

TIFFANY & CO
Form DEF 14A
April 14, 2006

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

**SCHEDULE 14A
(Rule 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use
of the Commission
Only (as permitted by
Rule 14a-6(e)(2))

Definitive Proxy
Statement

Definitive Additional
Materials

Soliciting Material
Pursuant to
Section 240.14a-11(c)
or Section 240.14a-2.

TIFFANY & CO.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11
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(3) Filing Party:

(4) Date Filed:

2006 Annual Meeting of Stockholders
PROXY STATEMENT

ATTENDANCE AND VOTING MATTERS

Introduction

The Annual Meeting of the stockholders of Tiffany & Co. (the Company) will be held on Thursday, May 18, 2006, at 10:00 a.m. in the Roof/Penthouse of the St. Regis Hotel, 2 East 55th Street at Fifth Avenue, New York, New York. This proxy statement and accompanying material, including the form of proxy, was first sent to the Company's stockholders on or about April 14, 2006. It was sent to you on behalf of the Company by order of the Company's Board of Directors (the Board).

You are entitled to vote at our 2006 Annual Meeting because you were a stockholder, or held Company stock through a broker, bank or other nominee, at the close of business on March 24, 2006, the record date for this year's Annual Meeting. That is why you were sent this Proxy Statement and accompanying material.

This proxy statement has been bound with our Annual Report on Form 10-K, which contains financial and other information about our business during our last fiscal year (February 1, 2005 to January 31, 2006).

You may also find important information about the Company on our website at www.tiffany.com and you will be directed to that website for additional information concerning some of the subjects addressed in this document.

Matters to Be Voted On at the 2006 Annual Meeting

There are three matters scheduled to be voted on at this year's Annual Meeting:

The election of the Board;

Approval of the independent registered public accounting firm to audit our Fiscal 2006 financial statements; and

Approval of an amendment to the 2005 Employee Incentive Plan to include additional limits on awards that may be made thereunder.

How to Vote Your Shares

You can vote your shares at the Annual Meeting by proxy or in person.

You can vote by proxy by having one or more individuals who will be at the Annual Meeting vote your shares for you. These individuals are called proxies and using them to cast your ballot at the Annual Meeting is called voting by proxy.

If you wish to vote by proxy, you must do one of the following:

Complete the enclosed form, called a proxy card, and mail it in the envelope provided, or

Call the telephone number listed on the proxy card (1-866-540-5760) and follow the pre-recorded instructions, or

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Use the Internet to vote by pointing your browser to <http://www.proxyvoting.com/tif>; have your proxy card in hand as you will be prompted to enter your control number and to create and submit an electronic vote.

If you do one of the above, you will have designated three officers of the Company to act as your proxies at the 2006 Annual Meeting. One of them will then vote your shares at the Annual Meeting in accordance with the instructions you have given them on the proxy card, the telephone or the Internet with respect to each of the proposals presented in this Proxy Statement.

Alternatively, you can vote your shares in person by attending the Annual Meeting. You will be given a ballot at the meeting.

While we know of no other matters to be acted upon at this year's Annual Meeting, it is possible that other matters may be presented at the meeting. If that happens and you have signed and not revoked a proxy card, your proxy will vote on such other matters in accordance with his best judgment.

A special note for those who plan to attend the Annual Meeting and vote in person: if your shares are held in the name of a broker, bank or other nominee, you must bring a statement from your brokerage account or a letter from the person or entity in whose name the shares are registered indicating that you are the beneficial owner of those shares as of the record date. Otherwise, your vote at the meeting will not be counted.

How to Revoke Your Proxy

If you decide to vote by proxy (including by mail, telephone or Internet), you can revoke—that is, change or cancel your vote at any time before your proxy casts his vote at the Annual Meeting. Revoking your vote by proxy may be accomplished in one of three ways:

You can send an executed, later-dated proxy card to the Secretary of the Company, call in different instructions, or access the Internet voting site.

You can notify the Secretary of the Company in writing that you wish to revoke your proxy, or

You can attend the Annual Meeting and vote in person.

The Number of Votes That You Have

Each share of the Company's common stock has one vote. The number of shares, or votes, that you have at this year's Annual Meeting is indicated on the enclosed proxy card.

What a Quorum Is

A quorum is the minimum number of shares that must be present at an Annual Meeting for a valid vote. For our stockholder meetings, a majority of shares outstanding on the record date must be present.

The number of shares outstanding at the close of business on March 24, 2006, the record date, was 142,567,901.

Therefore, 71,283,951 shares must be present at our 2006 Annual Meeting for a quorum to be established.

To determine if there is a quorum, we consider a share present if:

The stockholder who owns the share is present at the Annual Meeting, whether or not he or she chooses to cast a ballot on any proposal; or

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The stockholder is represented by proxy at the Annual Meeting.

