TIFFANY & CO
Form DEF 14A
April 09, 2010

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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 [X]
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))
[X]
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):

[X] 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:

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

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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2010 Annual Meeting of Stockholders
PROXY STATEMENT

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ATTENDANCE AND VOTING MATTERS

Introduction

The Annual Meeting of the stockholders of Tiffany & Co. (the Company) will be held on Thursday, May 20, 2010, at 9:00 a.m. in the Cosmopolitan Suite of the Four Seasons Hotel, 57 East 57th Street, between Madison Avenue and Park 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 9, 2010. 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 2010 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 23, 2010, 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 Fiscal 2009 (February 1, 2009 to January 31, 2010). As is the practice of many other companies, the Company is now providing proxy materials by a notice and access process through the Internet. This enables the Company to reduce the cost of paper, printing and postage and, of great importance, to substantially reduce paper use in order to benefit our environment. Those stockholders who wish to receive a paper report may request one.

How to Request and Receive a PAPER or E-MAIL Copy of the Proxy Materials

OPTION A: If you are a beneficial stockholder (beneficial stockholders typically have their shares held at brokerage firms or at other financial institutions):

1) By Internet: www.proxyvote.com
2) By Telephone: 1-800-579-1639
3) By E-Mail*: sendmaterial@proxyvote.com

*** If requesting materials by e-mail, please send a blank e-mail with the 12-Digit Control Number (located on the Notice of Proxy) in the subject line.**

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor.

OPTION B: If you are a registered stockholder (registered stockholders typically have their shares held in stock certificate form or in book entry form by Tiffany s transfer agent, BNY Mellon Shareowner Services):

1) By Internet: http://www.proxyvoting.com/tif
2) By Telephone: 1-888-313-0164 (outside of the U.S. and Canada call 201-680-6688)
3) By E-mail: shrrelations@bnymellon.com**

**** You must reference your 11-Digit Control Number to request a paper copy of the proxy materials.**

Please make the requests as instructed above on or before May 6, 2010 to facilitate timely delivery.

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You may also find important information about the Company, with its principal executive offices at 727 Fifth Avenue, New York, New York 10022, on our website at www.tiffany.com. By clicking Investors at the bottom of the page, you will find additional information concerning some of the subjects addressed in this document.

Important Notice Regarding Internet Availability of Proxy Materials for the Stockholder Meeting to be Held on May 20, 2010. The Proxy Statement and Annual Report to Stockholders are available at http://bnymellon.mobular.net/bnymellon/tif

Matters to be Voted on at the 2010 Annual Meeting

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

- The election of the Board; and
- Ratification of the selection of the independent registered public accounting firm to audit our Fiscal 2010 financial statements.

In addition, such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof may be voted on.

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 your proxy card or notice and follow the pre-recorded instructions; or
- Use the Internet to vote by going to the Internet address listed on your proxy card or notice; have your proxy card or notice 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 2010 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. If you sign and return your proxy card but do not give voting instructions, your proxy will vote the shares represented thereby **for** the election of each of the director nominees listed in Proposal No. 1 below, and **for** approval of Proposal No. 2, which is discussed below. Proxies will extend to, and be voted at, any adjournment or postponement of the Annual Meeting.

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

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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. In addition, you will not be able to vote at the meeting unless you obtain a legal proxy from the record holder of your shares.

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 and entitled to vote at the Annual Meeting must be present.

The number of shares outstanding at the close of business on March 23, 2010, the record date, was 126,379,941. Therefore, 63,189,971 shares must be present at our 2010 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
- 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 abstain for one or more proposals; or
- There is a broker non-vote on one or more proposals.

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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. Based on recently adopted amendments to these rules, in the absence of instructions provided by you, your broker will no longer be permitted to vote your shares with respect to uncontested director nominations, and will be required to withhold its vote unless you provide instructions.

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

Each nominee for director shall be elected by a majority of the votes cast for or against the nominee at the Annual Meeting. That means that the number of shares voted for a nominee must exceed the number of shares voted against that nominee. To vote for or against any 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.

You may abstain on the vote for any nominee but your abstention will not have any effect on the outcome of the election of directors. A broker non-vote has the same effect as an abstention: neither will have any effect on the outcome of the election of directors. To abstain on the vote on 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.

The proposal to ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for Fiscal 2010 will be decided by the affirmative vote of the majority of shares present at the meeting. That means that the proposal will pass if more than half of those shares present at the meeting vote for the proposal. Therefore, if you abstain from voting in other words, you indicate abstain on the proxy card, by telephone or by Internet it will have the same effect as an against vote. Broker non-votes on this proposal will be treated the same as abstentions: both will have the same effect as an against vote.

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; and
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine our Fiscal 2010 financial statements.

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.

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How Proxies Are Solicited

We have hired the firm of Georgeson Inc. to assist in the solicitation of proxies on behalf of the Board. Georgeson Inc. has agreed to perform this service for a fee of not more than $7,500, 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.

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 23, 2010. 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
Trian Fund Management, L.P. 280 Park Avenue, 41st Floor New York, NY 10017	7,828,984	(b) (c)	6.19%
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	7,053,871	(d)	5.58%

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) The Filing Persons discussed below reported such beneficial ownership to the SEC on their Schedule 13D as of March 27, 2009 and that they shared voting power and shared dispositive power with respect to such shares. According to said Schedule 13D, the Filing Persons are Trian Partners GP, L.P., Trian Partners General Partner, LLC, Trian Partners, L.P., Trian Partners Master Fund, L.P., a Cayman Islands limited partnership, Trian Partners Parallel Fund I, L.P., Trian Partners Parallel Fund I General Partner, LLC, Trian Partners Parallel Fund II, L.P., Trian Partners Parallel Fund II GP, L.P., Trian Partners Parallel Fund II General Partner,

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LLC, Trian Fund Management, L.P., Trian Fund Management GP, LLC, Nelson Peltz, Peter W. May and Edward P. Garden. This information was updated on the basis of a Form 4 filed January 21, 2010 by Peter W. May and Trian Fund Management, L.P.

c) Peter W. May, referred to in Note (b) above, is a nominee of the Board for election as a director. See Item 1 Election of Directors below.

d) BlackRock, Inc. (Blackrock) reported such beneficial ownership to the SEC on its Amendment to Schedule 13G as of December 31, 2009 and stated that, as a parent holding company or control person, it beneficially owned the number of shares referred to above. That Amendment stated that it amended the most recent Schedule 13G filings, if any, by Blackrock or Barclays Global Investors, NA (Barclays) and certain of the affiliates of Barclays. The Amendment stated that on December 1, 2009 Blackrock completed its acquisition of Barclays and that substantially all of the Barclays affiliates were, as a result of that acquisition, subsidiaries of Blackrock for purposes of Schedule 13G filings.

