

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re ZALE CORPORATION SECURITIES LITIGATION § Master File No. 3:06-cv-01470-N
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 § ECF
 §
 § CLASS ACTION

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED OR OTHERWISE ACQUIRED ZALE CORPORATION (“ZALE” OR THE “COMPANY”) COMMON STOCK BETWEEN FEBRUARY 18, 2005 AND MAY 5, 2006, INCLUSIVE, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Security and Time Period: Zale common stock purchased or otherwise acquired between February 18, 2005 through May 5, 2006, inclusive.

Settlement Fund: \$5,900,000 in cash.

Lead Plaintiffs’ Reasons for Settlement: The principal reason for Lead Plaintiffs’ consent to the Settlement is to provide a benefit to the Class. This benefit must be compared to the risk that no recovery might be achieved after contested motions, a contested trial and likely appeals, possibly years into the future during which Defendants would have the opportunity to assert defenses to the claims asserted against them. While Lead Plaintiffs believe that their claims have merit, Lead Plaintiffs recognize the expense of continued proceedings and that Lead Plaintiffs and the Class might not have prevailed on all their claims. The claims advanced by the Class involve numerous complex legal and factual issues, as well as complicated accounting practices, which would require extensive expert testimony and would add considerably to the expense and duration of the Litigation. The two sides vigorously disagree on both liability and the amount of money that could have been won if Lead Plaintiffs prevailed at trial. The parties disagree about (1) the method for determining whether Zale’s common stock traded at artificially inflated prices during the relevant period; (2) the amount of any such inflation; (3) whether or the extent to which various facts alleged by Lead Plaintiffs were materially false or in any way misleading; (4) the extent that various facts alleged by Lead Plaintiffs influenced the trading price of Zale common stock during the relevant period; and (5) whether the facts alleged were material, false, misleading or otherwise actionable under the federal securities laws. This Settlement therefore enables the Class to recover without incurring any additional risk for costs. As a result, Lead Plaintiffs believe this Settlement is a fair, reasonable, and adequate recovery for the Class.

Defendants’ Reasons for Settlement: The Defendants have denied and continue to deny each and all of the claims and contentions alleged by the Lead Plaintiffs on behalf of the Class. The Defendants also have denied and continue to deny, among other things, the allegations that the price of Zale common stock was artificially inflated or that any harm was caused by the alleged conduct described in the complaint.

Nonetheless, the Defendants have concluded that further conduct of the case would be protracted and expensive, and that it is desirable that the case be fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation in order to limit further expense, inconvenience and distraction, to dispose of the burden of protracted litigation, and to permit the operation of the Defendants’ businesses without further distraction and diversion caused by the continuation of the case. The Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases such as this Litigation.

The Defendants have, therefore, determined that it is desirable and beneficial to them that the case be settled in the manner and upon the terms and conditions set forth in the Stipulation. The Defendants entered into the Stipulation without in any way acknowledging any fault, liability, or wrongdoing of any kind.

Statement of Recovery: Your recovery will depend on the amount of Zale common stock purchased or acquired and the timing of your purchases, acquisitions and any sales. Depending on the number of eligible shares that participate in the Settlement and when those shares were purchased or acquired and sold, the estimated average recovery per share will be approximately \$0.20 before deduction of Court-approved attorney fees and expenses, and the costs of administration. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund determined by that claimant’s recognized claim as compared to the total recognized claims of all Class Members who submit acceptable Proofs of Claim.

Attorney Fees and Expenses: Lead Plaintiffs’ Counsel will ask the Court for attorney fees not to exceed 25% of the Settlement Fund and expenses not to exceed \$150,000.00 to be paid from the Settlement Fund. If the above amounts are requested and approved by the Court, the average cost per share will be \$0.05. Lead Plaintiffs’ Counsel have not received any payment for

their work investigating the facts, conducting this Litigation and negotiating this Settlement on behalf of the Lead Plaintiffs and the Class.

Deadlines: Submit Claim: July 2, 2008
Request Exclusion: May 13, 2008
File Objection: May 13, 2008

Court Hearing on Fairness of Settlement: June 9, 2008, 10:30 a.m.