If a stockholder is represented by proxy at the Annual Meeting, his or her shares are deemed present for purposes of a quorum, even if:

The stockholder withholds his or her vote or marks abstains for one or more proposals; or

There is a broker non-vote on one or more proposals.

What a Broker Non-Vote Is

Shares held in a broker's name may be voted by the broker, but only in accordance with the rules of the New York Stock Exchange. Under those rules, your broker must follow your instructions. If you do not provide instructions to your broker, your broker may vote your shares based on its own judgment or it may withhold a vote. Whether your broker votes or withholds its vote is determined by the New York Stock Exchange rules and depends on the proposal being voted upon.

If your broker withholds its vote, that is called a broker non-vote. As stated above, broker non-votes are counted as present for a quorum.

What Vote Is Required To Approve Each Proposal

Directors are elected by a plurality of the votes cast for directors at the Annual Meeting. Of all nominees, the top nine in terms of for votes received will be elected directors.

You may withhold your vote for any nominee, but there is no means for you to vote against any nominee. To withhold your vote for any or all of the nominees named in this Proxy Statement, you can so mark your proxy card or ballot or, if you vote via telephone or Internet, so indicate by telephone or electronically. A broker non-vote is the same as a withheld vote: neither will have any effect on the outcome of the election of directors.

The proposal to ratify the approval of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Fiscal 2006 will be decided by a plurality of the votes cast for or against the proposal. Therefore, if you abstain from voting in other words, you do not vote on the matter or you indicate abstain on the proxy card, the telephone or by Internet it will not affect the outcome of votes on the proposal. That is because only votes cast for or against the proposal will be counted in determining whether or not it has been approved. Broker non-votes on this proposal will be treated the same as abstentions: neither will have any effect on the vote.

The proposal to amend our 2005 Employee Incentive Plan will be decided as follows. First, a majority of shares outstanding as of March 24, 2006, must actually vote on the proposal. For this purpose, abstentions will count as votes cast but broker non-votes will not. Second, a majority of those shares actually voting on the proposal must vote in favor of it. For this purpose, abstentions will have the same legal effect as a vote against the proposal and broker non-votes will be disregarded. That means that holders of 71,283,951 shares of common stock must actually vote for or against the proposal (or submit their proxies but abstain from voting on the proposal) and at least a majority of those voting must vote for the proposal.

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Proxy Voting on Proposals in the Absence of Instructions

If you do not give any specific instructions as to how your shares are to be voted when you sign a proxy card or vote by telephone or by Internet, your proxies will vote your shares in accordance with the following recommendations of the Board:

FOR the election of all nine nominees for director named in this Proxy Statement;

FOR the approval of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine our Fiscal 2006 financial statements; and

FOR the approval of an amendment to the 2005 Employee Incentive Plan to include additional limits on awards that may be made thereunder.

Shares held in the Company's Employee Profit Sharing and Retirement Savings Plan will not be voted by the Plan's trustee unless specific instructions for voting are given by plan participants to whose accounts such shares have been allocated.

How Proxies Are Solicited

We have hired the firm of Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies on behalf of the Board. Georgeson Shareholder Communications Inc. has agreed to perform this service for a fee of not more than \$7,000, plus out-of-pocket expenses.

Employees of Tiffany and Company, a subsidiary of the Company, may also solicit proxies on behalf of the Board. These employees will not receive any additional compensation for their work soliciting proxies and any costs incurred by them in doing so will be paid for by Tiffany and Company.

This particular solicitation is being made by mail, but proxies may also be solicited in person, by facsimile, by telephone or by electronic mail (e-mail).

In addition, we will pay for any costs incurred by brokerage houses and others for forwarding proxy materials to beneficial owners.

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OWNERSHIP OF THE COMPANY**Stockholders Who Own At Least Five Percent of the Company**

The following table shows all persons who were known to us to be beneficial owners of at least five percent of Company stock as of March 24, 2006. Footnote a) below provides a brief explanation of what is meant by the term beneficial ownership. This table is based upon reports filed with the Securities and Exchange Commission, commonly referred to as the SEC. Copies of these reports are publicly available from the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (a)	Percent of Class
FMR Corp. 82 Devonshire Street Boston, MA 02109	13,115,981 (b)	9.221%

