Other Matters

Shareholder Proposals for Inclusion in the Proxy Statement for the 2013

Annual General Meeting

Shareholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act will be considered for inclusion in the Company s 2013 Proxy Statement and proxy card for the 2013 Annual General Meeting if the proposal is received in writing by the Group Company Secretary by no later than December 31, 2012. The notice of proposal must comply with the requirements established by the SEC, and must include the information specified in Bye-law 26 of the Company s Bye-laws and must be a proper subject for Shareholder action under Bermuda law. A copy of the Company s Bye-laws may be found on the Company s website, www.signetjewelers.com.

Notice of business to be brought at the 2013 Annual General Meeting submitted pursuant to Bye-law 26 of the

Company s Bye-laws must be received in writing by the Group Company Secretary between February 15 and March 17, 2013. Bye-law 26 of the Company s Bye-laws sets forth the procedures (including, without limitation, advance notice requirements disclosed above) a Shareholder must follow to request that an item be put on the agenda of a general meeting of Shareholders.

Additionally, under Bermuda law, Shareholders holding not less than five percent of the total voting rights or 100

or more Shareholders together may require the Company to give notice to our Shareholders of a proposal to be submitted at an annual general meeting. Generally, notice of such a proposal must be received not less than six weeks before the date of the meeting and must otherwise comply with the requirements of Bermuda law.

Proposals should be sent to the Company at Clarendon House, 2 Church Street, Hamilton HM11 Bermuda, addressed to the attention of Mark A. Jenkins, Group Company Secretary.

Householding

Exchange Act rules allow the Company to deliver a single Internet Notice (or proxy materials and Annual Report on Form 10-K in the case of Shareholders who receive paper copies of proxy materials) to an address shared by two or more of our Shareholders. This delivery method, referred to as householding, can result in significant cost savings for the Company. In order to take advantage of this opportunity, the Company and the banks and brokerage firms that hold your shares have delivered only one Internet Notice (or proxy materials and Annual Report on Form 10-K in the case of Shareholders who receive paper copies) to multiple Shareholders who share an address unless one or more of the Shareholders has provided contrary instructions. The Company will deliver promptly, upon written or oral request, a separate copy of the Internet Notice (or, proxy materials and Annual Report on Form 10-K in the case of Shareholders who receive paper copies), to a Shareholder at a shared address to which a single copy of the document was delivered. A Shareholder who wishes to receive a separate copy of the Internet Notice (or proxy materials and Annual Report on Form 10-K in the case of Shareholders who receive paper copies), now or in the future, may obtain one, promptly and without charge, by addressing a request to,

Table of Contents

Signet Jewelers Limited c/o Signet Group Services Limited 15, Golden Square, London, W1F 9JG or by calling +44 (0) 20 7317 9700. You may also download a copy of each of these documents from the Company s website www.signetjewelers.com. Shareholders of record sharing an address who are receiving multiple copies of these materials and wish to receive a single copy of such materials in the future should submit their request by contacting us in the same manner.

If you are the beneficial owner, but not the record holder, of Common Shares and wish to receive only one copy of these materials in the future, you will need to contact your broker, bank or other nominee to request that only a single copy of each document be mailed to all Shareholders at the shared address in the future.

Solicitation of Proxies

The Company will bear the cost of the solicitation of proxies, which may occur by internet, by mail and/or by telephone. The Company will request banks, brokers and the custodian nominees and fiduciaries to supply proxy materials to the beneficial owners of the Company s Common Shares of whom they have knowledge, and will reimburse them for their expenses in so doing. Certain Directors, officers and other employees of the Company, not specially employed for the purpose, may solicit proxies, without additional remuneration, by personal interview, mail, telephone, fax or email.

Table of Contents

OWNERSHIP OF THE COMPANY

Except to the extent noted below, each director, named executive officer or entity has sole voting and investment power over the Common Shares reported.

Shareholders Who Beneficially Own At Least Five Percent of the Common Shares

The following table shows all persons who were known to us to be beneficial owners (determined in accordance with Rule 13d-3 of the Exchange Act) of at least five percent of the Common Shares as of April 13, 2012. This table is based upon reports filed with the SEC. Copies of these reports are publicly available from the SEC on its

website, www.sec.gov.

Name and address of beneficial holder	% of Class	Number of shares	Nature of holding
Group consisting of Artisan Partners Holdings LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler 875 East Wisconsin Avenue Suite 800 Milwaukee WI 53202 USA	12.4	10,760,945	(1)
Investec Asset Management Limited 2 Gresham Street London EC2V 7QP England	6.08	5,286,796	(2)
BlackRock Institution Trust Company N.A. 40 East 52nd Street New York NY 10022 USA	5.71	4,961,626	(3)
Vanguard Group Inc. 100 Vanguard Bld.	5.08	4,420,953	(4)

Malvern

PA 19355

USA

None of the Company s Common Shares entitle the holder to any preferential voting rights.

(1) Based upon a Schedule 13G filed on February 7, 2012, by Artisan Partners Holdings LP, Artisan Investment Corporation, Artisan Partners Limited Partnership, Artisan Investments GP LLC, ZFIC, Inc., Andrew A. Ziegler and Carlene M. Ziegler (together, Artisan), the 10,760,945 shares reported in Artisan s Schedule 13G have been acquired on behalf of discretionary clients of Artisan Partners Limited Partnership and Artisan Partners Holdings LP, including 10,760,945 shares over which there is shared dispositive power and 9,622,659 shares over which there is shared voting power.

Table of Contents

(2) Based upon a Schedule 13G filed on February 9, 2012, Investec Asset Management Limited, in its capacity as discretionary investment adviser to its various clients, may be deemed to be the beneficial owner of 5,286,796 shares owned by such clients or for such clients benefit.

(3) Based upon a Schedule 13G filed on February 9, 2012, BlackRock Institution Trust Company N.A. may be deemed to be the beneficial owner of 4,961,626 shares owned by various persons, who have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of shares.

(4) Based upon a Schedule 13G filed on February 8, 2012, Vanguard Group Inc. may be deemed to be the beneficial owner of 4,420,953 shares, including 4,360,395 shares over which there is sole dispositive power and 60,558 shares over which there is sole voting power and shared dispositive power.

Ownership by Directors, Director Nominees and Executive Officers

The following table shows the number of Common Shares of the Company beneficially owned (determined in accordance with Rule 13d-3 of the Exchange Act) as of April 13, 2012 by each current Director, each executive officer named in the Summary Compensation Table, and all of the Company s executive officers and Directors as a group:

Name of beneficial owner	Common Shares[1]	Shares that may be acquired upon exercise of options within 60 days[2]	Total[3]
Sir Malcolm Williamson[4]	19,829		19,829
H. Todd Stitzer[4]	831		831
Michael W. Barnes[4][6][7]	109,895	12,917	122,812
Robert Blanchard[4]	12,492		12,492
Dale W. Hilpert[4]	12,992		12,992
Marianne Parrs[4]	11,992		11,992
Thomas G. Plaskett[4]	9,997		9,997
Ronald Ristau[5][7]			
Russell Walls[4]	9,384		9,384
Mark Light[5][7]	23,448	91,623	115,071
William Montalto[5][7]	12,901	21,214	34,115
Robert Anderson[5][7]	2,355	26,413	28,768
All Executive Officers and Directors as a group (18 persons)	234,395	243,464	477,859

(1) No shares are pledged as security and all are owned directly.
(2) Shares issuable upon the exercise of vested stock options and/or restricted stock vesting.
(3) All holdings represent less than 1% of the class outstanding.
(4) Director.
(5) Executive officer.
(6) Chief Executive Officer.
(7) Does not include issued restricted stock granted in Fiscal 2011 and 2012.

See Compensation Discussion and Analysis below for a discussion of the Company s Common Share ownership policy.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company s Directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC reports of ownership and changes in ownership. Executive officers, Directors and such security holders are required by SEC regulation to furnish the Company with copies of all such forms which they file. To the Company s knowledge, based solely on a review of the copies of such reports furnished to the Company and information provided by the reporting persons, all of its Directors and executive officers filed the required reports on a timely basis during Fiscal 2012.

Table of Contents

PROPOSALS FOR THE ANNUAL GENERAL MEETING

PROPOSAL ONE

(Item 1 on the Proxy Card)

Election of Seven Directors

Shareholders will be asked to consider seven nominees for election to our Board of Directors to serve until the next annual general meeting of the Company or until their successors are duly elected. Each of our current Directors standing for election has the endorsement of the Board and the Nominating and Corporate Governance Committee.

NOMINEES FOR DIRECTORS

Set forth below is biographical information concerning each of our nominees for Director of the Company. (An asterisk indicates an Independent Director who satisfies the definitions of independence and has been affirmed by the Board as being independent in accordance with NYSE Listing Standards. Sir Malcolm Williamson, the current Chairman of the Board, who is not standing for re-election, has also been affirmed by the Board as being independent in accordance with NYSE Listing Standards).

H. Todd Stitzer*, 60, Director, appointed to the Board in January 2012. He was, until its acquisition by Kraft, Inc. in 2010, the Chief Executive Officer of Cadbury PLC (previously Cadbury Schweppes Plc), having joined that company in 1983 as Assistant General Counsel for North America, before moving into strategic planning, and marketing and sales roles. Mr. Stitzer became CEO of Cadbury PLC s wholly owned subsidiary, Dr Pepper/7 Up Inc., in 1997 and then of Cadbury PLC in 2003. He attended Harvard College and Columbia University Law School and practiced as an attorney with Lord, Day & Lord. He is a director of publicly held Diageo PLC and of privately held Massachusetts Mutual Life Insurance Company. He is a member of the advisory board of Hamlin Capital Management, a privately held investment advisory firm, and is also a member of the advisory committee to the board of Virgin Group Holdings Ltd., a privately held company. Mr. Stitzer was appointed to the Board with a view of becoming Chairman. The Board has agreed to appoint Mr. Stitzer to serve as the Company s non-executive Chairman, effective following the conclusion of the Meeting, subject to Mr. Stitzer s election as a director of the Company at the Meeting. It was on the basis of his proven leadership skills and ability to take on the responsibility of Chairman of the Board that the Board concluded that Mr. Stitzer should continue to serve on the Board.

Robert Blanchard*, 67, Director, appointed to the Board of the Company in 2000. He was a Group Vice President of Procter & Gamble and President of its Global Skin Care and Cosmetics business until his retirement in 1999. He was an independent Director of Bandag Inc. and Best Buy Co. Inc. until May 2006 and June 2005, respectively. Mr. Blanchard was invited to join the Board as both his general management skills together with his marketing specialization were attributes the Board felt would add to the effectiveness of the Board. The Board has concluded that Mr. Blanchard should continue to serve on the Board for these reasons.

Dale W. Hilpert*, 69, Director, appointed to the Board in 2003. Mr. Hilpert has served on the Board of ANN INC. since 2004. He was Chief Executive of Williams-Sonoma, Inc. from April 2001 until his retirement in January 2003. Prior to this he was Chairman and Chief Executive Officer of Foot Locker, Inc. which he joined as President and Chief Operating Officer in 1995. Mr. Hilpert was asked to join the Board in order that it might benefit from his general management and retail specific skills. The Board has concluded that Mr. Hilpert should continue to serve on the Board for these reasons.

Marianne Miller Parrs*, 68, Director, appointed to the Board in October 2008. Ms. Parrs has served on the boards of Stanley Black & Decker, Inc. (previously The Stanley Works Inc.), and CIT Group Inc. as an

Table of Contents

independent director since April 2008 and 2003 respectively. In addition, Ms. Parrs serves on the board of United Way of the Mid-South. Ms. Parrs retired in 2007 as Executive Vice President and Chief Financial Officer of International Paper Company where she had been since joining in 1974 as a Pension Trust Investment Manager and holding a number of positions before first being appointed Senior Vice President and Chief Financial Officer in 1995. She held this position until 1999 when she was appointed Executive Vice President with responsibility for Information Technology, Global Sourcing, Global Supply Chain and Investor Relations. She held this role for six years and she was also reappointed Chief Financial Officer in 2005. Previously Ms. Parrs was a Security Analyst at a number of firms including Merrill Lynch. The Board considered it necessary to recruit to the Board a director with substantial US financial reporting experience. The Board has concluded that Ms. Parrs should continue to serve on the Board for these reasons.

Thomas G. Plaskett*, 68, Director, appointed to the Board in October 2008. Since 1991, Mr. Plaskett has been Chairman of Fox Run Capital Associates, a private consulting firm focusing on financial advisory and corporate governance services for emerging companies. From 1999 until 2000 he served as the Chairman, President and Chief Executive Officer of Probex Corp, an energy technology company. He also served as Vice Chairman of Legend Airlines, from 1997 until 2001. Mr. Plaskett served as Interim President, Chief Executive Officer, and Acting Chief Financial Officer of Greyhound Lines for two years before becoming Chairman from 1995 until 1999, when the company was sold. Previously, he was Chairman, President and Chief Executive Officer of Pan Am Corporation from 1988 until 1991. Prior to that, Mr. Plaskett was President and Chief Executive Officer of Continental Airlines from 1986 to 1987. Mr. Plaskett also held several senior management positions at American Airlines and AMR Company between 1974 and 1986. Mr. Plaskett currently serves as a director of Radioshack Corporation and was a director of Novell Corporation and Alcon Laboratories, Inc. until April 2010 and May 2011 respectively. Mr. Plaskett joined the Board as his considerable general management skills were considered to be an enhancement to the overall efficiency and effectiveness of the Board. The Board has concluded that Mr. Plaskett should continue to serve on the Board for these reasons.

Russell Walls*, 68, Director, appointed to the Board of the Company in 2002. He was Group Finance Director of BAA plc until his retirement in August 2002 and was the senior independent director of Hilton Group plc until May 2003 and Stagecoach Group plc until August 2006. Mr. Walls is a non-executive director of Aviva plc, Biocon Limited and Mytrah Energy Limited. He is a Fellow of the Association of Chartered Certified Accountants. The Board considers Mr. Walls to have considerable experience as a financial manager and as such has developed a financial expertise considered to be of significant benefit to its efficiency and effectiveness. The Board has concluded that Mr. Walls should continue to serve on the Board for these reasons.

Michael W. Barnes, 51, Chief Executive Officer and Director, was appointed to the Board in January 2011. Mr. Barnes joined the Company as Chief Executive Officer Designate on December 1, 2010, and succeeded

Mr. Burman as Chief Executive Officer and Director upon Mr. Burman s retirement on January 29, 2011. Prior to joining the Company, Mr. Barnes was President, Chief Operating Officer and a director of Fossil, Inc., having served in those and other executive capacities at Fossil since 1985, and as a director of Fossil since it became a public company in 1993. Mr. Barnes has diverse functional expertise, a broad retail skill set and substantial leadership experience, with responsibilities ranging from overseeing Fossil s state-of-the-art international

sourcing and supply chain operations to leading business development and managing the relationships with many

of Fossil s current retail and licensing/brand partners. The Board has concluded that Mr. Barnes should continue to serve on the Board for these reasons.

No Director is or was the subject of legal proceedings that are required to be disclosed pursuant to SEC rules.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THE NOMINEES NAMED ABOVE.

Table of Contents

PROPOSAL TWO

(Item 2 on the Proxy Card)

Appointment of Independent Auditor

Proposal 2 is to appoint KPMG LLP (KPMG) as independent auditor to the Company until the end of the next Annual General Meeting and to authorize the Audit Committee of the Board to determine its compensation.

The Audit Committee has selected KPMG, the U.S. member firm of KPMG International, as the independent registered public accounting firm to audit the Company s financial statements and effectiveness of internal control over financial reporting of the Company until the end of the Company s Annual General Meeting in 2013. KPMG Audit Plc, the UK member firm of KPMG International (KPMG UK), served as the Company s independent registered public accounting firm and auditor for the fiscal year ended January 29, 2011 (Fiscal 2011). While the Shareholders are required to appoint the independent auditor pursuant to Bermuda law, the Audit Committee is responsible for recommending which independent auditors should be appointed.

A representative of KPMG will be in attendance at the Annual Meeting to respond to appropriate questions raised by Shareholders and will be afforded the opportunity to make a statement at the Meeting, if he or she desires to do so.

Fees and Services of KPMG

The Audit Committee has adopted a policy requiring advance approval of the Company s independent registered public accounting firm s fees and services by the Audit Committee (subject to a de minimis amount). The Audit Committee reviews all approved services and fees at subsequent meetings. This policy also prohibits the Company s independent registered public accounting firm from performing certain non-audit services for the Company including: (i) bookkeeping, (ii) systems design and implementation, (iii) appraisals or valuations, (iv) actuarial services, (v) internal audit, (vi) management or human resources services, (vii) investment advice or investment banking, (viii) legal services, and (ix) expert services unrelated to the audit. All fees paid by the Company to KPMG for Fiscal 2012 and to KPMG UK for Fiscal 2011 as shown in the table below were approved by the Audit Committee pursuant to this policy.