More Information: www.ZaleSecuritiesLitigation.com or

Claims Administrator:

Zale Corporation Securities Litigation
c/o Complete Claim Solutions, LLC
P.O. Box 24614
West Palm Beach, FL 33416
Email: info@ZaleSecuritiesLitigation.com
Toll-free Telephone: (877) 465-4818

Lead Plaintiffs' Counsel:

Rick Nelson
Shareholder Relations
Coughlin Stoa Geller Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Michael K. Yarnoff
Schiffirin Barroway Topaz & Kessler, LLP
280 King of Prussia Road
Radnor, PA 19087

David J. Goldsmith
Labaton Sucharow LLP
140 Broadway
New York, NY 10005

- Your legal rights are affected whether you act, or don't act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
SUBMIT A PROOF OF CLAIM AND RELEASE FORM	This is the only way to get a payment. Doing so results in the release of your claims against the Defendants and the Released Parties.
EXCLUDE YOURSELF	Get no payment. This is the only option that allows you to participate in another lawsuit against the Defendants and the other Released Parties relating to the Released Claims.
OBJECT	You may write to the Court if you don't like this Settlement, the Plan of Allocation or request for attorney fees and expenses.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.
DO NOTHING	Get no payment. Give up your rights and release claims.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have purchased or otherwise acquired Zale common stock between February 18, 2005 through May 5, 2006, inclusive.

The Court directed that you be sent this Notice because you have a right to know about a proposed Settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement. If the Court approves it and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Texas, and the case is known as *In re Zale Corporation Securities Litigation*, Master File No. 3:06-cv-01470-N. The pension funds and individual who sued are called the Lead Plaintiffs, and the company and the individuals they sued, Zale, Mary L. Forté, Sue E. Gove, Cynthia T. Gordon and Mark R. Lenz, are called the Defendants.

2. What Is This Lawsuit About?

Zale, through its wholly owned subsidiaries, is a specialty retailer of fine jewelry, watches and diamond products.

This case was brought as a class action alleging that Defendants “managed” and “smoothed” Zale’s reported earnings by manipulating the amount and timing of revenue recognized on the sale of Extended Service Agreements (“ESAs”) to Zale’s customers. Lead Plaintiffs also alleged that Defendants fraudulently overstated the Company’s reported cash position by delaying nearly \$10 million in payments owed to vendors from the end of fiscal year 2005 to the start of 2006, in violation of SEC regulations and Zale’s policy. Thus, Zale’s cash position for 2005, and related public statement made by Company management, were allegedly false and misleading because Zale’s reported cash flow from operations was reached through the improper deferral of vendor payments. Lead Plaintiffs allege that as a result of these misrepresentations and accounting manipulations, Zale common stock traded at artificially inflated prices during the Class Period, in violation of the federal securities laws, and permitted Defendants to sell nearly 500,000 shares of their Zale stock at artificially inflated prices. Defendants deny all of Lead Plaintiffs’ allegations and that they did anything wrong. Defendants also deny that the Lead Plaintiffs or the Class suffered damages or that the price of Zale common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise.

3. Why Is This Action a Class Action?

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiffs Pipefitters Local No. 636 Defined Benefit Plan, Iron Workers Local 16 Pension Fund, and Mitchel Agoos) sue on behalf of people who have similar claims. Here, all these people are called a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Judge David C. Godbey is in charge of this class action.

4. Why Is There a Settlement?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, these parties agreed to a Settlement. That way, they avoid the cost of a trial, and eligible Class Members who make a valid claim will get compensation. The Lead Plaintiffs and their attorneys think the Settlement is best for all Class Members.

WHO IS IN THE SETTLEMENT

To see if you will get money from this Settlement, you first have to determine if you are a Class Member.

5. How Do I Know If I Am Part of the Settlement?

The Class includes *all Persons who purchased or otherwise acquired Zale common stock between February 18, 2005 and May 5, 2006, inclusive, except those persons and entities that are excluded, as described below.*

6. What Are the Exceptions to Being Included?

You are not a Class Member if you are a Defendant, a director or officer of Zale, a member of the immediate family of any of the foregoing, an entity in which any Defendant has or had a controlling interest, or a legal representative, heir, successor, or assign of any such excluded Person.