- a) Beneficial ownership is a term broadly defined by the SEC and includes more than the typical form of stock ownership, that is, stock held in the person's name. The term also includes what is referred to as indirect ownership such as where, for example, the person has or shares the power to vote the stock, sell it or acquire it within 60 days. Accordingly, some of the shares reported as beneficially owned in this table may actually be held by other persons or organizations. Those other persons and organizations are described in the reports filed with the SEC.
- b) FMR Corp. (FMR), reported such beneficial ownership to the SEC on its form Schedule 13G (Amendment No. 1) as of December 31, 2005 and that it had sole dispositive power over all such shares and sole voting power over 2,293,681 such shares. FMR filed as a parent holding company jointly with the following other persons: Fidelity Management & Research Company (Fidelity), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR; and Edward C. Johnson, 3rd. Of the shares reported in the table above, Fidelity reported beneficial ownership of 12,573,030 shares (8.839% of the shares outstanding) as a result of acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940 (the Fidelity Funds). Neither FMR, nor the named individual, reported sole voting power with respect to shares held in the Fidelity Funds because shares held in the Fidelity Funds are voted by Fidelity under written guidelines established by the Funds' Boards of Trustees. Mr. Johnson and FMR, by virtue of control of Fidelity and the Fidelity Funds, each reported sole dispositive power over shares held in the Fidelity Funds. Fidelity Management Trust Company (Trust Company) was reported to be beneficial ownership of 296,751 shares as a result of serving as investment manager of institutional account(s). FMR and Mr. Johnson each reported sole dispositive power over shares held in such institutional accounts, sole power to vote 257,651 of such shares and no power to direct the voting of 39,100 of such shares held by virtue of control over Trust Company. Other disclosures were made to clarify that 246,200 shares of the Company held by Fidelity International Limited (FIL), Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda were voluntarily reported by FMR as if beneficially owned by FMR and FIL on a joint basis while disclaiming that FMR and FIL are acting as a group for purposes of Section 13(d) under the Exchange Act.

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Ownership by Directors and Executive Officers

The following table shows the number of shares of the Company's common stock beneficially owned as of March 24, 2006 by those persons who were, as of the end of the last fiscal year (January 31, 2006), directors, the Chief Executive Officer (the CEO), and the four next most highly compensated executive officers of the Company:

Name	Amount and Nature of Beneficial Ownership	Percent Of Class ^a
Directors		
Rose Marie Bravo	76,216 ^b	*
William R. Chaney	990,000 ^c	*
Samuel L. Hayes III	197,041 ^d	*
Abby F. Kohnstamm	37,000 ^c	*
Michael J. Kowalski (CEO)	1,547,000 ^f	1.1
Charles K. Marquis	235,812 ^g	*
J. Thomas Presby	21,900 ^h	
James E. Quinn (Executive Officer)	971,759 ⁱ	*
William A. Shutzer	299,062 ^j	*
Executive Officers		
Beth O. Canavan	293,792 ^k	*
James N. Fernandez	491,883 ^l	*
Jon M. King	53,922 ^m	*
All executive officers and directors as a group (17 persons):	6,125,612 ⁿ	4.3

a) An asterisk (*) is used to indicate less than 1% of the class outstanding.

b) Includes 72,216 shares issuable upon the exercise of Vested Stock Options which are stock options that either are exercisable as of March 24, 2006 or will become exercisable within 60 days of that date.

c) Includes 160,000 shares issuable upon the exercise of Vested Stock Options, and 100,000 shares held by Mr. Chaney's wife. Also includes 20,000 shares held by The Chaney Family Foundation of which Mr. Chaney is President. Mr. Chaney disclaims beneficial ownership of Company stock held by The Chaney Family Foundation.

d) Includes 30,000 shares held in trust for the benefit of children of Prof. Hayes by Barbara L. Hayes, his wife, as trustee, and 2,079 shares held by Prof. Hayes's wife. Also includes 135,604 shares issuable upon the exercise of Vested Stock Options.

e) Includes 35,000 shares issuable upon the exercise of Vested Stock Options.

f) Includes 1,405,000 shares issuable upon the exercise of Vested Stock Options.

g) Includes 135,604 shares issuable upon the exercise of Vested Stock Options.

h) Includes 20,000 shares issuable upon the exercise of Vested Stock Options.

i) Includes 925,625 shares issuable upon the exercise of Vested Stock Options; 134 shares credited to Mr. Quinn's account under the Company's Employee Profit Sharing and Retirement Savings Plan;

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- 31,000 shares held by Mr. Quinn's wife; and 8,000 shares owned by Mr. Quinn's children under the UGMA.
- j) Includes 87,876 shares issuable upon the exercise of Vested Stock Options and 5,100 shares held by or for Mr. Shutzer's minor child and 114,000 shares held by KJC Ltd. of which Mr. Shutzer is the sole general partner. Mr. Shutzer disclaims beneficial ownership of Company stock held by KJC Ltd.
 - k) Includes 290,250 shares issuable upon the exercise of Vested Stock Options and 542 shares credited to Mrs. Canavan's account under the Company's Employee Profit Sharing and Retirement Savings Plan.
 - l) Includes 479,750 shares issuable upon the exercise of Vested Stock Options and 133 shares credited to Mr. Fernandez's account under the Company's Employee Profit Sharing and Retirement Savings Plan.
 - m) Includes 53,500 shares issuable upon the exercise of Vested Stock Options.
 - n) Includes 4,697,450 shares issuable upon the exercise of Vested Stock Options and 1,732 shares held in the Company's Employee Profit Sharing and Retirement Savings Plan.

