ZALE CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited, in thousands, except per share amounts)

	Three Months Ended January 31,				Six Months Ended January 31,			
	2	011		2010		2011	_	2010
Revenues	\$ 6	26,416	\$	582,252	\$	953,453	\$	911,462
Cost and expenses: Cost of sales Selling, general and administrative Depreciation and amortization Other charges Operating earnings (loss) Interest expense Earnings (loss) before income taxes Income tax expense (benefit) Earnings (loss) from continuing operations		11,308 58,084 10,557 2,860 43,607 9,460 34,147 6,405 27,742		292,539 252,390 13,168 26,957 (2,802) 2,050 (4,852) (12,023) 7,171	_	473,252 453,290 21,279 3,980 1,652 64,779 (63,127) 6,284 (69,411)	<u>-</u>	461,916 455,447 26,531 26,957 (59,389) 3,971 (63,360) (10,819) (52,541)
Loss from discontinued operations, net of taxes Net earnings (loss)	\$	(529) 27,213	\$	(515) 6,656	\$	(1,259) (70,670)	\$	(515) (53,056)
Basic net earnings (loss) per common share: Earnings (loss) from continuing operations Loss from discontinued operations Net earnings (loss) per share	\$	0.86 (0.01) 0.85	\$	0.22 (0.01) 0.21	\$	(2.16) (0.04) (2.20)	\$	(1.64) (0.02) (1.66)
Diluted net earnings (loss) per common share: Earnings (loss) from continuing operations Loss from discontinued operations Net earnings (loss) per share	\$ <u>\$</u>	0.74 (0.01) 0.73	\$	0.22 (0.01) 0.21	\$ <u>\$</u>	(2.16) (0.04) (2.20)	\$ <u>\$</u>	(1.64) (0.02) (1.66)
Weighted average number of common shares outstanding: Basic Diluted		32,123 37,447		32,060 32,170		32,116 32,116		32,018 32,018