Ownership by Directors, Director Nominees and Executive Officers

The following table shows the number of shares of the Company s common stock beneficially owned as of March 23, 2010 by those persons who are director nominees or who were, as of the end of Fiscal 2009, directors, the principal executive officer (the CEO), the principal financial officer (the CFO) and the three next most highly compensated executive officers of the Company:

Name	Amount and Nature of Beneficial Ownership		Percent of Class[a]
Directors			
Rose Marie Bravo	58,023	b	*
Gary E. Costley	27,523	c	*
Lawrence K. Fish	26,523	d	*
Abby F. Kohnstamm	78,523	e	*
Michael J. Kowalski (CEO)	1,336,045	f	1.1
Charles K. Marquis	234,143	g	*
Peter W. May	7,855,507	h	6.2
J. Thomas Presby	53,423	i	*
William A. Shutzer	334,085	j	*
Executive Officers			
James E. Quinn	597,748	k	*
Beth O. Canavan	163,284	l	*
James N. Fernandez (CFO)	249,680	m	*
Jon M. King	200,248	n	*
All executive officers and directors as a group (19 persons):	12,036,962	o	9.5

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

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b) Includes 52,217 shares issuable upon the exercise of Vested Stock Options, which are stock options that either are exercisable as of March 23, 2010 or will become exercisable within 60 days of that date. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

c) Includes 24,717 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

d) Includes 24,717 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

e) Includes 74,717 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

f) Includes 972,000 shares issuable upon the exercise of Vested Stock Options.

g) Includes 97,593 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

h) Includes 7,828,984 shares reported to SEC as under Mr. May s beneficial ownership on his Form 4 as of January 21, 2010. Includes 24,717 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

i) Includes 49,717 shares issuable upon the exercise of Vested Stock Options. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

j) Includes 74,717 shares issuable upon the exercise of Vested Stock Options, 5,100 shares held by or for Mr. Shutzer s child, 114,000 shares held by KJC Ltd. of which Mr. Shutzer is the sole general partner and 60,000 shares held in a trust for Mr. Shutzer s child. Mr. Shutzer disclaims beneficial ownership of Company stock held by KJC Ltd. Includes 1,806 shares issuable upon the maturity of restricted stock grants made to directors on May 21, 2009.

k) Includes 511,250 shares issuable upon the exercise of Vested Stock Options; 143 shares credited to Mr. Quinn s account under the Company s Employee Profit Sharing and Retirement Savings Plan; 57,883 shares held by Mr. Quinn s wife; and 4,000 shares owned by Mr. Quinn s child under the UGMA.

l) Includes 141,000 shares issuable upon the exercise of Vested Stock Options, and 567 shares credited to Mrs. Canavan s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

m) Includes 205,250 shares issuable upon the exercise of Vested Stock Options and 142 shares credited to Mr. Fernandez s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

n) Includes 183,500 shares issuable upon the exercise of Vested Stock Options and 450 shares credited to Mr. King s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

o) Includes 3,183,650 shares issuable upon the exercise of Vested Stock Options and restricted stock grants that will mature on May 21, 2010 and 2,782 shares held in the Company s Employee Profit Sharing and Retirement Savings Plan.

See COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS, Compensation Discussion and Analysis, *Equity Ownership by Executive Officers and Directors* on page PS-38 below for a discussion of the Company s share ownership policy.

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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 Fiscal 2009, 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 selected PwC as the independent registered public accounting firm to audit the Company s financial statements and effectiveness of internal controls for the fiscal year ending January 31, 2011. The Audit Committee is directly responsible for appointing the independent auditors. In making this selection, 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 resources, (vii) investment advice or investment banking, (viii) legal services, and (ix) 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.

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 the effectiveness of internal controls over financial reporting for the years ended January 31, 2010 and 2009, 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, 2010	January 31, 2009
Audit Fees	$ 2,273,000	$ 2,436,500
Audit-related Fees[a]	9,000	22,300
Audit and Audit-related Fees	2,282,000	2,458,800
Tax Fees[b]	1,877,350	1,544,350
All Other Fees[c]	13,300	12,600
Total Fees	$ 4,172,350	$ 4,015,750

a) In 2008, the Company discontinued the engagement of PwC to audit the financial statements of certain employee benefit plans.

b) Tax fees consist of fees for tax consultation and tax compliance services. These fees included tax filing and compliance fees of $1,750,350 for the year ended January 31, 2010 and $1,337,150 for the year ended January 31, 2009.

c) All other fees consist of costs for research software and other advisory services for the years ended January 31, 2010 and January 31, 2009.

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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**.** Under the Company s Corporate Governance Principles, directors may not serve on a total of more than six public company boards. Service on the Board is included in that total.

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 may be viewed on the Company s website www.tiffany.com, by clicking on Investors at the bottom of the page and then selecting Corporate Governance from the left-hand column. The Corporate Governance Principles can also be found as Appendix I to this Proxy Statement.

The responsibilities of the Board include:

- Management succession;
- 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 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. In addition, at least once per year the independent directors meet separately in executive session.

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Communication with Non-management Directors

Stockholders may send written communications to the entire Board or to any of the non-management directors by addressing their concerns to Mr. Marquis, Chairman of the Nominating/Corporate Governance Committee (presiding director), at the following address: Corporate Secretary (Legal Department), Tiffany & Co., 600 Madison Avenue, 8th Floor, New York, New York 10022. All communications will be compiled by the Corporate Secretary and submitted to the Board or an individual director, as appropriate, on a periodic basis.

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 2009.

Independent Directors Constitute a Majority of the Board

The Board has affirmatively determined that each of the following directors (each of whom is also a nominee for re-election) is independent under the listing standards of the New York Stock Exchange 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, Gary E. Costley, Lawrence K. Fish, Abby F. Kohnstamm, Charles K. Marquis, Peter W. May, and J. Thomas Presby.

All of the members of the Audit, Nominating/Corporate Governance and Compensation Committee are independent as indicated in the prior paragraph.

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 and nominees is independent as defined in such Rules.

In addition, the Board has affirmatively determined that J. Thomas Presby, Gary E. Costley, Lawrence K. Fish, Abby F. Kohnstamm, and Charles K. Marquis meet the additional, heightened independence criteria applicable to audit committee members under New York Stock Exchange rules.

In determining that Mr. May is independent, the Board considered the *Commentary* set forth in the New York Stock Exchange s *Listed Company Manual*, section 303A.02, which states ... as the concern is independence from management, the Exchange does not view ownership of even a significant amount of stock, by itself, as a bar to an independence finding. See OWNERSHIP OF THE COMPANY, Stockholders Who Own At Least Five Percent of the Company above.

In determining that Mr. Fish is independent, the Board considered banking relationships that exist between ABN/AMRO and the Company. Both ABN/AMRO and Citizens Financial Group are subsidiaries of the Royal Bank of Scotland Group. Mr. Fish was, on first election, an employee of Citizens Financial Group and a director of Royal Bank of Scotland Group. A portion of the operations of ABN/AMRO was acquired by Royal Bank of Scotland Group. The Company does banking business with ABN/AMRO. Mr. Fish is no longer associated with any of those entities.

In determining that Ms. Bravo is independent, the Board considered the employment relationship between Ms. Bravo s adult stepdaughter and Tiffany. This stepdaughter is not an officer of the Company or Tiffany and does not reside in Ms. Bravo s household and, for purposes of the New York Stock Exchange categorical independence test she is not deemed an immediate family

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member nor is her compensation as a Tiffany employee required to be considered under such test. She was hired in June 2009 after Tiffany acquired a product design group from a disbanding company; subsequent to this acquisition, she was recruited to this design group because she had previously worked for the group. She is not at a significantly high enough job level within Tiffany so that the Compensation Committee is involved in determining the elements or level of her compensation except as equity compensation is determined for the group of employees that work at her job level.