Compliance of Directors, Executive Officers and Greater-Than-Ten-Percent Stockholders with Section 16(a) Beneficial Ownership Reporting Requirements

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers and greater-than-ten-percent stockholders to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. These persons are also required to provide us with copies of those reports.

Based on our review of those reports and of certain other documents we have received, we believe that, during and with respect to our last fiscal year (February 1, 2005 to January 31, 2006), all filing requirements under Section 16(a) applicable to our directors, executive officers and greater-than-ten-percent stockholders were satisfied.

**RELATIONSHIP WITH INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM**

PricewaterhouseCoopers LLP (PwC) serves as the Company's independent registered public accounting firm and, through its predecessor firms, has served in that capacity since 1984.

The Audit Committee has recommended the reappointment of PwC as the independent registered public accounting firm to audit the Company's financial statements for the fiscal year ending January 31, 2006. In making this recommendation, the Audit Committee considered the independence of PwC, and whether the audit and non-audit services PwC provides to the Company are compatible with maintaining that independence.

The Audit Committee has adopted a policy requiring advance approval of PwC's fees and services by the Audit Committee; this policy also prohibits PwC from performing certain non-audit services for the Company including: (i) bookkeeping, (ii) systems design and implementation, (iii) appraisal or valuation, (iv) actuarial, (v) internal audit, (vi) management or human services, (vii) investment advice or investment banking, and (viii) legal and expert services unrelated to the audit. All fees paid to PwC by the Company as shown in the table that follows were approved by the Audit Committee pursuant to this policy.

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Fees and Services of PricewaterhouseCoopers LLP

The following table presents fees for professional audit services rendered by PwC for the audit of the Company's consolidated financial statements and of management's assessment of the effectiveness of internal controls as and for the years ended January 31, 2006 and 2005, and for its reviews of the Company's unaudited condensed consolidated interim financial statements. This table also reflects fees billed for other services rendered by PwC.

	January 31, 2006	January 31, 2005
Audit Fees	\$ 1,882,900	\$ 2,011,400
Audit-related Fees ^a	73,700	135,350
Audit and Audit-related Fees	1,956,600	2,146,750
Tax Fees ^b	754,700	515,850
All Other Fees ^c	11,500	8,500
Total Fees	\$ 2,722,800	\$ 2,671,100

- a) Audit-related fees consist principally of fees for audits of financial statements of certain employee benefit plans and other advisory services for the year ended January 31, 2006, and for audits of the financial statements of certain employee benefit plans, Sarbanes-Oxley Section 404 advisory services and other advisory services for the year ended January 31, 2005.
- b) Tax fees consist of fees for tax consultation and tax compliance services. These fees included tax filing and compliance fees of \$250,400 for the year ended January 31, 2006 and \$230,900 for the year ended January 31, 2005.
- c) All other fees consist of costs for software used by the Internal Audit Department and other advisory services for the year ended January 31, 2006 and costs for software used by the Internal Audit Department for the year ended January 31, 2005.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**The Board, In General**

The Company is a Delaware corporation. Our principal subsidiary is Tiffany and Company, a New York corporation. In this Proxy Statement, Tiffany and Company will be referred to as simply Tiffany.

The Board is currently comprised of nine members. The Board can also fill vacancies and newly created directorships, as well as amend the By-laws to provide for a greater or lesser number of directors.

Directors are required by our By-laws to be less than age 72 when elected or appointed unless the Board waives that provision with respect to an individual director whose continued service is deemed uniquely important to the Company. The Board has waived the age limit for William R. Chaney because of his service as the Company's chief executive officer from 1984 to 1999 and the valuable perspective that such service brings to the Board.

The Role of the Board in Corporate Governance

The Board plays several important roles in the governance of the Company, as set out in the Company's Corporate Governance Principles. The Corporate Governance Principles are attached to this Proxy Statement as Appendix I. The responsibilities of the Board include:

Management succession;

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Review and approval of the annual operating plan prepared by management;

Monitoring of performance in comparison to the operating plan;

Review and approval of the Company's five-year strategic plan prepared by management;

Consideration of topics of relevance to the Company's ability to carry out its strategic plan;

Review and approval of a delegation of authority by which management carries out the day-to-day operations of the Company and its subsidiaries;

Review of the Company's investor relations program;

Review of the Company's schedule of insurance coverage; and

Review and approval of significant actions by the Company.