If you sold Zale common stock between February 18, 2005 and May 5, 2006, inclusive, that alone does not make you a Class Member. You are a Class Member only if you *purchased* or *otherwise acquired* Zale common stock between February 18, 2005 and May 5, 2006, inclusive.

7. I’m Still Not Sure If I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call (877) 465-4818, or write to one of Lead Plaintiffs’ Counsel listed in Question 18 for more information. Or you can fill out and return the claim form described in Question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

Defendants have agreed to pay \$5,900,000 in cash to be divided among all eligible Class Members who send in valid claim forms, after payment of Court-approved attorney fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice.

9. How Much Will My Payment Be?

Your share of the fund will depend on the number of valid claim forms that Class Members send in and how many shares of stock you purchased during the relevant period and when you bought and sold them. A claim will be calculated as follows:

The allocation below is based on the following price declines:

4/10/06 Price Decline: \$2.64

5/8/06 Price Decline: \$0.44

90 Day Look-Back Value: \$24.27

Proposed Allocation:

1. For shares of Zale's common stock ***purchased on February 18, 2005 through April 9, 2006***, and
 - a) sold prior to April 10, 2006, the claim per share is \$0.26 (10 percent of the 4/10/06 Price Decline);
 - b) sold from April 10, 2006 through May 5, 2006, the claim per share is the lesser of (i) the purchase price less \$24.27, or (ii) \$2.64 (4/10/06 Price Decline);
 - c) retained at the end of May 5, 2006, the claim per share is the lesser of (i) the purchase price less \$24.27, or (ii) \$3.08 (4/10/06 & 5/8/06 Price Declines).
2. For shares of Zale's common stock ***purchased on April 10, 2006 through May 5, 2006***, and
 - a) sold prior to May 6, 2006, the claim per share is \$0.04 (10 percent of the 5/8/06 Price Decline);
 - b) retained at the end of May 5, 2006, the claim per share is the lesser of (i) the purchase price less \$24.27, or (ii) \$0.44 (5/8/06 Price Decline).

The payment you get will reflect your pro rata share after deduction of Court-approved fees and expenses. If claims are filed for 100% of the eligible Zale shares, the average distribution per share would be \$0.20 before deduction of Court-approved fees and expenses. Historically, actual claim rates are less than 100% and result in higher distributions.

In the event a Class Member has more than one purchase or acquisition of Zale common stock, all purchases, acquisitions, and any sales shall be matched on a first-in, first-out ("FIFO") basis, and Class Period sales will be matched first against any Zale common stock held at the beginning of the Class Period and then against purchases in chronological order. A purchase or sale of Zale common stock shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date.

To the extent a claimant had a gain from his, her or its overall transactions in Zale common stock during the Class Period, the value of the recognized claim will be zero. Please note that the Plan of Allocation is separate from the Settlement and any decision by the Court regarding the Plan of Allocation will not affect the finality of approval of the Settlement. The Plan of Allocation may be modified in connection with, among other things, a ruling by the Court, an objection filed by a Class Member, or a settlement with a Person or entity requesting exclusion from the Class, without further notice to the Class.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Get a Payment?

To qualify for payment, you must be an eligible Class Member and you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it postmarked no later than July 2, 2008.

11. When Will I Get My Payment?

The Court will hold a hearing on June 9, 2008, at 10:30 a.m., to decide whether to approve the Settlement. If Judge Godbey approves the Settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

12. What Am I Giving Up to Get a Payment or Stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or that could have been asserted in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are included in the claim form that is enclosed. The following definitions apply to those releases:

"Released Claims" means any and all claims, debts, demands, rights or causes of action or liabilities of any nature or description whatsoever (including, but not limited to, claims for damages, interest, attorney fees, expert or consulting fees, and any other costs, expenses, or liability whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether class or individual in nature, including both known claims and Unknown Claims (as defined below), (i) that have been asserted in this Litigation by Lead Plaintiffs or the Class Members or any of them, against any of the Released Parties, or (ii) that could have been asserted in any forum by Lead Plaintiffs or the Class Members or any of them or the successors and assigns of any of them, against any of the Released Parties, which arise out of, are based on, or relate in any way, directly or indirectly, to any of the allegations, acts, transactions, facts, events, matters or occurrences, representations or omissions involved, asserted, set forth, referred to or that could have been asserted in the complaint and based upon or related in any way to the purchase of or other acquisition of any Zale common stock by Lead Plaintiffs or any Class Member during the Class Period, as well as the facts, transactions, events, occurrences, acts, disclosures, statements, omissions or failure(s) to act alleged or that could have been alleged in the Litigation by Lead Plaintiffs or any Class Member.

"Released Defendants' Claims" means any and all claims, rights or causes of action or liabilities whatsoever, whether based on federal, state, local, statutory or common law or any other law, rule or regulation, including both known claims and Unknown Claims, that have been or could have been asserted in the Litigation or any forum by the Defendants, or the successors and assigns of any of them against the Lead Plaintiffs, any of the Class Members or their attorneys, which arise out of or relate in any way to the institution, prosecution, or settlement of the Litigation, excluding any claims for breaches of the Stipulation.

“Released Parties” means each and all of the Defendants, their respective past or present advisors, affiliates, agents, assigns, attorneys, banks or investment banks, co-insurers, consultants, directors, divisions, present and former employees, heirs, insurers, investment advisors, members, officers, parents, predecessors, principals, reinsurers, representatives, stockholders, spouses, subsidiaries, successors, related or affiliated entities, any entity in which any Defendant has a controlling interest, any member of an individual Defendant’s immediate family, or any trust of which any Defendant is the settlor or which is for the benefit of any individual Defendant and/or member(s) of his or her family.

“Unknown Claims” means any and all Released Claims which the Lead Plaintiffs or any Class Member do not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Released Defendants’ Claims which any Defendant does not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Released Claims and Released Defendants’ Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Lead Plaintiffs and Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Order and Final Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Lead Plaintiffs and the Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but the Lead Plaintiffs shall expressly waive, and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Order and Final Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiffs and Defendants acknowledge, and the Class Members by operation of law shall be deemed by operation of the Order and Final Judgment to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Released Claims and Released Defendants’ Claims was separately bargained for and was a key element of the Settlement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you don’t want a payment from this Settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same Released Claims, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *In re Zale Corporation Securities Litigation*, Master File No. 3:06-cv-01470-N. You must include your name, address, telephone number, number of shares of Zale common stock purchased or acquired between February 18, 2005 and May 5, 2006, inclusive, the number of shares sold during this time period, if any, and the dates of such purchases, acquisitions and sales. You must mail your exclusion request so that it is received no later than May 13, 2008 to:

Zale Corporation Securities Litigation
Claims Administrator
c/o Complete Claim Solutions, LLC
P.O. Box 24614
West Palm Beach, FL 33416

You cannot exclude yourself on the phone or by email. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue the Defendants for the Released Claims. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is May 13, 2008.

15. If I Exclude Myself, Can I Get Money from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may sue, continue to sue, or be part of a different lawsuit against the Defendants related to the Released Claims.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The law firms of Coughlin Stoia Geller Rudman & Robbins LLP, Schiffrin Barroway Topaz & Kessler, LLP and Labaton Sucharow LLP represent you and other Class Members. These lawyers are called Lead Plaintiffs’ Counsel or Co-Lead Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Lead Plaintiffs' Counsel will ask the Court for attorney fees not to exceed 25% of the Settlement Fund and expenses up to \$150,000.00, which were advanced in connection with the Litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorney fees and expenses requested will be the only payment to Lead Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Lead Plaintiffs' Counsel have not been paid for their services for conducting this Litigation on behalf of the Lead Plaintiffs and the Class, or for their expenses. The fee requested will compensate Lead Plaintiffs' Counsel for their work in creating the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type. The Court may award less than this amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you don't agree with the Settlement or some part of it.

