

EMPLOYEE WORKLIFE

INTRODUCTION

As a strong, growing company, Zale Corporation offers exciting [career opportunities](#) in each of the Zale businesses and the corporate headquarters. Recognizing that satisfied and productive employees are the keystones to successful retailing, Zale Corporation makes every effort to provide smooth operations and an enjoyable work environment. These efforts begin with respectful treatment for each member of the Zale team and include certain policies and procedures.

ZALE BUSINESS PRACTICES

Code of Business Conduct and Ethics

Zale's [Code of Business Conduct and Ethics](#) is based on its expectation that each employee can and will exercise sound and mature business judgment in all matters of business ethics. Some of the issues discussed in the Code include conflicts of interest, the confidentiality and proper disclosure of Zale corporate information, accuracy of financial records and reports, and compliance with all federal and state laws governing our business operations.

Our Code of Business Conduct and Ethics applies to all directors, officers and employees of Zale Corporation and its subsidiaries. This Code extends to relations between employees and their co-workers and to conduct between employees and their managers. In addition, the Code extends to dealings between Zale directors, officers and employees, as well as Zale's trade vendors, other suppliers, customers and competitors.

Zale encourages each employee to judge his or her conduct under the Zale Code of Business Conduct and Ethics with this common sense test: "If you would be embarrassed for your supervisor or co-workers to read about your conduct on the front page of tomorrow morning's newspaper or if the conduct is potentially harmful to the Company ... Don't Do It."

Equal Opportunity Employment

Zale Corporation practices and promotes a policy of non-discrimination, and is fully committed to the principles of equality in employment and opportunity for all employees. Zale Corporation will not, under any circumstances, condone or knowingly tolerate conduct that may constitute discrimination, any form of harassment including that of a sexual nature, intimidation, or retaliation in the work environment towards employees and customers.

Zale does not discriminate on the basis of race, color, religion, sex, disability, creed, national origin, age, marital status, veteran status, sexual orientation, or any other protected category; nor does it discriminate on the basis of participation in a protected activity as defined by law. The Company applies these principles to all aspects of the employment relationship, including recruiting, hiring, training, working conditions, benefits and compensation, performance appraisals, promotions and transfers, discipline, layoffs, separation from service, and treatment on the job.

Zale expects all employees to adhere to its principles of equality in employment, opportunity and customer service. The Company will take appropriate measures in response to any incidents that are reported. Any employee who engages in this type of prohibited conduct will be subject to disciplinary action, up to and including termination, if an investigation results in warranted action.

Americans With Disabilities Act

Zale Corporation complies with the Americans with Disabilities Act (ADA), which protects individuals with disabilities from unlawful employment discrimination and gives them access to commercial facilities, transportation, telecommunications, and state and local government services. Discrimination against applicants, employees or customers because they are disabled is prohibited and will not be tolerated. Every good faith effort will be taken by the Company to fulfill the objectives of this policy.

Accommodations for Disabled Individuals

The Company stands committed to fulfilling its obligations under the Americans with Disabilities Act and other applicable statutes and regulations governing the workplace. Discrimination against job applicants or employees because they are disabled is prohibited and will not be tolerated.

Discrimination and Sexual Harassment Policy

Zale Corporation believes that each individual employed by the Company as well as our customers have the right to be free from unlawful discrimination or harassment because of race, age, color, creed, religion, national origin, disability, sex, sexual orientation, or other protected categories as defined by city, county, state and federal law. Zale wants all employees to experience a work environment free from all forms of discrimination, including sexual harassment. The Company will not, under any circumstances, condone or knowingly tolerate conduct by anyone in Zale's employment that may constitute unlawful discrimination, intimidation, sexual harassment, or retaliation.

Guidelines Regarding Discrimination

Zale Corporation shall not, in any aspect of any employment relationship, use as a basis for its policies or decisions an employee's race, sex, color, creed, religion, age, national origin, sexual orientation, or other protected category, or participation in a protected activity as defined by law. Similarly, Zale Corporation shall not limit, segregate, or classify employees in a way that unfairly deprives them of employment opportunities or adversely affects their status as employees because of such factors.