Executive Sessions of Non-management Directors/Presiding Non-management Director

Non-management directors meet regularly in executive session without management participation. This encourages open discussion. At those meetings, Charles K. Marquis, Chairman of the Nominating/Corporate Governance Committee, presides.

Communication with Non-management Directors

Stockholders and other interested parties may make their concerns known to the non-management directors by addressing their concerns in writing to Mr. Marquis. An address for direct written communication with Mr. Marquis is published on the Company's website.

Director Attendance at Annual Meeting

The Board schedules a regular meeting on the date of the Annual Meeting of Stockholders to facilitate attendance at the Annual Meeting by the directors. All nine directors attended the Annual Meeting held in May 2005.

Independent Directors Constitute a Majority of the Board

The Board has affirmatively determined that each of the following directors is independent in that none of them has a material relationship with the Company (directly or as a partner, shareholder or officer of any organization that has a relationship with the Company):

Rose Marie Bravo
Samuel L. Hayes III
Abby F. Kohnstamm
Charles K. Marquis
J. Thomas Presby

The Board also considered the other tests of independence set forth in the New York Stock Exchange Corporate Governance Rules and has determined that each of the above directors is independent as defined in such Rules. In determining that Ms. Kohnstamm is independent, the Board considered that IBM Corporation, of which she was an officer until January of 2006, and to which she now provides consulting services, sells data-processing and communication hardware, software and services to Tiffany and Tiffany sells business gifts to IBM. However, these sales constitute far less than one percent of the consolidated sales of each

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seller (IBM and Tiffany, respectively). The Board considered all relevant facts and circumstances including the amount of such sales in the context of the size of the businesses of the Company and IBM Corporation, the fact that Ms. Kohnstamm was not responsible at IBM Corporation for such sales in the course of her duties, and that such sales were long-standing business practices prior to the time Ms. Kohnstamm was recruited to the Board.

None of the other independent directors has any direct or indirect relationship with the Company, other than as a director, and none of the independent directors serves as an executive officer of any charitable organization to which the Company or any of its affiliates have made any contributions within the preceding three years.

Compensation of Directors

Directors who are not employees of the Company or its subsidiaries are paid or provided with the following for their service on the Board:

An annual retainer of \$50,000,

An additional annual retainer of \$20,000, \$10,000 or \$5,000 to the chairperson of the Audit, Compensation, or Nominating/Corporate Governance Committee, respectively,

A per-meeting-attended fee of \$2,000 for meetings attended in person (no fee is paid for attendance at any committee or subcommittee meetings which occur on the same day as a meeting of the full Board),

A fee of \$1,000 for each telephonic meeting in which the director participates,

Stock options, as discussed below, and

A retirement benefit, also discussed below.

Under Tiffany's Amended and Restated Executive Deferral Plan, directors may defer up to one hundred percent (100%) of their cash compensation and invest the amounts they defer in various accounts and funds established under the plan. However, the Company does not guarantee any return on said investments.

Tiffany also reimburses directors for expenses they incur in attending Board and committee meetings, including expenses for travel, food and lodging.

Non-employee directors are granted options to purchase shares of Company common stock upon their first election or appointment to the Board, and in January of each year an option grant is made to each non-employee director. In January of 2006, the grant was for 10,000 shares per director. These options vest in two equal installments: 1/2 after one year of service on the Board following the grant of the option, and the balance after two years of service.

However, as explained below, all installments become immediately exercisable in the event there is a change in control of the Company. These options expire after 10 years, but they expire sooner if, before the end of that 10-year period, the director leaves the Board. The option's exercise price is the fair market value of the Company's common stock on the date of grant, which is calculated as the average of the highest and lowest sales prices of the stock on the New York Stock Exchange on the date of grant.

Directors who retire as non-employee directors with five or more years of Board service are also entitled to receive an annual retirement benefit equal to \$38,000. This benefit is payable quarterly and continues for a period of time equal to the director's length of service on the Board, including periods served as an employee director. However, this particular benefit is not available to any director first appointed or

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elected after January 1, 1999; accordingly, neither Ms. Kohnstamm nor Mr. Presby is entitled to participate in this benefit plan.

Messrs. Kowalski and Quinn are employees of Tiffany. They therefore receive no separate compensation for their service as directors.

Meetings and Attendance during Fiscal 2005

The following chart shows the total number of meetings (including telephonic meetings) held by the Board and each of its committees during Fiscal 2005. All directors attended at least 97% of the meetings of the Board and those committees on which they served.

