TIFFANY & CO
Form DEF 14A
April 10, 2008

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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(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:

2008 Annual Meeting of Stockholders
PROXY STATEMENT

ATTENDANCE AND VOTING MATTERS

Introduction

The Annual Meeting of the stockholders of Tiffany & Co. (the Company) will be held on Thursday, May 15, 2008, at 10:00 a.m. in the Roof/Penthouse of The St. Regis Hotel, 2 East 55th Street at Fifth Avenue, New York, New York.

This proxy statement and accompanying material, including the form of proxy, was first sent to the Company s stockholders on or about April 10, 2008. 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 2008 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 20, 2008, the record date for this year s Annual Meeting. That is why you were sent this Proxy Statement and accompanying material.

This proxy statement has been bound with our Annual Report on Form 10-K, which contains financial and other information about our business during our last fiscal year (February 1, 2007 to January 31, 2008).

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 http://investor.tiffany.com and 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 15, 2008. The Proxy Statement and Annual Report to Stockholders are available at http://bnymellon.mobular.net/bnymellon/tif

Matters to Be Voted On at the 2008 Annual Meeting

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

- The election of the Board;
- Ratification of the selection of the independent registered public accounting firm to audit our Fiscal 2008 financial statements; and
- Approval of the Tiffany & Co. 2008 Directors Equity Compensation Plan.

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 the proxy card (1-866-540-5760) and follow the pre-recorded instructions, or
- Use the Internet to vote by pointing your browser to http://www.proxyvoting.com/tif ; have your proxy card in hand as you will be prompted to enter your control number and to create and submit an electronic vote.

If you do one of the above, you will have designated three officers of the Company to act as your proxies at the 2008 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, **for** approval of Proposal No. 2, which is discussed below and **for** approval of Proposal No. 3, which is also 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.

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 20, 2008, the record date, was 126,087,745. Therefore, 63,043,873 shares must be present at our 2008 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.

What a Broker Non-Vote Is

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

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

What Vote Is Required To Approve Each Proposal

Each nominee for director shall be elected by a majority of the votes cast for or against her or him 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 2008 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.

The proposal to approve the Tiffany & Co. 2008 Directors Equity Compensation Plan will be decided as follows. First a majority of shares outstanding on March 20, 2008, must actually vote on the proposal. For this purpose, abstentions will count as votes cast but broker non-votes will not. Second, a majority of those shares actually voting on the proposal must vote in favor of it. For this purpose, abstentions will have the same legal effect as a vote against the proposal and broker non-votes will be disregarded. That means that holders of 63,043,873 shares of common stock must actually vote for or against the proposal (or submit their proxies but abstain from voting on the proposal) and at least a majority of those voting must vote for the proposal.

Proxy Voting on Proposals in the Absence of Instructions

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

- FOR the election of all nine nominees for director named in this Proxy Statement;
- FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine our Fiscal 2008 financial statements; and
- FOR the approval of the Tiffany & Co. 2008 Directors Equity Compensation Plan.

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

How Proxies Are Solicited

We have hired the firm of Georgeson 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 $7,000, plus out-of-pocket expenses.

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

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

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

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 20, 2008. 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	10,718,600 (b) (c)	8.50%
OppenheimerFunds, Inc. Two World Financial Center 225 Liberty Street New York, NY 10281	9,325,175 (d)	7.40%
Janus Capital Management LLC 151 Detroit Street Denver, CO 80206	8,267,264 (e)	6.56%

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 January 15, 2008 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, LLC, Trian Fund Management, L.P., Trian Fund Management GP, LLC, Nelson Peltz, Peter W. May and Edward P. Garden.

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) OppenheimerFunds, Inc., reported such beneficial ownership to the SEC on its Schedule 13G as of February 5, 2008 and that it has shared voting power and shared dispositive power over all such shares.

e) Janus Capital Management LLC (Janus Capital) reported such beneficial ownership to the SEC on its Schedule 13G as of December 31, 2007 and that it had sole voting power over 3,467,380 shares, shared voting power over 4,799,884 shares, sole dispositive power over 3,467,380 shares and shared dispositive power over

4,799,884 shares. The form was also signed by Enhanced Investment Technologies LLC (Intech). Janus disclosed indirect ownership stakes in Intech and in Perkins, Wolf, McDonnell and Company, LLC (Perkins Wolf). Janus disclosed that, by virtue of the ownership structure disclosed, holdings in the Company s stock by Janus, Intech and Perkins Wolf had been aggregated for purposes of its Schedule 13G and that all three of the firms whose holdings were so aggregated are registered investment advisors furnishing investment advice to various investment companies and other clients referred to in the Form as the Managed Portfolios. The Form notes that by virtue of its role as investment adviser or sub-adviser to the Managed Portfolios, Janus Capital may be deemed to be beneficial owner of 3,467,380 shares of the Company s stock. The filing also notes that by virtue of its role as investment adviser or sub-adviser to the Managed Portfolios, Intech may be deemed to be beneficial owner of 4,799,884 shares of the Company s stock. Both Intech and Janus Capital state that they have no right to receive dividends from stock held in the Managed Portfolios and disclaim ownership associated with such rights.

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 20, 2008 by those persons who are director nominees or who were, as of the end of the last fiscal year (January 31, 2008), 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	96,216	b	*
William R. Chaney	780,500	c	*
Gary E. Costley	6,000	d	*
Lawrence K. Fish	0		*
Abby F. Kohnstamm	57,000	e	*
Michael J. Kowalski (CEO)	1,677,000	f	1.3
Charles K. Marquis	255,812	g	*
J. Thomas Presby	31,900	h	*
James E. Quinn (executive officer)	678,262	i	*
William A. Shutzer	319,062	j	*
Peter W. May	10,718,600	k	8.5
Executive Officers			
Beth O. Canavan	290,354	l	*
James N. Fernandez (CFO)	546,636	m	*
Jon M. King	116,931	n	*
All executive officers and directors as a group (20 persons):	16,584,564	o	13.2

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

b) Includes 92,216 shares issuable upon the exercise of Vested Stock Options, which are stock options that either are exercisable as of March 20, 2008 or will become exercisable within 60 days of that date.

c) Includes 192,500 shares issuable upon the exercise of Vested Stock Options, and 75,000 shares held by Mr. Chaney s wife. Also includes 13,000 shares held by The Chaney Family Foundation of which Mr. Chaney is President. Mr. Chaney disclaims beneficial ownership of Company stock held by The Chaney Family Foundation.

d) Includes 5,000 shares issuable upon the exercise of Vested Stock Options.

e) Includes 55,000 shares issuable upon the exercise of Vested Stock Options.

f) Includes 1,463,000 shares issuable upon the exercise of Vested Stock Options.

g) Includes 133,924 shares issuable upon the exercise of Vested Stock Options.

h) Includes 30,000 shares issuable upon the exercise of Vested Stock Options.

i) Includes 632,125 shares issuable upon the exercise of Vested Stock Options; 137 shares credited to Mr. Quinn s account under the Company s Employee Profit Sharing and Retirement Savings Plan;

31,000 shares held by Mr. Quinn s wife; 4,000 shares owned by Mr. Quinn s minor child under the UGMA, and 4,000 shares held by Mr. Quinn s son.

j) Includes 85,000 shares issuable upon the exercise of Vested Stock Options and 5,100 shares held by or for Mr. Shutzer s minor child and 114,000 shares held by KJC Ltd. of which Mr. Shutzer is the sole general partner. Mr. Shutzer disclaims beneficial ownership of Company stock held by KJC Ltd.

k) See Stockholders Who Own At Least Five Percent of the Company above and reference Trian Fund Management, L.P. and Peter W. May in Note b) thereto.

l) Includes 281,500 shares issuable upon the exercise of Vested Stock Options and 554 shares credited to Mrs. Canavan s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

m) Includes 509,500 shares issuable upon the exercise of Vested Stock Options and 136 shares credited to Mr. Fernandez s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

n) Includes 116,500 shares issuable upon the exercise of Vested Stock Options and 431 shares credited to Mr. King s account under the Company s Employee Profit Sharing and Retirement Savings Plan.

o) Includes 4,577,395 shares issuable upon the exercise of Vested Stock Options and 2,674 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-27 below for a discussion of the Company s share ownership policy.