The following table presents fees for professional audit services provided by KPMG for Fiscal 2012 and by KPMG UK for Fiscal 2011 for their respective audits of the Company s consolidated financial statements and the effectiveness of internal control over financial reporting for Fiscal 2012 and Fiscal 2011, and for their respective reviews of the Company s unaudited condensed consolidated interim financial statements. This table also reflects fees for other services rendered by KPMG for Fiscal 2012 and KPMG UK for Fiscal 2011.

	Fiscal 2012 $million	Fiscal 2011 $million
Audit Fees	1.4	1.3
Audit-Related Fees[(1)]	0.3	0.4
Non-Audit Fees	0.3	
Total Fees	2.0	1.7

THE BOARD OF DIRECTORS RECOMMENDS A VOTE **FOR** THIS PROPOSAL.

(1) During Fiscal 2012 and Fiscal 2011, audit related fees consisted principally of assurance-related services that are reasonably related to the performance of the audit or review of financial statements.

Table of Contents

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

The Role of the Board

As a result of Sir Malcolm Williamson s decision not to stand for re-election, the Board will be comprised of seven members following the Meeting. The Board s prime objective is the sustainable enhancement of business performance and Shareholder value. It is responsible for determining all major policies, ensuring that effective strategies and management are in place, assessing Signet s performance and that of its senior management, reviewing the systems of internal control and setting policy relating to social, ethical, environmental and other matters.

Separate and Independent Chairman

The Company has a Chairman of the Board who is separate from its Chief Executive Officer and whom the Board has determined to be independent under the NYSE Listing Standards. The Board considers it to be important for its effectiveness and efficiency to maintain a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company s business; therefore the Board has agreed that the roles of Chairman and Chief Executive Officer should be separate. We anticipate that Mr. Stitzer will assume the role of Chairman following re-election to the Board at the Meeting.

The division of responsibilities between the Chairman and the Chief Executive Officer has been specifically agreed by the Board.

In summary, the Chairman is responsible for:

- effective running of the Board, including evaluating its performance and that of individual Directors, and the Board s compliance with corporate governance requirements and best practice;
- consulting with and advising executive management about planned presentations to the Board, involving but not limited to, topics of longer term strategy, medium term plans, annual budgeting or, at his discretion, any other significant matters;
- consulting with and advising the Chief Executive Officer on contemplated executive management personnel selections, organizational alignment and responsibilities, and compensation recommendations;
- maintaining contact with major Shareholders to understand directly their issues and concerns;
- keeping the other independent Directors appropriately informed of developments within the business and Shareholders attitude toward the Company; and
- safeguarding Signet s reputation, and representing it both internally and externally.

Chief Executive Officer

In summary the Board has agreed that the Chief Executive Officer is responsible for:

- the executive leadership of the business;
- developing and presenting to the Board, strategy, medium term plans and annual budgets;

- within this framework, the performance of the business;

- complying with legal and corporate governance requirements, together with the social, ethical and environmental principles of Signet; and

- making recommendations on the appointment and compensation of senior Executive Officers and management development.

Executive Sessions of Independent Directors

Independent Directors meet regularly in executive session without management participation. At those meetings the Chairman presides. This encourages open discussion. In addition, at least once per year the independent

Table of Contents

Directors, excluding the Chairman, meet separately in executive session to consider the independent Chairman s performance. At those meetings, Russell Walls, Chairman of the Nomination and Corporate Governance Committee, presides.

Independent Directors Constitute a Majority of the Board

The Board currently comprises one executive Director and seven independent Directors including the Chairman. The Board has affirmatively determined that each of the following Directors is independent under the NYSE Listing Standards: Sir Malcolm Williamson, Todd Stitzer, Robert Blanchard, Dale Hilpert, Marianne Parrs, Thomas Plaskett, and Russell Walls. In considering independence the Board considers any commercial, consulting, legal, accounting, charitable or any other business or non-business relationships that a Director or his or her immediate family may have with the Company. No such relationship exists for any of the independent Directors.

Self-evaluation

The Directors conduct an annual evaluation of the workings and efficiency of the Board and of each of the Board committees on which they serve and make recommendations for change, if required.

Director Attendance at Annual General Meetings

All of the Directors are required to attend the Annual General Meeting. The Board schedules a Board meeting on the date of the Annual General Meeting of Shareholders to facilitate attendance at the Annual General Meeting by the Directors. All of the Directors attended the Annual General Meeting held in June 2011, other than Todd Stitzer, who was appointed to the Board in January 2012.

Meetings and Attendance During Fiscal 2012

In Fiscal 2012, the Board met eight times (including meetings by telephone). All incumbent Directors attended at least 98% of the aggregate number of meetings of the Board and those Board committees on which they served during their period of service in Fiscal 2012.

Communication with Directors

Any member of the public who wishes to send communications to the Board of Directors, the Chairman or any other individual Director may do so in writing, addressed to Mark A. Jenkins, Group Company Secretary c/o Signet Group Services Limited, at 15 Golden Square, London, W1F 9JG, UK. All such communications will be reviewed promptly by the Group Company Secretary and sent to the appropriate directors or Committee Chair with a copy to the Chairman.

Transactions with Related Persons

The Board has adopted written policies and procedures for the review, approval or ratification of transactions in which the Company participates and in which any Director or executive officer, any nominee for election as a Director, or any five percent holder of the Company s securities, or any immediate family member of such an officer, director or nominee or security holder, has a direct or indirect material interest. In determining whether to approve or ratify any such transaction the Board, on the recommendation of the Nomination and Corporate Governance Committee and/or the Audit Committee (dependent upon the nature of the transaction), would consider whether, based on the specific facts and circumstances of the transaction, such a transaction would be in the best interests of the Company. Any transaction considered to jeopardize the independence of the Director, be contrary to law or regulation, or potentially create or give the appearance of a conflict of interest (also prevented by the Code of Ethics) would be prohibited.

The Company did not participate in any related person transactions in Fiscal 2012.

Table of Contents

Risk Management

The identification of major business risks is carried out in conjunction with operational management and appropriate steps are taken to monitor and mitigate risks. The Group Risk and Audit Director, who is not a named executive officer of the Company, co-ordinates the collection of risk management information and is responsible for assessing Signet s day to day risk management processes and internal control structure, ensuring such processes satisfy the applicable standards at both divisional and corporate levels. His findings are reported to the Audit Committee.

The Risk Management Committee (the RMC), which is chaired by the Group Risk and Audit Director, has a written charter approved by the Board; its members include the Company s Chief Financial Officer, the Group Financial Controller, the Divisional Chief Financial Officers and the Divisional Heads of Risk. The RMC meets at least four times a year and reviews Signet s risk management processes, the consolidated principal risks identified by the Company, emerging issues and new regulations. The Group Risk and Audit Director and the Chairman of the Audit Committee meet periodically to discuss key matters arising from Signet s risk management process and as appropriate, reports are made to the Board. Risk and control committees also have been established at both divisional and corporate levels. Each divisional committee is chaired by the divisional Chief Executive Officer and the corporate committee is chaired by the Chief Financial Officer. Each committee has a formalized charter and requires participation by the executive management teams. The Group Risk and Audit Director attends all divisional and corporate risk management committee meetings to provide a consistent approach and independent review.

In its role in the oversight of risk management, the Board will: annually agree on the prioritized risks impacting the Board and associated responsibilities; periodically invite each divisional Chief Executive Officer to present to the Board their prioritized risks and strategies for risk mitigation; and review Signet s internal controls and risk governance framework and developments thereof. In addition, on a periodic basis, the Board reviews risk and internal audit updates provided by the Chairman of the Audit Committee and on a quarterly basis it reviews and discusses reports provided by the Group Risk and Audit Director on divisional risk management activity.

Compensation Policies and Risk Taking

Policies and Risk Taking

The Compensation Committee has evaluated the Company s policies and practices of compensating its employees and has determined that they are not reasonably likely to have a material adverse effect on the Company. The Compensation Committee has reached this conclusion based in part on a review conducted by its independent consultant that analyzed the Company s compensation policies and practices for all employees, including executive officers. The Compensation Committee noted several aspects of the compensation programs that reduce the likelihood of excessive risk-taking:

- Compensation for the executive officers is a mix of fixed and variable awards, with an appropriate weighting of share-based compensation that vests based on time and performance criteria;

- The executive annual incentive plan is based on operating profit, which the Committee believes is closely tied to the creation of long-term shareholder value. Targets, which are reviewed and approved by the Compensation Committee, are set in advance and potential payouts are stress tested to ensure a reasonable sharing of value created between management and shareholders. Financial performance is verified by Signet s external auditors before amounts are paid out under the annual incentive plan;

- The combination of annually granted restricted stock and performance restricted stock units (performance RSUs) that both cliff vest at the end of 3 years provides overlapping vesting periods. This approach addresses longer tail risks as participants remain exposed to the risks associated with their decisions through their ongoing unvested awards;

- Recent decisions to award long-term incentives in the form of whole share awards (rather than options) drive long-term share value creation, rather than reward share price volatility;

Table of Contents

The Chief Executive Officer currently is subject to share ownership requirements and the Company plans to implement ownership requirements for other named executive officers during Fiscal 2013.

The Company prohibits hedging of, and speculation in, Signet shares;

The Company has a recoupment policy that applies to all employees who receive incentive awards and to all short- and long-term incentives. Repayment obligations are triggered if there is a material restatement of the financial statements. In the event of an overpayment, the Company will seek to recover the difference balancing the amount to be recovered against the cost of doing so. Similarly in the interest of fairness, should a restatement result in an under payment of incentive compensation, the Company will make up any difference;

The Compensation Committee is comprised entirely of independent directors; it engaged an independent consultant to review the risks associated with its compensation programs; it reviews the payouts under the annual incentive program; and it regularly benchmarks executive compensation against a carefully reviewed peer group; and

There is member overlap in the Audit and Compensation Committees. This crossover gives the Compensation Committee awareness of Signet s enterprise risks when making its decisions with respect to compensation.

Corporate Governance Guidelines

The Company has adopted a set of corporate governance guidelines that address a number of corporate governance matters in accordance with section 303A of the NYSE rules and are available at www.signetjewelers.com/sj/pages/shareholders/corp-governance/cg-statement . The Company strives to act in accordance with the laws and customs of each country in which it operates; to adopt proper standards of business practice and procedure; to operate with integrity; and to observe and respect the culture of each country in which it operates. To that end, Signet has adopted a statement of social, ethical and environmental principles and supporting policies applicable to all officers and employees of the Company and complies with the requirements of the NYSE. In addition, Signet has a policy on business integrity, as well as more detailed guidance and regulations as part of Signet s staff induction, training and operational procedures. These policies include a code of business conduct and ethics that is applicable to all directors, officers and employees, as well as a Code of Ethics for the Chairman, CEO and senior officers. Copies of these codes are available from www.signetjewelers.com.

Internal Controls and Risk Management Systems

The Board exercises ultimate responsibility for Signet s system of internal controls and for monitoring its effectiveness. The internal controls system is designed to safeguard Shareholders investments and Signet s assets, both tangible and intangible, including the reputation of Signet with its various stakeholders. Procedures are in place to ensure the maintenance of proper accounting records, the reliability of the financial information used within the business or for publication and the determination of disclosure obligations and of materiality. These procedures also cover disclosure on a timely basis of information to the investment markets. However, such procedures are designed to manage rather than wholly eliminate the risk of failure to achieve business objectives and can provide only reasonable, not absolute, assurance against material misstatement or loss.

Signet s disclosure control procedures are designed to help ensure that processes and procedures for information management are in place at all levels of Signet. The disclosure control procedures aim to provide reasonable assurance that any information disclosed by Signet is recorded, processed, verified, and summarized appropriately and on a consistent basis. The procedures are also designed to provide reasonable assurance that information is accumulated and communicated to management to allow timely decisions to be made regarding required disclosure. Signet s Disclosure Control Committee has formalized terms of reference and consults with Signet s external advisers and auditor, as necessary. These procedures are designed to enable Signet to make timely, appropriate and accurate public disclosures. The activities and findings of the Disclosure Control Committee are reported to the Audit Committee and are subject to periodic internal audit review.

Table of Contents

Key procedures designed to provide effective internal controls are:

- **Control environment** control is exercised through an organizational structure with clearly defined levels of responsibility and authority together with appropriate reporting procedures, particularly with respect to financial information, capital expenditure, investment, granting of guarantees and the use of treasury products, as well as health, safety, environmental and customer service issues;

- **Reporting and information systems** Signet has a comprehensive budgeting and strategic planning system with an annual budget and strategic plan approved by the Board. Reported monthly trading results and balance sheets include the corresponding figures for the budget or revised forecast and for the previous year. Any significant variances are examined by divisional operating management and discussed with senior management, with action being taken as appropriate. A forecast of the full year s results is updated regularly, based on performance to date and any changes in outlook. The senior executives regularly report to the Board on the development of the business, the competitive environment and any material breaches of procedure. These mechanisms, are designed to continually monitor Signet s performance, identify risks in a timely manner, and evaluate the implications of the information resulting there from;

- **Control procedures** each operating division maintains documented financial and operating controls as well as procedures appropriate to its own business environment and in conformity with Signet s guidelines. Each of the operating divisions has an internal audit function which primarily reviews the processes in the store operations but also reviews central service functions. The work of internal audit is monitored by senior divisional executives, and/or Signet management, the RMC and the Audit Committee. The heads of Internal Audit report to the Audit Committee on an operational basis and to the divisional Chief Financial Officers on a functional basis; and

- **Reviews of effectiveness** the Board, in addition to receiving summaries of the RMC reports, annually reviews the effectiveness of the internal controls system on the basis of a report from, and the recommendation of, the Audit Committee. Signet s Disclosure Control Committee reports to the Audit Committee on a quarterly basis as to the effectiveness of the disclosure control procedures.

Board Committees

Certain matters are delegated to Board Committees, each with a charter setting out defined terms of reference, procedures, responsibilities and powers. The principal committees are the Audit, Compensation, and Nomination and Corporate Governance Committees. The composition of each Board Committee is set out below and the Group Company Secretary acts as secretary to each Committee. Each of the Committees acts in accordance with its charter, as adopted by the Board, which is reviewed annually and is available on request from the Group Company Secretary and may be downloaded from www.signetjewelers.com.

The composition of the Board Committees, all members of which are independent under the NYSE Listing Standards, are as follows:

Audit Committee	**Compensation Committee**	**Nomination and Corporate Governance Committee**
Marianne Parrs (Chairman)	Thomas G. Plaskett (Chairman)	Russell Walls (Chairman)
Dale W. Hilpert	Robert Blanchard	Robert Blanchard
Russell Walls	Dale W. Hilpert	Marianne Parrs
		Thomas G. Plaskett

Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Company s financial matters.

Table of Contents

All of the members of the Audit Committee have significant financial experience as a result of senior executive positions held in other companies. The Audit Committee met nine times in Fiscal 2012.

The Board has determined that all members of the Audit Committee are financially literate, and that Ms. Parrs is qualified as the audit committee financial expert within the meaning of SEC regulation.

The Audit Committee s responsibilities include:

- reviewing Signet s financial statements, earnings releases and audit findings, and reviewing its accounting principles and policies;
- recommending for appointment by Shareholders and terminating the Company s independent registered public accounting firm, providing oversight of such firm, reviewing the quality-control procedures and independence of such firm and evaluating its proposed audit scope, performance and fee arrangements;
- approving in advance (subject to a de minimis amount) all audit and non-audit services to be rendered by the independent registered public accounting firm;
- providing oversight of Signet s system of internal control over financial reporting, disclosure controls and procedures and risk management;
- reviewing the effectiveness of the Company s internal auditors, and the Disclosure Control Committee; and
- establishing procedures for complaints regarding accounting, internal accounting controls, auditing or other matters.

The Compensation Committee

The Compensation Committee s responsibilities include:

- setting the overall compensation policy;
- setting specific compensation for the Chairman as well as the Chief Executive Officer, the Chief Financial Officer, the divisional Chief Executive Officers, the Group Company Secretary and other executive officers;
- recommending to the Board any amendment to the fee level or structure of fees paid to the independent Directors; and
- approving any share based compensation awarded to any employees of the Company.

The Compensation Committee sets the compensation of the Chairman of the Board and of the Chief Executive Officer. The compensation of the Chief Financial Officer, the divisional Chief Executive Officers and the Group Company Secretary and other executive officers, is set by the Compensation Committee based on recommendations made by the Chief Executive Officer after consultation with the Chairman. At the commencement of each fiscal year, the Compensation Committee sets annual performance targets for executive officers. Where executive officers are involved in assisting the Compensation Committee, care is taken to recognize and avoid possible conflicts of interest.