In addition, Zale Corporation shall not unlawfully discriminate against a qualified individual with a disability with regard to any aspect of the employment relationship or retaliate because of a request for reasonable accommodations, and when appropriate, will make reasonable accommodations for such disabilities pursuant to law.

Guidelines Regarding Sexual Harassment

Sexual harassment of employees that occurs in the workplace or in other settings in which employees may find themselves in connection with their employment is unlawful. Sexual harassment consists of, among other things, unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when (1) submission to such conduct is made a term or condition of employment; (2) submission to or rejection of such

conduct is used as the basis for employment decisions; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

All employees are prohibited from engaging in such inappropriate conduct. Violation of this policy could result in disciplinary action, up to and including termination.

Sexual harassment can come from superiors, fellow employees, customers or vendors. Men as well as women can be victims of sexual harassment. The Company's policy also applies to employees' conduct with non-employees such as customers, vendors, contractors and members of the public. Furthermore, the policy also applies to individuals who do business with the Company or who are present on Company property or at Company events. Zale will not tolerate any form of sexual harassment that affects tangible job benefits or an individual's work performance, creates an intimidating, hostile or offensive working environment, or is otherwise harassing.

An employee's refusal to submit to sexual advances or his or her reporting of any sexual harassment will not adversely affect the employee's employment, evaluation, wages, advancement, assigned duties, or any other condition of employment or career development.

Reporting Discrimination, Sexual Harassment and Retaliation Claims

Every Zale employee, especially management and supervisory employees, must be sensitive to acts or conduct that may be considered offensive by fellow employees. Every supervisor has a responsibility to keep his or her workplace free from sexual harassment or discriminatory conduct. That responsibility includes discussing this policy with employees and assuring them that no employee, vendor or customer is required to endure insulting or degrading behavior or remarks.

Investigating Discrimination and Sexual Harassment Claims

The Human Resources department is responsible for investigating allegations of discrimination or sexual harassment. Every allegation received will be promptly and thoroughly investigated. Once an allegation is received, a Human Resources manager or representative will be assigned to investigate the matter.

All information received during the investigation will be kept confidential, except to the extent necessary to conduct a thorough investigation. When the investigation is complete, Zale will, to the extent appropriate, inform the person filing the complaint and the alleged offender of the outcome of the investigation. When appropriate, it will also inform the employee who originally brought the complaint of the nature of any disciplinary action taken.

If an allegation of discrimination or sexual harassment is substantiated by the investigation, Zale will act promptly to eliminate the offending conduct. The offender will be disciplined and depending on the nature of the conduct, discipline can include counseling, suspension without pay, and/or termination. Disciplinary action may also be taken against management who knew of the behavior occurring or of a complaint, and who failed to take immediate and appropriate action.

If, at any point in this process, the employee is not satisfied with the disposition of the complaint or believes sufficient action has not been taken, or if the complaint is against a member of Human Resources or other high-level supervisor, the employee may submit a written complaint to the Senior Vice President of Human Resources at the General Office or to the Legal

department.

Retaliation

Any employee who brings a discrimination, harassment or retaliation complaint, or assists in an investigation of such a complaint, will not be adversely affected in terms of employment or discriminated against or discharged as a result of the complaint or the participation in the investigation. However, an alleged harasser or wrongdoer may be disciplined if harassment or wrongdoing is substantiated. Complaints of retaliation should be reported immediately and will be promptly investigated according to the investigation procedures outlined above. In addition, an employee who brings forth any other type of claim (e.g., wage and hour issue) will not be retaliated against. Retaliation or threats of retaliation will be grounds for disciplinary action, up to and including termination.

Reporting Violations

Zale Corporation operates under a commitment that has remained strong throughout its 80-year history: provide superior service using the principles of honesty, integrity and trust. The three principles that underlie this commitment mean that every Zale employee should feel comfortable reporting his or her concerns regarding any legal or ethical impropriety without fear of retaliation from Zale or fellow employees. In fact, we view it as every employee's obligation to report any concerns that he or she has.