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

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

Based on our review of those reports and of certain other documents we have received, we believe that, during and with respect to our last fiscal year (February 1, 2007 to January 31, 2008), all filing requirements under Section 16(a) applicable to our directors, executive officers and greater-than-ten-percent stockholders were satisfied other than as follows: Mr. Marquis exercised stock options on November 14, 2007 and retained all 12,304 shares subject to such exercise. The transaction was reported on a Statement of Changes in Beneficial Ownership of Securities filed with the Securities and Exchange Commission on January 22, 2008

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, 2009. This 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 and (viii) legal and expert services unrelated to the audit. All fees paid to PwC by the Company as shown in the table that follows were approved by the Audit Committee pursuant to this policy.

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, 2008 and 2007, 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, 2008	January 31, 2007
Audit Fees	$ 2,320,500	$ 2,172,750
Audit-related Fees[a]	79,250	73,750
Audit and Audit-related Fees	2,399,750	2,246,500
Tax Fees[b]	1,477,100	713,900
All Other Fees[c]	16,300	15,100
Total Fees	$ 3,893,150	$ 2,975,500

a) Audit-related fees consist principally of fees for audits of financial statements of certain employee benefit plans and other advisory services for the years ended January 31, 2008 and January 31, 2007.

b) Tax fees consist of fees for tax consultation and tax compliance services. These fees included tax filing and compliance fees of $1,090,200 for the year ended January 31, 2008 and $265,600 for the year ended January 31, 2007.

c) All other fees consist of costs for software used by the Finance Division and other advisory services for the years ended January 31, 2008 and January 31, 2007.

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**.** In the past, the Board has waived the age limit for William R. Chaney because of his service as the Company s chief executive officer from 1984 to 1999 and the valuable perspective that such service brought to Board deliberations. Mr. Chaney is not standing for re-election as a director at the 2008 Annual Meeting.

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 http://investor.tiffany.com/governance.cfm and 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.

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, Eighth 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 2007.

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, Abby F. Kohnstamm, Charles K. Marquis, and J. Thomas Presby.

The Board has also affirmatively determined that each of the following nominees (neither of whom has previously served as a director of the Company) is independent under the same listing standards: Lawrence K. Fish and Peter W. May. If elected (see Item 1 Election of Directors below) each will be an independent director.

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, 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 Ms. Kohnstamm is independent, the Board considered that IBM Corporation, of which she was an officer until January 2006, and to which she now provides consulting services, sells data-processing and communication hardware, software and services to Tiffany and Tiffany sells business gifts to IBM. However, these sales constitute far less than one percent of the consolidated sales of each seller (IBM and Tiffany, respectively). The Board considered all relevant facts and circumstances including the amount of such sales in the context of the size of the businesses of the Company and IBM Corporation, the fact that Ms. Kohnstamm was not responsible at IBM Corporation for such sales in the course of her duties, and that such sales were long-standing business practices prior to the time Ms. Kohnstamm was recruited to the Board.

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 is an employee of Citizens Financial Group and a director of Royal Bank of Scotland Group. A portion of the operations of ABN/AMRO was recently acquired by

Royal Bank of Scotland Group. The Company does banking business with ABN/AMRO but understands that the operations with which the Company does business have not been acquired by the Royal Bank of Scotland Group.
To our knowledge, none of the other independent directors or first-time nominees for director has any direct or indirect relationship with the Company, other than as a director, and none of the independent directors or first-time nominees serves as an executive officer of any charitable organization to which the Company or any of its affiliates have made any significant contributions within the preceding three years other than as follows: Mr. May serves as Chairman of The Mount Sinai Medical Center Board of Trustees; in fiscal 2007, 2006 and 2005 respectively the Company donated approximately $11,000, $58,000 and $50,000 in cash and/or goods to this institution. Mr. May was not involved in soliciting these donations.

Meetings and Attendance during Fiscal 2007

The following chart shows the total number of meetings (including telephonic meetings) held by the Board and each of its committees during Fiscal 2007. All current directors attended at least 90% of the aggregate number of meetings of the Board and those committees on which they served during their period of service (Dr. Costley joined the Board in May 2007 and hence did not serve for the full year).

	Board	Audit	Compensation	Stock Option	Nominating/ Corporate Governance	Percent of Meetings Attended (a)
Meetings Held	10	10	6	6	6	
Meetings Attended:						
Rose Marie Bravo	9	n/a	6	6	6	96%
William R. Chaney	10	n/a	n/a	n/a	n/a	100%
Gary E. Costley	6	8	5	5	5	100%
Abby F. Kohnstamm	10	7	6	6	6	97%
Charles K. Marquis	10	10	6	6	6	100%
J. Thomas Presby	10	10	n/a	n/a	6	100%
William A. Shutzer	10	n/a	n/a	n/a	n/a	100%
Michael J. Kowalski	10	n/a	n/a	n/a	n/a	100%
James E. Quinn	9	n/a	n/a	n/a	n/a	90%

(a) The percentage indicated reflects that percentage of meetings attended during the period that the director was serving as a director or on the committee indicated. Thus, Ms. Kohnstamm, who was not appointed to the Audit Committee until May 2007 has not been charged with absences from Audit Committee meetings that occurred before such appointment and Dr. Costley, who was not elected to the Board until May 2007, has not been charged with absences from the Board or committee meetings prior to his election.

Committees of the Board

Committees Composed Entirely of Independent Directors

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

Compensation
Gary E. Costley, Chair
Rose Marie Bravo
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

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

Nominating/Corporate Governance Committee

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

Policies on the composition of the Board,

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

Nominees to fill vacancies on the Board, and

Nominees for election to the Board.

If you would like to submit the name of a candidate for the Nominating/Corporate Governance Committee to consider as a nominee of the Board for director, you may send your submission at any time to the Nominating/Corporate Governance Committee, c/o Mr. Patrick B. Dorsey, Corporate Secretary (Legal Department), Tiffany & Co., 600 Madison Avenue, New York, New York 10022. 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 Nominating/Corporate Governance Committee evaluates candidates recommended by stockholders in the same manner as it evaluates director candidates suggested by others. See our Corporate Governance Principles which are available on our website http://investor.tiffany.com/governance.cfm and as Appendix I to this Proxy Statement.

Dividend Committee

The Dividend Committee declares regular quarterly dividends in accordance with the dividend policy established by the full Board. The Dividend Committee acts by unanimous written consent and did not meet in Fiscal 2007. Members of the Dividend Committee are: William R. Chaney, Chair; Michael J. Kowalski and James E. Quinn.

Compensation Committee

The primary function of the Compensation Committee is to assist the Board in compensation matters. The Compensation Committee operates under its charter which may be viewed on the Company s website, http://investor.tiffany.com/governance.cfm. 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.

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-29 of the Compensation Discussion and Analysis below. The Compensation Committee s report appears on page PS-31.

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

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 2007 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 the last fiscal year.

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, http://investor.tiffany.com/governance.cfm. Under its charter, the Audit Committee s responsibilities include:

- Retaining and terminating the Company s independent registered public accounting firm, reviewing the quality-control procedures and independence of such firm and evaluating their proposed audit scope, performance and fee arrangements;
- Approving in advance all audit and non-audit services to be rendered by the independent registered public accounting firm;
- Reviewing the adequacy of our system of internal financial controls over financial reporting;
- Establishing procedures for complaints regarding accounting, internal accounting controls or auditing matters; and
- Conducting a post-audit review of our financial statements and audit findings in advance of filing, and reviewing in advance proposed changes in our accounting principles.

The Board has determined that all members of the Audit Committee are financially literate, that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise, and that Mr. Presby meets the SEC criteria of an audit committee financial expert. Mr. Presby is a member of the National Association of Corporate Directors and chairs the audit committees of five 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 six 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-18.

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.