To our knowledge, none of the other independent directors has any direct or indirect relationship with the Company, other than as a director.

Board and Committee Meetings and Attendance during Fiscal 2009

All current and incumbent directors attended at least 87% of the aggregate number of meetings of the Board and those committees (including the Audit Committee, Compensation Committee, Stock Option Subcommittee, Nominating/Corporate Governance Committee, the Finance Committee, and the Corporate Social Responsibility Committee) on which they served during Fiscal 2009.

The full Board held six meetings. Attendance averaged 98% amongst all members.

The Audit Committee held eight meetings. Attendance averaged 95% amongst all members.

The Compensation Committee and its Stock Option Subcommittee held seven meetings. Attendance averaged 94% amongst all members.

The Nominating/Corporate Governance Committee met seven times. Attendance averaged 94% amongst all members. On each of these occasions the Chief Executive absented himself from the meeting so as to allow the outside directors to meet alone.

The Finance Committee held seven meetings. Attendance averaged 95% amongst all members.

The Corporate Social Responsibility Committee met three times. Attendance averaged 89% amongst all members.

Committees of the Board

Committees Composed Entirely of Independent Directors

Audit
J. Thomas Presby, Chair
Gary E. Costley
Lawrence K. Fish
Abby F. Kohnstamm
Charles K. Marquis

Nominating/Corporate Governance
Charles K. Marquis, Chair
Rose Marie Bravo
Gary E. Costley
Abby F. Kohnstamm
J. Thomas Presby

Compensation
Gary E. Costley, Chair
Rose Marie Bravo
Abby F. Kohnstamm
Charles K. Marquis
Peter W. May

Stock Option Subcommittee
Gary E. Costley, Chair
Rose Marie Bravo
Abby F. Kohnstamm
Charles K. Marquis
Peter W. May

Committees Including Non-Independent Directors

Finance	*Corporate Social Responsibility*
William A. Shutzer, Chair	Lawrence K. Fish, Chair
Lawrence K. Fish	Abby F. Kohnstamm
Peter W. May	Michael J. Kowalski

Dividend

Michael J. Kowalski

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 charter adopted by the Board. The charter may be viewed on the Company s website, www.tiffany.com, by clicking Investors at the bottom of the page, and then selecting Corporate Governance from the left-hand column. 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.

Submitting Candidate Names

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, Corporate Secretary (Legal Department), Tiffany & Co., 600 Madison Avenue, New York, New York 10022.

Process for Identifying and Evaluating Nominees for Director

The Nominating/Corporate Governance Committee evaluates candidates recommended by stockholders in the same manner as it evaluates director candidates suggested by others, including those recommended by director search firms. See our Corporate Governance Principles which are available on our website www.tiffany.com (click Investors at the bottom of the page, then select Corporate Governance from the left-hand column) and as Appendix I to this Proxy Statement. In accordance with these principles, candidates for director shall be selected on the basis of their business experience and expertise, with a view to supplementing the business experience and expertise of management and adding further substance and insight into board discussions and oversight of management.

The policy is implemented through discussions at meetings of the Nominating/Corporate Governance Committee and through specifications provided to director search firms when such firms are retained. The Nominating/Corporate Governance Committee has no procedure or means of assessing the effectiveness of this policy other than the process described under Self-Evaluation below.

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The Nominating/Corporate Governance Committee has no other policy with regard to the consideration of diversity in identifying director nominees.

Dividend Committee

The Dividend Committee declares regular quarterly dividends in accordance with the dividend policy established by the Board. The Dividend Committee acts by unanimous written consent and did not meet in Fiscal 2009.

Mr. Kowalski is the sole member of the Dividend Committee.

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, www.tiffany.com, by clicking Investors at the bottom of the page, and then selecting Corporate Governance from the left-hand column. 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.

Compensation for the non-management members of the Board is set by the Board with advice from the Nominating/Corporate Governance Committee.

Role of Compensation Consultants.

Two firms are retained by the Compensation Committee to provide advice with respect to the amount and form of executive compensation. Neither firm provides advice with respect to director compensation.

Towers Watson (formerly known as Towers Perrin) is the principal advisor to the Compensation Committee. The decision to retain Towers Watson was made by the Committee Chair. Management recommended Towers Watson and has assisted in arranging meetings between Towers Watson and the Committee.

Towers Watson performs two functions for the Compensation Committee. First, Towers Watson prepares and discusses with the Committee an annual competitive compensation analysis with respect to the executive officers positions. The use of this analysis is discussed in COMPENSATION DISCUSSION AND ANALYSIS, Competitive Compensation Analysis on Page PS-35. Second, Towers Watson recommends compensation initiatives to the Compensation Committee, including the structure of long- and short-term compensation components (including both equity and non-equity components) and the relative value that each component should constitute within the total portfolio of executive compensation.

Because Towers Watson also consults with management on compensation to be paid to non-executive employees, the Compensation Committee has retained and consulted with a separate independent compensation advisor, Independent Compensation Committee Adviser, LLC (Independent Consultant), to help the Committee understand all of the relevant compensation, financial and technical information it needs to make proper decisions regarding executive compensation. The Compensation Committee has told the Independent Consultant that they are to act independently of management and only at the direction of the Committee and that their ongoing engagement is determined solely by the Compensation Committee. The Independent Consultant is available to the Committee, as requested, to:

Review recommendations from management and Towers Watson and provide an additional layer of peer review to analyses and recommendations provided to the Committee;

Join other consultants in explaining relevant information and provide additional feedback to the Committee;

Help the Committee to identify key issues and ask probing questions; and

Review and comment upon all plans, agreements or other documents or actions the Committee is asked to adopt or approve.

The Independent Consultant provides no other services for the Company. For additional information regarding the operation of the Compensation Committee, including the role of consultants and management in the process of determining the amount and form of executive compensation, see Compensation Committee Process beginning on page PS-41 of the Compensation Discussion and Analysis below. The Compensation Committee s report appears on page PS-43.

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. All members of the Compensation Committee are members of this subcommittee.

Compensation Committee Interlocks and Insider Participation

No director serving on the Compensation Committee or its Stock Option Subcommittee during any part of Fiscal 2009 was, at any time either during or before such fiscal year, an officer or employee of Tiffany & Co. or any of its subsidiaries. No interlocking relationship exists between the Board or Compensation Committee and the board of directors or compensation committee of any other company, nor has any interlocking relationship existed during Fiscal 2009.

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, www.tiffany.com, by clicking Investors at the bottom of the page and then selecting Corporate Governance from the left-hand column. 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 control over financial reporting;

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

Conducting a 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 chairs the audit committees of four public companies in addition to that of the Company. In view of Mr. Presby s full-time commitment to work as an independent director, the Board has determined that his 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 PS-22.