The compensation of the independent Directors is determined by the full Board on the basis of recommendations made by the Compensation Committee as a result of consultation with the Chairman and Chief Executive Officer. Such recommendations will be made after consideration of, among other factors, external comparisons, the time commitment and the responsibilities of the independent Directors.

The Compensation Committee met eight times during Fiscal 2012.

Table of Contents

For additional information regarding the operation of the Compensation Committee, including the role of consultants and management in the process of determining the amount and form of executive compensation, see Compensation Discussion and Analysis below.

The Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee s responsibilities include:

- assisting the Board in the selection and nomination of Directors and other senior management;
- reviewing the composition and balance of the Board and its Committees, as well as Board and senior management succession; and
- assisting the Board in the consideration and development of appropriate corporate governance guidelines and other matters of corporate governance.

The Nomination and Corporate Governance Committee uses the services of external recruitment agencies to identify suitable candidates for senior executive posts and for all Board appointments, with interviews carried out in accordance with a formal process.

The Nomination and Corporate Governance Committee has no formal requirements, standards, or a diversity policy in relation to the individuals that it nominates, but considers each candidate on his or her own merits. In evaluating candidates, the criteria that the Nomination and Corporate Governance Committee generally views as relevant and are likely to consider includes experience, particularly experience that is specifically relevant to the business, or reflects a discipline or diversity that the Committee feels is either missing or would be particularly important to the Board s effectiveness and efficiency. The candidate must also be able to demonstrate the highest personal and professional ethics and integrity and be prepared to commit to the time and effort on a consistent basis that are necessary to fulfill the duties and responsibilities of the position.

When the role of the Chairman or any matter relating to succession to that role is discussed, the Chairman may be consulted, but the responsibility for preparing a job specification and making any recommendation to the Board rests solely with the Nomination and Corporate Governance Committee, which also reviews a number of other senior appointments within Signet, such as that of the Group Company Secretary.

A Shareholder who wishes to propose an individual to the Nomination and Corporate Governance Committee for its consideration as a nominee for election to the Board may do so in writing to the Group Company Secretary, c/o Signet Group Services Limited, 15 Golden Square, London, W1F 9JG UK. As more fully described in the Company s Bye-laws, a Shareholder desiring to propose a person for election as a director must include in a written notice all of the information required to be disclosed in solicitations of proxies for election of directors, or as otherwise required pursuant to Regulation 14A under the Exchange Act. This includes the person s written consent to being named in the proxy statement as a nominee and to serving as a director if elected and the name and address of the Shareholder and the number of shares of the Company owned as of record by such Shareholder.

The Nomination and Corporate Governance Committee met six times in Fiscal 2012.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

The Company s Annual Report to Shareholders on Form 10-K includes the audited consolidated balance sheets of the Company and its subsidiaries as of January 28, 2012 and January 29, 2011, and the related audited consolidated income statements, shareholders equity, accumulated other comprehensive income/loss, and cash flows for each of Fiscal 2012, Fiscal 2011 and Fiscal 2010. These balance sheets and statements (the Audited Financial Statements) are the subject of reports by the Company s independent registered public accounting firm, KPMG. The Audited Financial Statements are also available from www.signetjewelers.com.

The Audit Committee reviewed and discussed the Audited Financial Statements with the Company s management and otherwise fulfilled the responsibilities set forth in its charter. The Audit Committee has also discussed with the Company s management and independent registered public accounting firm their evaluations of the effectiveness of the Company s internal control over financial reporting.

The Audit Committee has discussed with KPMG the matters required to be discussed by Statement on Audit Standards Number 61, as amended (AICPA, Professional Standards, Volume 1, AU Section 380), as amended by the Public Company Accounting Oversight Board Rule 3200T. The Audit Committee also received the written disclosure and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG s communication with the Audit Committee concerning independence and had discussed with KPMG their independence.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Company s Board that the Audited Financial Statements be included in the Company s Annual Report on Form 10-K for Fiscal 2012.

Members of the Audit Committee

Marianne Parrs (Chairman)

Russell Walls

Dale W. Hilpert

The information contained in the foregoing report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall the information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference in a filing.

Table of Contents

EXECUTIVE OFFICERS OF THE COMPANY

The Executive Officers of the Company are:

NAME	AGE	Position	Year Joined Signet
Michael W. Barnes	51	Chief Executive Officer	2010
Ronald Ristau	58	Chief Financial Officer	2010
Mark A. Jenkins	54	Group Company Secretary	2004
Mark Light	50	Chief Executive Officer US Division	1978
Robert Anderson	53	Chief Executive Officer UK Division	2000
William Montalto	65	Chief Operating Officer US Division	1986
Robert Trabucco	57	Chief Financial Officer US Division	2003
Michael Povall	53	Chief Administrative Officer UK Division	2002
Kenneth Pratt	50	Chief Financial Officer UK Division	2007
Kevin Ryan .	54	Operations Director UK Division	2000
Sebastian Hobbs	42	Commercial Director UK Division	2011

Michael W. Barnes, 51, Chief Executive Officer and Director, was appointed to the Board in January 2011. Mr. Barnes joined the Company as Chief Executive Officer Designate on December 1, 2010 and became Chief Executive Officer on January 29, 2011. Prior to joining the Company, Mr. Barnes was President, Chief Operating Officer and director of Fossil, Inc., having served in those and other executive capacities at Fossil since 1985, and as a director of Fossil since it became a public company in 1993.

Ronald Ristau, 58, joined Signet as Chief Financial Officer Designate on April 15, 2010, and became Chief Financial Officer on June 26, 2010. Prior to joining the Company he spent ten years with New York & Company, Inc., most recently as President, CFO and director. He has also held posts at Revlon, Inc., Playtex International, United Technologies Corporation and Peat, Marwick Mitchell & Co. Mr. Ristau is a Certified Public Accountant.

Mark A. Jenkins, 54, was appointed Group Company Secretary in 2004. Previously, he was Director and Company Secretary at COLT Telecom Group plc and Group Company Secretary at Peek plc. He is a barrister.

Mark Light, 50, became Chief Executive Officer of Signet s US division in January 2006 having been President and Chief Operating Officer of the US division since 2002. He joined Signet in 1978.

Robert Anderson, 53, became Chief Executive Officer of Signet s UK division in January 2003 having been appointed Chief Operating Officer of the UK division in August 2000. Mr. Anderson is a non-executive director of Provident Financial Plc. He had previously worked at Marks & Spencer Plc for 19 years, lastly as Business Unit Director.

William Montalto, 65, was promoted to Executive Vice President and Chief Operating Officer of the US division in 2006. Mr. Montalto had previously held the positions of Executive Vice President and Chief Administrative Officer (2002), Executive Vice President Strategic Services (1995) and Senior Vice President Management Information Systems & Distribution (1990), having joined the US division in 1986 as Vice President Management Information Systems. Mr. Montalto has announced his retirement, effective June 29, 2012.

Robert Trabucco, 57, joined the US division in 2003 as Executive Vice President and Chief Financial Officer of the US division. He had previously worked for KLS Associates, a retail consulting practice.

Michael Povall, 53, joined Signet s UK division in April 2002. Prior to this, his career was predominantly in retail working in the food retail sector including roles in supply chain and retail operations. In his current role, he is responsible for Information Technology, Human Resources and Central Facilities.

Table of Contents

Kenneth Pratt, 50, re-joined Signet in April 2007 as Chief Financial Officer of the UK division, having first joined the Company in 1987, and was Group Financial Controller from 1991 until 1997. From 1997 to 2007, Mr. Pratt worked for a European Division of Liz Claiborne, Inc. in a number of positions with leadership roles spanning Finance, Retail Operations, Supply Chain, Human Resources and Information Technology. In his current role, Mr. Pratt is responsible for the Finance, Logistics, Corporate Sales and Compliance functions, as well as strategic planning.

Kevin Ryan, 54, joined Signet s UK division in February 2000. Previously Mr. Ryan spent his career predominantly in retail fulfilling a number of field operational roles. In his current role, he is responsible for all store operations within the UK including management of the field team, property portfolio and the capital fit out program.

Sebastian Hobbs, 42, joined Signet s UK division in March 2011. Prior to joining Signet, Mr. Hobbs worked in a number of retail companies, most recently at Blacks Leisure Group plc for 5 years. In his current role, he is responsible for the marketing, merchandising and purchasing functions for the UK division.

No Executive Officer is or was the subject of legal proceedings that are required to be disclosed pursuant to SEC rules.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview

This Compensation Discussion and Analysis (CDA) describes the objectives and the role of the Compensation Committee and further discusses the philosophy upon which the Compensation Committee bases its decisions in its endeavors to meet these objectives. It also describes the principles of the Company s executive compensation policies and details the individual material elements of compensation awarded to, earned by, or paid to the named executive officers (each, an NEO).

Consideration of Say on Pay Vote

The Compensation Committee considered the 2011 non-binding shareholder vote regarding executive compensation in evaluating the Company s Fiscal 2011 executive compensation program. Due to a substantial majority of votes cast approving the executive compensation program described in the Company s Proxy Statement for the 2011 Annual General Meeting, the Compensation Committee continued to apply the same principles in determining the amounts and types of executive compensation for Fiscal 2012.

Executive Summary

Signet s compensation program has been designed to assist in achieving its business objective of consistently outperforming the specialty retail jewelry market segment and deliver superior returns to Shareholders.

The Committee, together with its compensation consultant, conducted a thorough analysis of compensation and executive benefits this year to ensure compensation aligns with market practice and Company performance. The results of this review confirmed that the Company s current practices described in this CDA are appropriate.

The Committee awarded compensation in Fiscal 2012 based on continuing superior performance. The Company performed strongly during the year in the face of an uncertain economic outlook, which is reflected in the results for Fiscal 2012:

- Total sales up by 9.1% to $3,749.2 million;
- Diluted earnings per share up 60.8% to $3.73;
- Operating income up by 36.2% to $507.4 million, and
- Increase in income before income taxes of 67.1% to $502.1 million.

To accomplish this superior performance, we must employ, motivate and retain superior management. The primary compensation principle, therefore, is to target total compensation at approximately the median of a customized group of comparator companies. Those companies have been specifically chosen to reflect various attributes similar to ours and also because they pose a potential threat as to solicitation of our executives if compensation is not competitive. Executives are paid in a range around the median that is dependent upon the executive s experience and proven ability to consistently deliver superior performance.

The total aggregate compensation at target performance for the named executive officers currently falls just below the comparator company median.

A number of sub-principles have also been developed as follows:

1. The compensation program must align the interests of senior management with those of Shareholders. This is achieved by delivering a significant portion of total compensation for named executive officers as incentives dependent on factors that should produce long-term share price growth.

Table of Contents

2. The only element of guaranteed pay is base salary with the percentage of at risk compensation increasing in line with the responsibility and experience of each executive.

3. Elements of compensation that are at risk should reward annual and multi-year performance, as well as exceptional performance.

4. Compensation should include a retention component, which encourages high performing executives to remain with the Company.

5. The compensation program should be constructed so that the named executive officers understand the performance required to receive various levels of payments and therefore remain motivated.

6. The compensation program should encourage all senior executives to build a substantial holding of the Company s shares.

The following charts illustrate the total aggregate compensation mix for our Chief Executive Officer and the average mix for our other named executive officers.

Table of Contents

The Role of the Compensation Committee

The Compensation Committee s role is to set the compensation for Signet s named executive officers to ensure that they are fairly rewarded for their individual contributions to Signet s performance having due regard to the interests of Shareholders, the financial and commercial health of the business and pay and conditions throughout Signet. It is also the role of the Committee to ensure that Signet s compensation remains competitive as discussed earlier.

A competitive market analysis is reviewed on a regular basis to ensure total compensation packages remain close to the comparator company median.

The Role of Compensation Consultants

The Compensation Committee regularly uses external independent advice.

Meridian appointment

In Fiscal 2012, the Committee retained Meridian Compensation Partners LLC (Meridian) as executive compensation advisers. Meridian assists the Compensation Committee in its review, evaluation and analysis of Signet s executive compensation program. In this role, Meridian collects relevant market data in order to assist the Compensation Committee in delivering effective and competitive executive compensation. Meridian also advises the Compensation Committee on optimal ways of motivating, rewarding and retaining executives in terms of both short and long term incentives and advising the Committee of the most effective ways of linking the interests of management and Shareholders.

In analyzing the market data provided by Meridian, the Compensation Committee focuses on an established peer group of companies for benchmarking purposes where possible. The Compensation Committee annually reviews the composition of the peer group in order to ensure it continues to comprise appropriate representative companies. The Committee selected such a group in Fiscal 2012 based upon the following criteria:

- focus on retailers with international operations, headquartered in the US and traded on a US stock exchange;
- median sales are similar to Signet s; and
- most peer companies have revenue that ranges from half to twice the Company s revenue.

The peer group consisted of:

Abercrombie & Fitch Co., American Eagle Outfitters Inc., ANN INC, Coach Inc., Collective Brands Inc., Estee Lauder Inc,; Foot Locker Inc., Limited Brands Inc., Nordstrom Inc., Phillips Van Heusen Corporation, Pier 1 Imports Inc., Polo Ralph Lauren Corp., Saks Inc., Tiffany & Co., Urban Outfitters Inc., Williams-Sonoma, Inc., and Zale Corp.

This group differed from the one used last year as follows:

- Some companies were dropped because they fell outside of the size parameters, are not meaningful competitors, and/or were experiencing performance issues. These included Bed Bath & Beyond Inc., Barnes & Noble Inc., Talbots Inc., Charming Shoppes Inc., Jones Group Inc., and Liz Claiborne Inc.
- Some companies were added because they better represented the Company s luxury and/or retail focus. These included Estee Lauder Inc., Limited Brands Inc., Polo Ralph Lauren Corp., and Urban Outfitters Inc.

This peer group was the primary source of market data for the Chief Executive Officer, Chief Financial Officer, and the Chief Executive Officer of the US division. For the Chief Operating Officer of the US division, a broader focus on retailers participating in the Hay Retail Survey was used to get sufficient data matches for the position. This survey covers 111 retail companies with median revenues of $3.5 billion. For the UK named executive officer, Meridian used data from a UK general industry survey covering 319 companies with median revenues of £317.9 million.

Determining Executive Compensation

The Compensation Committee s objective is to deliver and maintain competitive executive compensation in accordance with its compensation principles.

The Compensation Committee ensures that the greater the responsibility and direct influence over the Company s performance an executive officer has, the more his or her total compensation will be weighted toward incentive payments. The Compensation Committee considers the annual compensation benchmarking data described earlier, along with other factors such as an executive officer s level of experience, the Company s desire to retain the executive, the availability of replacement personnel, as well as the individual s responsibilities and actual performance when setting compensation levels. Responsibility for external factors that impact results of the Company will also be considered.

Performance Criteria

The Compensation Committee reviews and approves proposed performance measures and targets to effectively motivate management and drive the creation of Shareholder value. Annual bonus targets for executives are reviewed annually to confirm that they remain appropriate and clearly aligned with business strategy and objectives.

The vesting of equity incentive awards is subject to the Company s multi-year performance (for our performance-based equity awards) as well as a participant s continued employment until the end of the performance period. However, partial vesting pro-rata to the length of time since grant may occur if the participant s employment ends before the end of the performance period on account of death, retirement, disability or other circumstances as determined by the Compensation Committee in its discretion or in accordance with individual employment agreements.

The vesting of the annual cash incentive awards will normally be subject to continued employment, as well as the terms of individual employment agreements.

Compensation Overview, Objectives and Key Features

The Compensation Committee has established an executive compensation plan that contains the following key components:

Component	**Objective**	**Key Features**
Base salary	Provides a minimum level of pay that is not at risk and reflects individual experience and ongoing contribution and performance.	Designed to retain key Executive Officers by being competitive but is not considered to be the primary means of recognizing performance.
Annual bonus	Motivate and reward achievement of annual financial results against established annual goals of the Company.	Cash payments dependent on the degree of achievement against an annual

performance target. This element is payable in the year following the year in which it was earned.

Table of Contents

Component	Objective	Key Features
Long-term incentives (time and performance-based restricted shares and units)	Align management with Shareholder interests; retain executive officers; motivate and reward achievement of sustainable earnings growth.	Time based restricted share awards vest upon the continuance of service; performance based restricted share units require achievement of Company financial goals over a three-year performance period and require continued service.

An additional component of the compensation plan is the benefits package, which includes retirement benefits, health and life insurance. This package has the objective of retaining executive officers over the course of their careers. The Compensation Committee also reviews tally sheets covering all elements of compensation and contingent payments upon all termination events to ensure the total compensation package is appropriate.