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, http://investor.tiffany.com/governance.cfm. We have also filed a copy of the Code with the SEC as an exhibit to our Annual Report on Form 10-K for the fiscal year ended January 31, 2008. 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 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

William A. Shutzer is a Senior Managing Director of Evercore Partners, a public company (Evercore). An affiliated company of Evercore was engaged by the Company in early Fiscal 2007 to provide financial advisory services in connection with two potential transactions. Mr. Shutzer provided services to the Company in the course of those engagements. One of the potential transactions referred to above did not occur; the other involved the completed sale of the Company s Little Switzerland subsidiary. For its work on both engagements, Evercore was paid a total of $1,135,887, inclusive of expenses. Mr. Shutzer did not receive a percentage of the fees paid to Evercore, but did benefit indirectly as a participant in Evercore s employee bonus pool and as a shareholder of Evercore. The amount of such participation cannot be estimated.

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 transaction with Evercore described above was approved in advance by the Nominating/Corporate Governance Committee under the policy and procedures described above.

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, 2008 and 2007, 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, 2008. These statements (the Audited Financial Statements) are the subject of a report by the Company s independent accountants, 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 accountants 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 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 Independence Standards Board Standard No. 1 , (Independence Discussion with Audit Committees), and has discussed the independence of PwC with that firm. The Audit committee has considered whether the provision by PwC of the tax consultation, tax compliance and other non-audit-related services disclosed above under RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM Fees and Services of PricewaterhouseCoopers LLP is compatible with maintaining PwC s independence and has concluded that providing such services is compatible with that firm s independence from the Company and its management.

The Audit Committee is aware that the provision of non-audit services by an 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, 2008.

Signed:

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

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are:

Name	Age	Position	Year Joined Tiffany
Michael J. Kowalski	56	Chairman of the Board and Chief Executive Officer	1983
James E. Quinn	56	President	1986
Beth O. Canavan	53	Executive Vice President	1987
James N. Fernandez	52	Executive Vice President and Chief Financial Officer	1983
Jon M. King	51	Executive Vice President	1990
Victoria Berger-Gross	52	Senior Vice President - Human Resources	2001
Pamela H. Cloud	38	Senior Vice President - Merchandising	1994
Patrick B. Dorsey	57	Senior Vice President - General Counsel and Secretary	1985
Patrick F. McGuiness	42	Senior Vice President - Finance	1990
Caroline D. Naggiar	50	Senior Vice President - Chief Marketing Officer	1997
John S. Petterson	49	Senior Vice President - Operations	1988

Michael J. Kowalski. Mr. Kowalski assumed the role of Chairman of the Board in January 2003, following the retirement of William R. Chaney. He has served as the Registrant s Chief Executive Officer since February 1999 and on the Registrant s Board of Directors since January 1995. After joining Tiffany in 1983 as Director of Financial Planning, Mr. Kowalski held a variety of merchandising management positions and served as Executive Vice President from 1992 to 1996 with overall responsibility in the areas of merchandising, marketing, advertising, public relations and product design. He was elected President in 1997. Mr. Kowalski is a member of the Board of Directors of 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 Mellon Investor Services LLC serves as the Company s transfer agent and registrar.

James E. Quinn. Mr. Quinn was appointed President effective January 31, 2003. He had served as Vice Chairman since 1998. After joining Tiffany in July 1986 as Vice President of branch sales for the Company s business-to-business sales operations, Mr. Quinn had various responsibilities for sales management and operations. He was promoted to Executive Vice President on March 19, 1992. In January 1995, he became a member of Registrant s Board of Directors but he will not stand for re-election to that position at the 2008 Annual Meeting. He has responsibility for Tiffany & Co. sales outside the U.S. and Canada. Mr. Quinn is a member of the board of directors of BNY Hamilton Funds, Inc. and Mutual of America Capital Management, Inc. BNY Hamilton Funds, Inc. is affiliated with The Bank of New York 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 a trustee of Tiffany s Employee Pension Plan.

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

James N. Fernandez. Mr. Fernandez joined Tiffany in October 1983 and has held various positions in financial planning and management prior to his appointment as Senior Vice President Chief Financial Officer in April 1989. In January 1998, he was promoted to Executive Vice President Chief Financial Officer. He has responsibility for accounting, treasury, investor relations, information technology, financial planning, financial services, business development, diamond operations, real estate operations and overall responsibility for distribution, manufacturing, customer service and security. Mr. Fernandez serves on the Board of Directors of The Dun & Bradstreet Corporation and is a member of the 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 June 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 February 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 January 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 July 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 January 2007, he was promoted to Senior Vice President Finance, responsible for Tiffany s worldwide financial functions.

Caroline D. Naggiar. Ms. Naggiar joined Tiffany in June 1997 as Vice President Marketing Communications. She assumed her current responsibilities as head of advertising and marketing in February 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 May 1995. In May 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 February 2003 to include manufacturing operations.

COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS

Contents

COMPENSATION DISCUSSION AND ANALYSIS

Short- and Long-term Planning for Sustainable Earnings Growth

The executive officers are expected to develop, for approval by the Board, a four-year strategic financial plan that offers an appropriate level of sustainable earnings growth. The executive officers also are responsible for executing the strategic plan by developing, for approval by the Board, and executing annual profit plans that incorporate challenging goals for each fiscal year. Both strategic plans and profit plans incorporate plans for sales growth, merchandising, gross margins, marketing expenditures, staffing, other expenses, capital spending and all other components of the Company s financial statements.

In the short-term, management must continue to build and open new stores, develop and manufacture new products, improve profit margins, control expenses and manage the Company s balance sheet in an efficient and productive manner. However, the Company can achieve sustainable growth only if the TIFFANY & CO. brand and image continues to be associated, in the minds of consumers, with product exclusivity and quality, and the highest level of customer service and store design. Maintenance of that continuity is brand stewardship.

The Compensation Committee (the Committee) recognizes that tradeoffs between short-term objectives and brand stewardship are often difficult. For example, variations in product mix can positively affect gross margins while negatively affecting brand image, and increased staffing can positively affect customer service while negatively affecting earnings. Each year, the executive officers revise the Company s strategic plan by looking out over a four-year horizon and weighing the effects of their strategic plan on brand value. At the same time, a profit plan for the coming fiscal year is developed. It is through this planning process that expectations for quarterly and annual earnings growth are brought into balance with concerns for brand stewardship and sustainable earnings growth.

The Company s success in achieving its financial goals both short- and long-term will be influenced by the performance of management in developing and executing the strategic plan and each fiscal year s profit plan and by highly variable external factors.

Objectives of the Executive Compensation Program

The Committee is keenly aware of the necessary dynamic between short-term and strategic planning and has structured the Company s executive compensation program accordingly. These are the objectives of the compensation program:

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

Base Salary

The Company pays competitive salaries to attract and retain its executives, but does not use salary increases as the primary means of recognizing their talent and performance. While the Committee believes that an annual salary is a necessary component of any competitive compensation program, salaries are paid to the Company s executives as one component of the total program, which includes the short- and long-term incentives, retirement, life and long-term disability insurance benefits discussed below.

Short-term Incentives

The Committee uses short-term incentives to motivate executive officers to achieve the annual profit plan.

The Committee provides annual incentive awards to the chief executive officer, the president, the chief financial officer and the two other executive vice presidents. Annual incentive awards are primarily formula-driven, with payments based on the degree of achievement of the annual profit plan and other considerations, such as certain events, unanticipated at the time that incentive award targets were set, that affect earnings or special contributions to other business outcomes consistent with the strategic plan, which the Committee may take into account at its discretion. (For a description of the Incentive Awards, including the incentive award targets 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.)

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

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 non-controllable 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 earnings and return-on-assets goals even if the achievement of those goals is not reflected in the share price. Stock options, on the other hand, do not reward executives in a declining market. However, they do provide gains commensurate with those of shareholders, whether or not the goals have been met.

In order to provide balance to the Company s long-term incentives, the Committee has determined that the ratio of the estimated value of performance-based restricted stock units to the estimated value of stock options awards should be as nearly 50/50 as practicable. These values were determined for purposes of achieving this ratio as follows: for options, on the basis of the Black-Scholes model; for stock units, on the assumption that units would vest at target and using the per share market value immediately prior to the grant date.

Complete vesting of performance-based restricted stock units is dependent upon achievement of both a cumulative earnings per share (EPS) goal and an average return on assets (ROA) goal over the three-year performance period following the grant. (For a description of the performance-based restricted stock units, including the goals set, see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Equity Incentive Plan Awards Performance-Based Restricted Stock Units.)