	Board	Audit	Compensation	Stock Option	Nominating/ Corporate Governance	Percent of Meetings Attended
Meetings Held	6	12	6	6	3	
Meetings Attended						
Director						
Rose Marie Bravo	6	n/a	6	6	3	100%
William R. Chaney	6	n/a	n/a	n/a	n/a	100%
Samuel L. Hayes III	6	11	6	6	3	97%
Abby F. Kohnstamm	6	n/a	6	6	3	100%
Charles K. Marquis	6	12	6	6	3	100%
J. Thomas Presby	6	12	n/a	n/a	3	100%
William A. Shutzer	6	n/a	n/a	n/a	n/a	100%
Michael J. Kowalski	6	n/a	n/a	n/a	n/a	100%
James E. Quinn	6	n/a	n/a	n/a	n/a	100%

Committees of the Board

Committees Composed Entirely of Independent Directors

Audit

J. Thomas Presby, Chair
Samuel L. Hayes III
Charles K. Marquis

Nominating/Corporate Governance

Charles K. Marquis, Chair
Rose Marie Bravo
Samuel L. Hayes III
Abby F. Kohnstamm
J. Thomas Presby

Compensation

Samuel L. Hayes III, Chair
Rose Marie Bravo
Abby F. Kohnstamm
Charles K. Marquis

Stock Option Subcommittee

Samuel L. Hayes III, Chair
Rose Marie Bravo
Abby F. Kohnstamm
Charles K. Marquis

Nominating/Corporate Governance Committee

The primary function of the Nominating/Corporate Governance Committee is to assist the Board in matters of corporate governance. The Nominating/Corporate Governance Committee operates under the
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charter adopted by the Board. The charter may be viewed on the Company's website. Under its charter, the role of the Nominating/Corporate Governance Committee includes recommending to the Board:

Policies on the composition of the Board,

Criteria for the selection of nominees for election to the Board,

Nominees to fill vacancies on the Board, and

Nominees for election to the Board.

If you would like to submit the name of a candidate for the Nominating/Corporate Governance Committee to consider as a nominee of the Board for director, you may send your submission at any time to the Nominating/Corporate Governance Committee, c/o Mr. Patrick B. Dorsey, Secretary, Tiffany & Co., 727 Fifth Avenue, New York, New York 10022. See our Corporate Governance Principles attached as Appendix I.

The By-laws of the Company also permit a stockholder of record entitled to vote to directly nominate a person for director for election at an annual meeting of the stockholders. This process is subject to timely notice requirements as set forth in the By-laws. The By-laws may be viewed on the Company's website and have been filed with the Securities and Exchange Commission as an exhibit to our Annual Report on Form 10-K filed March 31, 2006. See OTHER MATTERS below for a further discussion of stockholder proposals, in general.

Dividend Committee

The Dividend Committee declares regular quarterly dividends in accordance with the dividend policy established by the full Board. The Dividend Committee acts by unanimous written consent and did not meet in Fiscal 2005. Members of the Dividend Committee are: William R. Chaney, Chair; Michael J. Kowalski and James E. Quinn.

Compensation Committee

The primary function of the Compensation Committee is to assist the Board in compensation matters. The Compensation Committee operates under its charter which may be viewed on the Company's website. Under its charter, the Compensation Committee's responsibilities include:

Approval of remuneration arrangements for executive officers, and

Approval of compensation plans in which officers and employees of Tiffany are eligible to participate.

The Compensation Committee's report appears on pages 30-31 below.

Stock Option Subcommittee

The Stock Option Subcommittee determines the grant of options, restricted stock units, cash incentive awards and other matters under our 2005 Employee Incentive Plan.

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Compensation Committee Interlocks and Insider Participation

No director serving on the Compensation Committee or its Stock Option Subcommittee during any part of Fiscal 2005 was, at any time either during or before such fiscal year, an officer or employee of Tiffany & Co. or any of its subsidiaries.

Audit Committee

The Company's Audit Committee is an audit committee established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934. The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's financial matters. The Audit Committee operates under a charter adopted by the Board; that charter may be viewed on the Company's website. Under its charter, the Audit Committee's responsibilities include:

Retaining and terminating the Company's independent registered public accounting firm, reviewing the quality-control procedures and independence of such firm and evaluating their proposed audit scope, performance and fee arrangements;

Approving in advance all audit and non-audit services to be rendered by the independent registered public accounting firm;

Reviewing the adequacy of our system of internal financial controls;

Establishing procedures for complaints regarding accounting, internal accounting controls or auditing matters; and

Conducting a post-audit review of our financial statements and audit findings in advance of filing, and reviewing in advance proposed changes in our accounting principles.

The Board has determined that all members of the Audit Committee are financially literate, that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise and that Mr. Presby meets the SEC criteria of an audit committee financial expert. Mr. Presby is a member of the National Association of Corporate Directors and serves on the audit committees of four public companies in addition to that of the Company. The Board has determined that Mr. Presby's simultaneous service on five audit committees will not impair his ability to effectively serve on the Company's Audit Committee. The report of the Audit Committee is on page 16.