Elements of Executive Compensation

Based upon the policies, principles and philosophy described above, the Company maintains an executive compensation program that it believes provides executive officers with total compensation opportunities that adequately reward the executives for their contribution in achieving superior corporate performance and increasing the share price. Each of these elements is described below.

(a) Base salary

Each named executive officer receives a fixed level of base annual salary as compensation for services rendered during the fiscal year. Base salary increases recognize and reward ongoing individual performance. The level of base salary also recognizes and reflects experience, expertise and internal pay equity. The CEO recommends base salaries for the named executive officers, other than himself, which are subject to approval by the Compensation Committee. Separately the Compensation Committee establishes the CEO s base salary and annual increases. Base salary ranges are monitored to ensure that base salary levels support the executive compensation program s objectives of attracting and retaining management and motivating superior performance.

For Fiscal 2013, the Compensation Committee reviewed the compensation mix for the NEOs and determined to make adjustments to the base salary level and/or annual bonus targets for the continuing NEOs. This was done to achieve a better balance between fixed and variable compensation, to more closely reflect market and competitive practices and based upon the Committee s evaluation of the factors described above. As shown in the table below, the specific adjustments in base salary did not have a material impact on the competitive positioning.

Named Executive Officer	Fiscal 2012 Salary	New Salary	Increase
Michael W. Barnes	$ 1,050,000	$ 1,050,000	0%
Ronald Ristau	$ 682,500	$ 714,708	4.5%
Mark Light	$ 911,750	$ 940,000	3%
William Montalto	$ 648,000	$ 648,000	0%
Robert Anderson	$ 603,200	$ 615,200	2%

(b) Annual bonus

Annual bonus performance targets are reviewed and approved by the Compensation Committee each year. Similar to base salaries, the Compensation Committee will review and approve any changes recommended by the CEO for the named executive officers other than himself, and will separately review and approve changes to the CEO s target bonus, which is solely determined by the Compensation Committee. In determining the performance target at the commencement of each year, the Compensation Committee gives consideration to relevant market data, including market position and the relative positioning of the Company s performance in its sector, as well as its current business plans. There is a maximum bonus level set each year on such awards, which is twice the target level, and a threshold performance level, below which no payments are made. The percentage earned for performance between the threshold level and the target level in any performance period will be interpolated on a straight line basis between 0% and 100% of the target level, and the percentage earned for performance between the target level and the maximum level in any performance period will be interpolated on a straight line basis between 100% and 200% of the target level.

This incentive program has been developed to focus management on the achievement of each year s performance objectives. The annual bonus is based on a pre-determined formula either on a divisional basis or Company-wide basis, depending upon the named executive officer s particular responsibilities. The Company performance formula measures each division s performance separately. Therefore, if one division under performs, the Company-wide goal cannot be met through over achievement of the other division. The annual incentives for Mr. Barnes and Mr. Ristau are based upon Company performance, while the annual incentives for Mr. Light and Mr. Montalto are based solely on the performance of the US division. Similarly, the annual incentive for Mr. Anderson is based solely upon the performance of the UK division.

Annual bonus Fiscal 2012

In setting the performance criteria for Fiscal 2012, the Compensation Committee agreed that it was appropriate to determine the entire bonus on profit measures equal to targeted operating profit, as the main focus should be on driving profit.

The bonus targets and potential maximum amounts for Fiscal 2012 were set as follows:

Executive	Position	Target Bonus as a percentage of Base Salary	Maximum Bonus as a percentage of Base Salary
Michael W. Barnes	Chief Executive Officer	100%	200%
Ronald Ristau	Chief Financial Officer	60%	120%
Mark Light	Chief Executive Officer US Division	60%	120%
Robert Anderson	Chief Executive Officer UK Division	50%	100%
William Montalto	Chief Operating Officer US Division	50%	100%

The financial performance measure for the annual bonus plan for Fiscal 2012 was based on target operating profit for each division set at the beginning of the bonus period. The Company wide performance for the CEO and the CFO was determined using a weighting of 87% on the US and 13% on the UK, reflecting the relative operating profit level of each division. As discussed above, the annual incentives for the CEOs of the US and UK divisions and the COO of the US division are based solely on the performance of their respective division. The threshold (the level at which bonus will start to accrue), target, maximum and actual operating numbers for Fiscal 2012 are as follows:

	Operating Profit			
	Threshold $	Target $	Max $	Actual Achieved $
US Criteria	350,000,000	382,000,000	420,200,000	478,000,000
UK Criteria	50,240,000	58,880,000	64,800,000	56,160,000

Having reviewed the performance achieved against the performance criteria set by the Compensation Committee at the beginning of Fiscal 2012, the Committee determined, as part of the Fiscal 2012 year end process in March 2012, that the US division exceeded the maximum performance level resulting in a 200% payout at maximum

Table of Contents

and the UK division achieved performance warranting a 68.3% of target payout. Based on the weighting shown above, these performance levels resulted in a 182.9% payout for the CEO and CFO. Accordingly, the Committee approved bonus payments as follows:

	Target $	Max $	Actual Achieved $
Michael W. Barnes	1,050,000	2,100,000	1,920,450
Ronald Ristau	409,500	819,000	748,976
Mark Light	547,050	1,094,100	1,094,100
Robert Anderson	301,600	603,200	205,993
William Montalto	324,000	648,000	648,000

Annual bonus Fiscal 2013

In setting the performance criteria for Fiscal 2013, the Compensation Committee agreed to adopt the same performance measure that had been employed for Fiscal 2012 as it was still considered appropriate. Therefore, the financial performance measure for the annual bonus plan for Fiscal 2013, upon which 100% of the total annual bonus capacity may be earned, is based upon the target operating profit for each division set at the beginning of the bonus period. The bonuses for the corporate executive officers will be calculated on the same basis as for Fiscal 2012, namely proportionately on the divisional results although the weighting between the US and UK has moved to 90:10 respectively, reflecting the change in relative profit level of each division and calculated at a constant exchange rate basis as appropriate. For Fiscal 2013, for the US division, the level of achievement between 92% and 110% of the performance target will determine the level of the award that is paid. In the UK division, executives can earn a bonus if between 89% and 111% of the performance target is achieved. Based on a review of compensation mix for the NEOs, market data, overall total compensation positioning and individual performance, the Compensation Committee made adjustments to some officer bonus targets for Fiscal 2013. The bonus targets and potential maximum amounts for Fiscal 2013 will be as follows:

Executive	Position	Target Bonus as a percentage of Base Salary	Maximum Bonus as a percentage of Base Salary
Michael W. Barnes	Chief Executive Officer	120%	240%
Ronald Ristau	Chief Financial Officer	70%	140%
Mark Light	Chief Executive Officer US Division	65%	130%
Robert Anderson	Chief Executive Officer UK Division	50%	100%
William Montalto	Chief Operating Officer US Division	50%	100%

(c) Long Term Incentive Plans

The Compensation Committee believes that long term share based incentives are appropriate and necessary measures to properly focus the executive officers on long term results and align their interests with those of

Shareholders.

Long Term Incentive Grants Fiscal 2012

Long-term incentive compensation granted in Fiscal 2012 was split equally between time based restricted share grants and performance based restricted share units under the Shareholder approved Omnibus Incentive Plan, (the

Omnibus Incentive Plan). The Committee determined that the share unit performance targets would be determined over three years and would be based upon the achievement of overall Company performance for all participants, including divisional executives. The Committee believes that the focus of this award should be on driving profitability of the entire Company. Named executive officers can earn between 0% to 200% of their performance based grant depending on results of targeted cumulative operating profit over the three year period.

For grants made in Fiscal 2012, the level of achievement, between 96% and 104% of the performance target on a straight line basis over the period, will determine the amount of the performance award that vests between zero and maximum on a cliff vesting basis after the relevant 3 year performance period. The Compensation Committee used a sliding scale of achievement rather than an all or nothing approach to compensate NEOs for actual performance against the criteria in Fiscal 2012. The time based restricted share grants cliff vest based on continued service during the relevant 3 year performance period.

Generally long term incentive grants are made at the same time as the annual compensation reviews. Unless otherwise provided in an individual employment agreement, long term incentive grant amounts for NEOs in Fiscal 2012 were determined based upon an award methodology using the historic Black Scholes valuation applied to the previous option valuation expressed as a percentage of salary. To determine the number of shares granted to all officers, the Committee determined that the share price to be used was equal to the closing price of a Common Share on the trading day before April 12, 2011. The number of time-based restricted shares and performance-based restricted units granted to executive officers in Fiscal 2012 based upon this award methodology can be seen in the Grants of Plan-Based Awards table below.

Long Term Incentive Grants Fiscal 2013

The Committee approved grants to Messrs. Barnes, Ristau, Light and Anderson in Fiscal 2013. As in the previous year, the grants were split equally between restricted shares and performance unit grants under the Omnibus Incentive Plan. In line with the previous year, the Compensation Committee decided the performance based Long Term Incentive grants should be based on overall Company performance for all participants, including divisional executives. Therefore, performance targets for Messrs. Barnes, Ristau, Light and Anderson were based upon the Company s cumulative targeted operating profit over a three year period. The level of achievement between 96% and 105% of the performance targets over the period will determine the amount of the performance-based award between zero and maximum that vests on a cliff vesting basis. Grants were in the form of time based restricted stock and performance based restricted stock units with cliff vesting after three years for both types of awards. Based on a new equity grant policy adopted by the Compensation Committee, the share price to be used to determine the amount of the grant to all officers is $47.76, representing the average closing price of a Common Share on the 20 trading days commencing on March 23, 2012, the day after the Fiscal 2012 results announcement, with the grant date being April 23, 2012.

Long Term Incentive Vesting Fiscal 2013

In March 2012, the Committee concluded that the pre-determined performance conditions relating to the performance based long term incentive awards made in Fiscal 2010 had been achieved at the maximum level for both divisions and the corporate executives, resulting in the performance based long term incentive awards vesting at 200% of target. The pre-determined performance conditions for the performance related long term incentive awards made in Fiscal 2010 were based upon the achievement of three year cumulative EBIT. A range between 85% of target at which nothing is earned and 115% of target at which maximum may be earned determined the level of vesting achieved. Target cumulative EBIT was determined on a divisional basis, which on a consolidated Company basis amounted to $806 million for the three year cumulative period, and actual achievement exceeded $927 million, for the three year cumulative period representing 115% of target and the level at which maximum vesting was achieved.

Table of Contents

(d) Retirement & Deferred Compensation

The Company provides retirement and deferred compensation benefits to named executive officers and employees, both as a retention mechanism and as a means to assist with the provision of a degree of financial security post retirement. There are different plans operating in the US and the UK.

(i) UK Executive Officers

Mr. Anderson participates in the Signet Group Pension Scheme, which is a funded, HM Revenue & Customs registered, final salary, occupational pension plan. Pensionable salary is the participant s base salary, excluding all bonuses.

The main features of this pension plan are:

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

All UK Group Plan benefits were, until April 5, 2006, subject to Inland Revenue limits. Since the changes to pension taxation in the UK from April 6, 2006 and the removal of existing limits, a scheme specific earnings cap

has been maintained equivalent to the previous earnings cap, increased by the Retail Price Index annually. As the

tax treatment and other advantages of contributing to funded unapproved retirement benefit schemes (FURBS) to fund benefits above the earnings cap has been eroded, the Company has ceased paying contributions to the Signet FURBS and it has been wound up. In substitution, a supplement is paid in accordance with the compensation principles on an individual basis. The Company will not compensate or protect participants against the consequences of the changes in taxation. In Fiscal 2012, Mr. Anderson was paid $307,251 in settlement of his accured benefits under the FURBS Plan.

(ii) US Executive Officers

In the US, there are two defined contribution savings vehicles. The primary retirement vehicle is the company sponsored Sterling Jewelers Inc. 401(k) Retirement Savings Plan (the 401(k) Plan), which is a qualified plan under Federal guidelines. The Company matched employee contributions to the 401(k) Plan at 25% of an employee s contribution up to a maximum of 6% of an employee s basic salary until April 2011, when the matching contribution was increased to 50% of an employee s contribution in order to be market competitive.

Under Federal guidelines, the 401(k) Plan contributions by senior management may be reduced based on the participation levels of lower paid employees. A supplemental plan, the Deferred Compensation Plan, an unfunded, non-qualified plan under Federal guidelines, was established in 1996 for senior management to assist with pre-tax retirement savings in addition to the 401(k) Plan. In 2004, the Company froze this deferred compensation plan (the Frozen DCP) to new participants and new deferrals for tax purposes and created a second unfunded, non-qualified deferred compensation plan, for management and highly compensated employees or executives (the DCP). Beginning in April 2011, the Company re-introduced a discretionary 50% Company matching contribution under the DCP based upon each participant s annual remuneration deferral, up to 10% of the participant s eligible compensation deferred to the DCP. Although the DCP also permits additional employer discretionary contributions, the Company did not make any additional discretionary contribution in Fiscal 2012.

Messrs. Light and Montalto have benefits provided via the 401(k) Plan, the Frozen DCP, and the DCP.

Table of Contents

(e) Health & Welfare

Named executive officers participate in various health and welfare programs, as well as life insurance and long term disability plans, which are generally available to other executive officers of the Company. In addition, named executive officers participate in supplemental programs, along with other officers of the Company. These supplemental programs include a medical reimbursement plan as well as an enhanced Executive long term disability program. The Company also pays the premiums for the named executive officers medical and life insurance coverages. These supplemental benefits are provided to give the Company a competitive edge in recruiting executive talent and enticing them to move to our location in Akron, Ohio.

(f) Perquisites

Signet pays an allowance in lieu of an automobile to named executive officers and, during Fiscal 2012, provided a limited number of other perquisites to Mr. Light, consisting of a leased automobile and reimbursement of fees for one private club membership to encourage him to entertain business colleagues and customers, engage in social interaction with peers from other companies, foster local leadership and community activities and reward experience, expertise, responsibility, seniority and leadership qualities. These practices have now ceased. In addition, in limited circumstances, where it is appropriate that spouses attend business related functions, Signet reimburses named executive officers for the travel expenses of spouses.

The Company does not provide tax gross-up payments for any perquisites.

(g) Employment Agreements

Generally, employment agreements are provided to the named executive officers in order to entice them to join the Company and to contribute to the long term success of the business. Employment agreements in effect may all be terminated upon notice of one year or less. The principal terms of the employment agreements with Mr. Barnes, Mr. Ristau, Mr. Light, Mr. Anderson and Mr. Montalto are set forth under Employment Agreements below on page 46. In unusual circumstances, including times of possible or actual transition of corporate control, corporate restructuring or just the desire to keep an executive or the team of named executive officers in place, free of distractions that might arise out of concern for personal financial advantage or job security, the Committee will enter into a retention agreement with one or more executive officers. At the present time, the Company has retention agreements with Messrs. Light and Anderson, which are described below under Employment Agreements on page 46.

(h) Termination for Cause and Violation of Non-Compete Covenants

Share options outstanding under the employee incentive plans may not be exercised after a termination for cause. Performance-based restricted share units and time-based restricted shares will not vest if termination for cause occurs before the conclusion of the three-year performance period. All executive officer employment agreements contain a non-competition covenant that has between a 9 and 12 month post-employment term. Violation of the non-compete covenants will result in potential litigation and the Company s ability to seek injunctive relief and damages. For more information concerning the named executive officers employment agreements, see Employment Agreements below beginning on page 46.

(i) Limitation under Section 162(m) of the Revenue Code

Section 162(m) of the Revenue Code generally denies a federal income tax deduction to the Company for compensation in excess of $1 million per year paid to NEOs. This denial of deduction is subject to an exception for qualified performance-based compensation . Although the Compensation Committee has designed the executive compensation program with tax considerations in mind, the Compensation Committee retains the flexibility to authorize compensation that may not be deductible if the Committee believes doing so is in the best interests of the Company.

Table of Contents

(j) Claw Back

Recognizing that the SEC has yet to publish regulations on claw back policies as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), the Compensation Committee considered it to be appropriate to adopt an interim claw back policy. The policy provides that in the event of a material restatement of the Company s financial results, the Compensation Committee will recalculate incentive compensation based on the restated results. In the event of an overpayment, the Company will seek to recover the difference, balancing the amount to be recovered against the cost of doing so. Similarly in the interest of fairness, should a restatement result in an under payment of incentive compensation, the Company will make up any difference.