Like most companies, the Company s stock price over the long term is primarily driven by growth in EPS. EPS performance is the primary determiner of vesting and no shares will vest unless a threshold level of EPS performance is achieved.

For the three-year performance period ending January 31, 2011, the cumulative EPS goals are as follows: for threshold, $8.54; for target, $9.87; and for maximum, $10.62.

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 ROA goals are set by the Committee in conformance to, and as part of the process of approving, the Company s strategic plan.

For the three-year performance period ending January 31, 2011, the average ROA goal is 11.5%.

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. (For a description of the options see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Options.)

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.) All retirement benefits are independent of 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 lower compensated employees 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 as an executive s years-of-service pass specified 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. In years past, the Company maintained the relationship established for lower-compensated employees between annual salaries and life insurance benefits through split dollar life insurance arrangements with executive officers. Split dollar arrangements were an income tax-favored means of providing death benefits in excess of the IRS limitations, but such arrangements became untenable as the result of IRS rule changes and the Sarbanes-Oxley Act.

After considering alternatives to the split dollar arrangements, the Committee arranged for the Company to pay life insurance premiums as taxable compensation to the executives and to pay additional amounts necessary in order to prevent the executive officers from being subjected to increased income taxes as a result of this change in the executive life insurance program. (For an explanation of the key features of the life benefits, see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Life Insurance Benefits.)

Between fiscal year 2006 and fiscal year 2007 the premiums on the whole life policies owned by the executive officers had to be increased significantly to achieve the cash accumulation goals of the program. In recent years, the insurer had established premiums on the basis of incorrect information with respect to the annual compensation of the executive officers. Because of these increases, the life insurance benefits are under examination by the Committee which may determine to reduce or discontinue these benefits.

Disability Insurance Benefits

Executive officers are provided with special disability 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 lower compensated employees between annual cash compensation and disability benefits.

Competitive Compensation Analysis

Each year, in setting or maintaining base salaries and making incentive awards, the Committee refers to competitive compensation (market) data because the Committee believes that such data are useful to determine if the Company s compensation falls between the 25th and 75th percentile of market data. However, the Committee does not consider such data sufficient for a full evaluation of appropriate compensation for any individual executive officer. Accordingly, the Committee has not set a bench-mark to such data for any executive officer and does not rely exclusively on compensation surveys or publicly available compensation information. Rather, the Committee 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.

To help it assess the competitiveness of the compensation offered to the Company s executive officers, the Committee reviewed a comparability analysis prepared in November 2007 and updated in December 2007 by 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 plus the expected value of long-term incentives granted in the prior year);
- actual total direct compensation (actual total cash compensation plus 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.

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 $2.8 billion;
- a survey of 14 public and private companies in the retail industry with median revenues of $3.2 billion;
- a general survey of 47 companies in the retail/wholesale industry with median revenues of $5.6 billion; and
- a survey of 273 companies in general industry with revenues from $1 to $6 billion.

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

For the chief executive officer and the chief financial officer, the going rate was developed by reference to surveys of the retail industry mentioned above (weighted 67%) and to the general industry survey mentioned above (weighted 33%).

After reviewing the competitive compensation analysis and other factors discussed above, the Committee determined, as of December 2007:

- that the chief executive officer was being compensated:
  - ¡ at the 50th percentile in terms of salary;
  - ¡ below the 50th percentile in terms of target bonus annual incentive as a percentage of

salary and target total cash compensation;

¡ between the 50^{th} and 75^{th} percentile in terms of long-term incentives as a percent of salary and target total direct compensation;

¡ below the 50^{th} percentile in terms of actual total cash compensation; and

¡ between the 50^{th} and 75^{th} percentiles in terms of actual total direct compensation;

that the named executive officers in retail-specific positions were being compensated:

¡ generally below the 75^{th} percentile on all measures;

¡ in the case of one, was below the 50^{th} percentile on all measures;

¡ in the case of one other, was below the 50^{th} percentile on some measures; and

¡ in the case of one other, was compensated above the 75% percentile on some measures;

that 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, the Committee elected to compare his compensation to positions with significant operating responsibilities and determined that he was compensated below the 50^{th} percentile on all but one measure;

that a 5.2% increase in target total cash compensation was warranted for the chief executive officer for Fiscal 2008 this was accomplished by increasing both salary and target annual incentive compensation; and

that a 12.6% increase in target total cash compensation was warranted , in aggregate, for the other named executive officers this was accomplished by increasing both salary and target annual incentive compensation for Mrs. Canavan and for Messrs. Fernandez and King.

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 set targets and maximums for short-term incentives for each of the named executive officers as follows:

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

The Committee also determined 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 awarded long-term incentives with an estimated value for each of the named executive officers as follows:

Executive

	Long-term Incentive Value as a Percent of Salary
Michael J. Kowalski	300%
James E. Quinn	162%
Beth O. Canavan	200%
James N. Fernandez	225%
Jon M. King	200%

The estimated value of the long-term incentives was split evenly between the estimated value of performance-based restricted stock units and the estimated value of stock options.

Equity Ownership by Executive Officers and Directors

In July 2006, the Committee proposed and the board of directors adopted a share ownership policy for executive officers to better align management s interests with those of stockholders over the long-term. This policy was amended in March 2007 to include directors who are not executive officers.

Under this policy, executive officers and non-executive directors are required to own shares of the Company s common stock having a total market value equal to the following multiples of their base salaries (minimum annual retainer in the case of directors):

Position/Level	Market Value of Company Stock Holdings as a Multiple of Base Salary (Minimum Annual Retainer in the case of Non-Executive Directors)
Chief Executive Officer	Five Times
Non-Executive Directors	Five Times
President	Four Times
Executive Vice President	Three Times
Senior Vice President	Two Times

Under the share ownership policy, so long as 25% of the required market value consists of shares of the Company s common stock owned by an executive officer or director, 50% of the positive current value of his or her vested (exercisable) stock options may also be counted towards compliance. For this purpose, the current value of a vested option is calculated as follows: current market value of the number of shares covered by the option less the total option exercise price.

Prior to satisfying this stock ownership requirement, an executive officer or director may not sell any shares except to:

- satisfy required withholding for income taxes due upon exercise of stock options or vesting of performance-based restricted stock units;

- pay the exercise price upon exercise of stock options; and

- dispose of no more than 50% of the remaining shares issued upon exercise of stock options or vesting of performance-based restricted share units (after paying the exercise price and tax withholding).

Executive officers and directors have until July 2011 to satisfy the stock ownership requirement. At the end of fiscal year 2007, the chief executive officer and four of the other ten executive officers had fully satisfied their stock ownership requirements. Progress toward compliance will be reviewed by the Committee each July.

By a separate policy, the board of directors has directed executive officers not to engage in transactions of a speculative nature in Company securities, such as the purchase of calls or puts, selling short or speculative transactions as to any rights, options, warrants or convertible securities related to Company securities. This policy does not affect the right to exercise or hold a stock option issued to the executive by the Company.

Dual-Trigger Retention Benefits

The Committee believes that it will be important that the team of executive officers remain in place, free of distractions that might arise out of concern for personal financial and job security during any times of possible or actual transition of corporate control. For that reason, the Company has entered into retention agreements with each of the executive officers that provide financial incentives for them to remain in place during any such times. (For a description of the retention agreements see POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL Retention Agreements.)

The Committee believes that the retention agreements serve the best interests of the Company s stockholders because such agreements:

- will increase the value of the Company to a potential acquirer that requires delivery of an intact management team;
- will help to keep management in place and focused should any situation arise in which a change of control looms but is not welcome or agreement has not yet been reached;
- are a prudent defense to the possibility that one or more senior executive officers might retire or take a competing job offer during a time of transition; and
- are not overly generous.

The Committee also believes that the retention agreements contain a definition of change in control that is reasonable and appropriate to keeping the management team in place during a time of transition. The Company has not had a single controlling stockholder for many years, and executive officers would be likely to consider acquisition of a controlling interest as described in the retention agreements to be a prelude to a significant change in corporate policies and an incentive to leave.