Finance Committee

In May 2008, the Board formed the Finance Committee to assist the Board with its oversight of the Company s capital structure, dividend policy, repurchase of the Company s capital stock, debt and equity financings, and the retention of investment bankers and other financial advisors to the Board. The Finance Committee operates under the charter adopted by the Board. The charter may be viewed on the Company s website, www.tiffany.com, by clicking Investors at the bottom of the page, and then selecting Corporate Governance from the left-hand column.

Corporate Social Responsibility Committee

In March 2009, the Board formed the Corporate Social Responsibility Committee to assist the Board with its oversight of the Company s policies and practices involving the environment, vendor workplace conditions and employment practices, community affairs, sustainable product sourcing, corporate charitable giving, governmental relations, political activities and diversity in employment. The Corporate Social Responsibility Committee operates under the charter adopted by the Board. The charter may be viewed on the Company s website, www.tiffany.com, by clicking Investors at the bottom of the page, and then selecting Corporate Governance.

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.

Resignation on Job Change or New Directorship

Under the Company s Corporate Governance Principles, a director must submit a letter of resignation to the Nominating/Corporate Governance Committee on a change in employment or significant change in job responsibilities and upon accepting or resolving to accept a directorship with another public company. The Committee may either accept or reject such resignation, but must act within 10 days after considering, in light of the circumstances, the continued appropriateness of the continued service of the director.

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Board Leadership Structure

The offices of Chairman of the Board and Chief Executive Officer are held by the same person, Michael J. Kowalski. The Company has a lead independent director (also referred to as presiding independent director). Charles K. Marquis occupies such position by virtue of his chairmanship of the Nominating/Corporate Governance Committee.

The Board Chairman organizes a preliminary agenda for each board meeting and submits it for the approval of the lead independent director.

The lead independent director chairs meetings of the independent and non-management directors (including meetings of the Nominating/Corporate Governance Committee) and during those meetings solicits the comments and suggestions of the independent directors and other non-management directors with respect to the agenda for Board meetings, the information to be provided by management and the quality of the discussions and decision-making process.

The Nominating/Corporate Governance Committee deems the existing structure appropriate in the context of the existing board size, the tenure of the directors with the Company, the overall experience of the directors and the experience that the directors have had with the existing Board Chairman and executive management group.

Mr. Kowalski has served as Board Chairman since the start of Fiscal 2003 and the directors have had the opportunity during that time to assess his skills at moderating discussions during meetings, his responsiveness to the Board s suggestions for agenda and the information provided by management to the directors.

The Nominating/Corporate Governance Committee may reassess the appropriateness of the existing leadership structure at any time, including following changes in management, in board composition or in the scope or complexity of the Company s operations.

Board Role in Risk Oversight

The Board believes (i) that management is responsible to manage the various risks that may arise in the Company s operations and (ii) that the Board has a role in overseeing management in the risk management function.

Management s approach to risk management includes systems of authorities and approval levels; internal control checks and balances; analytical methods for making and evaluating decisions; planning for annual business growth and profitability; strategic planning; and nurturing a corporate culture that rewards integrity and supports the TIFFANY & CO. brand image. This approach to risk management includes these goals: that every risk should, when possible and practicable, be identified, quantified as to monetary impact, assigned a probability factor, and properly delegated to management for a response. Operational risks so categorized are used to inform and shape the internal audit plan and are communicated to the Company s independent registered public accounting firm so that they can be referenced and used, if deemed appropriate, to inform and shape the external audit plan. Strategic risks are identified and are addressed in the strategic planning process.

Each year management is charged with the preparation of detailed business plans for the one-year and four-year or five-year periods and required to review these plans, as they are developed and refined, on three separate occasions with the Board. Among other items, such plans include budgets for capital expenditures, inventory purchases, cash flow and liquidity, hiring, borrowing and dividends. The Board requires management to plan on the basis of realistic assumptions

concerning sales and cost increases. In this process, the Board endeavors to assess whether management has made an appropriate analysis of the operational and brand risks inherent in the plans.

Each year the Board reviews and approves the annual business plan and the strategic plan mentioned in the previous paragraph. The Board also reviews specific risk areas on a regular basis. These are insured risks, management authority, investor relations, litigation risks, foreign currency risks, diamond supply risk and inventory risk.

The Audit Committee is required to discuss policies with respect to risk assessment and risk management and regularly does so. The Audit Committee concerns itself most specifically with the integrity of the financial reporting process, but also with personnel, asset and information security risk.

The Finance Committee concerns itself principally with liquidity risk.

The Company has not designated an overall risk management officer and has no formal policy for coordination of risk management oversight amongst the two board committees involved. The committee structure was not organized specifically for the purpose of risk management oversight.

The Board coordinates the risk management oversight function in the following manner. Both the Finance Committee and the Audit Committee share the minutes of their meetings with the Board and report regularly to the Board. All committee meetings are open to the other directors and many regularly attend because the committee meetings are regularly scheduled on the day of or the day preceding Board meetings.

Business Conduct Policy and Code of Ethics

Since the 1980s, 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 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, www.tiffany.com, by clicking Investors at the bottom of the page, and then selecting Corporate Governance from the left-hand column. We have also filed a copy of the Code with the SEC as an exhibit to our Annual Report on Form 10-K for Fiscal 2009. The Board has not adopted a policy by which it will disclose amendments to, or waivers from, the Company s Code of Business and Ethical Conduct on our website. Accordingly, we will file a

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report on Form 8-K if that Code is amended or if the Board has granted a waiver from such Code, including an implicit waiver. We will file such a report only if the waiver applies to the Company s principal executive officer, principal financial officer, principal accounting officer or controller, and if such waiver relates to: honest and ethical conduct; full, fair, accurate, timely, and understandable disclosure; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code; or accountability for adherence to the Code.

The Nominating/Corporate Governance Committee, Audit Committee and Compensation Committee charters as well as the Code of Ethics and the Corporate Governance Principles are available in print to any stockholder who requests them.

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.

TRANSACTIONS WITH RELATED PERSONS

The Board has adopted policies and procedures for the review, approval or ratification of transactions with the Company (or any subsidiary) in which any director or executive officer, any nominee for election as a director, any immediate family member of such an officer, director or nominee or any five-percent holder of the Company s securities has a direct or indirect material interest. Such transactions are referred to the Nominating/Corporate Governance Committee for review. In determining whether to approve or ratify any transaction, the Committee applies the following standard after considering the facts and circumstances of the transaction: whether, in the business judgment of the Committee members, the interests of the Company appear likely to be served by such approval or ratification.

The Board has ratified the hiring in Fiscal 2009 by Tiffany management of the following related person: Suzanne Jackey, an adult stepdaughter of Rose Marie Bravo, a director and a nominee for director. Ms. Jackey was hired as Tiffany s Director of Product Development and Merchandising Leather Accessories because she had previously worked for the product development group hired to develop a new product line. Ms. Jackey is a salaried employee of Tiffany whose annual salary and bonus rate totaled approximately $200,000 for fiscal year 2009.

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CONTRIBUTIONS TO DIRECTOR-AFFILIATED CHARITIES

None of the independent directors serves as an executive officer of any charitable organization to which the Company or any of its affiliates has made any significant contributions within the preceding three years.

The following contributions were made to charitable organizations with which directors or director nominees are affiliated through membership on the governing board of such charitable organizations:

Boston Symphony Orchestra: cash grant of $5,000 in Fiscal 2008 (Mr. Fish is an Overseer).

