Cotter James M. Form 4 February 10, 2010

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

SECURITIES

2. Issuer Name and Ticker or Trading

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

Section 16. Form 4 or Form 5 obligations

Check this box

if no longer

subject to

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * Cotter James M.

Symbol

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

10% Owner

Other (specify

OMB APPROVAL

3235-0287

January 31,

2005

0.5

OMB

Number:

Expires:

response...

Estimated average

burden hours per

ZALE CORP [ZLC]

(First) (Middle) (Last)

(Street)

(State)

3. Date of Earliest Transaction

(Month/Day/Year)

4. If Amendment, Date Original

02/08/2010

below) 6. Individual or Joint/Group Filing(Check

D

Filed(Month/Day/Year) Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Officer (give title

X_ Director

Person

GREENWICH, CT 06830

100 NORTHFIELD STREET

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

(Zip)

4. Securities TransactionAcquired (A) or Code Disposed of (D) (Month/Day/Year) (Instr. 8) (Instr. 3, 4 and 5) 5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Beneficial Indirect (I) Ownership (Instr. 4) (Instr. 4)

Reported Transaction(s) (Instr. 3 and 4)

Common Stock

(City)

Code V Amount (D) Price 1,040

(A)

or

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	Code	5. Number on f Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisals Expiration Date (Month/Day/Year		7. Title and A Underlying S (Instr. 3 and	Securities
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amoun or Number of Shares
Stock options (right to buy)	\$ 3.75	02/08/2010		A	5,000	02/08/2011(1)	02/08/2020	Common Stock	5,000
Restricted Stock Units	\$ 0 (2)					11/18/2009(2)	(2)	Common Stock	4,902
Deferred Stock Units	\$ 0 (3)					<u>(3)</u>	<u>(3)</u>	Common Stock	5,000
Stock Options (right to buy)	\$ 14.46					01/17/2009(4)	01/17/2018	Common Stock	3,080

Reporting Owners

Reporting Owner Name / Address	Relationships					
FB	Director 10% Owner Officer		Officer	Other		
Cotter James M.						
100 NORTHFIELD STREET	X					
GREENWICH, CT 06830						

Signatures

Hilary Molay, by power of attorney 02/10/2010

**Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Granted under the Zale Corporation Non-Employee Director Equity Compensation Plan, as amended (the "Plan") and vests on 2/8/2011.

Pursuant to the governing documents of Breeden Partners L.P., Breeden Partners (California) L.P., Breeden Partners (California) II L.P.,

Breeden Partners (New York) I L.P., Breeden Partners Holdco Ltd. and Breeden Partners (Cayman) Ltd. (the ?Funds?), any economic benefit with respect to this grant will be apportioned among the Funds.

Reporting Owners 2

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- Restricted stock units granted under the Plan that vested on November 18, 2009. The holder will be entitled to receive one share of common stock for each unit, unless the Board of Directors determines that payment shall be made in cash. The holder has elected to defer
- (2) delivery of any shares that would be due by virtue of vesting until the date that is six months following his separation from service on the Company's Board. Pursuant to the Funds' governing documents (as defined above), any economic benefit with respect to the grant will be apportioned among the Funds.
 - Deferred stock units granted under the Plan. Under the terms of the Plan, Mr. Cotter elected to receive the deferred stock units in lieu of a portion of the quarterly cash retainer payment of \$10,000 for service as a member of the Company's Board of Directors. Mr. Cotter was granted 5,000 deferred stock units based on the 2/27/2009 closing price of \$1.25. The deferred stock units vest immediately upon grant.
- (3) The holder is entitled to receive one share of common stock for each unit, unless the Board of Directors determines that payment shall be made in cash. The holder has elected to defer delivery of any shares that would be due until the date that is six months following his separation from service on the Company's Board. Pursuant to the Funds' governing documents, any economic benefit with respect to the grant will be apportioned among the Funds.
- Granted under the Plan and vests in four annual installments beginning January 17, 2009. Pursuant to the Funds' governing documents, any economic benefit with respect to these stock options will be apportioned among the Funds.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.