The Committee also believes that it is reasonable and appropriate for the retention agreements to include excise tax gross-up provisions, despite the high potential cost of gross-up payments, for the following reasons:

- the excise tax imposes discriminatory results between executives with varying compensation and stock option exercise histories;
- the gross-up provisions assure that the financial incentives provided by the retention agreements will have the desired effect upon each individual executive officer without such discriminatory results; and
- given the size of the Company s business and its assets, the cost of the retention payments, including the gross-up payments, is unlikely to impede an acquisition offer from an acquirer with the necessary wherewithal to accomplish it.

The retention agreements are dual-trigger arrangements in that they provide no benefits unless two events occur: (i) a change in control followed by (ii) a loss of employment.

The Company is not party to any other agreement with any executive officer that provides for severance benefits on termination of employment; does not maintain any severance payment policy for executive officers; and has the right to terminate the employment of any executive for any reason or no reason.

Other Change in Control Provisions

The Company s stock option and performance-based restricted stock unit award agreements provide for accelerated vesting of options and restricted stock units upon a change in control.

The Committee believes:

- that each executive should control the disposition of his or her equity interest in the Company, and receive the full value of such interest, should a change of control situation ever arise; and
- that the independent directors are fully capable of weighing the merits of any proposed transaction and reaching a proper conclusion in the interests of the stockholders, even in the

face of management s advocacy of a transaction that would provide change in control payments to the executive officers.

Termination for Cause and Violation of Non-Compete Covenants

Stock options granted under the 2005 Employee Incentive Plan may not be exercised after a termination for cause. Performance-based restricted stock units will not vest if termination for cause occurs before the conclusion of the three-year performance period.

All executive officers have signed non-competition covenants that have a two-year post-employment term. For those who are age 60 or older at termination of employment or who attain age 60 within six months of termination, the term ends six months after termination. For all executive officers, the term ends in six months after termination if a change in control (as defined in the retention agreements) has occurred prior to termination of employment or during the six-month period. For all executive officers, once the six-month minimum period has passed, a change of control will result in an early end to the term.

Violation of the non-compete covenants will result in:

- loss of benefits under the Excess Plan and the Supplemental Plan;
- loss of all rights under stock options and performance-based restricted stock units; and
- mandatory repayment of all proceeds from stock options exercised or restricted stock units vested during a period beginning six months before termination and throughout the duration of the non-competition covenant.

Compensation Committee Process

The decision to retain Towers Perrin to assist the Committee was made by the Committee Chair. Management recommended Towers Perrin and has assisted in arranging meetings between Towers Perrin and the Committee. Management has also consulted with Towers Perrin on the selection of peer companies for comparison, but Towers Perrin has maintained its own judgment in that regard.

Because Towers Perrin also consults with management on compensation to be paid to non-executive employees, the Committee has retained and consulted with a separate independent compensation consultant, Independent Compensation Committee Advisor, 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 Independent Consultant is available to the Committee, as needed, to:

- review recommendations from management (and any consultants retained by management) and provide an additional layer of peer review to their analyses and recommendations 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 Compensation Committee has told the Independent Consultant that:

- they are to act independently of management;
- they are to act at the direction of the Compensation Committee; and

their ongoing engagement will be determined by the Committee.

Accordingly, the Independent Consultant provides no other services for the Company.

The Committee has developed a format of tally sheet so that the total compensation and equity position in Company stock for each executive officer can be compared. Tally sheets for each executive officer in this format are prepared by the Company s Human Resources Department and provided to the Committee.

Tally sheets are reviewed by the Committee in July, November and January. These sheets include historical data concerning:

- salary and annual incentive award or bonus grants in prior years;
- potential threshold, target and maximum returns on unvested performance-based restricted stock unit awards and unrealized potential gains from outstanding stock options holdings, both under current conditions and under various hypothetical stock price and termination or change- in-control scenarios;
- realized gains on stock options previously exercised;
- shareholdings and progress towards compliance with stock ownership requirements;
- retirement and life insurance benefits and perquisites;
- total cash compensation (salary plus annual incentive award or bonus grant, based on potential threshold, target and maximum annual incentive or bonus awards for the current year); and
- estimated value of salary, annual incentive or bonus, unvested restricted stock units and stock options, and retirement and health benefits upon a hypothetical change in control scenario.

The Committee meets with the chief executive officer regularly and solicits his recommendations with respect to the compensation of the executive officers. In this context, his views as to the performance of the individual officers are provided to the Committee. Individual performance has not factored significantly in terms of incentive pay, although the Committee has reserved discretion in that regard with respect to bonuses paid to those executive officers who are not named executive officers and for all executive officers with respect to fiscal 2008 bonuses and incentive awards (see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS, Non-Equity Incentive Awards).

In January, the Committee reviews a forecast of the prior fiscal year financial results with the chief financial officer and calculates the tentative payouts for short- and long-term incentives on that basis. Revised calculations and adjustments are prepared at the March meeting, when fiscal year financial results are nearly final and ready for public release, and when the annual profit plan and the strategic plan are presented for approval by the board of directors. After the public release of the financial results, the final calculation is made and the Committee authorizes management to make payment on prior year annual incentive awards and performance-based restricted stock unit awards for which the three-year performance period ended in the prior year and to enter into agreements with respect to current year annual incentive awards.

The Committee has limited discretion under the 2005 Employee Incentive Plan to adjust incentive awards for certain events, unanticipated at the time that incentive award targets were set, that affect earnings or for special contributions to other business outcomes consistent with the strategic plan. (For a description of the Incentive Awards, including the incentive awards set 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 Awards.)

The Committee awards stock options to executive officers at the January meeting or when individual promotions are recognized. The Committee has never authorized management to make awards of stock options. Since 2005, awards of performance-based restricted stock units have also been made at the January meeting with reference to a preliminary draft of the Company s strategic plan, although the EPS and return on assets goals for threshold, target and maximum pay out are finalized at the March meeting when the strategic plan is adopted.

Limitation under Section 162(m) of the Internal Revenue Code

Section 162(m) of the Internal Revenue Code generally denies a federal income tax deduction to the Company for compensation in excess of $1 million per year paid to any of the named executive officers. This denial of deduction is subject to an exception for performance-based compensation such as the performance-based restricted stock units, stock options and annual incentive awards discussed above. Although the Committee has designed the executive compensation program with tax considerations in mind, the Committee does not believe that it would be in the best interests of the Company to adopt a policy that would preclude compensation arrangements subject to deduction limitations.

REPORT OF THE COMPENSATION COMMITTEE

We have reviewed and discussed with the management of Tiffany & Co. the Compensation Discussion and Analysis section of this Proxy Statement. Based on our review and discussions, we recommend to the Board of Directors, to the chief executive officer and to the chief financial officer that the Compensation Discussion and Analysis be included in this Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended January 31, 2008.

Compensation Committee and its Stock Option Subcommittee:
Gary E. Costley, Chair
Rose Marie Bravo
Abby F. Kohnstamm
Charles K. Marquis
March 20, 2008

SUMMARY COMPENSATION TABLE
Fiscal 2007 and Fiscal 2006

Name and Principal Position	Year	Salary ($)(a)	Bonus ($)(b)	Stock Awards ($)(c)	Option Awards ($)(d)	Non-Equity Incentive Plan Compensation ($)(e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(f)	All Other Compensation ($)	Total ($)
Michael J. Kowalski *Chairman and CEO*	2007	$ 972,382	---	$ 2,374,481	$ 1,397,251	$ 1,852,500	$ 370,793	$ 340,293(g)	$ 7,307,700
	2006	$ 972,382	---	$ 1,699,300	$ 1,869,000	$ 1,123,541	$ 1,219,355	$ 153,367(h)	$ 7,036,945
James E. Quinn *President*	2007	$ 738,013	---	$ 1,477,923	$ 874,052	$ 1,036,000	$ 190,821	$ 241,440(i)	$ 4,558,249
	2006	$ 738,013	---	$ 1,058,611	$ 1,211,307	$ 628,334	$ 1,452,588	$ 119,235(j)	$ 5,208,088
Beth O. Canavan *Executive Vice President*	2007	$ 528,577	---	$ 827,617	$ 462,644	$ 689,000	$ 743,079	$ 160,339(k)	$ 3,411,256
	2006	$ 526,275	---	$ 587,714	$ 656,997	$ 417,878	$ 249,113	$ 91,659(l)	$ 2,529,636
James N. Fernandez *Executive Vice President and CFO*	2007	$ 658,228	---	$ 1,165,376	$ 677,310	$ 858,000	$ 136,439	$ 214,437(m)	$ 3,709,790
	2006	$ 655,543	---	$ 821,349	$ 946,829	$ 520,377	$ 448,086	$ 118,495(n)	$ 3,510,679
Jon M. King *Executive Vice President*	2007	$ 498,657	$ 650,000	$ 671,302	$ 399,501	---	$ 175,006	$ 149,934(o)	$ 2,544,400
	2006	$ 483,698	$ 394,225	$ 446,083	$ 499,315	---	$ 223,538	$ 87,120(p)	$ 2,083,979

Notes to Summary Compensation Table:

(a)

Salary amounts include amounts deferred at the election of the executive under the Tiffany and Company Executive Deferral Plan (the Deferral Plan) and under the 401(k) feature of the Company s Employee Profit Sharing and Retirement Savings Plan (the 401(k)). Amounts deferred to the Deferral Plan are also shown in the Nonqualified Deferred Compensation Table.