University of Chicago Cancer Research Foundation (Women s Board): merchandise grants totaling $30,300 and $62,500, in Fiscal 2009 and 2008, respectively (Mr. May is a Trustee of The University of Chicago, a member of its Executive Committee, and a member of the Advisory Council on the Graduate School of Business at The University of Chicago).

Carnegie Hall: subscription for a $6,500 advertisement for the opening night gala program in 2009 (Mr. May is a Trustee).

The New York Philharmonic: a combination of merchandise grants and ticket subscriptions for fund-raising events of $25,000, $10,225 and $2,100 in Fiscal 2009, 2008 and 2007, respectively (Mr. May is a Trustee).

Partnership for New York City: $15,000 annual dues contributions in each of Fiscal 2009, 2008 and 2007 (Mr. May and Tiffany are each partners).

Mt. Sinai Medical Center: combination of cash and merchandise grants totaling approximately $5,600, $3,340, $10,675, $87,905, and $13,580 in Fiscal 2009, 2008, 2007, 2006, and 2005, respectively (Mr. May is Chairman of the Board of Trustees).

Paul Taylor Dance Company: merchandise grants of $895 and $2,975 in Fiscal 2009 and 2007, respectively (Mr. Shutzer is a Trustee).

Prep for Prep: merchandise grants totaling $5,205, $3,165, and $370 for Fiscal 2009, 2008, and 2007, respectively (Mr. Shutzer is a Trustee).

Tufts Medical Center and Floating Hospital for Children: merchandise grants totaling $150, $575, and $395 for Fiscal 2009, 2008, and 2007, respectively (Ms. Kohnstamm is a Trustee of Tufts University).

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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, 2010 and 2009, 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, 2010. 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 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 also discussed with the Company s management and independent registered public accounting firm their evaluations of the effectiveness of the Company s internal controls over financial reporting.

The Audit Committee has discussed with PwC the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, Communication with Audit Committees, as adopted by the PCAOB in Rule 3200T, and PCAOB Auditing Standard No. 5, An Audit of Internal Control Over Financial Reporting That Is Integrated With An Audit of Financial Statements .

The Audit Committee received from PwC the written disclosure and letter required by PCAOB Rule 3526 Communication with Audit Committtees Concerning Independence, 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 independent accountant may, in some circumstances, create the perception that independence has been compromised. Accordingly, the Audit Committee has instructed management and management has 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 on Form 10-K for the fiscal year ended January 31, 2010.

Signed:
J. Thomas Presby, Chair
Gary E. Costley
Lawrence K. Fish
Abby F. Kohnstamm
Charles K. Marquis
Members of the Audit Committee

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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	58	Chairman of the Board and Chief Executive Officer	1983
James E. Quinn	58	President	1986
Beth O. Canavan	55	Executive Vice President	1987
James N. Fernandez	54	Executive Vice President and Chief Financial Officer	1983
Jon M. King	53	Executive Vice President	1990
Victoria Berger-Gross	54	Senior Vice President Global Human Resources	2001
Pamela H. Cloud	40	Senior Vice President Merchandising	1994
Patrick B. Dorsey	59	Senior Vice President General Counsel and Secretary	1985
Patrick F. McGuiness	44	Senior Vice President Finance	1990
Caroline D. Naggiar	52	Senior Vice President Chief Marketing Officer	1997
John S. Petterson	51	Senior Vice President Operations	1988

Michael J. Kowalski. Mr. Kowalski assumed the role of Chairman of the Board in 2003, following the retirement of William R. Chaney. He has served as the Registrant s Chief Executive Officer since 1999 and on the Registrant s Board of Directors since 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 the Bank of New York Mellon. The Bank of New York Mellon is Tiffany s principal banking relationship, serving as Administrative Agent and a lender under Tiffany s credit agreement and as the trustee and investment manager for Tiffany s Employee Pension Plan; and BNY Mellon Shareowner Services serves as the Company s transfer agent and registrar.

James E. Quinn. Mr. Quinn was appointed President in 2003. He had served as Vice Chairman since 1998. After joining Tiffany in 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 in 1992. He has responsibility for Tiffany & Co. sales outside the Americas. Mr. Quinn is a member of the board of directors of Mutual of America Capital Management, Inc.

Beth O. Canavan. Mrs. Canavan joined Tiffany in 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 2000, she was promoted to Executive Vice President responsible for retail sales activities in the U.S. and Canada and retail store expansion. In 2001, Mrs. Canavan assumed additional responsibility for direct sales and business-to-business sales activities in the Americas.

James N. Fernandez. Mr. Fernandez joined Tiffany in 1983 and has held various positions in financial planning and management prior to his appointment as Senior Vice President Chief Financial Officer in 1989. In 1998, he was promoted to Executive Vice President Chief Financial Officer. He has responsibility for accounting, treasury, investor relations, information technology, financial planning, financial services, business development, diamond operations, real estate operations and overall responsibility for distribution, manufacturing, customer service and security.

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Mr. Fernandez serves on the Board of Directors of The Dun & Bradstreet Corporation and is a member of its Audit Committee and Board Affairs Committee.

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. In 2003, he was promoted to Senior Vice President Merchandising. In 2006, he was promoted to Executive Vice President and, in addition to his Merchandising leadership role, assigned responsibility for Marketing and Public Relations.

Victoria Berger-Gross. Dr. Berger-Gross joined Tiffany in 2001 as Senior Vice President Human Resources.

Pamela H. Cloud. Ms. Cloud joined Tiffany in 1994 as an Assistant Buyer and has since advanced through positions of increasing management responsibility within the Merchandising Division. In 2007, she was promoted to Senior Vice President Merchandising, responsible for all aspects of product planning and inventory management.

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

Patrick F. McGuiness. Mr. McGuiness joined Tiffany in 1990 as an Analyst in Accounting & Reporting and has held a variety of management positions within the Finance Division, most recently as Group Vice President Finance, and in Merchandising from 2000 to 2002 as Vice President Merchandising Process Improvement. In 2007, he was promoted to Senior Vice President Finance, responsible for Tiffany s worldwide financial functions.

Caroline D. Naggiar. Ms. Naggiar joined Tiffany in 1997 as Vice President Marketing Communications. She assumed her current role and responsibilities as head of advertising and marketing in 1998 and in 2007 she was assigned additional responsibility for the Public Relations department and named Chief Marketing Officer.

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

COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee of the Board of Directors (the Committee) has established an executive compensation plan that contains the following key components:

Compensation Component	*Objectives*	*Key Features*
Salary	Provide cash compensation that is not at risk.	Designed to retain key executives by being competitive; not the primary means of recognizing performance.
Annual incentive (annual incentive award or bonus)	Motivate and reward achievement of the annual financial results.	Cash payments dependent on the degree of achievement of the annual profit plan Committee retains discretion to reduce awards.
Long-term incentives (performance-based restricted stock units and stock options)	Align management interests with those of stockholders; retain executives; motivate and reward achievement of sustainable earnings growth.	Stock unit awards vest upon achievement of Company financial goals over a three-year performance period and require continued employment. Committee retains discretion to reduce awards. Stock option awards vest ratably over four years of continued employment.
Benefits	Retain executives over the course of their careers.	A comprehensive program of benefits that includes (i) a defined benefit retirement program that provides a special stay-incentive for experienced executives; and (ii) life insurance benefits that build cash value.