(k) Share Ownership Policy/Hedging Prohibition

It is the Company s policy that Signet s Chief Executive Officer builds a holding of Common Shares equal to at least five times his base salary over a five-year period following the date of appointment. With effect from the beginning of Fiscal 2014, the Compensation Committee intends to introduce the following mandatory net share retention requirement for certain other executive officers:

- Two times annual base salary Signet Chief Financial Officer, US Chief Executive Officer, US Chief Financial Officer, US Chief Operating Officer, UK Chief Executive Officer;

- One times annual base salary Signet Group Company Secretary, UK Chief Financial Officer.

Once achieved at any given share price, the requirement is considered to have been met notwithstanding any subsequent change in share price. Once achieved, the holding is to be maintained while the individual remains an officer of the Company. It is the Company s policy to prohibit hedging or monetization transactions that would allow an officer, director or employee who is a security holder to engage in transactions that would separate the risks and rewards of ownership of Company securities from actual ownership of those securities.

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee has reviewed and discussed with the Company s management the Compensation Discussion and Analysis section of this Proxy Statement. Based on this review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement.

Members of the Compensation Committee:

Thomas Plaskett (Chairman)

Robert Blanchard

Dale W. Hilpert

Table of Contents

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name & Principal Position	Fiscal Year	Salary $	Stock Awards $(1)	Non-equity incentive plan compensation $	Change in pension value and non-qualified deferred compensation earnings $(2)	All other compensation $	Total $
Michael W. Barnes	**2012**	**1,050,000**	**4,659,277**	**1,920,450**		**27,803**	**7,657,530**
CEO(3)	2011	181,731	12,332,105			645,646	13,159,482
Ronald Ristau	**2012**	**674,375**	**1,125,234**	**748,976**		**84,584**	**2,633,169**
CFO(4)	2011	517,500	737,847	705,120		50,892	2,011,359
Mark Light	**2012**	**899,588**	**1,315,345**	**1,489,831**		**107,065**	**3,811,829**
US CEO(5)	2011	852,825	861,085	1,035,720		74,888	2,824,518
	2010	822,000	833,431	986,400		46,864	2,688,695
Robert Anderson	**2012**	**599,678**	**510,694**	**205,993**	**65,488**	**439,394**	**1,821,247**
UK CEO(6)(7)	2011	560,263	323,204	346,785		118,067	1,348,319
	2010	556,182	328,122	556,182	139,119	115,514	1,695,119
William Montalto	**2012**	**638,500**	**605,503**	**843,780**		**72,856**	**2,160,639**
US COO(8)	2011	602,650	396,198	610,000		60,564	1,669,412
	2010	580,600	383,509	580,600		21,363	1,566,072

Compensation for executive officers residing in the US are paid in US dollars, while compensation for executive officers residing in the UK is paid in pounds sterling. An exchange rate of £1: US$1.60 was used to determine the amounts paid in pound sterling.

(1) In accordance with ASC 718, the amounts calculated are based on the aggregate grant date fair value of the restricted shares and stock units (in the column entitled Stock Awards) in the year of grant based upon the probable outcome of performance conditions. For information on the valuation assumptions, refer to note 22 in Signet s financial statements filed on Form 10-K for Fiscal 2012.

In addition to the short-term cash bonus for the named executive officers based on the EBITDA measure and discretionary bonus, the compensation committee also agreed to establish a separate short-term cash bonus for the named

27

Table of Contents

executive officers based on achievement in 2016 of NCQA accreditation of the Company's health plans in South Carolina and Illinois, in the aggregate amount for all named executive officers of $350,000 for each such NCQA accreditation achievement. Such bonus amounts shall not be counted towards the bonus opportunity percentages described above. The payout of the full $700,000 cash bonus opportunity (for achievement of NCQA accreditation in both states) is as follows: $255,000 for J. Mario Molina, $180,000 for John Molina, $110,000 for Terry Bayer, $80,000 for Joseph W. White, and $75,000 for Jeff D. Barlow. Payment of the 2016 NCQA accreditation bonuses for achievement of NCQA accreditation in South Carolina and Illinois are independent of each other. If NCQA accreditation for the health plans in South Carolina and Illinois is not achieved in 2016, no such respective bonuses based on this metric shall be paid.

Fiscal Year 2016 Long-Term Incentive Share Grants

Effective as of March 7, 2016, the named executive officers were granted shares of restricted stock in the following amounts, with the actual share numbers being determined by using the closing price of the Company's common stock as of that same March 7th grant date of $64.53. The total dollar amount of equity compensation for all five of the named executive officers combined is intended to equal the aggregate total compensation of the named executive officers combined at the 75th percentile of the peer group.

	2016 Equity Compensation	
Officer	Dollar Amount	Shares
Dr. Mario Molina, CEO	$8,443,000	130,838
John Molina, CFO	$4,259,000	66,000
Terry Bayer, COO	$3,326,000	51,542
Joseph White, CAO	$2,786,000	43,174
Jeff Barlow, CLO	$2,021,000	31,319

70% of the shares of restricted stock shall be subject to performance vesting metrics, and 30% of the shares shall be subject to time vesting in three equal increments over three years.

2016 Equity Compensation Metrics. The first fiscal year 2016 10% performance metric shall be related to the achievement of an after tax return on total revenue in fiscal year 2016 of at least 1.0%. The entry point for the metric shall be at 1.0% after tax return, and full achievement shall be at 1.2% after tax return. Achievement of the entry point shall result in 0% or first share vesting, of the restricted stock grant, with full achievement resulting in 100% vesting of the grant. Intermediate achievement within the range shall result in the vesting of that number of shares as is proportional to the level of achievement within the range; all amounts shall be interpolated linearly between the end points of the range. If the metric is achieved, the stock shall vest on March 7, 2017.

The second fiscal year 2016 10% performance metric shall be related to the Company's achieving an improvement in Star ratings of 0.5 Stars or greater for each of two separate health plans, with no decline in the average Star rating across all remaining health plans (Part C and Part D are included). Since ratings for 2017 will be released in autumn 2016, if the metric is achieved, the stock shall vest on March 7, 2017.

2017 Equity Compensation Metrics. The first fiscal year 2017 10% performance metric shall be related to the achievement of an after tax return on total revenue in fiscal year 2017 of at least 1.5%. The entry point for the metric shall be at 1.5% after tax return, and full achievement shall be at 2.0% after tax return. Achievement of the entry point shall result in 25% vesting of the restricted stock grant, with full achievement resulting in 100% vesting of the grant. Intermediate achievement within the range shall result in the vesting of that number of shares as is proportional to the level of achievement within the range; all amounts shall be interpolated linearly between the end points of the range. If the metric is achieved, the stock shall vest on March 7, 2018.

The second fiscal year 2017 10% performance metric shall be related to the Company achieving an improvement in Star ratings of 0.5 Stars or greater for each of two separate health plans from the levels of the previous year, with no decline in the then existing average Star rating across all remaining health plans (Part C and Part D are included). Since ratings for 2018 will be released in autumn 2017, if the metric is achieved, the stock shall vest on March 7, 2018.

2018 Equity Compensation Metrics. The sole fiscal year 2018 10% performance metric shall be related to the achievement of an after tax return on total revenue in fiscal year 2018 of at least 1.5%. The entry point for the metric shall be at 1.5% after tax return, and full achievement shall be at 2.0% after tax return. Achievement of the entry point shall result in 25% vesting of the restricted stock grant, with full achievement resulting in 100% vesting of the grant. Intermediate achievement within the range shall result in the vesting of that number of shares as is proportional to the level of achievement within the range; all amounts shall be interpolated linearly between the end points of the range. If the metric is achieved, the stock shall vest on March 7, 2019.

2016-2018 Equity Compensation Metrics. The final 20% metric shall be conditioned upon the Company's either closing on a board-approved acquisition in a new state, or winning an RFP in a new state, or winning an RFP for a new

Medicaid product line in an existing state. SNP or marketplace entry, or a capabilities-based acquisition, do not count towards satisfaction of the performance metric. In the event the Company achieves this metrics in fiscal years 2017, 2018, or 2019, upon the first such achievement, 5% of the restricted stock grant shall vest. Upon the second such achievement, a further 5% of the restricted stock grant shall vest. Upon the third such achievement, the final10% of the restricted stock grant shall vest. No restricted stock subject to this metric shall vest sooner than March 7, 2017. Any subsequent achievements of the metric through December 31, 2018 shall result in vesting on the next succeeding March 7th.

Time Vested Equity Compensation. 30% of the shares of restricted stock shall be subject to time vesting. These shares of restricted stock shall vest in one-third increments over three years, on each of March 7, 2016, March 7, 2017, and March 7, 2018.

Summary Compensation

The following table provides information concerning total compensation earned or paid to (a) the chief executive officer, (b) the chief financial officer, and (c) the three other most highly compensated executive officers of the Company who served in such capacities as of December 31, 2015, in each case for services rendered to the Company during the last year. These five officers are referred to as the “named executive officers” in this proxy statement.

2015 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary	Bonus	Stock Awards(1)	Option Awards	Non-Equity Incentive Plan Comp.(2)	Change in Nonqualified Deferred Comp. Earnings(3)	All Other Comp.(4)	Total
J. Mario Molina, M.D.	2015	$1,050,000	$—	$7,893,843	$—	$1,306,324	$—	$15,490	$10,265,657
President and Chief	2014	$1,050,000	$—	$6,788,994	$—	$—	$—	$15,153	$7,854,147
Executive Officer	2013	$1,050,000	$—	$8,319,215	$—	$1,282,877	$1,143,026	$108,006	$11,903,124
John C. Molina	2015	$878,000	$—	$2,606,918	$—	$910,279	$—	$15,277	$4,410,474
Chief Financial Officer	2014	$878,000	$—	$2,522,317	$—	$—	$12,164	$15,403	$3,427,884
	2013	$878,000	$—	$4,409,600	$—	$893,941	$83,128	$97,435	$6,362,104
Terry P. Bayer	2015	$644,000	$—	$1,851,686	$—	$534,141	$—	$17,798	$3,047,625
Chief Operating Officer	2014	$644,000	$—	$1,650,117	$—	$—	$33,008	$15,887	$2,343,012
	2013	$644,000	$—	$2,939,745	$—	$524,554	$114,454	$13,574	$4,236,327
Joseph W. White	2015	$515,000	$—	$1,461,882	$—	$384,432	$136	$15,064	$2,376,514
Chief Accounting Officer	2014	$515,000	$—	$942,940	$—	$—	$1,376	$71,588	$1,530,904
	2013	$515,000	$—	$1,322,884	$—	$314,610	$2,482	$11,952	$2,166,928
Jeff D. Barlow	2015	$475,000	$—	$1,218,191	$—	$354,574	$146	$31,654	$2,079,565
Chief Legal Officer	2014	$475,000	$—	$754,356	$—	$—	$4,772	$40,154	$1,274,282
and Secretary	2013	$425,000	$—	$1,028,906	$—	$259,630	$10,865	$32,163	$1,756,564

(1) This column shows the aggregate grant date fair value of performance stock awards ("PSAs") and restricted stock awards ("RSAs") granted under the Company’s 2011 Equity Incentive Plan in the years shown. The aggregate grant date fair value is the amount the Company expects to expense for accounting purposes over the award's vesting schedule. See the "2015 Grants of Plan-Based Awards Table" on page 31 for additional information, including the

performance conditions and valuation assumptions as applicable, for PSAs and RSAs granted in 2015. Generally, the grant date fair value presented does not correspond to the actual value that the named executive officers will realize from the award. In particular, the actual value of PSAs received is different from the accounting expense because such awards depend on the Company's performance. In accordance with SEC rules, the aggregate grant date fair value of the PSAs presented above is calculated based on the most probable outcome of the performance conditions as of the grant date, which, for the 2015 PSAs, was target performance.

(2) This column shows the amounts earned under the Company's performance-based short-term cash incentive plan.

(3) Dr. Molina's change in non-qualified deferred compensation earnings for the year 2015 was ($188,966); Mr. Molina's change in non-qualified deferred compensation earnings for the year 2015 was ($7,487); and Ms. Bayer's change in non-qualified deferred compensation earnings for the year 2015 was ($6,924).

(4) The amounts in this column include long-term disability premiums, group term life premiums, 401(k) matching payments, and liquidated amounts for paid time-off. For Mr. Molina such amounts also include executive disability premiums.

Table of Contents

Grants of Plan-Based Awards

The following table provides information about plan-based awards granted to the named executive officers in 2015. The "Non-Equity Incentive Plan Awards" were granted under the Company's Incentive Compensation Plan. The "Equity Incentive Plan Awards" and "All Other Stock Awards" were granted under the Company's 2011 Equity Incentive Plan. There were no stock options granted during 2015.

2015 GRANTS OF PLAN-BASED AWARDS TABLE

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares of Stock (3)	Grant Date Fair Value of Stock and Option Awards (4)
Name	Grant Date	Threshold	Target	Maximum	Threshold	Target	Maximum		
J. Mario Molina	4/1/2015	$689,063	$1,575,000	$2,165,625	21,376	85,505	85,505	36,649	$7,893,843
John C. Molina	4/1/2015	$480,156	$1,097,500	$1,509,063	7,059	28,238	28,238	12,103	$2,606,918
Terry P. Bayer	4/1/2015	$281,750	$644,000	$885,500	5,013	20,055	20,055	8,599	$1,851,686
Joseph W. White	4/1/2015	$202,781	$463,500	$637,313	3,958	15,834	15,834	6,788	$1,461,882
Jeff D. Barlow	4/1/2015	$187,031	$427,500	$587,813	3,298	13,195	13,195	5,656	$1,218,191

(1) These columns show the possible payouts under the Company's performance-based short-term cash incentive plan. Under this plan, Dr. Molina’s bonus opportunity is 150% of his base salary; Mr. Molina’s bonus opportunity is 125% of his base salary; Ms. Bayer’s bonus opportunity is 100% of her base salary; Mr. White’s bonus opportunity is 90% of his base salary; and Mr. Barlow’s bonus opportunity is 90% of his base salary. For each of the named executives, 75% of the bonus opportunity relates to an EBITDA performance measure and 25% relates to achievement of a TSR measure, with each component determined individually. Achievement of the threshold, target and maximum for the 75% EBITDA metric results in 25% payout, 100% payout, and 150% payout, respectively. Achievement of the 25% TSR metric results in 100% payout and such amounts are included in each of the threshold, target and maximum columns. Such amounts reflect the estimated possible payouts and are not intended to represent actual or future payouts under the short-term cash incentive plan. See further discussion regarding these metrics at "Compensation Discussion and Analysis—Elements of Compensation." The actual amounts earned and paid to the named executive officers under this plan for 2015 are presented in the "2015 Summary Compensation Table—Non-Equity Incentive Plan Comp." on page 30.

(2) These columns show the estimated future payouts of performance stock awards ("PSAs") under the awards granted in 2015. For all performance metrics, achievement of the entry point (threshold) of the metric results in 25% vesting of the awards, with full achievement resulting in 100% vesting of the awards, shown in both the target and maximum columns. Intermediate achievement within the range will result in the vesting of that number of shares proportional to the level of achievement within the range; all amounts shall be interpolated linearly between the end points of the range. For more information on the specific metrics and vesting schedules, see "Outstanding Equity Awards" beginning on page 32.

(3) This column shows the restricted stock awards ("RSAs") granted to the named executive officers on April 1, 2015. These awards are subject to time-based vesting in equal increments over three years on each of April 1, 2016, April 1, 2017, and April 1, 2018.

(4)

This column shows the grant date fair value of the PSAs and RSAs. Generally, the grant date fair value is the amount that the Company expects to expense in its financial statements over the award's vesting schedule. As described above, the amounts in this column do not reflect compensation actually received by the named executive officers.

For RSAs: fair value is the product of the number of shares, at target, times the closing price of the Company's stock on the grant date of April 1, 2015, or $66.31.

For PSAs: the actual value received will depend on the Company's performance. For all but the TSR awards which vest based on market conditions, fair value is the product of the number of shares, at target, times the closing price of the Company's stock on the grant date of April 1, 2105, or $66.31.

For the TSR awards, the grant date fair value of $49.43 was determined based on a Monte Carlo Simulation which projected TSR over the performance period using correlations and volatilities of the Company's ISS peer groups. Inputs to the Simulation also included a risk-free interest rate of 0.8%, dividend yield of 0% and an expected life of 2.8 years.

Table of Contents

Outstanding Equity Awards

The following table provides information on the named executive officers' holdings of stock and option grants as of year-end. It includes unexercised stock options (vested and unvested), and PSAs and RSAs for which vesting conditions were not yet satisfied as of December 31, 2015. The vesting schedule for each outstanding award is shown following this table.