Self-Evaluation

The independent directors who serve on the Board conduct an annual evaluation of the workings and efficiency of the Board and of each of the Board committees on which they serve and make recommendations for change, if required.

Business Conduct Policy and Code of Ethics

Since the 1980's, the Company has had a policy governing business conduct for all Company employees worldwide. The policy requires compliance with law and avoidance of conflicts of interest and sets standards for various activities to avoid the potential for abuse or the occasion for illegal or unethical activities. This policy covers, among other activities, the acceptance or giving of gifts from or to those seeking to do business with the Company, processing one's own transactions, political contributions and

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reporting dishonest activity. Each year, all employees are required to review the policy, report any violations or conflicts of interest and affirm their obligation to report future violations to management.

The Company has a toll free hotline to receive complaints from employees, vendors, stockholders and other interested parties concerning violations of the Company's policies or questionable accounting, internal controls or auditing matters. The toll free phone number is 877-806-7464. The hotline is operated by a third party service provider to assure the confidentiality and completeness of all information received. Users of this service may elect to remain anonymous.

We also have a Code of Business and Ethical Conduct for the directors, the Chief Executive Officer, the Chief Financial Officer and all other officers of the Company. The Code advocates, and requires those persons to adhere to, principles and responsibilities governing professional and ethical conduct. This Code supplements our business conduct policy. Waivers may only be made by the Board. A summary of our business conduct policy and a copy of the Code of Business and Ethical Conduct are posted on our website. We have also filed a copy of the Code with the SEC as an exhibit to our March 31, 2006 Annual Report on Form 10-K.

Limitation on Adoption of Poison Pill Plans

On January 19, 2006, the Board terminated the Company's stockholder rights plan (typically referred to as a poison pill) and adopted the following policy:

This Board shall submit the adoption or extension of any poison pill to a stockholder vote before it acts to adopt such poison pill; provided, however, that this Board may act on its own to adopt a poison pill without first submitting such matter to a stockholder vote if, under the circumstance then existing, this Board in the exercise of its fiduciary responsibilities deems it to be in the best interests of the Company and its stockholders to adopt a poison pill without the delay in adoption that is attendant upon the time reasonably anticipated to seek a stockholder vote. If a poison pill is adopted without first submitting such matter to a stockholder vote, the poison pill must be submitted to a stockholder vote within one year after the effective date of the poison pill. Absent such submission to a stockholder vote, and favorable action thereupon, the poison pill will expire on the first anniversary of its effective date.

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REPORT OF THE AUDIT COMMITTEE

Included in the Company's Annual Report to Stockholders are the consolidated balance sheets of the Company and its subsidiaries as of January 31, 2006 and 2005, and the related consolidated statements of earnings, stockholders' equity and comprehensive earnings, and cash flows for each of the three years in the period ended January 31, 2006. These statements (the Audited Financial Statements) are the subject of a report by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP (PwC). The Audited Financial Statements are also included by reference in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. The Audit Committee reviewed and discussed the Audited Financial Statements with the Company's management and otherwise fulfilled the responsibilities set forth in its charter.

The Audit Committee has discussed with PwC the matters required to be discussed by Statement on Accounting Standards No. 61, as amended, Communication with Audit Committees and PCAOB Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed In Conjunction with an Audit of Financial Statements. The Audit Committee received from PwC the written disclosure and letter required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and has discussed the independence of PwC with that firm. The Audit Committee has considered whether the provision by PwC of the tax consultation, tax compliance and other non-audit-related services disclosed above under RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Fees and Services of PricewaterhouseCoopers LLP is compatible with maintaining PwC's independence and has concluded that providing such services is compatible with that firm's independence from the Company and its management.

The Audit Committee is aware that the provision of non-audit services by an auditor may, in some circumstances, create the perception that independence has been compromised. Accordingly, the Audit Committee has instructed management and management have agreed to develop professional relationships with firms other than PwC so that, when needed, other qualified resources will be available and will be used as appropriate.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Company's Board that the Audited Financial Statements be included in the Company's Annual Report to Stockholders which is incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2006 for filing with the Securities and Exchange Commission.

