

A G R E E M E N T

M E R G I N G

ZIALE POCATELLO, INC.

ZIALE - KARCHER MALL, INC.

ZIALE - COUNTRY CLUB CENTER, INC.

(All corporations of the State of Idaho)

I N T O

ZIALE - BOISE CENTER, INC.

(A corporation of the State of Idaho)

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AGREEMENT OF MERGER, dated this day
of , 1978, by and between ZIALE - POCATELLO, INC.,
a corporation organized and existing under and by virtue of the
laws of the State of Idaho, party of the first part, and
ZIALE - KARCHER MALL, INC., a corporation organized and existing
under and by virtue of the laws of the State of Idaho, party
of the second part, and ZIALE - COUNTRY CLUB CENTER, INC., a
corporation organized and existing under and by virtue of the
laws of the State of Idaho, party of the third part, and
ZIALE - BOISE CENTER, INC., a corporation organized and existing
under and by virtue of the laws of the State of Idaho, party
of the fourth part,

W I T N E S S E T H that:

WHEREAS, the Board of Directors of each of said
corporations, parties of this agreement, in consideration of the
mutual agreements of each corporation as set forth hereinafter,
do deem it advisable and generally to the welfare of said cor-
porations and the respective stockholders thereof, that

ZALE - BOISE CENTER, INC. merge into itself ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., and that ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. be merged into ZALE - BOISE CENTER, INC., under and pursuant to the terms and conditions hereinafter set forth; and

WHEREAS, the Articles of Incorporation of ZALE - POCATELLO, INC. were filed in the office of the Secretary of State of Idaho on the 7th day of October, 1963, and a certified copy thereof was filed for record in the office of the County Recorder of Ada County, Idaho, on the 7th day of October, 1963, and

WHEREAS, the Articles of Incorporation of ZALE - KARCHER MALL, INC. were filed in the office of the Secretary of State of Idaho on the 21st day of June, 1965, and a certified copy thereof was filed for record in the office of the County Recorder of Ada County, Idaho, on the 23rd day of June, 1965 and

WHEREAS, the Articles of Incorporation of ZALE - COUNTRY CLUB CENTER, INC. were filed in the office of the Secretary of State of Idaho on the 20th day of August, 1973, and a certified copy thereof was filed for record in the office of the County Recorder of Ada County, Idaho, on the 12th Day of September, 1973, and

WHEREAS, the Articles of Incorporation of ZALE - BOISE CENTER, INC. were filed in the office of the Secretary of State of Idaho on the 19th day of October, 1963, and a certified copy thereof was filed for record in the office of the County Recorder of Ada County, Idaho, on the 20th day of October, 1963, and

WHEREAS, the total number of shares which ZALE - POCATELLO, INC. is authorized to issue is two hundred fifty (250)

shares, of which two hundred fifty (250) shares of the par value of One Hundred Dollars (\$100.00) each, amounting in the aggregate to Twenty Five Thousand Dollars (\$25,000.00), are common shares, and two hundred fifty (250) common shares are now issued and outstanding; and

WHEREAS, the total number of shares which ZALE - KARCHER MALL, INC. is authorized to issue is fifty (50) shares, of which fifty (50) shares of the par value of One Hundred Dollars (\$100.00) each, amounting in the aggregate to Five Thousand Dollars (\$5,000.00), are common shares, and fifty (50) common shares are now issued and outstanding; and

WHEREAS, the total number of shares which ZALE - COUNTRY CLUB CENTER, INC. is authorized to issue is two hundred fifty (250) shares, of which two hundred fifty (250) shares of the par value of One Hundred Dollars (\$100.00) each, amounting in the aggregate to Twenty Five Thousand Dollars (\$25,000.00), are common shares, and two hundred fifty (250) common shares are now issued and outstanding; and

WHEREAS, the total number of shares which ZALE - BOISE CENTER, INC. is authorized to issue is two hundred fifty (250) shares, of which two hundred fifty (250) shares of the par value of One Hundred Dollars (\$100.00) each, amounting in the aggregate to Twenty Five Thousand Dollars (\$25,000.00), are common shares, and two hundred fifty (250) common shares are now issued and outstanding;

NOW, THEREFORE, the corporations, parties to this agreement, by and between their respective Boards of Directors, in consideration of the mutual covenants, agreements and provisions hereinafter contained, have agreed, and do hereby agree, each with the other, that ZALE - BOISE CENTER, INC. shall merge into itself

ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC., and ZALE - COUNTRY CLUB CENTER, INC., and that ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. shall be merged into said ZALE - BOISE CENTER, INC., and do agree hereby upon and prescribe the terms and conditions of the said merger, the mode of carrying the same into effect and the manner and basis of converting the shares of the constituent corporations into the shares of the surviving corporation, as follows:

FIRST

ZALE - BOISE CENTER, INC. hereby merges into itself ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. and, likewise ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. shall be and hereby is merged into said ZALE - BOISE CENTER, INC., and the Articles of Incorporation of said ZALE - BOISE CENTER, INC. as amended herein shall be the Articles of Incorporation of the surviving corporation.

SECOND

The Articles of Incorporation of the surviving corporation are amended in the following respects:

Article "First" shall be changed to read as follows:

The name of the corporation is

ZALE IDAHO, INC.

THIRD

The terms and conditions of the merger are as follows:

Until altered, amended or repealed, as therein provided, the By-Laws of ZALE - BOISE CENTER, INC., party of the first part, as in effect on the date of filing this Agreement of Merger, shall be the By-Laws of the surviving corporation.

The first Board of Directors of the surviving corporation after the date of filing this Agreement of Merger in the office of the Secretary of State of Idaho shall be the directors of

ZALE - BOISE CENTER, INC. in office on said date, and their names and addresses are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Ben A. Lipshy	3000 Diamond Park Drive Dallas, Texas 75247
Donald Zale	3000 Diamond Park Drive Dallas, Texas 75247
Leo Fields	3000 Diamond Park Drive Dallas, Texas 75247

The first annual meeting of the shareholders of the surviving corporation held after the date of the filing of this Agreement of Merger in the office of the Secretary of State of Idaho shall be the annual meeting provided or to be provided by the By-Laws thereof for the year 1978.

The officers of the surviving corporation shall be a president, a vice-president, a secretary, an assistant secretary, a treasurer and an assistant treasurer, and the names and places of residence of the officers of the surviving corporation, who shall hold such offices as are set before their names from and after the date of filing this Agreement of Merger and until the first meeting of the Board of Directors to be held thereafter, are as follows:

<u>NAME & OFFICE</u>	<u>ADDRESS</u>
Donald Zale, President	3000 Diamond Pk. Dr. Dallas, Texas 75247
Bruce A. Lipshy, Executive Vice President	3000 Diamond Pk. Dr. Dallas, Texas 75247
Leo Fields, Vice President	3000 Diamond Pk. Dr. Dallas, Texas 75247
Selwyn Leeds, Vice President	3000 Diamond Pk. Dr. Dallas, Texas 75247

C. J. Weismer,
Vice President

3000 Diamond Pk. Dr.
Dallas, Texas 75247

Esir Wyll,
Secretary

3000 Diamond Pk. Dr.
Dallas, Texas 75247

Joseph A. Robinson,
Assistant Secretary

3000 Diamond Pk. Dr.
Dallas, Texas 75247

Richard F. Mitchell,
Treasurer

3000 Diamond Pk. Dr.
Dallas, Texas 75247

James R. Joyce,
Assistant Treasurer

3000 Diamond Pk. Dr.
Dallas, Texas 75247

The first regular meeting of the Board of Directors of the surviving corporation to be held after the date of filing of this Agreement of Merger in the office of the Secretary of State of Idaho may be called or may convene in the manner provided in the By-Laws of the surviving corporation and may be held at the time and place specified in the notice of the meeting.

The surviving corporation shall pay all expenses of carrying this Agreement of Merger into effect and of accomplishing the merger.

Upon the filing of this Agreement of Merger in the office of the Secretary of State of Idaho, the separate existence of ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. shall cease and said corporation shall be merged into ZALE - BOISE CENTER, INC., the surviving corporation, in accordance with the provisions of this agreement, which corporation shall possess all the rights, privileges and franchises, as well of a public as of a private nature, possessed by each of the constituent corporations and be subject to all the restrictions, disabilities and duties of each of the constituent corporations, and all the property, real personal and mixed, and all debts due on whatever account to each of the constituent corporations, including subscriptions for shares and all other choses in action belonging to either of the constituent corporations, shall be taken and be deemed to be transferred to and vested in such surviving corporation, without further act or deed, and the title

to any real estate, whether by deed or otherwise vested in either of said constituent corporation shall not revert or be in any way impaired by reason of this merger, provided that all rights of creditors and all liens upon the property of said constituent corporations shall be preserved unimpaired and the surviving corporation shall be responsible for all the liabilities and obligations of ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. as if the surviving corporation had itself incurred such liabilities or obligations, and any claim existing or action or proceeding pending by or against said ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. may be prosecuted to judgment and shall bind the surviving corporation as if such merger had not taken place, or the said surviving corporation may be proceeded against or substituted in place of said ZALE - POCATELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC.

If at any time the surviving corporation shall consider or be advised that any further assignments or assurances in law or any things are necessary or desirable to vest in said corporation, according to the terms hereof, the title to any property or rights of said ZALE - POCATELLO, INC, ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., the proper officers and directors of said corporation shall and will execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the surviving corporation, and otherwise to carry out the purposes of this Agreement of Merger.

FOURTH

The manner of converting the shares of the constituent corporations into shares of the surviving corporation shall be as follows:

Since all of the issued and outstanding shares of ZALE - BOISE CENTER, INC., the surviving corporation, and all of the issued and outstanding shares of each of the merging corporations are owned by ZALE CORPORATION, a Texas corporation, on the effective date of the merger all of the issued and outstanding shares of each of the merging corporations shall be cancelled and no shares of the surviving corporation shall be issued in exchange therefore.

FIFTH

The mode of carrying this Agreement of Merger into effect is as follows:

This agreement, after having been approved by a majority vote of the Board of Directors of each corporation, party hereto, shall be signed by the directors of each of said corporations, whereupon it shall be submitted to the shareholders of each of said corporations at a meeting of each, duly called separately in the manner prescribed by the laws of the State of Idaho, and if at such meetings separately held, the holder of two-thirds (2/3) of the voting power of all shareholders of each corporation shall vote for the adoption of the agreement, that fact shall be certified on the agreement by the secretary of each corporation, and the agreement so adopted and certified, shall be signed by the Vice President and Secretary of each of said corporations and acknowledged by the Vice President of each of such corporations, whereupon it shall be delivered to the Secretary of State of Idaho for filing and a copy certified by the Secretary of State of Idaho shall be filed for record in the office of the County Recorder of the Counties in Idaho in which any of the corporations, parties hereto, have the registered office, and of any counties in which any of said corporations have land, title to which will be transferred as a result of the merger.

IN WITNESS WHEREOF, this Agreement of Merger, having been approved by resolution of the Boards of Directors of ZALE - POCA TELLO, INC, ZALE - KARCHER MALL, INC., ZALE - COUNTRY

CLUB CENTER, INC. and ZALE - BOISE CENTER, INC., the directors
of each of said corporations respectively do hereby sign this
Agreement of Merger.

ZALE - POCA TELLO, INC.

By Ben A. Lipshy
Ben A. Lipshy
Donald Zale
Donald Zale
Leo Fields
Leo Fields

ZALE - KARCHER MALL, INC.

By Ben A. Lipshy
Ben A. Lipshy
Donald Zale
Donald Zale
Leo Fields
Leo Fields

ZALE - COUNTRY CLUB CENTER, INC.

By Ben A. Lipshy
Ben A. Lipshy
Donald Zale
Donald Zale
Leo Fields
Leo Fields

ZALE - BOISE CENTER, INC.

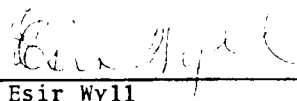
By Ben A. Lipshy
Ben A. Lipshy
Donald Zale
Donald Zale
Leo Fields
Leo Fields

I, Esir Wyll, Secretary of ZALE - BOISE CENTER, INC., hereby certify as such Secretary and under the seal of said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly approved by resolution of the Board of Directors of ZALE - BOISE CENTER, INC. and by resolution of the Boards of Directors of ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., having been signed by the directors of ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., was duly submitted to the shareholders of said ZALE - BOISE CENTER, INC. at a meeting of said shareholders duly called separately in the manner provided in Sec. 30-133 of the Idaho Code, 1947, for calling stockholders meetings, and at that meeting the Agreement of Merger was adopted by the affirmative vote of the holders of two hundred fifty (250), being the holders of at least two thirds (2/3) of the voting power of all shareholders.

WITNESS my hand and the seal of the said ZALE - BOISE CENTER, INC. on this *5th* day of *March*, 1978.

ZALE - BOISE CENTER, INC.

(CORPORATE SEAL)

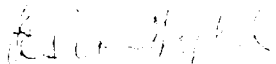


Esir Wyll
Secretary

I, Esir Wyll, Secretary of ZALE - POCATELLO, INC., hereby certify, as such Secretary and under the seal of said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly approved by resolution of the Board of Directors of ZALE - BOISE CENTER, INC. and by resolution of the Board of Directors of ZALE - POCATELLO, INC., and having been signed by the directors of ZALE - BOISE CENTER, INC. and by the directors of ZALE - POCATELLO, INC. was duly submitted to the shareholders of said ZALE - POCATELLO, INC., at a meeting of said shareholders duly called separately in the manner provided in Sec. 30-133 of the Idaho Code, 1947, for calling stockholders' meetings, and that at that meeting the Agreement of Merger was adopted by the affirmative vote of the holders of two hundred fifty (250), being the holders or at least two-thirds (2/3) of the voting power of all shareholders.

WITNESS my hand and the seal of the said ZALE - POCATELLO, INC. on this 8th day of March, 1978.

ZALE - POCATELLO, INC.
(CORPORATE SEAL)



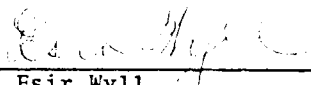
Esir Wyll
Secretary

I, Esir Wyll, Secretary of ZALE - KARCHER MALL, INC., hereby certify, as such Secretary and under the seal of said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly approved by resolution of the Board of Directors of ZALE - BOISE CENTER, INC. and by resolution of the Board of Directors of ZALE - KARCHER MALL, INC., and having been signed by the directors of ZALE - BOISE CENTER, INC. and by the directors of ZALE - KARCHER MALL, INC., was duly submitted to the shareholders of said ZALE - KARCHER MALL, INC., at a meeting of said shareholders duly called separately in the manner provided in Sec. 30-133 of the Idaho Code, 1947, for calling stockholders' meetings, and that at that meeting the Agreement of Merger was adopted by the affirmative vote of the holders of fifty (50), being the holders or at least two-thirds (2/3) of the voting power of all shareholders.

WITNESS my hand and the seal of the said ZALE - KARCHER MALL, INC. on this 5th day of March, 1978.

ZALE - KARCHER MALL, INC.

(CORPORATE SEAL)




Esir Wyll
Secretary

I, Esir Wyll, Secretary of ZALE - COUNTRY CLUB CENTER, INC., hereby certify, as such Secretary and under the seal of said corporation, that the Agreement of Merger to which this certificate is attached, after having been first duly approved by resolution of the Board of Directors of ZALE - BOISE CENTER, INC. and by resolution of the Board of Directors of ZALE - COUNTRY CLUB CENTER, INC., and having been signed by the directors of ZALE - BOISE CENTER, INC. and by the directors of ZALE - COUNTRY CLUB CENTER, INC., was duly submitted to the shareholders of said ZALE - COUNTRY CLUB CENTER, INC. , at a meeting of said shareholders duly called separately in the manner provided in Sec. 30-133 of the Idaho Code, 1947, for calling stockholders' meetings, and that at that meeting the Agreement of Merger was adopted by the affirmative vote of the holders of two hundred fifty (250), being the holders or at least two-thirds (2/3) of the voting power of all shareholders.

WITNESS my hand and the seal of the said ZALE - COUNTRY CLUB CENTER, INC. on this *5th* day of *March*, 1978.

ZALE - COUNTRY CLUB CENTER, INC.

(CORPORATE SEAL)



Esir Wyll
Secretary

THIS AGREEMENT OF MERGER, having been approved by resolution of the Boards of Directors of ZALE - POCA TELLO, INC, ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., and by resolution of the Board of Directors of ZALE - BOISE CENTER, INC., and having been signed by the directors of ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC., and signed by the directors of ZALE - BOISE CENTER, INC., and thereafter having been approved by the shareholders of ZALE - POCA TELLO, INC., ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. at a meeting separately called and held by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of the shareholders, and having been approved by the shareholders of ZALE - BOISE CENTER, INC., at a meeting separately called and held, by the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of the shareholders, the Vice President and Secretary of ZALE - BOISE CENTER, INC., and the Vice President and Secretary of ZALE - POCA TELLO, INC, ZALE - KARCHER MALL, INC. and ZALE - COUNTRY CLUB CENTER, INC. do now hereby execute this Agreement of Merger under the corporate seal of each of said corporations respectively, by authority of the directors and shareholders of each of said corporations as the act and deed of each of said corporations respectively, on this 5th day of March, 1978.

ZALE - POCA TELLO, INC.
(CORPORATE SEAL)

ZALE - POCA TELLO, INC.

By C. J. Weisner
C. J. Weisner
Vice President
Esir Wyll
Esir Wyll
Secretary

ZALE - KARCHER MALL, INC.
(CORPORATE SEAL)

ZALE - KARCHER MALL, INC.

By C. J. Weismer
C. J. Weismer
Vice President
Esir Wyll
Esir Wyll
Secretary

ZALE - COUNTRY CLUB CENTER,
INC.
(CORPORATE SEAL)

ZALE - COUNTRY CLUB CENTER, INC.

By C. J. Weismer
C. J. Weismer
Vice President
Esir Wyll
Esir Wyll
Secretary

ZALE - BOISE CENTER, INC.
(CORPORATE SEAL)

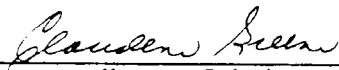
ZALE - BOISE CENTER, INC.

By C. J. Weismer
C. J. Weismer
Vice President
Esir Wyll
Esir Wyll
Secretary

STATE OF TEXAS)
) SS:
COUNTY OF DALLAS)

On the 8th day of *March*, 1978, before me a
Notary Public of the State of Texas, personally appeared
C. J. Weismer, known to me to be the Vice President of
ZALE - POCATELLO, INC., one of the corporations which executed
the Agreement of Merger to which this is attached, and acknowledged
to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

(NOTARIAL SEAL)

STATE OF TEXAS)
) SS:
COUNTY OF DALLAS)

On the day of *March*, 1978, before me a
Notary Public of the State of Texas, personally appeared
C. J. Weismer, known to me to be the Vice President of
ZALE - KARCHER MALL, INC., one of the corporations which executed
the Agreement of Merger to which this is attached, and acknowledged
to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.



Notary Public

(NOTARIAL SEAL)

[illegible]

On the day of , 1978, before me a
Notary Public of the State of Texas, personally appeared
C. J. Weismer, known to me to be the Vice President of
ZALE - COUNTRY CLUB CENTER, INC., one of the corporations which
executed the Agreement of Merger to which this is attached, and
acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.

Claudia Kuhn
Notary Public

(NOTARIAL SEAL)

[illegible]

On the 5 day of February, 1978, before me a Notary Public of the State of Texas, personally appeared C. J. Weismer, known to me to be the Vice President of ZALE - BOISE CENTER, INC., one of the corporations which executed the Agreement of Merger to which this is attached, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
affixed my official seal the day and year in this certificate
first above written.

Claudem Lillan
Notary Public

(NOTARIAL SEAL)