2015 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

		Option Awards						Stock Awards		
Name	Option Grant Date	Number of Securities Underlying Unexercised Options (Exercisable)	Number of Securities Underlying Unexercised Options (Un-exercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (Unearned)	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested[(1)]	Equi Incen Plan Awa Num Unea Share That Not Veste
J. Mario Molina							3/1/2013	15,572	$936,344	—
							3/1/2014	38,216	$2,297,928	114,6
							4/1/2015	36,649	$2,203,704	85,50
Total								90,437	$5,437,976	200,1
John C. Molina	3/1/2007	54,000	—	—	$20.88	3/1/2017	3/1/2013	7,786	$468,172	—
							3/1/2014	14,199	$853,786	42,59
							4/1/2015	12,103	$727,753	28,23
Total		54,000	—	—				34,088	$2,049,711	70,83
Terry P. Bayer	3/1/2007	8,250	—	—	$20.88	3/1/2017	3/1/2013	5,191	$312,135	—
							3/1/2014	9,289	$558,548	27,86
							4/1/2015	8,599	$517,058	20,05
Total		8,250	—	—				23,079	$1,387,741	47,92
Joseph W. White							3/1/2012	3,750	$225,488	—
							3/1/2013	2,336	$140,464	—
							3/1/2014	5,308	$319,170	15,92
							4/1/2015	6,788	$408,162	15,83
Total								18,182	$1,093,284	31,75
Jeff D. Barlow							3/1/2012	3,750	$225,488	—
							3/1/2013	1,817	$109,256	—
							3/1/2014	4,246	$255,312	12,73
							4/1/2015	5,656	$340,095	13,19
Total								15,469	$930,151	25,93

(1) The market value of the unvested restricted stock awards (RSAs) and equity incentive plan awards (PSAs) represents the product of the closing price of Molina stock as of December 31, 2015, which was $60.13, and the number of shares underlying such award and, with respect to PSAs, assumes satisfaction of the applicable performance conditions. See the "Outstanding Equity Awards Vesting Schedule Table" on the next page for more information regarding vesting of these awards.

OUTSTANDING EQUITY AWARDS VESTING SCHEDULE TABLE

Name of Executive	Grant Date	Stock Awards Vesting Schedule[1]
J. Mario Molina	3/1/2013	15,572 RSAs vested 3/1/2016
	3/1/2014	19,108 RSAs vested 3/1/2016; 19,108 RSAs vest 3/1/2017; 114,650 PSAs vest in 2016, subject to achievement of performance conditions (2)
	4/1/2015	12,217 RSAs vest 4/1/2016, 12,216 RSAs vest 4/1/2017, and 12,216 RSAs vest 4/1/2018; 36,645 PSAs vest in 2016, subject to achievement of performance conditions; 48,860 PSAs vest in 2017, subject to achievement of performance conditions
John C. Molina	3/1/2013	7,786 RSAs vested 3/1/2016
	3/1/2014	7,100 RSAs vested 3/1/2016; 7,099 RSAs vest 3/1/2017; 42,595 PSAs vest in 2016, subject to achievement of performance conditions (2)
	4/1/2015	4,035 RSAs vest 4/1/2016, 4,034 RSAs vest 4/1/2017, and 4,034 RSAs vest 4/1/2018; 12,102 PSAs vest in 2016, subject to achievement of performance conditions; 16,136 PSAs vest in 2017, subject to achievement of performance conditions
Terry P. Bayer	3/1/2013	5,191 RSAs vested 3/1/2016
	3/1/2014	4,645 RSAs vested 3/1/2016; 4,644 RSAs vest 3/1/2017; 27,866 PSAs vest in 2016, subject to achievement of performance conditions (2)
	4/1/2015	2,867 RSAs vest 4/1/2016, 2,866 RSAs vest 4/1/2017, and 2,866 RSAs vest 4/1/2018; 8,595 PSAs vest in 2016, subject to achievement of performance conditions; 11,460 PSAs vest in 2017, subject to achievement of performance conditions
Joseph W. White	3/1/2012	3,750 RSAs vested 3/1/2016
	3/1/2013	2,336 RSAs vested 3/1/2016
	3/1/2014	2,654 RSAs vested 3/1/2016; 2,654 RSAs vest 3/1/2017; 15,924 PSAs vest in 2016, subject to achievement of performance conditions (2)
	4/1/2015	2,263 RSAs vest 4/1/2016, 2,263 RSAs vest 4/1/2017, and 2,262 RSAs vest 4/1/2018; 6,786 PSAs vest in 2016, subject to achievement of performance conditions; 9,048 PSAs vest in 2017, subject to achievement of performance conditions
Jeff D. Barlow	3/1/2012	3,750 RSAs vested 3/1/2016
	3/1/2013	1,817 RSAs vested 3/1/2016
	3/1/2014	2,123 RSAs vested 3/1/2016; 2,123 RSAs vest 3/1/2017; 12,739 PSAs vest in 2016, subject to achievement of performance conditions (2)
	4/1/2015	1,886 RSAs vest 4/1/2016, 1,885 RSAs vest 4/1/2017, and 1,885 RSAs vest 4/1/2018; 5,655 PSAs vest in 2016, subject to achievement of performance conditions; 7,540 PSAs vest in 2017, subject to achievement of performance conditions

(1) This column shows the vesting schedule for unvested or unearned stock awards reported in the "Number of Shares of Stock That Have Not Vested," and "Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested" columns of the "2015 Outstanding Equity Awards at Fiscal Year End Table." RSAs vest on the dates indicated above. PSAs vest subject to the achievement of performance conditions, on the date the Compensation Committee certifies the achievement of such performance conditions. See the "Outstanding Performance-Based Equity Awards Table" below for more information on these awards.

(2) For each of the named executive officers, in 2015 the Company reversed the expense relating to a portion of the PSAs granted on March 1, 2014, because the achievement of the underlying performance conditions is not probable. For further discussion, refer to the table below, "Outstanding Performance-Based Equity Awards at Fiscal Year End," and to Note 15, "Stockholders' Equity," in the Company's 2015 Annual Report on Form 10-K.

OUTSTANDING PERFORMANCE-BASED EQUITY AWARDS AT FISCAL YEAR END

Performance Goals				Name Performance Stock Awards Outstanding (#)					Performance Period: Fiscal Year(s)
Metric	Entry Point	Full Achievement	Grant Date	J. Mario Molina	John C. Molina	Terry P. Bayer	Joseph W. White	Jeff D. Barlow	
3-year TSR (1)			3/1/2014	19,108	7,099	4,644	2,654	2,123	2014-2016
EBITDA Margin (2)	4.0%	4.0%	3/1/2014	47,771	17,748	11,611	6,635	5,308	2014-2016
Earnings Per Share (3)	$8.50	$8.50	3/1/2014	47,771	17,748	11,611	6,635	5,308	2014-2016
Annual Premium Revenue (4)	$14.0 billion	$15.0 billion	4/1/2015	12,215	4,034	2,865	2,262	1,885	2016
Net Profit Margin (after-tax) (5)	0.8%	1.25%	4/1/2015	12,215	4,034	2,865	2,262	1,885	2016
Pre-Tax Income (6)	$250 million	$390 million	4/1/2015	12,215	4,034	2,865	2,262	1,885	2016
Annual Premium Revenue (4)	$15.0 billion	$16.0 billion	4/1/2015	12,215	4,034	2,865	2,262	1,885	2017
Net Profit Margin (after-tax) (5)	1.5%	2%	4/1/2015	12,215	4,034	2,865	2,262	1,885	2017
Pre-Tax Income (6)	$500 million	$650 million	4/1/2015	12,215	4,034	2,865	2,262	1,885	2017
3-year TSR (7)			4/1/2015	12,215	4,034	2,865	2,262	1,885	2015-2017
				200,155	70,833	47,921	31,758	25,934	

(1) Such grant vests upon the Company's achieving three-year TSR as determined by ISS calculations that is greater than the median TSR achieved by the Company's ISS peer group for the three-year period ending December 31, 2016. For purposes of these grants, the ISS peer group is comprised of the 18 peer group companies identified by ISS for the year 2014 (the "2014 Peer Group"). Subsequent changes in the peer group made by ISS are disregarded. Further, if a company in the 2014 Peer Group is acquired, it is removed from the peer group for the entire three-year measurement period.

(2) EBITDA margin percentage is calculated by dividing earnings before interest expense, income tax expense, depreciation and amortization ("EBITDA") into Total Revenue. EBITDA is consolidated net income plus, to the extent deducted from revenues in determining consolidated net income and without duplication, (i) interest expense, (ii) income tax expense, (iii) depreciation expense, and (iv) amortization expense. Depreciation expense and amortization expense is derived from the Company's consolidated statement of cash flows. The Compensation Committee retains discretion to exclude from the EBITDA calculation the impact of material acquisitions and divestitures. "Total Revenue" is the sum of all revenue as reported in the Company's consolidated statement of income. As noted in the "Outstanding Equity Awards Vesting Schedule Table" above, in 2015 the Company reversed the expense relating to such awards because the achievement of the underlying performance conditions is not probable.

(3) Earnings per share calculated on a cumulative, GAAP basis over the three-year period. As noted in the "Outstanding Equity Awards Vesting Schedule Table" above, in 2015 the Company reversed the expense relating to such awards because the achievement of the underlying performance conditions is not probable.

(4) Annual premium revenue is determined based on the Company's consolidated statements of income, and does not include service revenue, premium tax revenue, health insurer fee revenue, investment income, or other revenue. The effect of any acquisition closing after April 1, 2015 is excluded.

(5)

Net profit margin (after tax) is based on the Company’s reported income from continuing operations (net of acquisitions subsequent to April 1, 2015), divided by total revenue (net of acquisitions subsequent to April 1, 2015).

(6) Pre-tax income from continuing operations as reported in the Company's consolidated statements of income, excluding the effect of any acquisition closing after April 1, 2015.

(7) Such grant vests upon the Company’s achieving a three-year TSR for the three-year period ending December 31, 2017 as determined by ISS calculations that is greater than the median TSR achieved by the Company’s 2015 peer group as described in the "2015-2017 Equity Compensation Metric" under Compensation Discussion and Analysis - Elements of Compensation - 2015 Long-Term Equity Based Incentives. Subsequent changes in the peer group made by ISS are disregarded. Further, if a company in the 2015 Peer Group is subsequently acquired or discontinues its operations prior to December 31, 2017, it is removed from the peer group for the entire three-year measurement period.

Table of Contents

Option Exercises and Stock Vested

The following table provides information with respect to stock options exercised and restricted stock awards vested for the named executive officers during fiscal year 2015.

2015 OPTION EXERCISES AND STOCK VESTED TABLE

Name	Option Awards			Stock Awards		
	Number of Shares Acquired on Exercise	Value Realized on Exercise		Number of Shares Acquired on Vesting	Value Realized on Vesting	
J. Mario Molina	54,000	$ 2,233,091	(1)	53,789	$3,425,821	(3)
	—	—		46,715	$2,762,725	(4)
John C. Molina	—	—		21,985	$1,400,225	(3)
	—	—		23,357	$1,381,333	(4)
Terry P. Bayer	29,250	$ 1,548,763	(2)	14,480	$922,231	(3)
	—	—		15,572	$920,928	(4)
Joseph W. White	—	—		20,769	$1,322,778	(3)
	—	—		7,007	$414,394	(4)
Jeff D. Barlow	—	—		17,314	$1,102,729	(3)
	—	—		5,450	$322,313	(4)

(1) On November 5, 2015, Dr. Molina exercised 27,000 stock options with an exercise price of $20.88 per share, compared with a weighted average market value of $65.12 per share. On December 3, 2015, Dr. Molina exercised 22,831 stock options with an exercise price of $20.88 per share, compared with a weighted average market value of $59.14 per share. On December 4, 2015, Dr. Molina exercised 4,169 stock options with an exercise price of $20.88 per share, compared with a weighted average market value of $60.45 per share.

(2) On May 15, 2015, Ms. Bayer exercised 21,000 stock options with an exercise price of $19.11 per share, compared with a weighted average market value of $69.01 per share. On August 17, 2015, Ms. Bayer exercised 8,250 stock options with an exercise price of $20.88 per share, compared with a weighted average market value of $81.59 per share.

(3) On March 1, 2015, RSAs vested at a closing market price of $63.69.

(4) On December 3, 2015, PSAs vested at a closing market price of $59.14. Such awards were granted in 2013, and were conditioned upon the Company's achievement of total revenue of $12 billion in any of fiscal 2013, 2014 or 2015. The awards vested following certification by the Compensation Committee that the total revenue goal was achieved.

Nonqualified Deferred Compensation

Pursuant to the Company’s unfunded and non-qualified Amended and Restated Deferred Compensation Plan (2013) as amended to date, eligible participants can defer up to 100% of their base salary and 100% of their bonus so that it can grow on a tax deferred basis. The investment options available to an executive under the deferral program consist of approximately forty different mutual funds, including bond, money market, and large cap, mid cap, and small cap stock funds.

The following table provides information for fiscal year 2015 for each named executive officer regarding such individual’s accounts in the Amended and Restated Deferred Compensation Plan (2013) as amended to date, as of the end of fiscal year 2015.

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in the Last FY	Registrant Contributions in Last FY	Aggregate Earnings (Losses) in Last FY		Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
J. Mario Molina	$—	$—	$ (188,966	)	$—	$5,120,982
John C. Molina	$—	$—	$ (7,487	)	$—	$404,983
Terry P. Bayer	$20,063	$—	$ (6,924	)	$—	$892,752
Joseph W. White	$—	$—	$ 136		$—	$11,736

Jeff D. Barlow	$—	$—	$ 146	$—	$51,708

Retirement Plans. The Company does not maintain a retirement pension plan. However, the named executive officers are eligible to participate in the Molina 401(k) Salary Savings Plan. The purpose of this program is to provide all Molina Healthcare employees with tax-advantaged savings opportunities and income after retirement. Eligible pay under the plans is limited to Internal Revenue Code annual limits. The Company makes a dollar-for-dollar match on the first four percent (4%) of salary electively deferred under the 401(k) Plan by all participants.

34

Deferred Compensation Plan. The Company has established an unfunded non-qualified deferred compensation plan for certain key employees, including the named executed officers. Under the deferred compensation plan, eligible participants can defer up to 100% of their base salary and 100% of their bonus to provide for tax-deferred growth. The funds deferred are invested in any of forty different mutual funds, including bond, money market, and large cap, mid cap and small cap stock funds.

Employee Stock Purchase Plan. With the exception of our chief executive officer and our chief financial officer who are not eligible due to their possessing more than five percent of our voting common stock as determined under Section 424(d) of the Internal Revenue Code, the named executive officers are eligible to participate in the Company's 2011 Employee Stock Purchase Plan, on an equal basis with all other employees. The Employee Stock Purchase Plan allows eligible employees to purchase from the Company shares of its common stock at a 15% discount to the market price during the successive six-month offering periods under the plan.

Health and Insurance Benefits. With limited exceptions, the Company supports providing benefits to named executive officers that are substantially the same as those offered to salaried employees generally. The named executive officers are eligible to participate in Company-sponsored benefit programs on the same terms and conditions as those made available to salaried employees generally. Basic health benefits, life insurance, disability benefits, and similar programs are provided to ensure that employees have access to healthcare and income protection for themselves and their family members.

Severance and Change in Control Benefits. We have entered into employment agreements with all of our named executive officers pursuant to which they are eligible under certain circumstances for severance and change in control benefits. The severance and change in control payments and benefits provided under the employment agreements are independent of other elements of compensation. A description of the material terms of our severance and change in control arrangements can be found later in this proxy statement under "Potential Payments Upon Termination and Change in Control." The compensation committee believes that severance and change in control benefits are necessary to attract and retain senior management talent. Our agreements are designed to attract key employees, preserve executive morale and productivity, and encourage retention in the face of the potentially disruptive impact of an actual or potential change in control. These benefits allow executives to assess takeover bids objectively without regard to the potential impact on their own job security.

Perquisites and Other Personal Benefits. The Company does not provide named executive officers with any material perquisites or other personal benefits.

Stock Ownership Guidelines for Executive Officers

The board of directors believes that executive officers should own and hold a reasonable number of shares of common stock of the Company to further align such officers' interests and actions with those of the Company's stockholders, and also to demonstrate confidence in the long-term prospects of the Company. The Company's guidelines with respect to stock ownership by executive officers provide that executive officers of the Company shall own the minimum number of shares of the Company's common stock with such value listed next to each such officer's title below, calculated as a multiple of annual base salary.