Signed by the Members of the Audit Committee:

Samuel L. Hayes III

Charles K. Marquis

J. Thomas Presby, Chair

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EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are:

Name	Age	Position	Year Joined Tiffany
Michael J. Kowalski	54	Chairman of the Board and Chief Executive Officer	1983
James E. Quinn	54	President	1986
Beth O. Canavan	51	Executive Vice President	1987
James N. Fernandez	50	Executive Vice President and Chief Financial Officer	1983
Victoria Berger-Gross	50	Senior Vice President Human Resources	2001
Patrick B. Dorsey	55	Senior Vice President General Counsel and Secretary	1985
Fernanda M. Kellogg	59	Senior Vice President Public Relations	1984
Jon M. King	49	Senior Vice President Merchandising	1990
Caroline D. Naggiar	48	Senior Vice President Marketing	1997
John S. Petterson	47	Senior Vice President Operations	1988

Michael J. Kowalski. Mr. Kowalski assumed the role of Chairman of the Board in January 2003, following the retirement of William R. Chaney. He has served as the Registrant's Chief Executive Officer since February 1999 and on the Registrant's Board of Directors since January 1995. After joining Tiffany in 1983 as Director of Financial Planning, Mr. Kowalski held a variety of merchandising management positions and served as Executive Vice President from 1992 to 1996 with overall responsibility in the areas of merchandising, marketing, advertising, public relations and product design. He was elected President in 1997. Mr. Kowalski is a member of the Board of Directors of Fairmont Hotels & Resorts and the Bank of New York. The Bank of New York is Tiffany's principal banking relationship, serving as Administrative Agent and a lender under Tiffany's credit agreement and as a trustee of Tiffany's Employee Pension Plan.

James E. Quinn. Mr. Quinn was appointed President effective January 31, 2003. He had served as Vice Chairman since 1998. After joining Tiffany in July 1986 as Vice President of branch sales for the Company's business-to-business sales operations, Mr. Quinn had various responsibilities for sales management and operations. He was promoted to Executive Vice President on March 19, 1992 and assumed responsibility for retail and business-to-business sales for the Americas in 1994. In January 1995, he became a member of Registrant's Board of Directors. He has responsibility for worldwide sales. Mr. Quinn is a member of the board of directors of BNY Hamilton Funds, Inc. and Mutual of America Capital Management, Inc. BNY Hamilton Funds, Inc. is affiliated with The Bank of New York. The Bank of New York is Tiffany's principal banking relationship, serving as Administrative Agent and a lender under Tiffany's credit agreement and as a trustee of Tiffany's Employee Pension Plan.

Beth O. Canavan. Ms. Canavan joined Tiffany in May 1987 as Director of New Store Development. She later held the positions of Vice President, Retail Sales Development, Vice President and General Manager of the New York flagship store, and Eastern Regional Vice President. In 1997, she assumed the position of Senior Vice President for U.S. Retail. In January 2000, she was promoted to Executive Vice President responsible for retail sales activities in the U.S. and Canada and retail store expansion. In May 2001, Ms. Canavan assumed additional responsibility for direct sales and business-to-business sales activities in the U.S. and Canada.

James N. Fernandez. Mr. Fernandez joined Tiffany in October 1983 and has held various positions in financial planning and management prior to his appointment as Senior Vice President-Chief Financial Officer in April 1989. In January 1998, he was promoted to Executive Vice President-Chief Financial Officer. He has responsibility for accounting, treasury, investor relations, information technology,

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financial planning, business development and diamond operations, and overall responsibility for distribution, manufacturing, customer service and security. Mr. Fernandez is a member of the Board of Directors of The Dun & Bradstreet Corporation.

Victoria Berger-Gross. Dr. Berger-Gross joined Tiffany in February 2001 as Senior Vice President Human Resources. Prior to joining Tiffany, she served as Senior Vice President & Director of Human Resources at Lehman Brothers from May 1999, Senior Director Human Resources at Bertelsmann A.G.'s BMG Entertainment from March 1997, and Vice President Organizational Effectiveness at Personnel Decisions International from January 1991.

Patrick B. Dorsey. Mr. Dorsey joined Tiffany in July 1985 as General Counsel and Secretary.

Fernanda M. Kellogg. Ms. Kellogg joined Tiffany in October 1984 as Director of Retail Marketing. She assumed her current responsibilities in January 1990.

Jon M. King. Mr. King joined Tiffany in 1990 as a jewelry buyer and has held various positions in the Merchandising Division, assuming responsibility for product development in 2002 as Group Vice President. He assumed his current responsibilities as Senior Vice President Merchandising in March 2003.

Caroline D. Naggiar. Ms. Naggiar joined Tiffany in June 1997 as Vice President Marketing Communications. She assumed her current responsibilities in February 1998.

John S. Petterson. Mr. Petterson joined Tiffany in 1988 as a management associate. He was promoted to Senior Vice President Corporate Sales in May 1995 and, in February 2000, his responsibilities were expanded to include Direct Mail and the E-Commerce business. In May 2001, Mr. Petterson assumed the new role of Senior Vice President Operations, with responsibility for worldwide distribution, customer service and security activities. His responsibilities were expanded in February 2003 to include manufacturing operations.

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COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS

This section includes a summary of salaries, bonuses and other compensation paid to our CEO and each of th