(b) Bonus amounts include amounts deferred at the election of the executive under the Deferral Plan and under the 401(k). Bonus amounts are earned in the fiscal year ended January 31, and paid in April.

(c) Amounts shown represent the dollar amount of compensation cost recognized for performance-based restricted stock unit awards in accordance with SFAS No. 123R. In valuing such awards, the Company made certain assumptions. For a discussion of those assumptions, please refer to Part II of the Company s Annual Report on Form 10-K for the fiscal year ended January 31, 2008. See Note M. STOCK COMPENSATION PLANS , in Notes to Consolidated Financial Statements, under Item 8. Financial Statements and Supplementary Data.

(d) Amounts shown represent the dollar amount of compensation cost recognized for stock options in accordance with SFAS No. 123R. In valuing option awards, the Company made certain assumptions. For a discussion of those assumptions, please refer to note (c) above.

(e) This column reflects cash annual incentive awards under the 2005 Employee Incentive Plan. These awards are earned in the fiscal year ended January 31 and are paid on the basis of achieved

Performance Goals after the release of the Company s financial statements for the fiscal year. (For a description of the Performance Goals, see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Non-Equity Incentive Plan Awards.) This column includes amounts deferred at the election of the executive under the Deferral Plan. Amounts so deferred are also shown in the Nonqualified Deferred Compensation Table.

(f) This column represents the aggregate change, over the course of the fiscal year, in the actuarial present value of the executive s accumulated benefit under all defined benefit and actuarial plans. This column does not include earnings under the Deferral Plan because the Deferral Plan does not pay above-market or preferential earnings on compensation that is deferred.

(g) Mr. Kowalski s Fiscal 2007 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($171,055); tax gross-up paid on the life insurance premium ($144,286); disability insurance premium ($15,952); 401(k) matching contribution ($6,500); and medical exam ($2,500).

(h) Mr. Kowalski s Fiscal 2006 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($66,542); tax gross-up paid on the life insurance premium ($54,073); disability insurance premium ($16,627); 401(k) matching contribution ($7,500); medical exam ($2,375); and tax accounting fees ($6,250).

(i) Mr. Quinn s Fiscal 2007 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($108,311); tax gross-up paid on the life insurance premium ($90,043); disability insurance premium ($17,711); 401(k) matching contribution ($6,500); tax accounting fees ($14,680); health club membership ($4,195).

(j) Mr. Quinn s Fiscal 2006 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($47,325); tax gross-up paid on the life insurance premium ($37,258); disability insurance premium ($17,386); 401(k) matching contribution ($7,500); medical exam ($2,375); tax accounting fees ($3,815); health club membership ($3,576).

(k) Mrs. Canavan s Fiscal 2007 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($71,796); tax gross-up paid on the life insurance premium ($62,918); disability insurance premium ($15,750); 401(k) matching contribution ($6,500); medical exam ($2,500); and health club membership ($875).

(l) Mrs. Canavan s Fiscal 2006 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($35,484); tax gross-up paid on the life insurance premium ($29,017); disability insurance premium ($16,579); 401(k) matching contribution ($7,500); medical exam ($2,375); and health club membership ($704).

(m) Mr. Fernandez s Fiscal 2007 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($101,927); tax gross-up paid on the life insurance premium ($84,520);

disability insurance premium ($17,740); 401(k) matching contribution ($6,500); and tax accounting fees ($3,750).

(n) Mr. Fernandez s Fiscal 2006 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($52,029); tax gross-up paid on the life insurance premium ($41,322); disability insurance premium ($13,829); 401(k) matching contribution ($7,500); and tax accounting fees ($3,815).

(o) Mr. King s Fiscal 2007 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($71,602); tax gross-up paid on the life insurance premium ($54,261); disability insurance premium ($13,410); 401(k) matching contribution ($6,500); medical exam ($2,500); and health club membership ($1,631).

(p) Mr. King s Fiscal 2006 compensation included the following elements whose total incremental cost to the Company is shown in the column titled All Other Compensation : life insurance premium ($35,285); tax gross-up paid on the life insurance premium ($26,013); disability insurance premium ($13,010); 401(k) matching contribution ($7,500); medical exam ($2,625); and health club membership ($2,687).

GRANTS OF PLAN-BASED AWARDS
Fiscal 2007
2005 Employee Incentive Plan

Name	Award Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Under-lying Options (#)	Exercise or Base Price of Option Awards ($/Sh) (d)	Grant Date Fair Value of Equity Awards (e)(f)
			Threshold ($)	Target ($)	Maximum ($)	Threshold Number of Shares (a)	Target Number of Shares (b)	Maximum Number of Shares (c)			
Michael J. Kowalski	Annual Incentive Award		$ 0	$ 1,000,000	$ 2,000,000						
	Performance-Based RSU	1/17/08				20,400	46,000	80,000			$ 1,653,010
	Stock Option	1/17/08							101,000	$ 37.645	$ 1,477,751
James E. Quinn	Annual Incentive Award		$ 0	$ 518,000	$ 1,036,000						
	Performance-Based RSU	1/17/08				8,415	18,975	33,000			$ 681,867
	Stock Option	1/17/08							41,000	$ 37.645	$ 599,879
Beth O. Canavan	Annual Incentive Award		$ 0	$ 420,000	$ 840,000						

	Performance-Based RSU	1/17/08				8,415	18,975	33,000			$ 681,867
	Stock Option	1/17/08							41,000	$ 37.645	$ 599,879
James N. Fernandez	Annual Incentive Award		$ 0	$ 518,000	$ 1,036,000						
	Performance-Based RSU	1/17/08				11,475	25,875	45,000			$ 929,818
	Stock Option	1/17/08							57,000	$ 37.645	$ 833,978
Jon M. King	Annual Incentive Award		$ 0	$ 420,000	$ 840,000						
	Performance-Based RSU	1/17/08				8,415	18,975	33,000			$ 681,867
	Stock Option	1/17/08							41,000	$ 37.645	$ 599,879

Notes to Grants of Plan-Based Awards Table

(a) Assumes that the EPS minimum is met and the ROA goal is not met (see DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS Equity Incentive Plan Awards Performance-Based Restricted Stock Units).

(b) Assumes that the EPS target is met and the ROA goal is met.

(c) Assumes that the EPS maximum is met and the ROA goal is met.

(d) The exercise price of all options was equal to or greater than the closing price of the underlying shares on the New York Stock Exchange on the grant date. The Committee adopted the following pricing convention on January 18, 2007: the higher of (i) the simple arithmetic mean of the high and low sales price of such stock on the New York Stock Exchange on the grant date or (ii) the closing price on such Exchange on the grant date. Options granted before that date were priced at the simple arithmetic mean of the high and low sales price of such stock on the New York Stock Exchange on the grant date.

(e) The grant date fair value of each option award was computed in accordance with SFAS NO. 123R.

(f) The grant date fair value of each performance-based award was computed assuming target payout and in accordance with SFAS NO. 123R. For additional information regarding performance-based compensation, see the table titled OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END beginning on page PS-41.