Executive Officer	Value of Shares
Chief Executive Officer	5X Annual Base Salary
Chief Financial Officer	4X Annual Base Salary
Chief Operating Officer	3X Annual Base Salary
Other Named Executive Officers	2X Annual Base Salary

Shares that satisfy these guidelines may be those owned directly, through a trust, or by a spouse or children, and shall include shares purchased on the open market, vested or unvested shares of restricted stock, or exercised and retained option shares. Equity securities that are pledged shall not be counted toward the executive officer ownership requirements. Until an executive officer's stock ownership requirement is met, the executive officer must retain at least 50% of all "net settled shares" received from the vesting, delivery or exercise of equity awards granted under our equity award plans until the total value of all shares held equals or exceeds the executive officer's applicable ownership threshold. "Net settled shares" generally refers to those shares that remain after payment of (i) the exercise price of stock

options or purchase price of other awards, (ii) all applicable withholding taxes, and (iii) any applicable transaction costs.
Executive officers are expected to achieve the recommended ownership guidelines within five (5) years of assuming their positions. Once achieved, ownership of the guideline amount must be maintained for as long as the individual is subject to these guidelines. In addition, there may be certain instances where these guidelines would place an undue hardship on an executive officer. The compensation committee may therefore make exceptions to these guidelines as it deems appropriate.
Each of the named executive officers of the Company satisfied the stock ownership guidelines as of December 31, 2015.

Hedging Restrictions

As part of the Company's Insider Trading Policy, directors, executive officers (including the named executive officers), or vice presidents of the Company or subsidiary executive officers (collectively, "Controlling Insiders") are prohibited from engaging in "hedging" with respect to the Company's securities. For these purposes, "hedging" includes any instrument or transaction, including put options and forward-sale contracts, through which a Controlling Insider offsets or reduces exposure to the risk of price fluctuations in a corresponding equity security. Speculative trading, short-swing trading, or short selling of stock of the Company by Controlling Insiders is expressly prohibited at all times, as is the buying or selling of any publicly traded option on stock of the Company and the establishment or use of margin accounts with a broker-dealer for the purpose of buying or selling stock of the Company.

Restrictions on Pledges of Shares by Directors and Executive Officers

The Company is aware that ISS identified pledges of company stock as a risk oversight and governance concern. In March 2013, our board of directors approved changes to our insider trading policy that, on a prospective basis from the adoption date, prohibit our directors and executive officers from, directly or indirectly, pledging a significant number of shares of the Company's common stock. For these purposes, "pledging" includes the intentional creation of any form of pledge, security interest, deposit, or lien, including the holding of shares in a margin account, that entitles a third-party to foreclose against, or otherwise sell, any shares, whether with or without notice, consent, or default. "Significant" means the least of: (i) 1% of the Company's total outstanding shares of common stock; (ii) 20% of the common stock of the Company then held by the executive officer or director; and (iii) 50% of the Company's average daily trading volume for the three months prior to the pledge date.

The shares of common stock attributable to a director or executive officer for these purposes include shares attributable to the director or executive officer under either Section 13 or Section 16 of the Securities Exchange Act of 1934, as amended. Further, any shares that are pledged shall not be counted toward the executive officer or director stock ownership requirements.

Prior to March 2013, John Molina had pledged 650,000 shares held by him as trustee of the Molina Siblings Trust in conjunction with the Project described herein under "Related Party Transactions – 6th & Pine Lease." As of December 2015, such pledged shares were released from the pledge.

Clawback Policy

The Company has a Clawback Policy addressing the recovery by the Company of incentive-based compensation from current and former executives of the Company, in the event of any accounting restatement due to material noncompliance of the Company with any financial reporting requirement under the securities laws ("Accounting Restatement"). According to the Clawback Policy, in the event of an Accounting Restatement, the Company will use reasonable efforts to recover from any current or former executive officer of the Company, who received incentive-based compensation from the Company during the three (3)-year period preceding the date on which the Company is required to prepare an Accounting Restatement, based on the erroneous data, the excess of what would have been paid to the executive officer under the Accounting Restatement. In addition, the Clawback Policy further provides that the Company will use reasonable efforts to recover from current and former executive officers, up to 100% (as determined by the board or a duly established committee of the board in its sole discretion as appropriate based on the conduct involved) of such incentive-based compensation from the Company during the three (3)-year period preceding the date on which the Company is required to prepare an Accounting Restatement, if the board or a committee thereof, in its sole discretion, determines that an executive officer's act or omission that contributed to the circumstances requiring the Accounting Restatement involved: (i) willful, knowing or intentional misconduct or a willful, knowing or intentional violation of any of the Company's rules or any applicable legal or regulatory requirements in the course of the executive officer's employment by, or otherwise in connection with, the Company or (ii) fraud in the course of the executive officer's employment by, or otherwise in connection with, the Company.

Potential Payments Upon Termination and Change In Control

We have entered into certain employment and change in control agreements that will require the Company to provide compensation to all of our named executive officers in the event of a termination of employment or a change of control of the Company.

We have entered into employment agreements with our chief executive officer, J. Mario Molina, our chief financial officer, John C. Molina, our chief operating officer, Terry Bayer, our chief accounting officer, Joseph W. White, and our chief legal officer and secretary, Jeff D. Barlow. Additionally, we also have change in control agreements with Ms. Bayer, Mr. White, and Mr. Barlow. Unless terminated, the employment agreements with each of Dr. Molina and Mr. Molina are automatically renewed on an annual basis. The employment agreements with each of Ms. Bayer, Mr. White, and Mr. Barlow continue until terminated by us, or the executive resigns. During fiscal year 2015, Dr. Molina's annual salary was $1,050,000, with a baseline target bonus of up to 150% of his base salary; John Molina's annual salary was $878,000, with a baseline target bonus of up to

Table of Contents

125% of his base salary; Ms. Bayer's annual salary was $644,000, with a baseline target bonus of up to 100% of her base salary; Mr. White's annual salary was $515,000, with a baseline target bonus of up to 90% of his base salary; and Mr. Barlow's annual salary was $475,000, with a baseline target bonus of up to 90% of his base salary. In March 2016, the compensation committee determined to increase Dr. Molina's base salary to $1,170,000, Mr. White's base salary to $538,000, and Mr. Barlow's base salary to $525,000, and leave unchanged the base salaries for Mr. Molina and Ms. Bayer. Further, the compensation committee also determined to leave unchanged the baseline target bonuses for fiscal year 2016 for the named executive officers. The named executive officers' annual salaries are footnoted in their respective tables below.

The following disclosure describes the existing employment agreements of Dr. J. Mario Molina, our chief executive officer, and John C. Molina, our chief financial officer.

In March 2016 we amended the employment agreements with each of Dr. Molina and Mr. Molina. The employment agreements with each of Dr. Molina and Mr. Molina provide that if the executive’s employment is terminated by us without cause or the executive resigns for good reason, the executive will be entitled to receive an amount equal to four times the executive's base salary, the pro rata portion of the termination bonus for the year of termination based on the number of entire months of such year that have elapsed through the date of termination, full vesting of all unvested equity compensation, full vesting of all Section 401(k) employer contributions, and a cash payment of $65,000 for 18 months’ worth of continued health and welfare benefits. The termination bonus for Dr. Molina is an amount equal to one-and-a-half times his base salary and the termination bonus for Mr. Molina is an amount equal to one-and-one quarter times his base salary.

Additionally, the employment agreements with each of Dr. Molina and Mr. Molina provide for the employees’ continued employment for a period of two years following the occurrence of a change of control (as defined below). Under such agreements, each named executive officer’s terms and conditions of employment, including his or her rate of base salary, bonus opportunity, benefits, and title, position, duties, and responsibilities, are not to be modified in a manner adverse to the executive following the change of control. If an eligible executive’s employment is terminated by us without cause (as defined below) or is terminated by the executive for good reason (as defined below) within two years of a change of control, we will provide the executive as a severance payment with four times the executive’s base salary, the pro rata portion of the termination bonus for the year of termination based on the number of entire months of such years that have elapsed through the date of termination, accelerated vesting of all unvested equity compensation, full vesting of Section 401(k) employer contributions and a cash payment of $135,000 for three years’ worth of continued health and welfare benefits. The employment agreements with Dr. Molina and John Molina were amended in March 2016 to eliminate any additional payments by the Company to the executive who incurs any excise taxes pursuant to the golden parachute provisions of the Internal Revenue Code in respect of the benefits and other payments provided under the agreement or otherwise on account of the change of control.

The employment agreements with each of Ms. Bayer, Mr. White, and Mr. Barlow provide that if the executive’s employment is terminated by us without cause or the executive resigns for good reason, the executive will be entitled to receive one year’s base salary, a prorated termination bonus for the year of the employment termination, a cash payment of $50,000 for health and welfare benefits, and accelerated vesting of all time-based equity compensation. The employment agreements with such executives further provide that if termination occurs within one year following a change of control, the executives will receive all of the benefits such executives are entitled to receive under their change in control agreements with us. Under the change in control agreements, if the executive’s employment is terminated by us without cause or is terminated by the executive for good reason within twelve months of a change of control, we will provide the executive with two times the executive’s annual base salary, a pro rata portion of the executive’s target bonus for the year of termination, full vesting of all unvested equity compensation and 401(k) employer contributions, and a cash payment for all the Company’s group health benefits of $43,500 for Ms. Bayer and Mr. White, and $50,000 for Mr. Barlow.

Payment of severance benefits to the named executive officers is contingent upon the executive’s signing a release agreement waiving claims against us. As required by Internal Revenue Code Section 409A, applicable amounts will be paid six months after the executive’s separation from service.

A change of control generally means a merger or other change in corporate structure after which the majority of our stockholders are no longer stockholders, a sale of substantially all of our assets, or our approved dissolution or liquidation. Cause is generally defined as the occurrence of one or more acts of unlawful actions involving moral turpitude or gross negligence or willful failure to perform duties or intentional breach of obligations under the employment agreement. Good reason generally means the occurrence of one or more events that have an adverse effect on the executive's terms and conditions of employment, including any reduction in the executive's base salary, a material reduction of the executive's benefits or substantial diminution of the executive's incentive awards or fringe benefits, a material adverse change in the executive's position, duties, reporting relationship, responsibilities or status with us, a material relocation of the executive's principal place of employment from his prior place of employment (as set forth in the agreements), or an uncured breach of the employment agreement. However, no reduction of salary or benefits will be good reason if the reduction applies to all executives proportionately.

Table of Contents

The tables below reflect the approximate amount of compensation payable to each of the named executive officers of the Company in the event of termination of such executive's employment under the various listed scenarios. The amount of compensation payable to each such named executive officer in the event of voluntary termination, early retirement, involuntary not-for-cause termination, for cause termination, termination following a change of control, disability, or death, is shown below. The amounts shown assume that such termination was effective as of December 31, 2015, and exclude ordinary course amounts earned or benefits accrued as a result of prior service during the year. The various amounts listed are estimates only. The actual amounts to be paid can only be determined at the time of such executive's separation from the Company.

The following table describes the potential payments upon termination or change in control of the Company for J. Mario Molina, the Company's chief executive officer. In March 2016, the Company and Dr. Molina amended Dr. Molina's employment agreement to remove the excise tax gross-up provision, and made other changes with respect to the severance to be received by Dr. Molina in the event of an involuntary not for cause termination and involuntary for good reason termination in connection with a change in control. Thus, for purposes of the table below, the compensation, including cash severance, to be received by Dr. Molina in connection with such terminations is calculated based on the amended and restated employment agreement in effect as of March 16, 2016 and the 2016 base salary, and all other amounts are based on the values as of December 31, 2015.

Executive Benefits and Payments Upon Separation	Voluntary Termination on 12/31/2015 ($)	Early Retirement on 12/31/2015 ($)	Normal Retirement on 12/31/2015 ($)	Involuntary Not for Cause Termination on 12/31/2015 ($)	For Cause Termination on 12/31/2015 ($)	Involuntary for Good Reason Termination (Change-in-Control) on 12/31/2015 ($)	Disability on 12/31/2015 ($)	Death on 12/31/2015 ($)
Compensation(1)								
Base Salary	—	—	—	1,170,000	—	1,170,000	—	—
Short-Term Incentive Compensation	—	—	—	1,755,000	—	1,755,000	—	—
Stock Options	—	—	—	—	—	—	—	—
Benefits & Perquisites								
Stock Awards	—	—	—	17,473,297	—	17,473,297	—	—
Savings Plan	779,720	779,720	779,720	779,720	779,720	779,720	779,720	779,720
Deferred Compensation	5,120,982	5,120,982	5,120,982	5,120,982	5,120,982	5,120,982	5,120,982	5,120,982
Health Benefits	—	—	—	65,000	—	135,000	—	—
Disability Income	—	—	—	—	—	—	1,800,000	—
Life Insurance Benefits	—	—	—	—	—	—	—	750,000
Excise Tax & Gross-Up(2)	—	—	—	—	—	—	—	—
Cash Severance(3)	—	—	—	3,510,000	—	3,510,000	—	—
Accrued Vacation Pay	90,321	90,321	90,321	90,321	90,321	90,321	90,321	90,321

(1) The compensation committee determined that Dr. J. Mario Molina's fiscal year 2016 base salary as chief executive officer shall be increased to $1,170,000.

(2) The employment agreement was amended to eliminate the excise tax payments and gross-up payments.

(3) The total severance is comprised of the amounts reflected in the table in the Base Salary entry and the Cash Severance entry, which in the aggregate is equivalent to four times the amount of Base Salary.

Table of Contents

The following table describes the potential payments upon termination or change in control of the Company for John C. Molina, the Company's chief financial officer. In March 2016, the Company and Mr. Molina amended Mr. Molina's employment agreement to remove the excise tax gross-up provision, and made other changes with respect to the severance to be received by Mr. Molina in the event of an involuntary not for cause termination and involuntary for good reason termination in connection with a change in control. Thus, for purposes of the table below, the compensation, including cash severance, to be received by Mr. Molina in connection with such terminations is calculated based on the amended and restated employment agreement in effect as of March 16, 2016 and the 2016 base salary, and all other amounts are based on the values as of December 31, 2015.

Executive Benefits and Payments Upon Separation	Voluntary Termination on 12/31/2015 ($)	Early Retirement on 12/31/2015 ($)	Normal Retirement on 12/31/2015 ($)	Involuntary Not for Cause Termination on 12/31/2015 ($)	For Cause Termination on 12/31/2015 ($)	Involuntary for Good Reason Termination (Change-in-Control) on 12/31/2015 ($)	Disability on 12/31/2015 ($)	Death on 12/31/2015 ($)
Compensation[1]								
Base Salary	—	—	—	878,000	—	878,000	—	—
Short-Term Incentive Compensation	—	—	—	1,097,500	—	1,097,500	—	—
Stock Options	—	—	—	—	—	—	—	—
Benefits & Perquisites								
Stock Awards	—	—	—	6,308,899	—	6,308,899	—	—
Savings Plan	872,624	872,624	872,624	872,624	872,624	872,624	872,624	872,624
Deferred Compensation	404,983	404,983	404,983	404,983	404,983	404,983	404,983	404,983
Health Benefits	—	—	—	65,000	—	135,000	—	—
Disability Income	—	—	—	—	—	—	2,880,000	—
Life Insurance Benefits	—	—	—	—	—	—	—	750,000
Excise Tax & Gross-Up[2]	—	—	—	—	—	—	—	—
Cash Severance[3]	—	—	—	2,634,000	2,634,000	—	—	—
Accrued Vacation Pay	138,970	138,970	138,970	138,970	138,970	138,970	138,970	138,970

(1) The compensation committee determined that John Molina's fiscal year 2016 base salary as chief financial officer shall remain at $878,000.

(2) The employment agreement was amended to eliminate the excise tax payments and gross-up payments.

(3) The total severance is comprised of the amounts reflected in the table in the Base Salary entry and the Cash Severance entry, which in the aggregate is equivalent to four times the amount of Base Salary.

Table of Contents

The following table describes the potential payments upon termination or change in control of the Company for Terry Bayer, the Company's chief operating officer.

Executive Benefits and Payments Upon Separation	Voluntary Termination on 12/31/2015 ($)	Early Retirement on 12/31/2015 ($)	Normal Retirement on 12/31/2015 ($)	Involuntary Not for Cause Termination on 12/31/2015 ($)	For Cause Termination on 12/31/2015 ($)	Involuntary for Good Reason Termination (Change-in-Control) on 12/31/2015 ($)	Disability on 12/31/2015 ($)	Death on 12/31/2015 ($)
Compensation(1)								
Base Salary	—	—	—	644,000	—	644,000	—	—
Short-Term Incentive Compensation	—	—	—	644,000	—	322,000	—	—
Stock Options	—	—	—	—	—	—	—	—
Benefits & Perquisites								
Stock Awards	—	—	—	1,387,741	—	4,269,231	—	—
Savings Plan	485,577	485,577	485,577	485,577	485,577	485,577	485,577	485,577
Deferred Compensation	892,752	892,752	892,752	892,752	892,752	892,752	892,752	892,752
Health Benefits	—	—	—	50,000	—	43,500	—	—
Disability Income	—	—	—	—	—	—	360,000	—
Life Insurance Benefits	—	—	—	—	—	—	—	750,000
Excise Tax & Gross-Up	—	—	—	—	—	—	—	—
Cash Severance	—	—	—	—	—	966,000	—	—
Accrued Vacation Pay	80,898	80,898	80,898	80,898	80,898	80,898	80,898	80,898

(1) The compensation committee determined that Ms. Terry Bayer's fiscal year 2016 base salary as chief operating officer shall remain at $644,000.