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Elements of Actual Compensation, Fiscal years 2007, 2008, and 2009

CEO	**OTHER EXECUTIVE OFFICERS** (average)

(Charts are based on total actual compensation and benefits for Fiscal years 2007, 2008, and 2009, as reflected in more detail in SUMMARY COMPENSATION TABLE.)

Short- and Long-term Planning for Sustainable Earnings Growth

The performance of management in planning, execution and brand stewardship and variable external factors determines the Company s success in achieving its financial goals both short and long term.

As part of each year s planning process, the executive officers develop and submit for Board approval:

- A four-year or five-year strategic plan that balances earnings with brand stewardship (see below); and
- A profit plan for the fiscal year.

Both plans must incorporate challenging but achievable goals for sales growth, merchandising, gross margins, marketing expenditures, staffing, other expenses, capital spending and all other components of the Company s financial statements.

Brand stewardship refers to actions taken by management to maintain, in the minds of consumers, strong associations between the TIFFANY & CO. brand and product quality, product exclusivity, the highest levels of customer service, compelling store design and product display, and responsible product sourcing practices.

The Board recognizes that tradeoffs between short-term objectives and brand stewardship are often difficult. For example, variations in product mix can positively affect gross margins in the short term while negatively affecting brand image, and increased staffing can positively affect customer service while negatively affecting earnings. Through the planning process, management must bring into balance expectations for quarterly and annual earnings growth and concerns for brand stewardship and sustainable earnings growth.

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Objectives of the Executive Compensation Program

The Committee has established the following objectives for the compensation program:

- To attract, motivate and retain the management talent necessary to develop and execute both the annual and strategic plans;
- To reward achievement of annual and long-term financial goals; and
- To link management s interests with those of the stockholders.

The total executive compensation program includes base salary, annual and long-term incentives and benefits.

Base Salary

The Committee pays the executive officers competitive salaries as one part of a competitive total compensation program to attract and retain them, but does not use salary increases as the primary means of recognizing talent and performance. For a discussion of how the Committee determines that the Company s base salaries for executives are competitive, see below under the heading *Competitive Compensation Analysis*.

The Committee last made a general adjustment to executive salaries in 2008. At that time the Committee determined that salaries would, in the future, be adjusted every other year if warranted by competitive conditions and individual performance factors.

January 2010 Action: The Committee determined to maintain 2010 salaries at 2008 levels in all but two instances. The Committee increased the 2010 base salary of those two executive officers because the *Competitive Compensation Analysis* discussed below indicated that these executives were being paid significantly below the market value for a comparable position. The executive officers who received these increases are not named executive officers in this Proxy Statement.

Short-term Incentives

The Committee uses short-term incentives to motivate executive officers to achieve the annual profit plan. Short-term incentives consist of annual incentive awards for the five named executive officers and bonus eligibility for the other executive officers. Annual incentive awards are primarily formula-driven, with payments based on the degree of achievement of the annual profit plan. Bonuses are entirely discretionary.

Although annual incentive awards are contingent upon the degree to which the annual profit plan is achieved, the Committee has the discretion to take other considerations into account. Such considerations include events, unanticipated at the time that incentive award targets were set, that affect earnings, and contributions to business outcomes consistent with the strategic plan. (For a description of the Incentive Awards, including incentive award targets from year-to-year and the conditions under which the Committee may exercise discretion, see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Non-Equity Incentive Plan Awards).

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The Committee awards annual bonuses to the other executive officers. Although the Committee retains discretion with respect to bonuses, in practice it aligns bonuses with the annual incentive awards.

The Committee has established targets and maximums for annual incentive awards for each of the named executive officers. The Committee established these targets and maximums in Fiscal 2008, maintained them for Fiscal 2009 and determined that they will remain effective for Fiscal 2010. They are as follows:

Executive	Position	Target Incentive as a Percent of Base Salary	Maximum Incentive as a Percent of Base Salary
Michael J. Kowalski	Chairman & CEO	100%	200%
James E. Quinn	President	70%	140%
Beth O. Canavan	Executive Vice President	70%	140%
James N. Fernandez	Executive Vice President & CFO	70%	140%
Jon M. King	Executive Vice President	70%	140%

January 2010 Action: In January 2010, the Committee determined to maintain target and maximum incentives for Fiscal 2010 at the same levels set for Fiscal 2008. *See above*.

In March 2009, the Committee established, as a condition to awarding the maximum incentive awards, that the Company attain Fiscal 2009 net earnings of $116 million. At the same time the Committee also advised the executive officers that, in the absence of other factors, the Committee will exercise its discretion as follows:

To reduce the award to zero if Fiscal 2009 net earnings from continuing operations do not equal or exceed $135,111,200;

To pay 80% of the target incentive award if Fiscal 2009 net earnings from continuing operations equal $173,714,400;

To pay the target incentive award if Fiscal 2009 net earnings from continuing operations equal $193,016,000;

To pay 120% of the target incentive award if Fiscal 2009 net earnings from continuing operations equal $212,317,600;

To pay the maximum award if Fiscal 2009 net earnings from continuing operations equal or exceed $250,920,800; and

To vary the incentive award payable if Fiscal 2009 net earnings from continuing operations fall between the amounts set forth above.

March 2010 Action: After reviewing and concurring with the recommendation of the chief executive officer, the Committee, in the exercise of its retained discretion, determined to pay incentive awards on the basis of Fiscal 2009 net earnings from continuing operations ($265.7 million) as follows:

Michael J. Kowalski	$ 2,000,000
James E. Quinn	$ 1,036,000
Beth O. Canavan	$ 840,000
James N. Fernandez	$ 1,036,000
Jon M. King	$ 840,000

March 2010 Action: The Committee established, as a condition to awarding the maximum incentive awards, that the Company attain Fiscal 2010 net earnings of $189 million. At the same time the Committee also advised the executive officers that, in the absence of other factors, the Committee will exercise its discretion as follows:

To reduce the award to zero if Fiscal 2010 net earnings as publicly reported do not exceed $220,500,000;

To pay the target incentive award if Fiscal 2010 net earnings as publicly reported equal $315,000,000;

To pay the maximum award if Fiscal 2010 net earnings as publicly reported equal or exceed $410,000,000; and

To vary the incentive award payable if Fiscal 2010 net earnings as publicly reported fall between the amounts set forth above.

Strategic Incentives

The Committee uses long-term incentives to promote the retention of executive officers and motivate them to achieve sustainable earnings growth.

The Committee considers equity-based awards to be appropriate because, over the long term, the Company s stock price should be a good indicator of management s success in achieving sustainable earnings growth.

The Committee awards both performance-based restricted stock units and stock options because each form of award complements the other in helping the Company retain and motivate its executive officers.

In its decision to use both forms of award, the Committee took into account the difficulty of setting appropriate strategic performance goals. This difficulty arises due to the significant degree of influence that noncontrollable and highly variable external factors have upon the Company s performance and the fact that the market does not always respond immediately to earnings growth.

