Cotter James M. Form 4 March 03, 2009

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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obligations

may continue.

See Instruction

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 30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * 5. Relationship of Reporting Person(s) to 2. Issuer Name and Ticker or Trading Cotter James M. Issuer Symbol ZALE CORP [ZLC] (Check all applicable) (Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year) _X__ Director 10% Owner Other (specify Officer (give title 100 NORTHFIELD STREET 02/27/2009 below) (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Filing(Check Filed(Month/Day/Year) Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting GREENWICH, CT 06830 Person

(City)	(State) (Z	Zip) Table	I - Non-Do	erivative Securities Ac	quired, Disposed	of, or Beneficia	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities on Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned	6. Ownership Form: Direct (D) or Indirect (I)	7. Nature of Indirect Beneficial Ownership
		(Monumbay/Tear)	Code V	(A) or Amount (D) Price	Following Reported Transaction(s) (Instr. 3 and 4)	(Instr. 4)	(Instr. 4)
Common					1.040	D	

Stock

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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)	4. Transact Code (Instr. 8)	Secu Acqu (A) o Disp (D)	rities nired or osed o r. 3, 4,	f	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code \	/ (A) (I	D)	Date Exercisable	Expiration Date	Title	Amoun or Number of Shares
Stock Options (right to buy)	\$ 14.46							01/17/2009(2)	01/17/2018	Common Stock	3,080
Restricted Stock Units	\$ 0 (1)							11/18/2009(1)	<u>(1)</u>	Common Stock	4,902 (1)
Deferred Stock Units	\$ 0 (3)	02/27/2009		A	8,0	00		(3)	(3)	Common Stock	8,000

Reporting Owners

Reporting Owner Name / Address	Relationships						
1 0	Director	10% Owner	Officer	Other			
Cotter James M. 100 NORTHFIELD STREET GREENWICH, CT 06830	X						

Signatures

Hilary Molay, by power of attorney 03/03/2009

**Signature of Reporting Person Date

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).

Restricted stock units granted under Zale Corporation Non-Employee Director Equity Compensation Plan, as amended (the "Plan"), that vest on November 18, 2009. Upon vesting, 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 delivery of any shares that would be

- (1) 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 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.
- (2) 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.

Reporting Owners 2

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- 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 quarterly cash retainer payment of \$10,000 for service as a member of the Company's Board of Directors. Mr. Cotter was granted 8,000 deferred stock units based on the 2/27/2009 closing price of \$1.25. The deferred stock units vest immediately upon grant. The holder is
- (3) 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.

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.