EQUITY COMPENSATION PLAN INFORMATION

(As of Fiscal Year 2007)

Plan category	Column A Number of securities to be issued upon exercise of outstanding options, warrants and rights	Column B Weighted average exercise price of outstanding options, warrants and rights	Column C Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by security holders	8,773,011a	$ 32.49	5,999,359b
Equity compensation plans not approved by security holders	0	0	0
Total	8,773,011a	$ 32.49	5,999,359b

(a) Shares indicated do not include 2,769,110 shares issuable under awards of stock units already made.

(b) Shares indicated are the aggregate of those available for grant under the Company s 2005 Employee Incentive Plan (the Employee Plan) and the Company s 1998 Directors Option Plan (the Directors Plan). All plans provide for the issuance of options and stock awards. However, under the 2005 Employee Plan the maximum number of shares that may be issued, 11,000,000, is subject to reduction by 1.58 shares for each share that is delivered on vesting of a stock award. Column C reflects this reduction assuming that all shares granted as stock awards will vest. Under the Directors Plan all shares of the 412,500 remaining for issuance could be issued as stock awards.

DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS

Non-Equity Incentive Plan Awards

Each of the named executive officers other than Mr. King was paid a cash (non-equity) annual incentive award for Fiscal 2007. Each including Mr. King may be paid such an award for Fiscal 2008. Mr. King was paid a cash bonus for Fiscal 2007.

The non-equity annual incentive awards for Fiscal 2007 were established to pay out if the Company increased year-to-year earnings, with payouts at target levels if the Company met the net earnings objectives of the profit plan for the fiscal year. The net earnings objective was established by the Compensation Committee at the start of the fiscal year when the profit plan was approved. The objective was set with reference to earnings in the prior fiscal year, adjusted for certain items that would not be repeated in the course of business (such as income or expense attributable to divestitures or special tax incentives) or expenses relating to capital initiatives (such as the income statement effect of incremental borrowings needed to fund stock repurchases authorized by the Board in excess of annual plan amounts).

For the annual incentive awards made for Fiscal 2008, the Committee has discretion to reduce incentive awards from a maximum.

At the beginning of Fiscal 2008, the Committee established a performance goal in accordance with Section 162(m) of the Internal Revenue Code (the 162(m) performance goal). The 162(m) performance goal requires that the Company attain earnings of $243,000,000.

The 162(m) performance goal for Fiscal 2008 must be achieved in order for named executive officers to be eligible to receive any annual incentive award. If that goal is achieved, each of the named executive officers shall be eligible to receive a maximum incentive award of 200% of base salary. However, even if the 162(m) performance goal is achieved, the Committee can exercise discretion to reduce the award below the maximum. The Committee s discretion to reduce an incentive award below the maximum is not limited.

The Committee has communicated to the named executive officers earnings objectives for fiscal year 2008 above the 162(m) performance goal. The Committee has indicated that, in the absence of other relevant factors (see below), the Committee will exercise its discretion as follows:

- to reduce the maximum award to zero if fiscal year 2008 earnings do not equal or exceed $341,090,000;

- to reduce the maximum award to target (100% of base salary, in the case of the chief executive officer, and 70% of base salary, in the case of the other named executive officers) if fiscal year 2008 earnings do not equal or exceed $367,517,000; and

- to pay the maximum award if fiscal year 2008 earning equal or exceed $385,091,000.

The Committee has also communicated that it reserves the right to consider other relevant factors in reducing an annual incentive award below the maximum allowable based on achievement of the 162(m) performance goal and the other earnings objectives set forth above.

The other relevant factors that the Committee has indicated it will consider are:

- annual progress towards strategic plan objectives;
- business unit growth and/or profitability (where the executive officer has responsibility for such growth and/or profitability);
- organizational development;
- contributions to the working environment of his/her team and/or development of a positive working environment for employees;
- business process improvement; and
- cost containment and/or cost reduction efforts.

For the past three completed fiscal years annual incentive awards were paid out as follows:

- For fiscal year 2007, earnings were required to exceed prior year earnings:
  - o in order for any annual incentive awards to pay out;
  - o by 12% in order to pay out at target; and
  - o by 16% in order to pay out at maximum.
- In Fiscal 2007, the Company exceeded its net earnings objectives and annual incentive awards and bonuses were paid out at 200% of the target amount.
- In Fiscal 2006, the Company exceeded its net earnings objectives and annual incentive awards and bonuses were paid out at 121.3% of target.
- In Fiscal 2005, the Company exceeded its net earning objectives and annual incentive awards and bonuses were paid out at 200% of target.

Annual incentive awards differ from bonuses paid to executive officers other than the five named executive officers as follows:

- Annual incentive awards are paid under the terms of the 2005 Employee Incentive Plan and will be paid only if the Company meets objective performance goals. This promise is set out in written agreements.
- Bonuses are not subject to written agreements. The Compensation Committee has the discretion to increase, decrease or withhold such bonuses. It has been the Committee s practice to align bonuses with annual incentive awards.
- Annual incentive awards are designed so that the amounts paid out will be deductible to the Company and not count against the one million dollar limitation under Section 162(m) of the Internal Revenue Code. Each of the named executive officers is subject to that limitation.
- If a bonus is paid to an executive officer other than a named executive officer, and the total annual cash compensation paid to that executive in the year of bonus was to exceed the one million dollar limitation, the excess would not be deductible to the Company for federal income tax purposes.

Equity Incentive Plan Awards Performance-Based Restricted Stock Units

In January 2005, the Compensation Committee first awarded equity incentive awards Performance- Based Restricted Stock Units (Units) to the executive officers. Units were subsequently granted in January of 2006, 2007 and 2008. The 2008 award is reflected in the GRANTS OF PLAN-BASED AWARDS table under the column headed Estimated

Future Payouts Under Equity Incentive Plan Awards.

Units are granted under the 2005 Employee Incentive Plan on the following terms:

- Units will be exchanged on a one-to-one basis for shares of the Company s common stock when and if the Units vest;
- Vesting is determined at the end of a three-year performance period;
- No Units will vest if the executive voluntarily resigns, retires or is terminated for cause during the three-year performance period, although partial vesting is provided for in cases of termination for death or disability;
- No Units will vest (other than for reasons of death, disability or on a change in control as defined in the Retention Agreements) if the Company fails to meet a three-year cumulative EPS performance threshold set by the Compensation Committee at the time the Units are granted;
- Units will tentatively vest based on the following EPS performance hurdles:
  - o 30% at threshold;
  - o 50% at target; and
  - o 87.5% at maximum;

  In the event of EPS performance above threshold and below target or above target and below maximum the number of Units that tentatively vest are prorated. No Units will vest if threshold earnings performance is not achieved. After tentative vesting has been determined, a ROA test will be applied. If met, the tentatively vested number of Units will be increased by 15% (but not to over 100%); if not met, the tentatively vested number of Units will be reduced by 15%;
- 100% vesting will occur only if the Company meets both the EPS maximum and ROA goal;
- No dividends are paid, accrued or credited to Units until vesting.

The grants of Units made in January, 2005 were subject to satisfaction of the following performance tests over the performance period ending January 31, 2008:

- Threshold: cumulative net EPS of $4.59;
- Target: cumulative net EPS of $5.22;
- Maximum: cumulative net EPS of $5.45; and
- Return on assets: 8.7%.

The grants of Units made in January, 2006 are subject to satisfaction of the following performance tests over the performance period ending January 31, 2009:

- Threshold: cumulative net EPS of $5.54;
- Target: cumulative net EPS of $6.39;
- Maximum: cumulative net EPS of $6.85;
- Return on assets: 9.7%.

The grants of Units made in January, 2007 are subject to satisfaction of the following performance tests over the performance period ending January 31, 2010:

- Threshold: cumulative net EPS of $6.42;

Target: cumulative net EPS of $7.46;

Maximum: cumulative net EPS of $8.01;

Return on assets: 10.4%.

Note: the performance tests for Units vesting in 2009 and 2010 will be appropriately restated to reflect the adoption of the average cost method for inventory accounting which will be adopted in the first quarter of fiscal 2008.