Performance-based restricted stock units have the advantage of rewarding executives for meeting financial goals - even if the achievement of those goals is not reflected in the share price in the short term.

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Stock options do not reward executives in a declining market. However, they do provide gains commensurate with those of shareholders, whether or not financial goals have been met.

In order to provide balance to the Company s long-term incentives, the Committee determined that the ratio of the estimated value of performance-based restricted stock unit awards to the estimated value of stock options awards should be as nearly 50/50 as practicable. For purposes of achieving this ratio the Committee values the awards as follows:

- for options, on the basis of the Black-Scholes model; and
- for performance-based restricted stock units, using the per share market value immediately prior to the grant on the assumption that units would vest at the earnings target (attainment of the ROA target was not considered in making this allocation).

Performance-Based Restricted Stock Unit Grants Made in January 2010

Complete vesting of performance-based restricted stock units granted in January 2010 is dependent upon achievement of an earnings threshold. Achievement of that threshold will give the Committee the discretion to vest the total number of stock units granted or any lesser number down to zero. However, the Committee has communicated to the executive officers that it will exercise its discretion to reduce the number of units vesting on the basis of both a cumulative earnings per share (EPS) goal and an average return on assets (ROA) goal over the three-year performance period (Fiscal Years 2010, 2011 and 2012).

- Like most companies, the Company s stock price over the long term is primarily driven by growth in EPS. The Committee considers EPS performance to be the primary determiner of vesting and no shares will vest unless a threshold level of EPS performance is achieved.
- The Company s ROA is also likely to significantly affect its stock price over the long term. This is due, in part, to the significance of inventory and store fitting-out expenses in its business. Thus the Committee uses ROA as a supplemental indicator of management s success in achieving sustainable earnings growth.
- The EPS and ROA goals were set by the Committee in conformance to, and as part of the process of approving, the Company s strategic plan.

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The Committee has provided the following chart to the executive officers to illustrate the manner in which the Committee intends to exercise its discretion at the conclusion of the three-year performance period:

Earnings Performance	**Percent of Target Shares Vesting for Earnings Performance**	**ROA Adjustment to Shares Vesting for Earnings Performance (percent of Target)**	**Percent of Target Shares Vesting After ROA Adjustment**	**Percent of Maximum Number of Shares Vesting**
Earnings Threshold Not Reached	0%	None	0%	None
Earnings Threshold Reached	25%	10% increase if ROA Target achieved	25% to 35%	12.5% to 17.5%
Earnings Target Reached	100%	10% increase if ROA Target achieved/10% decrease if ROA Target not achieved	90% to 110%	45% to 55%
Earnings Target Exceeded by 34.2%	190%	10% increase if ROA Target achieved/10% decrease if ROA Target not achieved	180% to 200%	90% to 100%

January 2010 Action: The Committee granted performance-based restricted stock units as described above in the per-share amounts shown in the table titled GRANTS OF PLAN-BASED AWARDS, Fiscal 2009, 2005 Employee Incentive Plan on PS-48.

March 2010 Action: The Committee established the following in respect of the above-referenced stock units, subject to adjustments as permitted under the Plan:

Earnings Target: $9.10 per share (aggregate consolidated net earnings per share on a diluted basis over the three-year period);

ROA Target: 10.6% (consolidated return on average assets in each of the fiscal years in the performance period, expressed as a percentage and then averaged over the entire performance period);

Earnings Threshold: $4.25 per share (aggregate consolidated net earnings per share on a diluted basis over the three-year period); and

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Earnings Maximum: $12.21 per share (aggregate consolidated net earnings per share on a diluted basis over the three-year period).

Performance-Based Restricted Stock Unit Grants Made in January 2009

When the Committee met in January 2009, it considered:

- The Company s projected financial performance for Fiscal 2008;
- The economic circumstances and uncertainty then confronting retailers of luxury goods and jewelry retailers in particular;
- The difficulty of planning for Fiscal 2009 in the face of such uncertainty;
- The diminished realizable and retentive value of equity awards made to the executive officers in prior fiscal years due to the effect of significant declines in the market value for the Company s stock and the Company s financial performance in Fiscal 2008; and
- Whether the vesting provisions of performance-based restricted stock unit grants to be made in respect of the three-year performance period ending on January 31, 2012 should be changed, relative to those made for prior performance periods (see below), to recognize the economic uncertainty and to provide the Company with a better opportunity to retain the executives.

The Committee determined that the performance-based restricted stock unit grants made in January 2009 for the three-year performance period ending January 31, 2012 (Fiscal 2009, 2010 and 2011) will vest 100% for those executives who remain employed through the end of the performance period if consolidated earnings from continuing operations equal or exceed $300 million in any one of the three fiscal years ending during the performance period. Unlike prior grants, there is no incremental opportunity for the executives if the earnings goal is overachieved, and no partial vesting for partial performance.

Performance-Based Restricted Stock Unit Grants Made in January 2007 and 2008

Complete vesting of performance-based restricted stock units granted in January 2007 and 2008 is dependent upon achievement of both EPS goal and an ROA goal over each three-year performance period following the grants. Due to the Company s financial performance in Fiscal 2008, it is unlikely the Company will meet the applicable three-year cumulative EPS goal and ROA goal for these grants, and these grants are not likely to vest.[1] The Committee has not retained any discretion in that regard.

For a more complete description of the performance-based restricted stock units, including a description of the circumstances in which a portion of the units may vest in various circumstances of death, disability, a Change of Control or at the initiative of the executive s employer and the goals set from year-to-year, see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS - Equity Incentive Plan Awards - Performance-Based Restricted Stock Units.

[1] For performance-based restricted stock units granted in January 2007 and 2008, goals are respectively as follows: Threshold cumulative net EPS of $6.72 and $8.54; Target cumulative

net EPS of $7.76 and $9.87; Maximum cumulative net EPS of $8.31 and $10.62; and ROA goal of 10.6% and 11.5%.

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Stock Option Grants Made in January 2010

The Committee grants stock options in order to clarify the link between the interests of the executive officers and those of the Company s stockholders in long-term growth in share value and to support the brand stewardship over the long term. As in prior years, stock options have a 10-year term and vest at the rate of 25% per year. (For a description of the stock options see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS - Options).

January 2010 Action: As has been its practice, the Committee granted stock options to the executive officers on January 20, 2010. To see the number of stock options granted to each of the named executive officers on January 20, 2010 refer to GRANTS OF PLAN-BASED AWARDS Fiscal 2009, 2005 Employee Incentive Plan.

Retirement Benefits

Retirement benefits are offered to executive officers because the Committee seeks to retain them over the course of their career, especially in their later years when they have gained experience and become more valuable to the Company and to its competitors. (For a description of the retirement benefits see PENSION BENEFITS Features of the Retirement Plans).

Retirement benefits are not contingent upon corporate performance factors, although the average final compensation of each executive officer, on which retirement benefits are based, will be determined, in part, by reference to bonus and incentive awards made in the past. Such awards were determined by corporate performance factors.

Executives participate in three retirement plans: they participate in the same tax-qualified pension plan available to all full-time U.S. employees hired before January 1, 2006 and also receive incremental benefits under the Excess Plan and the Supplemental Plan.