18. How Do I Tell the Court that I Don't Like the Settlement, the Plan of Allocation or Application for Attorney Fees?

If you are a Class Member, you can object to the Settlement if you don't like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *In re Zale Corporation Securities Litigation*, Master File No. 3:06-cv-01470-N. Be sure to include your name, address, telephone number, your signature, the number of shares of Zale common stock purchased, acquired and sold between February 18, 2005 and May 5, 2006, inclusive, and the reasons you object to the Settlement. Any objection to the Settlement must be mailed or delivered such that it is received by each of the following no later than May 13, 2008:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
UNITED STATES COURTHOUSE
1100 Commerce Street, Room 1452
Dallas, TX 75242

Co-Lead Counsel for Lead Plaintiffs:

COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
ELLEN GUSIKOFF STEWART
655 West Broadway, Suite 1900
San Diego, CA 92101

SCHIFFRIN BARROWAY TOPAZ
& KESSLER, LLP
MICHAEL K. YARNOFF
280 King of Prussia Road
Radnor, PA 19087

LABATON SUCHAROW LLP
JOEL H. BERNSTEIN
DAVID J. GOLDSMITH
140 Broadway
New York, NY 10005

*Counsel on Behalf of Defendants Zale Corporation,
Mary L. Forté, Cynthia T. Gordon and Sue E. Gove:*

CADWALADER, WICKERSHAM & TAFT LLP
BRUCE A. HILER
1201 F Street, N.W., Suite 1100
Washington, D.C. 20004

Counsel on Behalf of Defendant Mark R. Lenz:

HUNTON & WILLIAMS, LLP
JOEL R. SHARP
1445 Ross Avenue, Suite 3700
Dallas, TX 75202

19. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object **only if** you stay in the Class. Excluding yourself is telling the Court that you don't want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you don't have to.

20. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a settlement hearing at 10:30 a.m., on June 9, 2008, in Courtroom 1351 of the United States District Court for the Northern District of Texas, United States Courthouse, 1100 Commerce Street, Dallas, Texas 75242. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Godbey will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Lead Plaintiffs' Counsel (assuming the Settlement is approved). The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

21. Do I Have to Come to the Hearing?

No. Lead Plaintiffs' Counsel will answer questions Judge Godbey may have. But, you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I Speak at the Hearing?

You may ask the Court for permission to speak at the settlement hearing. To do so, you must send a letter saying that it is your intention to appear in *In re Zale Corporation Securities Litigation*, Master File No. 3:06-cv-01470-N. Be sure to include your name, address, telephone number, your signature, and the number of shares of Zale common stock purchased or acquired between February 18, 2005 and May 5, 2006, inclusive. Your notice of intention to appear must be received no later than May 13, 2008, by the Clerk of the Court, Lead Plaintiffs' Counsel, and Defendants' counsel, at the addresses listed in Question 18. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

23. What Happens If I Do Nothing at All?

If you do nothing, you'll get no money from this Settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same issues in this case.

GETTING MORE INFORMATION

24. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement dated February 11, 2008 ("Stipulation"). You can get a copy of the Stipulation by writing to Rick Nelson, c/o Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Michael K. Yarnoff, Schiffrin Barroway Topaz & Kessler, LLP, 280 King of Prussia Road, Radnor, PA 19087, or David J. Goldsmith, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, or from the Clerk's office at the United States District Court for the Northern District of Texas, 1100 Commerce Street, Room 1452, Dallas, Texas 75242, during regular business hours.

25. How Do I Get More Information?

You can call (619) 231-1058 or write to Rick Nelson, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Michael K. Yarnoff, Schiffrin Barroway Topaz & Kessler, LLP, 280 King of Prussia Road, Radnor, PA 19087, or David J. Goldsmith, Labaton Sucharow LLP, 140 Broadway, New York, NY 10005, or visit the Claims Administrator's website at www.ZaleSecuritiesLitigation.com, call the Claims Administrator toll-free at (877) 465-4818, or send an email to info@ZaleSecuritiesLitigation.com.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you hold any Zale common stock purchased or acquired between February 18, 2005 and May 5, 2006, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Zale Corporation Securities Litigation
c/o Complete Claim Solutions, LLC
P.O. Box 24614
West Palm Beach, FL 33416
Email: info@ZaleSecuritiesLitigation.com

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: March 19, 2008

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS