

Edgar Filing: TIFFANY & CO - Form 10-Q

TIFFANY & CO  
Form 10-Q  
June 04, 2007

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

FORM 10-Q  
-----

(Mark One)

X        QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
----- EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2007.

OR

----- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 1-9494

TIFFANY & CO.

(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation)

13-3228013  
(I.R.S. Employer  
Identification No.)

727 Fifth Ave. New York, NY  
(Address of principal executive offices)

10022  
(Zip Code)

Registrant's telephone number, including area code: (212) 755-8000

Former name, former address and former fiscal year, if changed since last report  
\_\_\_\_\_.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One).

Large Accelerated filer X    Accelerated filer \_\_\_\_    Non-Accelerated filer \_\_\_\_

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes . No X .

APPLICABLE ONLY TO CORPORATE ISSUERS:    Indicate the number of shares outstanding

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of each of the issuer's classes of common stock as of the latest practicable date: Common Stock, \$.01 par value, 136,739,921 shares outstanding at the close of business on May 31, 2007.

### TIFFANY & CO. AND SUBSIDIARIES INDEX TO FORM 10-Q FOR THE QUARTER ENDED APRIL 30, 2007

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## PART I. Financial Information Item 1. Financial Statements

### TIFFANY & CO. AND SUBSIDIARIES ----- CONDENSED CONSOLIDATED BALANCE SHEETS ----- (Unaudited) ----- (in thousands, except per share amounts)

|   | April 30,<br>2007 | Janua<br>20 |
|---|-------------------|-------------|
|   | -----             | -----       |
| ASSETS  |                   |             |
| Current assets:   |                   |             |
| Cash and cash equivalents   | \$ 117,269        | \$          |
| Short-term investments  | 10,000            |             |
| Accounts receivable, less allowances<br>of \$6,261, \$7,900 and \$6,197 | 162,047           |             |
| Inventories, net  | 1,295,150         |             |
| Deferred income taxes   | 71,697            |             |
| Prepaid expenses and other current assets                               | 74,048            |             |
|   | -----             | -----       |
| Total current assets  | 1,730,211         |             |
| Property, plant and equipment, net                                      | 938,600           |             |
| Deferred income taxes   | 52,570            |             |
| Other assets, net   | 177,265           |             |
|   | -----             | -----       |
|   | \$ 2,898,646      | \$          |
|   | =====             | =====       |
| LIABILITIES AND STOCKHOLDERS' EQUITY                                    |                   |             |
| Current liabilities:  |                   |             |
| Short-term borrowings   | \$ 115,811        | \$          |
| Current portion of long-term debt                                       | 5,451             |             |
| Accounts payable and accrued liabilities                                | 177,888           |             |
| Income taxes payable  | 36,479            |             |
| Merchandise and other customer credits                                  | 62,332            |             |
|   | -----             | -----       |
| Total current liabilities   | 397,961           |             |
| Long-term debt  | 401,716           |             |
| Pension/postretirement benefit obligations                              | 89,937            |             |
| Other long-term liabilities   | 138,713           |             |
| Commitments and contingencies   |                   |             |
| Stockholders' equity:   |                   |             |

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|   |              |       |
|---|--------------|-------|
| Preferred Stock, \$0.01 par value; authorized 2,000 shares,<br>none issued and outstanding                        | -            |       |
| Common Stock, \$0.01 par value; authorized 240,000 shares,<br>issued and outstanding 136,635, 135,875 and 140,599 | 1,367        |       |
| Additional paid-in capital  | 584,607      |       |
| Retained earnings   | 1,277,916    |       |
| Accumulated other comprehensive gain (loss), net of tax:  |              |       |
| Foreign currency translation adjustments  | 21,361       |       |
| Deferred hedging gain (loss)  | 942          |       |
| Unrealized gain on marketable securities  | 438          |       |
| Net unrealized losses on benefit plans  | (16,312)     |       |
|   | -----        | ----- |
| Total stockholders' equity  | 1,870,319    |       |
|   | -----        | ----- |
|   | \$ 2,898,646 | \$    |
|   | =====        | ===== |

See notes to condensed consolidated financial statements.

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## TIFFANY & CO. AND SUBSIDIARIES ----- CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS ----- (Unaudited) ----- (in thousands, except per share amounts)

|  |    |            |
|--|----|------------|
|  |    | Three<br>A |
|  |    | -----      |
|  |    | 2007       |
|  |    | -----      |
| Net sales                                    | \$ | 620,875    |
| Cost of sales                                |    | 282,386    |
|  |    | -----      |
| Gross profit                                 |    | 338,489    |
| Selling, general and administrative expenses |    | 257,035    |
|  |    | -----      |
| Earnings from operations                     |    | 81,454     |
| Other expenses, net                          |    | 3,216      |
|  |    | -----      |

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|   |    |         |
|---|----|---------|
| Earnings before income taxes              |    | 78,238  |
| Provision for income taxes                |    | 28,579  |
|   |    | -----   |
| Net earnings                              | \$ | 49,659  |
|   |    | =====   |
| Net earnings per share:                   |    |         |
| Basic                                     | \$ | 0.36    |
|   |    | =====   |
| Diluted                                   | \$ | 0.36    |
|   |    | =====   |
| Weighted-average number of common shares: |    |         |
| Basic                                     |    | 136,488 |
| Diluted                                   |    | 139,724 |

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
 -----  
 CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
 -----  
 AND COMPREHENSIVE EARNINGS  
 -----  
 (Unaudited)  
 -----  
 (in thousands)

|   | Total<br>Stockholders'<br>Equity | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Gain (Loss) |    |
|---|----------------------------------|----------------------|--|----|
| Balances, January 31, 2007  | \$ 1,804,895                     | \$ 1,269,940         | \$ (2,590)   | 13 |
| Implementation effect of FIN No. 48   | (4,299)                          | (4,299)              | -  |    |
|   | -----                            | -----                | -----  |    |
| Balances, February 1, 2007  | 1,800,596                        | 1,265,641            | (2,590)  | 13 |
| Exercise of stock options and vesting<br>of restricted stock units ("RSUs") | 34,881                           | -                    | -  |    |
| Tax benefit from exercise of stock<br>options and vesting of RSUs           | 3,490                            | -                    | -  |    |
| Share-based compensation expense  | 8,847                            | -                    | -  |    |

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|   |              |              |          |       |
|---|--------------|--------------|----------|-------|
| Issuance of Common Stock                |              |              |          |       |
| under Employee Profit Sharing and       |              |              |          |       |
| Retirement Savings Plan                 | 2,450        | -            | -        |       |
| Purchase and retirement of Common Stock | (24,997)     | (23,758)     | -        |       |
| Cash dividends on Common Stock          | (13,626)     | (13,626)     | -        |       |
| Deferred hedging loss, net of tax       | (1,104)      | -            | (1,104)  |       |
| Unrealized gain on marketable           |              |              |          |       |
| securities, net of tax                  | 260          | -            | 260      |       |
| Foreign currency translation            |              |              |          |       |
| adjustments, net of tax                 | 9,515        | -            | 9,515    |       |
| Amortization of net losses on benefit   |              |              |          |       |
| plans, net of tax                       | 348          | -            | 348      |       |
| Net earnings                            | 49,659       | 49,659       | -        |       |
|   | -----        | -----        | -----    | ----- |
| Balances, April 30, 2007                | \$ 1,870,319 | \$ 1,277,916 | \$ 6,429 | 13    |
|   | =====        | =====        | =====    | ===== |

|  |    |         |       |                    |
|--|----|---------|-------|--------------------|
|  |    |         |       | Three Months Ended |
|  |    |         |       | April 30,          |
|  |    |         |       | -----              |
|  |    |         | 2007  | 2                  |
|  |    |         | ----- | -----              |
| Comprehensive earnings are as follows:       |    |         |       |                    |
| Net earnings                                 | \$ | 49,659  | \$    |                    |
| Other comprehensive gain (loss), net of tax: |    |         |       |                    |
| Deferred hedging loss                        |    | (1,104) |       |                    |
| Foreign currency translation adjustments     |    | 9,515   |       |                    |
| Unrealized gain on marketable securities     |    | 260     |       |                    |
| Amortization of net losses on benefit plans  |    | 348     |       |                    |
|  |    | -----   |       | -----              |
| Comprehensive earnings                       | \$ | 58,678  | \$    |                    |
|  |    | =====   |       | =====              |

See notes to condensed consolidated financial statements.

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## TIFFANY & CO. AND SUBSIDIARIES ----- CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ----- (Unaudited) ----- (in thousands)

Three M  
Apr

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|   | 2007       |
|---|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |            |
| Net earnings  | \$ 49,659  |
| Adjustments to reconcile net earnings to net cash provided by (used in) operating activities: |            |
| Depreciation and amortization   | 31,634     |
| Excess tax benefits from share-based payment arrangements                                     | (4,988)    |
| Provision for inventories   | 3,061      |
| Deferred income taxes   | 377        |
| Provision for pension/postretirement benefits   | 6,582      |
| Share-based compensation expense  | 8,727      |
| Changes in assets and liabilities:  |            |
| Accounts receivable   | 10,548     |
| Inventories   | (75,181)   |
| Prepaid expenses and other current assets   | (14,822)   |
| Other assets, net   | (7,264)    |
| Accounts payable and accrued liabilities  | (18,838)   |
| Income taxes payable  | (24,482)   |
| Merchandise and other customer credits  | 666        |
| Other long-term liabilities   | 2,584      |
| Net cash used in operating activities   | (31,737)   |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |            |
| Purchases of marketable securities and short-term investments                                 | (134,181)  |
| Proceeds from sales of marketable securities and short-term investments                       | 139,419    |
| Capital expenditures  | (31,907)   |
| Notes receivable funded   | (2,172)    |
| Other   | 1,540      |
| Net cash used in investing activities   | (27,301)   |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |            |
| Proceeds from short-term borrowings, net  | 4,582      |
| Repayment of long-term debt   | (8,716)    |
| Repurchase of Common Stock  | (24,997)   |
| Proceeds from exercise of stock options   | 34,881     |
| Excess tax benefits from share-based payment arrangements                                     | 4,988      |
| Cash dividends on Common Stock  | (13,626)   |
| Net cash used in financing activities   | (2,888)    |
| Effect of exchange rate changes on cash and cash equivalents                                  | 2,692      |
| Net decrease in cash and cash equivalents   | (59,234)   |
| Cash and cash equivalents at beginning of year  | 176,503    |
| Cash and cash equivalents at end of three months  | \$ 117,269 |

See notes to condensed consolidated financial statements.

TIFFANY & CO. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements include the accounts of Tiffany & Co. and all majority-owned domestic and foreign subsidiaries (the "Company"). Intercompany accounts, transactions and profits have been eliminated in consolidation. The interim statements are unaudited and, in the opinion of management, include all adjustments (which include only normal recurring adjustments) necessary to present fairly the Company's financial position as of April 30, 2007 and 2006 and the results of its operations and cash flows for the interim periods presented. The condensed consolidated balance sheet data for January 31, 2007 is derived from the audited financial statements, which are included in the Company's Report on Form 10-K and should be read in connection with these financial statements. In accordance with the rules of the Securities and Exchange Commission, these financial statements do not include all disclosures required by generally accepted accounting principles.

The Company's business is seasonal, with a higher proportion of sales and earnings generated in the fourth quarter of the fiscal year and, therefore, the results of its operations for the three months ended April 30, 2007 and 2006 are not necessarily indicative of the results of the entire fiscal year.

2. NEW ACCOUNTING STANDARDS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements" which establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The changes to current practice resulting from the application of SFAS No. 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the effect that the adoption of this Statement will have on the Company's financial position and earnings.

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" which clarifies the accounting for uncertainty in income tax positions by prescribing a more-likely-than-not recognition threshold for income tax positions taken or expected to be taken in a tax return. FIN No. 48 is effective for fiscal years beginning after December 15, 2006 with the cumulative effect of the change in accounting principle recorded as an adjustment to retained earnings at the beginning of the year. The Company has adopted FIN No. 48 as of February 1, 2007 which resulted in a charge of \$4,299,000 to retained earnings as a cumulative effect of an accounting change (see Note 4).

3. INVENTORIES



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| (in thousands)   | April 30,<br>2007 | January 31,<br>2007 | April 30,<br>2006 |
|------------------|-------------------|---------------------|-------------------|
| Finished goods   | \$ 891,579        | \$ 840,050          | \$ 816,600        |
| Raw materials    | 331,712           | 316,206             | 263,000           |
| Work-in-process  | 71,859            | 58,366              | 61,100            |
| Inventories, net | \$ 1,295,150      | \$ 1,214,622        | \$ 1,140,700      |

LIFO-based inventories at April 30, 2007, January 31, 2007 and April 30, 2006 represented 68%, 68% and 70% of inventories, net, with the current cost exceeding the LIFO inventory value by \$115,390,000, \$108,501,000 and \$76,990,000 at the end of each period.

## 4. INCOME TAXES

The effective income tax rate for the three months ended April 30, 2007 was 36.5%, versus 38.6% in the three months ended April 30, 2006. The effective tax rate in the three months ended April 30, 2007 included favorable reserve adjustments relating to the expiration of certain statutory periods during the quarter.

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## 4. INCOME TAXES (continued)

The Company adopted FIN No. 48 on February 1, 2007. As a result, the Company recorded a non-cash cumulative transition charge of \$4,299,000 as a reduction to the opening retained earnings balance. As of February 1, 2007, the gross amount of unrecognized tax benefits was approximately \$40,000,000, which includes interest and penalties of approximately \$8,000,000. The total amount of unrecognized tax benefits that, if recognized, would have affected the effective tax rate was approximately \$22,500,000. The Company recognizes interest expense and penalties related to the above unrecognized tax benefits within income tax expense.

During the three months ended April 30, 2007, the unrecognized tax liability decreased by approximately \$2,000,000, which was primarily the result of state audit settlements. As of April 30, 2007, the Company had an approximately \$39,000,000 liability recorded for unrecognized tax benefits, which included interest and penalties of approximately \$8,000,000. The total amount of unrecognized benefits that, if recognized, would have affected the effective tax rate was approximately \$21,000,000.

The Company files income tax returns in the U.S. federal jurisdiction as well as various state and foreign locations. As a matter of course, various taxing authorities regularly audit the Company. The Company's tax filings are currently being examined by tax authorities in jurisdictions where it has a material presence, including U.S. Federal (tax years 2003-2004), Japan (tax years 2003-2005), New York State and New York City (tax years 1999-2002). Tax years from 2003-present are open to examination in various other state and foreign taxing jurisdictions. The Company believes that its tax positions comply with applicable tax law and that it has adequately provided for these matters. However, these audits may result in proposed assessments where the ultimate resolution may result in the Company owing additional taxes. Given the various stages of completion of the audits, the

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Company cannot currently estimate potential changes in the amount of unrecognized income tax benefits over the next 12 months.

### 5. EARNINGS PER SHARE

Basic earnings per share is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share includes the dilutive effect of the assumed exercise of stock options and vesting of restricted stock units.

The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted earnings per share ("EPS") computations:

|  | Three Months Ended |
|--|--------------------|
| (in thousands)   | 2007               |
| Net earnings for basic and diluted EPS   | \$ 49,659          |
| Weighted average shares for basic EPS  | 136,488            |
| Incremental shares based upon the assumed exercise of stock options and restricted stock units | 3,236              |
| Weighted average shares for diluted EPS  | 139,724            |

For the three months ended April 30, 2007 and 2006, there were 704,000 and 5,066,000 stock options and restricted stock units excluded from the computations of earnings per diluted share due to their antidilutive effect.

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### 6. EMPLOYEE BENEFIT PLANS

The Company maintains several pension and retirement plans, as well as provides certain health-care and life insurance benefits.

Net periodic pension and other postretirement benefit expense included the following components:

| Three Months Ended Ap |
|-----------------------|
| Pension Benefits      |

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| (in thousands)                     | 2007     | 2006     |    |
|------------------------------------|----------|----------|----|
| Service cost                       | \$ 4,547 | \$ 4,131 | \$ |
| Interest cost                      | 3,928    | 3,548    |    |
| Expected return on plan assets     | (3,429)  | (2,944)  |    |
| Amortization of prior service cost | 321      | 178      |    |
| Amortization of net loss           | 640      | 1,161    |    |
| Net expense                        | \$ 6,007 | \$ 6,074 | \$ |

## 7. SEGMENT INFORMATION

The Company's reportable segments are: U.S. Retail, International Retail and Direct Marketing. These reportable segments represent channels of distribution that offer similar merchandise and service and have similar marketing and distribution strategies. The Other channel of distribution includes all non-reportable segments which consist of worldwide sales of businesses operated under trademarks or tradenames other than TIFFANY & CO. Other also includes wholesale sales of diamonds obtained through bulk purchases that are subsequently deemed not suitable for the Company's needs. In deciding how to allocate resources and assess performance, the Company's Executive Officers regularly evaluate the performance of its reportable segments on the basis of net sales and earnings from operations, after the elimination of inter-segment sales and transfers.

Reclassifications were made to the prior year's segment amounts to conform to the current year presentation and to reflect the revised manner in which management evaluates the performance of segments. Effective with the first quarter of 2007, the Company revised certain allocations of operating expenses between unallocated corporate expenses and earnings (losses) from operations for segments.

Certain information relating to the Company's segments is set forth below:

| (in thousands)                      | Three Months Ended Apr |
|-------------------------------------|------------------------|
|                                     | 2007                   |
| Net Sales:                          |                        |
| U.S. Retail                         | \$ 298,684             |
| International Retail                | 248,007                |
| Direct Marketing                    | 33,296                 |
| Total reportable segments           | 579,987                |
| Other                               | 40,888                 |
|                                     | \$ 620,875             |
| Earnings (losses) from operations*: |                        |
| U.S. Retail                         | \$ 43,604              |
| International Retail                | 60,531                 |
| Direct Marketing                    | 8,256                  |
| Total reportable segments           | 112,391                |
| Other                               | (4,329)                |

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\$ 108,062

\*Represents earnings (losses) from operations before unallocated corporate expenses and other expenses, net.

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## 7. SEGMENT INFORMATION (continued)

The following table sets forth a reconciliation of the segments' earnings from operations to the Company's consolidated earnings before income taxes:

|                                       | Three Months Ended<br>April 30, |    |
|---------------------------------------|---------------------------------|----|
| (in thousands)                        | 2007                            |    |
| Earnings from operations for segments | \$ 108,062                      | \$ |
| Unallocated corporate expenses        | (26,608)                        |    |
| Other expenses, net                   | (3,216)                         |    |
| Earnings before income taxes          | \$ 78,238                       | \$ |

Unallocated corporate expenses include certain costs related to administrative support functions which the Company does not allocate to its segments. Such unallocated costs include those for information technology, finance, legal and human resources.

## 8. SUBSEQUENT EVENT

On May 17, 2007, the Company's Board of Directors declared a 20% increase in the quarterly dividend rate on its Common Stock, increasing it from \$0.10 per share to \$0.12 per share. This dividend will be paid on July 10, 2007 to stockholders of record on June 20, 2007.

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PART I. Financial Information  
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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### OVERVIEW

-----

Tiffany & Co. is a holding company that operates through its subsidiary companies (the "Company"). The Company's principal subsidiary, Tiffany and Company, is a jeweler and specialty retailer whose principal merchandise offerings are an extensive selection of fine jewelry. It also sells timepieces, sterling silverware, china, crystal, stationery, fragrances and accessories. Through Tiffany and Company and other subsidiaries, the Company is engaged in product design, manufacturing and retailing activities.

The Company's channels of distribution are as follows:

- o U.S. Retail includes sales in TIFFANY & CO. stores in the U.S. and sales of TIFFANY & CO. products through business-to-business direct selling operations in the U.S.;
- o International Retail includes sales in TIFFANY & CO. stores and department store boutiques outside the U.S. and business-to-business, Internet and wholesale sales of TIFFANY & CO. products outside the U.S.;
- o Direct Marketing includes Internet and catalog sales of TIFFANY & CO. products in the U.S.; and
- o Other includes worldwide sales of businesses operated under trademarks or tradenames other than TIFFANY & CO. ("specialty retail"). Other also includes wholesale sales of diamonds obtained through bulk purchases that are subsequently deemed not suitable for the Company's needs.

All references to years relate to fiscal years ended or ending on January 31 of the following calendar year.

### Highlights

-----

- o Net sales increased 15% in the three months ("first quarter") ended April 30, 2007 due to growth in all channels of distribution.
- o Worldwide comparable store sales increased 8% on a constant-exchange-rate basis (see Non-GAAP Measures). Comparable TIFFANY & CO. store sales in the U.S. increased 12%. Comparable international store sales increased 4% as growth in most countries more than offset a decline in Japan.
- o Net earnings in the first quarter rose 15%. Earnings per diluted share rose 20%.
- o The Company repurchased and retired 520,618 shares of its Common Stock during the three months ended April 30, 2007.
- o The Company added six retail locations in the first quarter: one in the U.S., three in Japan, one in Singapore and one in Korea. Two existing locations in Japan were closed.

### NON-GAAP MEASURES

-----

The Company's reported sales reflect either a translation-related benefit from strengthening foreign currencies or a detriment from a strengthening U.S. dollar.

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The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Internally, management monitors its international sales performance on a non-GAAP basis that eliminates the positive or negative effects that result from translating international sales into U.S. dollars ("constant-exchange-rate basis"). Management believes this constant-exchange-rate measure provides a more representative assessment of the sales performance and provides better comparability between reporting periods.

The Company's management does not, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. The Company presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company's operating results.

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The following table reconciles sales percentage increases (decreases) from the GAAP to the non-GAAP basis:

|                         | First Quarter 2007 vs. 2006 |                    |
|-------------------------|-----------------------------|--------------------|
|                         | GAAP Reported               | Translation Effect |
| Net Sales:              |                             |                    |
| -----                   |                             |                    |
| Worldwide               | 15%                         | 1%                 |
| U.S. Retail             | 15%                         | ---                |
| International Retail    | 15%                         | 2%                 |
| Japan Retail            | (3)%                        | (1)%               |
| Other Asia-Pacific      | 35%                         | 3%                 |
| Europe                  | 27%                         | 12%                |
| Comparable Store Sales: |                             |                    |
| -----                   |                             |                    |
| Worldwide               | 9%                          | 1%                 |
| U.S. Retail             | 12%                         | ---                |
| International Retail    | 6%                          | 2%                 |
| Japan Retail            | (8)%                        | (1)%               |
| Other Asia-Pacific      | 27%                         | 3%                 |
| Europe                  | 23%                         | 12%                |

### RESULTS OF OPERATIONS

Certain operating data as a percentage of net sales were as follows:

First Quarter

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|  | 2007   |
|--|--------|
| Net sales                                    | 100.0% |
| Cost of sales                                | 45.5   |
| Gross profit                                 | 54.5   |
| Selling, general and administrative expenses | 41.4   |
| Earnings from operations                     | 13.1   |
| Other expenses, net                          | 0.5    |
| Earnings before income taxes                 | 12.6   |
| Provision for income taxes                   | 4.6    |
| Net earnings                                 | 8.0%   |

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## Net Sales

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Net sales by channel of distribution were as follows:

|                      | First Quarter |            |          |
|----------------------|---------------|------------|----------|
| (in thousands)       | 2007          | 2006       | Increase |
| U.S. Retail          | \$ 298,684    | \$ 260,580 | 15%      |
| International Retail | 248,007       | 215,164    | 15%      |
| Direct Marketing     | 33,296        | 29,957     | 11%      |
| Other                | 40,888        | 33,540     | 22%      |
|                      | \$ 620,875    | \$ 539,241 | 15%      |

A store's sales are included in "comparable store sales" when the store has been open for more than 12 months. In markets except Japan, sales for relocated stores are included in comparable store sales if the relocation occurs within the same geographical market. In Japan, sales for a new store or boutique are not included if the store was relocated from one department store to another or from a department store to a free-standing location. In all markets, the results of a store in which the square footage has been expanded or reduced remain in the comparable store base.

U.S. Retail sales increased in the first quarter as a result of comparable store sales growth of 12% and the opening of new stores. In the first quarter, the New York Flagship store's sales increased 26% and comparable branch store sales increased 9%. Comparable store sales growth resulted from increases in the average sales amount per transaction. Management attributes the increased amount per transaction to sales of higher-priced merchandise. In addition, the New York flagship store benefited from higher levels of sales to foreign visitors. Management continues to expect a high single-digit percentage increase in full

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year 2007 U.S. comparable store sales.

International Retail sales, on a constant-exchange-rate basis, increased 13% in the first quarter and comparable store sales rose 4%.

In Japan (which represents slightly less than half of International Retail sales), on a constant-exchange-rate basis, total retail sales declined 2% in the first quarter due to a decrease in unit volume partly offset by an increase in the average transaction size. Comparable store sales on a constant-exchange-rate basis declined 7% in the first quarter. Local management continues to focus on improved selling techniques and retail location enhancements through renovation, expansion and/or relocation.

In the Asia-Pacific region outside Japan, comparable store sales on a constant-exchange-rate basis increased 24% in the first quarter due to growth in most markets.

In Europe, comparable store sales on a constant-exchange-rate basis increased 11% in the first quarter due to growth in London and most Continental European markets.

Management currently expects a mid-to-high single-digit percentage increase on a constant-exchange-rate basis in full year 2007 International Retail comparable store sales.

Direct Marketing sales rose 11% in the first quarter due to growth both in the number of orders shipped and in the average order size. Management currently expects a mid-teens percentage increase in full year 2007 Direct Marketing sales.

Other sales increased 22% in the first quarter. Wholesale sales of diamonds increased \$5,236,000 to \$13,638,000 (versus \$8,402,000 in the prior year). In the specialty retail businesses, sales in LITTLE SWITZERLAND stores increased 5% in the first quarter. The Company is evaluating various strategic alternatives related to that business (see Part II, Item 5. Other Information, for additional information). IRIDESSE store sales increased largely due to an increased store base, as well as comparable store sales growth. Management currently expects an approximately 20% increase in full year 2007 sales within the Other channel of distribution.

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Management expects to increase the number of Company-operated TIFFANY & CO. stores and boutiques by approximately 10% (net) in 2007. Management's announced openings and closings of TIFFANY & CO. stores are shown below:

| Location                       | Actual Openings<br>(Closings) 2007 | Expected<br>Openings |
|--------------------------------|------------------------------------|----------------------|
| -----                          | -----                              | -----                |
| Austin, Texas                  | First Quarter                      |                      |
| New York-Wall Street, New York |                                    | Third Quarter        |
| Las Vegas, Nevada              |                                    | Third Quarter        |
| Natick, Massachusetts          |                                    | Third Quarter        |
| Red Bank, New Jersey           |                                    | Fourth Quarter       |
| Providence, Rhode Island       |                                    | Fourth Quarter       |



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|  |                 |           |
|--|-----------------|-----------|
| Santa Barbara, California                |                 | Fourth Qu |
| Tokyo-Shibuya, Japan                     | First Quarter   |           |
| Tokyo-Shinjuku, Japan                    | First Quarter   |           |
| Hiroshima, Japan                         | First Quarter   |           |
| Hoshigaoka, Japan                        | (First Quarter) |           |
| Okinawa, Japan                           | (First Quarter) |           |
| Tokyo-Shinjuku (Boutique for Men), Japan |                 | Third Qua |
| Changi Airport, Singapore                | First Quarter   |           |
| Seoul, Korea                             | First Quarter   |           |
| Hamburg, Germany                         |                 | Second Qu |
| London-Selfridges, England               |                 | Third Qua |
| Mexico City, Mexico                      |                 | Third Qua |

### Gross Margin

Gross margin (gross profit as a percentage of net sales) declined in the first quarter by 1.3 percentage points. The primary components of the net decline were: (i) a 0.9 percentage point decline due to increased product costs and changes in sales mix; and (ii) a 0.4 percentage point decline due to increased low-margin wholesale sales of diamonds.

Management's objective is to improve gross margin through greater product manufacturing/sourcing efficiencies (including increased direct rough-diamond sourcing and internal manufacturing), increased use of distribution center capacity, and selective price adjustments to address higher product costs. Management continues to expect an improvement in full year 2007 gross margin.

### Selling, General and Administrative ("SG&A") Expenses

SG&A expenses increased \$30,156,000, or 13%, in the first quarter largely due to increased labor and benefit costs of \$12,613,000 and increased depreciation and occupancy expenses of \$7,963,000, (both of which are largely due to new and existing stores), as well as an increase of \$5,027,000 in marketing expenses. SG&A expenses as a percentage of net sales improved by 0.7 percentage point to 41.4% in the first quarter of 2007 from 42.1% in the first quarter of 2006.

Management's objective is to improve the ratio of SG&A expenses to net sales by controlling expenses so that sales growth can result in a higher rate of earnings growth (leveraging of operating expenses). Management continues to expect an improvement in the expense ratio for the full year 2007.

### Earnings from Operations

Reclassifications were made to prior year's earnings (losses) from operations by segment to conform to the current year presentation and to reflect the revised manner in which management now evaluates the performance of the segments. Effective with the first quarter of 2007, the Company revised certain allocations of operating expenses between unallocated corporate expenses and earnings (losses) from operations for segments.

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| (in thousands)                     | 2007      | Sales* | 2006      |
|------------------------------------|-----------|--------|-----------|
| Earnings (losses) from operations: |           |        |           |
| U.S. Retail                        | \$ 43,604 | 15%    | \$ 42,141 |
| International Retail               | 60,531    | 24%    | 53,451    |
| Direct Marketing                   | 8,256     | 25%    | 7,117     |
| Other                              | (4,329)   | (11%)  | (3,573)   |
|                                    | 108,062   |        | 99,136    |
| Unallocated corporate expenses     | (26,608)  |        | (24,889)  |
| Earnings from operations           | \$ 81,454 |        | \$ 74,247 |

\* Percentages represent earnings (losses) from operations as a percentage of each segment's net sales.

Earnings from operations increased 10% in the first quarter. On a segment basis, the ratio of earnings (losses) from operations (before the effect of unallocated corporate expenses and other expenses, net) to each segment's net sales in the first quarter of 2007 and 2006 was as follows:

- o U.S. Retail declined 1 percentage point primarily due to a decline in gross margin (due to changes in product mix and higher product costs) and increased marketing expense;
- o International Retail declined 1 percentage point primarily due to a decline in gross margin (due to changes in product mix) partially offset by the leveraging of operating expenses which benefited from increased sales growth;
- o Direct Marketing increased 1 percentage point primarily due to the leveraging of operating expenses which benefited from increased sales partially offset by a decline in gross margin (due to higher product costs); and
- o Other was consistent with the prior year.

Unallocated corporate expenses include certain costs related to administrative support functions which the Company does not allocate to its segments. Such unallocated costs include those for information technology, finance, legal and human resources. Unallocated corporate expenses increased 7% in the first quarter due to incremental labor costs.

## Other Expenses, net

Other expenses, net decreased in the first quarter primarily due to increased foreign currency transaction net gains.

## Provision for Income Taxes

The effective income tax rates for the first quarter were 36.5% versus 38.6% in the prior year. The effective tax rate in first quarter of 2007 included favorable reserve adjustments relating to the expiration of certain statutory periods during the quarter. Management continues to expect the effective tax rate to be approximately 38% for full year 2007. However, the Company does expect the effective tax rate to be in a range of 40%-43% in the second and third quarters followed by a rate of approximately 37% in the fourth quarter due

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to geographical mix in earnings during the year.

### New Accounting Standards

See note 2 to condensed consolidated financial statements.

### LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity needs have been, and are expected to remain, primarily a function of its seasonal and expansion-related working capital and capital expenditures needs. The ratio of total debt (short-term borrowings,

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current portion of long-term debt and long-term debt) to stockholders' equity was 28% at April 30, 2007, 29% at January 31, 2007, and 27% at April 30, 2006.

The following table summarizes cash flows from operating, investing and financing activities:

|   | First Quarter |             |
|---|---------------|-------------|
|   | -----         |             |
| (in thousands)  | 2007          |             |
|   | -----         |             |
| Net cash provided by (used in):                       |               |             |
| Operating activities                                  | \$ (31,737)   | \$ (43,755) |
| Investing activities                                  | (27,301)      | (9,250)     |
| Financing activities                                  | (2,888)       | (8,250)     |
| Effect of exchange rates on cash and cash equivalents | 2,692         |             |
|   | -----         | -----       |
| Net decrease in cash and cash equivalents             | \$ (59,234)   | \$ (61,250) |
|   | =====         | =====       |

### Operating Activities

The Company's net cash outflow from operating activities of \$31,737,000 in the first quarter of 2007 compared with an outflow of \$43,755,000 in the first quarter of 2006. The reduced cash outflow in first quarter 2007 resulted primarily from increased net earnings after adjustment for non-cash items.

**Working Capital.** Working capital (current assets less current liabilities) and the corresponding current ratio (current assets divided by current liabilities) were \$1,332,250,000 and 4.3 at April 30, 2007, compared with \$1,253,973,000 and 3.8 at January 31, 2007 and \$1,293,511,000 and 4.6 at April 30, 2006.

Accounts receivable, less allowances at April 30, 2007 were 4% lower than at January 31, 2007 and were 4% higher than at April 30, 2006.

Inventories, net at April 30, 2007 were 7% above January 31, 2007 and 14% above April 30, 2006. Combined raw material and work-in-process inventories increased 8% over January 31, 2007 and 24% over April 30, 2006 due to increased precious metal costs and diamond quantities needed to support internal jewelry manufacturing. Finished goods inventories increased 6% over January 31, 2007, and 9% over April 30, 2006, reflecting new store openings, increased product

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costs as well as broadened product assortments. Changes in foreign currency exchange rates had an insignificant effect on the change in inventory balances at April 30, 2007 versus January 31, 2007 and April 30, 2006.

Management continues to expect a high-single-digit percentage increase in the overall year-over-year inventory growth rate in 2007.

### Investing Activities

The Company's net cash outflow from investing activities of \$27,301,000 in the first quarter of 2007 compared with an outflow of \$90,534,000 in the first quarter of 2006. The reduction was primarily due to higher net purchases of marketable securities and short-term investments in 2006 as well as decreased capital expenditures in 2007.

Capital Expenditures. Capital expenditures were \$31,907,000 in first quarter 2007 compared with \$43,928,000 in first quarter 2006. Management estimates that capital expenditures will be approximately \$180,000,000 in 2007 (compared with approximately \$182,000,000 in the prior year) due to costs related to the opening and renovation of stores and to ongoing investments in new systems.

### Financing Activities

The Company's net cash outflow from financing activities of \$2,888,000 in the first quarter of 2007 compared with an outflow of \$81,176,000 in the first quarter of 2006. The reduction was primarily due to reduced share repurchases as well as greater proceeds from the exercise of employees' stock options.

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Share Repurchases. The Company's stock repurchase activity was as follows:

|  | First Quarter |           |
|--|---------------|-----------|
| (in thousands, except per share amounts) | 2007          | 2006      |
| Cost of repurchases                      | \$ 24,997     | \$ 79,750 |
| Shares repurchased and retired           | 521           | 2,179     |
| Average cost per share                   | \$ 48.01      | \$ 36.59  |

At April 30, 2007, there remained \$670,417,000 of authorization for future repurchases. The Company's stock repurchase program expires in December 2009. The timing of repurchases and the actual number of shares to be repurchased depend on a variety of discretionary factors such as price and other market conditions.

Borrowings. The Company's current sources of working capital are internally-generated cash flows and borrowings available under a revolving credit facility.

At April 30, 2007, the Company was in compliance with all loan covenants.

### Contractual Obligations

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The Company's contractual cash obligations and commercial commitments at April 30, 2007 and the effects such obligations and commitments are expected to have on the Company's liquidity and cash flows in future periods have not significantly changed since January 31, 2007.

The Company adopted the provisions of Financial Accounting Standards Board Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an amendment of FASB Statement No. 109" on February 1, 2007. The total liability for uncertain tax positions under FIN No. 48 was approximately \$39,000,000 at April 30, 2007. The total amount of unrecognized tax benefits that, if recognized, would have affected the effective tax rate was approximately \$21,000,000. The final outcome of these tax uncertainties is dependent upon various matters including tax examinations, interpretation of those tax laws or expiration of statutes of limitations. The Company is currently not able to reasonably estimate the amount by which the liability will increase or decrease over time or expected payments related to these obligations within the next 12 months.

Based on the Company's financial position at April 30, 2007, management anticipates that cash on hand, internally-generated cash flows and the funds available under its revolving credit facility will be sufficient to support the Company's planned worldwide business expansion, share repurchases, debt service and seasonal working capital increases for the foreseeable future.

### Seasonality

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As a jeweler and specialty retailer, the Company's business is seasonal in nature, with the fourth quarter typically representing a proportionally greater percentage of annual sales, earnings from operations and cash flow. Management expects such seasonality to continue.

### Forward-Looking Statements

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This document contains certain "forward-looking statements" concerning the Company's objectives and expectations with respect to store openings, sales, retail prices, gross margin, expenses, inventory performance, capital expenditures and cash flow. In addition, management makes other forward-looking statements from time to time concerning objectives and expectations. Statements beginning with such words as "believes", "intends", "plans", and "expects" include forward-looking statements that are based on management's expectations given facts as currently known by management on the date this quarterly report was filed with the Securities and Exchange Commission. All forward-looking statements involve risks, uncertainties and assumptions that, if they never materialize or prove incorrect, could cause actual results to differ materially from those expressed or implied by such forward-looking statements.

The statements in this quarterly report are made as of the date this report was filed with the Securities and Exchange Commission and the Company undertakes no obligation to update any of the forward-looking information included in this document, whether as a result of new information, future events, changes in expectations or otherwise.

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The Company is exposed to market risk from fluctuations in foreign currency exchange rates, interest rates and precious metal prices, which could affect its consolidated financial position, earnings and cash flows. The Company manages its exposure to market risk through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company uses derivative financial instruments as risk management tools and not for trading or speculative purposes, and does not maintain such instruments that may expose the Company to significant market risk.

In Japan, the Company uses yen put options to minimize the effect of a weakening yen on U.S. dollar-denominated transactions. To a lesser extent, the Company uses foreign-exchange forward contracts to protect against changes in local currencies. Gains or losses on these instruments substantially offset losses or gains on the assets, liabilities and transactions being hedged. Management neither foresees nor expects significant changes in foreign currency exposure in the near future.

The Company uses interest-rate swap contracts related to certain debt arrangements to manage its net exposure to interest rate changes. The interest-rate swap contracts effectively convert fixed-rate obligations to floating-rate instruments. Additionally, since the fair value of the Company's fixed-rate long-term debt is sensitive to interest rate changes, the interest-rate swap contracts serve as a hedge to changes in the fair value of these debt instruments. Management does not expect significant changes in exposure to interest rate fluctuations, nor in market risk-management practices.