The Company provides a number of options for our employees to report concerns regarding employment-related issues, such as discrimination or sexual harassment, theft or loss issues and issues regarding the securities laws. In addition, Zale has implemented a toll-free hotline [link to Code of Business Conduct & Ethics sect

EMPLOYEE BENEFITS

Health Care

Zale Corporation is proud to be able to provide a broad array of competitive employee benefits. The benefits offerings have been selected not only to attract and retain outstanding employees but also to provide genuine care for each member of the Zale team and his or her family. Benefits options address employees' needs ranging from savings and investment for retirement to tuition aid. In addition, employees can enroll in the Zale Savings and Investment Plan, our 401(k) program that offers a selection of investment opportunities as well as a Company match.

To encourage employees to maintain good health throughout the year, Zale has partnered with a national wellness and fitness service to provide its U.S. employees with discounted memberships at select fitness centers through the GlobalFit Corporate Fitness Program. Employees based at the corporate office have access to the Zale Fitness Center, which offers state-of-the-art equipment, group classes, special health events, and ongoing health services. In addition, the corporate office hosts health-related educational sessions, and sponsors employees who participate in an annual Dallas-based walk/run health fund-raiser.

Zale Savings and Investment Plan

Zale Corporation encourages its employees to prepare for their retirement through its Savings & Investment Plan. By helping employees save and invest, the company supports them (including a company match program) as they develop a comfortable nest egg for the important things in life.

Qualified employees may participate in the Savings & Investment Plan after one year of service that includes 1,000 or more hours worked.

401(k) Account

Eligible employees may contribute from one percent to 30 percent of their pay to their 401(k) account through payroll deduction unless otherwise provided under federal or state law. Employees decide how they want to invest their contributions from a variety of investment options.

Career Development

Zale Corporation believes that continual learning results in ongoing improvement in the skills and knowledge necessary to succeed in today's retail environment. All new employees begin with an orientation program, which explains educational opportunities offered through the Company as well as awareness training about working in a diverse business setting.

The Company also provides some of the best retail training available for store employees and store managers. New store associates receive training on selling, customer service, and product information.

Specific education programs for corporate-based employees to develop management, leadership and technical skills are offered through Zale Corporation University and our Technical Training department. In addition, our specialized 12-week Merchandising [Training Program](#) combines specialized classroom and on-the-job training for college graduates pursuing a career in merchandising or buying at Zale Corporation.

Employees who work at least 30 hours per week may receive tuition reimbursement for job-related collegiate courses applied toward a college degree that is related to a career goal with Zale Corporation. Tuition reimbursement is also available for employees who complete courses with the Gemological Institute of America.

Employee Assistance

Since 1995, Zale Corporation has assisted employees who have dealt with a serious illness or injury, or had to recover from catastrophic weather or fire damage to their home. During the year, the Company hosts fund-raisers at the corporate office to collect funds in support of the Zale Disaster Relief Fund as a way to lend a hand to our fellow employees in times of need.

Military Service Provisions

For those Zale Corporation employees serving in the National Guard or reserve units of the Armed Forces, the Company will protect their job during their training, summer camps, special courses of instruction, or active duty for a period of time.

Zale Corporation has also joined an impressive list of companies that have formally pledged support for our troops through the Employer Support of the Guard and Reserve (ESGR) organization. In March 2005, the corporation received Five Star recognition from ESGR for its pledge of support.

EMPLOYEE RECOGNITION

Service anniversaries are an important milestone for all Zale employees. Zale Corporation

recognizes those achievements through its Service Recognition program, which awards employees with a designer pin to honor each five-year anniversary. All anniversary pins contain one or more diamonds, each symbolizing a five-year increment of service. Beginning with 15 years of service and every five years thereafter, the employee may choose a special gift from a selection of items based on their anniversary year.