The following table describes the potential payments upon termination or change in control of the Company for Joseph W. White, the Company's chief accounting officer.

Executive Benefits and Payments Upon Separation	Voluntary Termination on 12/31/2015 ($)	Early Retirement on 12/31/2015 ($)	Normal Retirement on 12/31/2015 ($)	Involuntary Not for Cause Termination on 12/31/2015 ($)	For Cause Termination on 12/31/2015 ($)	Involuntary for Good Reason Termination (Change-in-Control) on 12/31/2015 ($)	Disability on 12/31/2015 ($)	Death on 12/31/2015 ($)
Compensation(1)								
Base Salary	—	—	—	515,000	—	515,000	—	—
Short-Term Incentive Compensation	—	—	—	515,000	—	206,000	—	—
Stock Options	—	—	—	—	—	—	—	—
Benefits & Perquisites								
Stock Awards	—	—	—	1,093,284	—	3,002,892	—	—
Savings Plan	605,730	605,730	605,730	605,730	605,730	605,730	605,730	605,730
Deferred Compensation	11,736	11,736	11,736	11,736	11,736	11,736	11,736	11,736

Health Benefits	—	—	—	50,000	—	43,500	—	—
Disability Income	—	—	—	—	—	—	1,200,000	—
Life Insurance Benefits	—	—	—	—	—	—	—	750,000
Excise Tax & Gross-Up	—	—	—	—	—	—	—	—
Cash Severance	—	—	—	—	—	721,000	—	—
Accrued Vacation Pay	57,773	57,773	57,773	57,773	57,773	57,773	57,773	57,773

(1) The compensation committee determined that Mr. Joseph W. White's fiscal year 2016 base salary as chief accounting officer shall be increased to $538,000.

40

Table of Contents

The following table describes the potential payments upon termination or change in control of the Company for Jeff D. Barlow, the Company's chief legal officer and secretary.

Executive Benefits and Payments Upon Separation	Voluntary Termination on 12/31/2015 ($)	Early Retirement on 12/31/2015 ($)	Normal Retirement on 12/31/2015 ($)	Involuntary Not for Cause Termination on 12/31/2015 ($)	For Cause Termination on 12/31/2015 ($)	Involuntary for Good Reason Termination (Change-in-Control) on 12/31/2015 ($)	Disability on 12/31/2015 ($)	Death on 12/31/2015 ($)
Compensation[(1)]								
Base Salary	—	—	—	475,000	—	475,000	—	—
Short-Term Incentive Compensation	—	—	—	475,000	—	427,500	—	—
Stock Options	—	—	—	—	—	—	—	—
Benefits & Perquisites								
Stock Awards	—	—	—	930,151	—	2,489,562	—	—
Savings Plan	461,909	461,909	461,909	461,909	461,909	461,909	461,909	461,909
Deferred Compensation	51,708	51,708	51,708	51,708	51,708	51,708	51,708	51,708
Health Benefits	—	—	—	50,000	—	50,000	—	—
Disability Income	—	—	—	—	—	—	1,800,000	—
Life Insurance Benefits	—	—	—	—	—	—	—	750,000
Excise Tax & Gross-Up	—	—	—	—	—	—	—	—
Cash Severance	—	—	—	—	—	475,000	—	—
Accrued Vacation Pay	72,838	72,838	72,838	72,838	72,838	72,838	72,838	72,838

(1) The compensation committee determined that Mr. Jeff D. Barlow's fiscal year 2016 base salary as chief legal officer and secretary shall be increased to $525,000.

Management Analysis of Material Adverse Effects of Compensation Plans

Management has concluded that the Company's compensation plans are not reasonably likely to have a material adverse effect on the Company.

Security Ownership of Certain Beneficial Owners and Management

The following table shows the beneficial ownership of Molina Healthcare common stock by our directors, named executive officers, directors and executive officers as a group, and more than 5% stockholders, as of March 8, 2016. Percentage ownership calculations are based on 56,585,394 shares outstanding as of March 8, 2016.

Name	Number of Shares Beneficially Owned[1]	Percentage of Outstanding Shares	
Directors and Executive Officers:			
J. Mario Molina[2]	1,822,529	3.22	%
John C. Molina[3]	1,453,541	2.57	%
Terry Bayer	169,666	*	
Joseph W. White	109,913	*	
Jeff D. Barlow	74,590	*	
Garrey E. Carruthers	9,151	*	
Daniel Cooperman[4]	29,414	*	
Charles Z. Fedak	30,071	*	
Steven James[5]	29,171	*	
Frank E. Murray	12,596	*	
Steven J. Orlando[6]	27,921	*	
Ronna E. Romney	21,884	*	
Richard M. Schapiro	3,272	*	
Dale B. Wolf[7]	31,171	*	
All executive officers and directors as a group (16 persons)**	3,896,892	6.89	%
Other Principal Stockholders			
William Dentino[8]	9,926,425	17.54	%
Curtis Pedersen[9]	9,909,130	17.51	%
Molina Marital Trust[10]	4,090,360	7.23	%
Mary R. Molina Living Trust[10]	3,489,292	6.17	%
The Vanguard Group[11]	3,719,944	6.57	%
Capital World Investors[12]	3,898,100	6.89	%
BlackRock, Inc.[13]	3,883,691	6.86	%

*Denotes less than 1%

** Includes all Section 16 reporting persons.

(1) As required by SEC regulation, the number of shares shown as beneficially owned includes shares which could be purchased within 60 days after March 8, 2016. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws, and the address of each of the named stockholders is c/o Molina Healthcare, Inc., 200 Oceangate, Suite 100, Long Beach, California 90802.

(2) Consists of:

- 655,140 shares owned by the J. Marion Molina Separate Property Trust, of which Dr. Molina is the sole trustee;
- 491,393 shares owned by the M/T Molina Family Trust, of which Dr. Molina and his spouse are trustees and beneficiaries;
- 25,082 shares owned by JMM GRAT 1208/5, of which Dr. Molina is the beneficiary;
- 65,282 shares owned by JMB GRAT 1209/4 for the benefit of Josephine M. Battiste, of which Dr. Molina is sole trustee;
- 137,972 shares owned by JMM GRAT 911/4, of which Dr. Molina is the beneficiary;
- 200,000 shares owned by Dr. Molina's spouse, Therese A. Molina, as Trustee of the MM GRAT 915/3;
- 1,362 shares owned by Dr. Molina's spouse, Therese A. Molina, Trustee of the Remainder Trust for David M.F. Molina dated 12/3/2008;
-

1,362 shares owned by Dr. Molina's spouse, Therese A. Molina, Trustee of the Remainder Trust for Mary Clare F. Molina dated 12/3/2008;

- 1,361shares owned by Dr. Molina's spouse, Therese A. Molina, Trustee of the Remainder Trust for Carly F. Fox dated 12/3/2008;
- 1,361 shares owned by Dr. Molina's spouse, Therese A. Molina, Trustee of the Remainder Trust for Colleen A.F. Fox dated 12/3/2008;
- 83,087 shares owned by Dr. Molina, as trustee of the Julius Avery Battiste Trust IV;
- 83,087 shares owned by Dr. Molina, as trustee of the Katherine Rose Battiste Trust IV;
- 18,920 shares are owned by Dr. Molina, as trustee of the David M.F. Molina Trust No. 2 dated 5/14/2003;
- 18,920 shares are owned by Dr. Molina, as trustee of the Mary Clare F. Molina Trust No. 2 dated 5/14/2003;
- 18,920 shares are owned by Dr. Molina, as trustee of the Colleen A.F. Fox Trust No. 2 dated 5/14/2003; and
- 19,280 shares are owned by Dr. Molina, as trustee of the Carley A.F. Fox Trust No. 2 dated 5/14/2003.

(3) Consists of:

- 767,023 shares owned by John C. Molina;
- 11,154 shares owned by Mr. Molina and his spouse as community property;
- 621,364 shares owned by the John C. Molina Separate Property Trust, of which Mr. Molina is the trustee and beneficiary; and
- 54,000 options.

(4) Consists of: 14,414 shares and 15,000 options.

(5) Consists of: 14,171 shares and 15,000 options.

(6) Consists of: 26,421 shares held by Orlando Family Trust and 1,500 shares held by Mr. Orlando's 401(k) plan.

(7) Consists of: 16,171 shares and 15,000 options.

(8) Consists of:

- 1,496 shares held by Mr. Dentino;
- 3,489,292 shares owned by the Mary R. Molina Living Trust, of which Mr. Dentino and Curtis Pedersen are co-trustees;
- 4,090,360 shares owned by the Molina Marital Trust, of which Mr. Dentino and Mr. Pedersen are co-trustees;
- 2,329,178 shares owned by various Molina family trusts with respect to which Mr. Dentino and Mr. Pedersen are co-trustees with shared voting and investment power; and
- 16,099 shares owned by the Estate of Mary R. Molina, of which Mr. Dentino is executor Mr. Dentino provided legal services to various Molina family members and entities in which they have interests. His address is 3500 Douglas Blvd., Suite 160, Roseville, California 95661.

(9) Consists of:

- 300 shares owned by Mr. Pedersen and his spouse as community property;
- 3,489,292 shares owned by the Mary R. Molina Living Trust, of which Mr. Pedersen and Mr. Dentino are co-trustees;
- 4,090,360 shares owned by the Molina Marital Trust, of which Mr. Pedersen and Mr. Dentino are co-trustees; and
- 2,329,178 shares owned by various Molina family trusts with respect to which Mr. Dentino and Mr. Pedersen are co-trustees with shared voting and investment power.

Mr. Pedersen is the uncle of J. Mario Molina, M.D., John C. Molina, J.D. and M. Martha Bernadett, M.D. The address of Mr. Pedersen is 6218 East 6th Street, Long Beach, California 90803.

(10) Messrs. Dentino and Pedersen are co-trustees with shared voting and investment power, and J. Mario Molina, M.D., John C. Molina, M. Martha Bernadett, M.D., Janet M. Watt, and Josephine M. Molina are the beneficiaries. The address of this stockholder is 3500 Douglas Blvd., Suite 160, Roseville, California 95661.

(11) Based on the Schedule 13G filed by such stockholder on February 10, 2016. Such stockholder's address is P. O. Box 2600, V26, Valley Forge, Pennsylvania 19482-26001.

(12) Based on the Schedule 13G/A filed by such stockholder on February 12, 2016. Such stockholder's address is 333 South Hope Street, 55th Floor, Los Angeles, California 90071.

(13) Based on the Schedule 13G/A filed by such stockholder on February 10, 2016. Such stockholder's address is 55 East 52nd Street, New York, New York 10022.

Table of Contents

Disclosure of Auditor Fees

Ernst & Young LLP served as our independent registered public accountant during 2015 and 2014. Fees earned by Ernst & Young LLP for years ended December 31, 2015 and 2014 were as follows:

	December 31, 2015	2014
Audit Fees[1]		
Integrated audit of the financial statements and internal control over financial reporting (including audits of subsidiaries)	$3,645,827	$2,582,276
Quarterly reviews	234,369	231,739
SEC filings or debt offerings, including comfort letters, consents and comment letters	295,465	170,000
Accounting consultation	70,000	90,000
Total audit fees	4,245,661	3,074,015
Audit-Related Fees[2]		
State agreed-upon procedures report	80,000	67,000
Service Organization Control ("SOC") 1 audits	530,531	524,829
Total audit-related fees	610,531	591,829
Tax Fees[2]		
Federal and state hiring incentives	14,958	18,000
Routine on-call advisory services	95,146	85,560
Tax advisory services	—	194,000
Total tax fees	110,104	297,560
Total Fees	$4,966,296	$3,963,404

(1) Includes fees and expenses related to the fiscal year audit and interim reviews, notwithstanding when the fees and expenses were billed or when the services were rendered.

(2) Includes fees and expenses for services rendered from January through December of the fiscal year, notwithstanding when the fees and expenses were billed.

The audit committee has considered the nature of the services underlying these fees and does not consider them to be incompatible with the independent registered public accountant's independence.

The audit committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by our independent registered public accounting firm. This policy generally provides that the Company will not engage its independent registered public accounting firm to render audit or non-audit services unless the service is specifically approved in advance by the audit committee, or the engagement is entered into pursuant to one of the pre-approval procedures described below. From time to time, the audit committee may pre-approve specified types of services that are expected to be provided to the Company by its independent registered public accounting firm during the next 12 months. Any such pre-approval is detailed as to the particular service or type of services to be provided, and is also generally subject to a maximum dollar amount. The audit committee has also delegated to the chairman of the audit committee the authority to approve audit or non-audit services to be provided to the Company by its independent registered public accounting firm. Any approval of services by the chairman of the audit committee pursuant to this delegated authority is reported on at the next meeting of the audit committee. All audit-related fees and tax fees for 2015 and 2014 were pre-approved by the audit committee or the audit committee chairman.

Table of Contents

PROPOSAL 2 — RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Appointment

The firm of Ernst & Young LLP served as our independent registered public accounting firm for the year ended December 31, 2015. The audit committee has selected Ernst & Young LLP to continue in that capacity for 2016 and is submitting this matter to stockholders for their ratification. In the event this proposal is not approved, a selection of another independent registered public accounting firm for us will be made by the audit committee. A representative of Ernst & Young LLP is expected to be present at the annual meeting, will be given an opportunity to make a statement if he or she desires and is expected to be available to respond to appropriate questions. Notwithstanding ratification by the stockholders, the audit committee reserves the right to replace our independent registered public accounting firm at any time.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP.

Submission of Future Stockholder Proposals

Under SEC rules, a stockholder who intends to present a proposal at our 2017 annual meeting of stockholders, including the nomination of a director, and who wishes the proposal to be included in the proxy statement for that meeting must submit the proposal in writing to the Corporate Secretary of Molina Healthcare at 200 Oceangate, Suite 100, Long Beach, California 90802. The proposal must be received no later than November 28, 2016. Stockholders who do not wish to follow the SEC rules in proposing a matter for action at the next annual meeting must notify Molina Healthcare in writing of the information required by the provisions of Molina Healthcare's bylaws dealing with stockholder proposals. The notice must be delivered to Molina Healthcare's Corporate Secretary between December 28, 2016 and January 27, 2017. You can obtain a copy of Molina Healthcare's bylaws by writing to the Corporate Secretary at the address stated above.

Cost of Annual Meeting and Proxy Solicitation

Molina Healthcare pays the cost of the annual meeting and the cost of soliciting proxies. In addition to soliciting proxies by mail, Molina Healthcare may solicit proxies by telephone and similar means. No director, officer, or employee of Molina Healthcare will be specially compensated for these activities. Molina Healthcare also intends to request that brokers, banks, and other nominees solicit proxies from their principals and will pay the brokers, banks, and other nominees certain expenses they incur for such activities.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC, and to furnish us with copies of the forms. Purchases and sales of our equity securities by such persons are published on our website at www.molinahealthcare.com. Based on our review of the copies of such reports, on our involvement in assisting our reporting persons with such filings, and on written representations from our reporting persons, we believe that, during 2015, each of our officers, directors, and greater than 10% stockholders complied with all such filing requirements on a timely basis.

Householding

Under SEC rules, a single set of annual reports and proxy statements may be sent to any household at which two or more stockholders reside if they appear to be members of the same family. Each stockholder continues to receive a separate proxy card. This procedure, referred to as householding, reduces the volume of duplicate information stockholders receive and reduces mailing and printing expenses. In accordance with a notice sent to certain stockholders who shared a single address, only one annual report and proxy statement will be sent to that address unless any stockholder at that address requested that multiple sets of documents be sent. However, if any stockholder who agreed to householding wishes to receive a separate annual report or proxy statement for 2017 or in the future, he or she may telephone toll-free 1-800-542-1061 or write to ADP, Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Stockholders sharing an address who wish to receive a single set of reports may do so by contacting their banks or brokers, if they are beneficial holders, or by contacting ADP at the address set forth above, if they are record holders.

Table of Contents

Other Matters

The board of directors knows of no other matters that will be presented for consideration at the meeting. If any other matters are properly brought before the meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors

Joseph M. Molina, M.D.
Chairman of the Board, Chief Executive Officer, and President
Dated: March 28, 2016

46

Table of Contents