Beginning in the first quarter of 2007, the Company began using a combination of call and put option contracts in a net-zero cost arrangement, zero-cost collars ("collars"), as hedges of forecasted purchases of precious metals. The Company accounts for its collars as cash-flow hedges. The Company assesses hedge effectiveness based on the total changes in the collars' cash flows. The effective portion of unrealized gains and losses associated with the value of the collars is deferred as a component of other comprehensive gain (loss) and is recognized as a component of cost of sales on the Company's condensed consolidated statement of earnings when the inventory is sold. The fair value of the outstanding collars at April 30, 2007 was not significant. The fair value was determined using quoted market prices for these instruments. Management neither foresees nor expects significant changes in exposure to fluctuations in precious metal prices.

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### PART I. Financial Information Item 4. Controls and Procedures

#### Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), Registrant's chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by Registrant in the reports that it files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

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In the ordinary course of business, Registrant reviews its system of internal control over financial reporting and makes changes to its systems and processes to improve controls and increase efficiency, while ensuring that Registrant maintains an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes.

Registrant's chief executive officer and chief financial officer have determined that there have been no changes in Registrant's internal control over financial reporting during the period covered by this report identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, Registrant's internal control over financial reporting.

Registrant's management, including its chief executive officer and chief financial officer, necessarily applied their judgment in assessing the costs and benefits of such controls and procedures. By their nature, such controls and procedures cannot provide absolute certainty, but can provide reasonable assurance regarding management's control objectives. Our chief executive officer and our chief financial officer have concluded that Registrant's disclosure controls and procedures are (i) designed to provide such reasonable assurance and (ii) are effective at that reasonable assurance level.

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### PART II. Other Information Item 1A. Risk Factors

As a jeweler and specialty retailer, the Company's success in achieving its objectives and expectations is partially dependent upon economic conditions, competitive developments and consumer attitudes, including changes in consumer preferences for certain jewelry styles and materials. However, certain assumptions are specific to the Company and/or the markets in which it operates.

The following assumptions, among others, are "risk factors" which could affect the likelihood that the Company will achieve the objectives and expectations communicated by management:

(i) that low or negative growth in the economy or in the financial markets, particularly in the U.S. and Japan, will not occur and reduce discretionary spending on goods that are, or are perceived to be, "luxuries";

(ii) that consumer spending does not decline substantially during the fourth quarter of any year;

(iii) that unsettled regional and/or global conflicts or crises do not result in military, terrorist or other conditions creating disruptions or disincentives to, or changes in the pattern, practice or frequency of, tourist travel to the various regions where the Company operates retail stores nor to the Company's continuing ability to operate in those regions;

(iv) that sales in Japan will not decline substantially;

(v) that there will not be a substantial adverse change in the exchange relationship between the Japanese yen and the U.S. dollar;

(vi) that Mitsukoshi and other department store operators in Japan, in the face of declining or stagnant department store sales, will not close or consolidate

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stores which have TIFFANY & CO. retail locations;

(vii) that Mitsukoshi will continue as a leading department store operator in Japan;

(viii) that existing product supply arrangements, including license arrangements with third-party designers Elsa Peretti and Paloma Picasso, will continue;

(ix) that the wholesale and retail market for high-quality rough and cut diamonds will provide continuity of supply and pricing within the quality grades, colors and sizes that customers demand;

(x) that the Company's diamond supply initiatives achieve their financial and strategic objectives;

(xi) that the Company's gross margins in Japan and for diamond products can be maintained in the face of increased competition from traditional and e-commerce retailers;

(xii) that the Company is able to pass on higher costs of raw materials to consumers through price increases;

(xiii) that the sale of counterfeit products does not significantly undermine the value of the Company's trademarks and demand for the Company's products;

(xiv) that new and existing stores and other sales locations can be leased, re-leased or otherwise obtained on suitable terms in desired markets and that construction can be completed on a timely basis;

(xv) that the Company can achieve satisfactory results from any current and future businesses into which it enters that are operated under trademarks or tradenames other than TIFFANY & CO.; and

(xvi) that the Company's expansion plans for retail and direct selling operations and merchandise development, production and management can continue to be executed without meaningfully diminishing the distinctive appeal of the TIFFANY & CO. brand.

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### PART II. Other Information

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This table provides information with respect to the Company's purchases of shares of its Common Stock during the first fiscal quarter of 2007:

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| Period | (a) Total<br>Number of<br>Shares<br>Purchased | (b) Average<br>Price Paid Per<br>Share | c) Total Number<br>of Shares<br>Purchased Under<br>all Publicly<br>Announced<br>Programs* |
|--------|---|--|---|
|        |   |  |   |



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February 1, 2007 through  
February 28, 2007

-

-

-

March 1, 2007 through  
March 31, 2007

45,718

\$45.60

45,718

April 1, 2007 through  
April 30, 2007

474,900

\$48.25

474,900

Total

520,618

\$48.01

520,618

\* In August 2006, the Company's Board of Directors extended the expiration date of the program to December 2009 and increased the authorization to \$813,000,000.

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### PART II. Other Information

#### Item 5. Other Information

As disclosed in the Company's Proxy Statement filed with the Securities and Exchange Commission on April 12, 2007, the Company hired Evercore Partners, a public company ("Evercore") in early 2007 to provide financial advisory services. As such, Evercore is currently assisting the Company's management in exploring various strategic alternatives related to its Little Switzerland, Inc. business. Evercore is not advising management with respect to any other matter.

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#### ITEM 6 Exhibits

##### (a) Exhibits:

31.1 Certification of Chief Executive Officer pursuant to Section 302

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of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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### SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TIFFANY & CO.  
(Registrant)

Date: June 4, 2007

By: /s/ James N. Fernandez  
-----  
James N. Fernandez  
Executive Vice President and  
Chief Financial Officer  
(principal financial officer)

### EXHIBIT INDEX

| EXHIBIT<br>NUMBER | DESCRIPTION  |
|-------------------|--|
| 31.1              | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 31.2              | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32.1              | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2              | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