The Excess Plan credits salary and bonus in excess of amounts that the Internal Revenue Service (IRS) allows the tax-qualified pension plan to credit in computing benefits, although benefits under both of these plans are computed under the same formula. The Committee considers it fair and consistent with the employee retention purpose of the tax-qualified pension plan to maintain for executives the relationship established for employees compensated below the IRS limit between annual cash compensation and pension benefits.

The Supplemental Plan serves as a stay-incentive for experienced executives by increasing the percentage of average final compensation provided as a benefit when the executive reaches specified service milestones.

Life Insurance Benefits

IRS limitations render the life insurance benefits that the Company provides to all full-time U.S. employees in multiples of their annual salaries largely unavailable to the Company s executive officers. The Company maintains the relationship established for lower-compensated employees between annual salaries and life insurance benefits through executive-owned, employer-paid whole life policies. (For an explanation of the key features of the life benefits, see DISCUSSION

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OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS - Life Insurance Benefits). The Committee considers the increase in policy cash value attributable to Company contributions to be part of target total direct compensation for purposes of the *Competitive Compensation Analysis* discussed below. Effective in 2009, the Committee discontinued its prior practice of grossing-up Company contributions. Such gross-ups were last paid in Fiscal 2008.

Disability Insurance Benefits

The Committee provides executive officers with special disability insurance benefits because their salaries are inconsistent with the income replacement limits of the Company s standard disability insurance policies. Thus, these special disability benefits maintain the relationship established for employees compensated below the IRS limit between annual cash compensation and disability benefits. Disability insurance premiums are taxable to the executives and no gross-up is paid.

Competitive Compensation Analysis

Each year the Committee refers to competitive compensation (market) data because the Committee believes that such data are helpful in assessing the competitiveness of the total compensation offered to the Company s executive officers. However, the Committee does not consider such market data sufficient for a full evaluation of appropriate compensation for any individual executive officer. Accordingly, the Committee:

- Has not set a benchmark to such data for any executive officer, although it does look to see if the Company s total executive program falls between the 25th and 75th percentile of market data;
- Does not rely exclusively on compensation surveys or publicly available compensation information when it determines the compensation of individual executive officers; and
- Also considers:
  - The comparability of compensation as between executive officers of comparable experience and responsibility;
  - Job comparability with market positions;
  - The recommendations of the chief executive officer; and
  - The Committee s own business judgment as to an individual s maturity, experience and tenure, capacity for growth, demonstrated success and desirability to the Company s competitors.

The Committee reviewed a comparability analysis prepared on November 18, 2009 by Towers Watson (then Towers Perrin), a nationally recognized compensation consulting firm.

The analysis included the following elements of compensation for each executive officer:

- base salary;
- target annual incentive or bonus as a percentage of salary;
- target total cash compensation (salary plus target incentive/bonus award);
- actual total cash compensation (salary plus actual incentive/bonus granted in the prior year);
- expected value of long-term incentives as a percentage of salary;
- target total direct compensation (target total cash compensation, life insurance cash value increases and the expected value of long-term incentives granted in the prior year);

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- actual total direct compensation (actual total cash compensation plus life insurance cash value increases and the expected value of long-term incentives granted in the prior year); and

- pay mix.

The Committee believes that a competitive market for the services of retail executives exists, even among firms that operate in a different line of business. To fully understand market compensation levels for comparable executive positions, the analysis includes data for both retail and general industry companies, with greater emphasis on the former.

Defining an appropriate comparator group is a challenge because there are few U.S. companies of similar size in the luxury retail business with an integrated manufacturing function similar to the Company. Thus, as mentioned previously, the market data serve as reference points but the Committee does not benchmark to specific market pay levels.

In addition, for the retail market data, two retail groups are used. The first group is based on publicly available pay data from annual proxy statements, and the second group is based on pay data submitted to the Towers Perrin Retail Executive Compensation Survey. The second group includes privately-held companies and also provides compensation for positions that may not fall within the top five highest paid executives disclosed in the comparator companies proxy statements, but the composition of the group varies year-over-year due to survey participation.

The analysis included data concerning compensation for senior positions provided by:

- a survey of 16 public companies in the specialty retail industry with median revenues of $3.1 billion (*see A below*);

- a survey of 9 public and private companies in the retail industry with median revenues of $3.4 billion (*see B below*); and

- a survey of 244 companies in general industry with median revenues of $2.6 billion.

Management consulted with Towers Watson on the selection of companies for comparison, but Towers Watson has maintained its own judgment in that regard.

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(A) Specialty Retail Companies: Abercrombie & Fitch; Ann Taylor Stores; Coach Inc.; Foot Locker Inc.; J. Crew Group Inc.; Limited Brands Inc.; Liz Claiborne Inc.; Movado Group Inc.; Nordstrom Inc.; Pier 1 Imports Inc.; Polo Ralph Lauren Corp.; Saks Inc.; Sotheby s; Talbot s Inc.; Williams Sonoma Inc.; and Zale Corporation.

(B) Retail Companies: Abercrombie & Fitch; GAP Inc.; Harry Winston Diamond Corp.; J. Crew Group Inc.; Limited Brands Inc.; L.L. Bean; Nordstrom Inc.; Williams-Sonoma Inc.; and Zale Corporation.

***

For retail-specific positions, the analysis of competitive compensation was determined by reference only to surveys of the retail industry mentioned above.

Because the chief executive officer and the chief financial officer do not occupy retail-specific positions, the analysis of competitive compensation was determined by reference to surveys of the retail industry mentioned above and to the general industry survey mentioned above.

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Relative to the competitive market data, the Company s target total compensation is positioned as follows:

- the chief executive officer s target total compensation approximates the 50th percentile;
- the target total compensation for the named executive officers in retail-specific positions (Mrs. Canavan, and Messrs. Quinn and King) approximates the 50th percentile;
- the chief financial officer has significant operating responsibilities beyond those typically assigned to those with this title in the surveyed companies and, for that reason, Towers Watson compared his compensation to those in a chief financial officer position and to those in a chief operating officer position:
  - when compared to the chief financial officer position, his target total compensation is above the 75th percentile;
  - when compared to the chief operational officer data, his target total compensation approximates the 50th percentile.

Relative Values of Key Compensation Components

The Committee believes that the portion of an executive officer s compensation that is at risk (subject to adjustment for corporate performance factors) should vary proportionately to the amount of responsibility the executive officer bears for the Company s success. The Committee also believes that a minimum of 50% of the total compensation opportunity of the chief executive officer and 40% of the total compensation opportunity of the other executive officers should be comprised of long-term incentives. The Committee uses the following ratios to base salary as a means of awarding short- and long-term incentives. The Committee splits the estimated value of the long-term incentives evenly between the estimated value of performance-based restricted stock units and the estimated value of stock options.

Executive	Position	Target Short-term Incentive as a Percent of Salary	Maximum Short-term Incentive as a Percent of Salary	Long-term Incentive as a Percent of Salary
Michael J. Kowalski	Chairman & CEO	100%	200%	300%
James E. Quinn	President	70%	140%	162%
Beth O. Canavan	Executive Vice President	70%	140%	200%
James N. Fernandez	Executive Vice President & CFO			