The grants of Units made in January, 2008 are subject to satisfaction of the following performance tests over the performance period ending January 31, 2011:

- Threshold: cumulative net EPS of $8.54;
- Target: cumulative net EPS of $9.87;
- Maximum: cumulative net EPS of $10.62;
- Return on assets: 11.5%.

The Compensation Committee will properly adjust achieved performance so that executive officers will not be advantaged or disadvantaged in meeting the net EPS goals by stock repurchases differing from repurchases approved when the performance tests were adopted or by other extraordinary transactions.

Options

Options vest (become exercisable) in four equal annual installments:

- Vesting of each installment is contingent on continued employment.
- All installments immediately vest if there is a change in control (as defined in the Retention Agreements), death or disability.

The exercise price for each share subject to an option is its fair market value on the date of grant. (For an explanation of the method of determining the exercise price of options, see Note (d) to the GRANTS OF PLAN-BASED AWARDS table.)

Options expire no later than the 10^{th} anniversary of the grant date. Options expire earlier on:

- termination of employment (three months after termination); or
- death, disability or retirement (two years after the event).

Life Insurance Benefits

The key features of the life insurance benefit that the Company provides to its executive officers are:

- executive officers own whole life policies on their own lives;
- the death benefit is three times annual salary and target annual incentive award or bonus, as the case may be;
- the Company pays the premium on such policies in an amount sufficient to accumulate cash value;
- premiums are calculated to accumulate a target cash value at age 65;
- the target cash value will allow the policy to remain in force without payment of further premiums with a death benefit equivalent to twice the executive officer s average annual salary and target annual incentive or bonus amount;
- the amount of the premiums paid by the Company is taxable income to the executive officer; and
- the Company pays the additional amounts necessary in order to prevent the executive officer from being subjected to increased income taxes as a result of the taxable premium income.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END
January 31, 2008

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date (a)	Equity Incentive Plan Awards Number Of Unearned Shares, Units or Other Rights That Have Not Vested (b) (#)	Equity Incentive Plan Awards Market or Payout Value Of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Michael J. Kowalski	140,000		$ 9.4844	1/14/09		
	400,000		$ 14.9766	1/21/09		
	150,000		$ 42.0782	1/20/10		
	100,000		$ 32.4700	1/18/11		
	150,000		$ 34.0200	1/16/12		
	195,000		$ 25.8450	1/16/13		
	180,000		$ 39.7500	1/15/14		
	86,250	28,750	$ 31.4900	1/31/15		
	42,500	42,500	$ 37.8350	1/31/16		
	19,250	57,750	$ 40.1500	1/18/17		
	0	101,000	$ 37.6450	1/17/18		
					92,000 / 92,000 (c)	$ 3,660,680 (g)

					57,670 / 79,000 (d)	$ 2,294,689 (h)
					47,360 / 74,000 (e)	$ 1,884,454 (i)
					46,000 / 80,000 (f)	$ 1,830,340 (j)
James E. Quinn	100,000		$ 42.0782	1/20/10		
	75,000		$ 32.4700	1/18/11		
	110,000		$ 34.0200	1/16/12		
	140,000		$ 25.8450	1/16/13		
	115,000		$ 39.7500	1/15/14		
	54,375	18,125	$ 31.4900	1/31/15		
	25,500	25,500	$ 37.8350	1/31/16		
	12,500	36,750	$ 40.1500	1/18/17		
	0	41,000	$ 37.6450	1/17/18		
					58,000 / 58,000 (c)	$ 2,307,820 (g)
					35,040 / 48,000 (d)	$ 1,394,242 (h)
					29,760 / 46,500 (e)	$ 1,184,150 (i)
					18,975 / 33,000 (f)	$ 755,015 (j)
Beth O. Canavan	50,000		$ 42.0782	1/20/10		
	50,000		$ 32.4700	1/18/11		
	75,000		$ 34.0200	1/16/12		
	55,000		$ 39.7500	1/15/14		
	30,000	10,000	$ 31.4900	1/31/15		

14,500	14,500	$ 37.8350	1/31/16		
7,000	21,000	$ 40.1500	1/18/17		
0	41,000	$ 37.6450	1/17/18		
				32,000 / 32,000 (c)	$ 1,273,280 (g)
				19,710 / 27,000 (d)	$ 784,261 (h)
				16,960 / 26,500 (e)	$ 674,838 (i)
				18,975 / 33,000 (f)	$ 755,015 (j)

(table continued on next page)

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END (continued)
January 31, 2008

	Option Awards				Stock Awards	
Name	Number Of Securities Underlying Unexercised Options Exercisable (#)	Number Of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date (a)	Equity Incentive Plan Awards Number Of Unearned Shares, Units or Other Rights That Have Not Vested (b) (#)	Equity Incentive Plan Awards Market or Payout Value Of Unearned Shares, Units or Other Rights That Have Not Vested ($)
James N. Fernandez	70,000	101,000	$ 42.0782	1/20/10		
	65,000		$ 32.4700	1/18/11		
	100,000		$ 34.0200	1/16/12		
	118,000		$ 25.8450	1/16/13		
	85,000		$ 39.7500	1/15/14		
	41,250	13,750	$ 31.4900	1/31/15		
	20,500	20,500	$ 37.8350	1/31/16		
	9,750	29,250	$ 40.1500	1/18/17		
	0	57,000	$ 37.6450	1/17/18		
					44,000 / 44,000 (c)	$ 1,750,760(g)
					28,470 / 39,000 (d)	$ 1,132,821(h)

					24,000 / 37,500 (e)	$ 954,960(i)
					25,875 / 45,000 (f)	$ 1,029,566(j)
Jon M. King	6,000		$ 42.0782	1/20/10		
	5,000		$ 32.4700	1/18/11		
	7,000		$ 34.0200	1/16/12		
	3,000		$ 35.9550	3/21/12		
	2,500		$ 25.8450	1/16/13		
	15,000	7,500	$ 25.9400	3/20/13		
	35,000	11,500	$ 39.7500	1/15/14		
	22,500	7,500	$ 31.4900	1/31/15		
	11,500	11,500	$ 37.8350	1/31/16		
	2,500	7,500	$ 33.7850	6/07/16		
	6,500	19,500	$ 40.1500	1/18/17		
	0	41,000	$ 37.6450	1/17/18		
					24,000 / 24,000 (c)	$ 954,960(g)
					15,330 / 21,000 (d)	$ 609,981(h)
					16,000 / 25,000 (e)	$ 636,640(i)
					18,975 / 33,000 (f)	$ 755,015(j)

Notes to Outstanding Equity Awards at Fiscal Year-end Table

(a) For any option reported, the grant date was ten (10) years prior to the expiration date shown except for the options expiring on 1/14/09, in which the grant date was eleven (11) years prior to the expiration. All options vest 25% per year over the four-year period following a grant date.

(b) In this column, the number to the left of the slash mark indicates the number of shares on which the payout value shown in the column to the right was computed. See Notes (g), (h), (i) and (j) below. The number to the right of the slash mark indicates the total number of shares that would vest upon attainment of all performance objectives over the three-year performance period.

(c) This grant will have vested three business days following the date on which the Company s financial results for the fiscal year ended 1/31/08 were released.

(d) This grant will vest three business days following the date on which the Company s financial results for the fiscal year ending 1/31/09 are released.

(e) This grant will vest three business days following the date on which the Company s financial results for the fiscal year ending 1/31/10 are released.

(f) This grant will vest three business days following the date on which the Company s financial results for the fiscal year ending 1/31/11 are released.

(g) This value has been computed at maximum based upon Company EPS and ROA performance in fiscal years 2005, 2006 and 2007. The computation assumes that 85% percent of the units will vest based on EPS performance; the resulting number of shares was then increased by 15% for ROA performance. The resulting value was computed on the basis of the stock closing price on January 31, 2008, $39.79.

(h) This value has been computed based upon Company EPS and ROA performance in fiscal years 2006 and 2007. The computation assumes that 63.5% of the units will vest based on EPS performance; the resulting number of shares was then increased by 15% for ROA performance. The resulting value was computed on the basis of the stock closing price on January 31, 2008, $39.79.

(i) This value has been computed based upon Company EPS and ROA performance in fiscal year 2007. The computation assumes that 55.7% of the units will vest based on EPS performance; the resulting number of shares was then increased by 15% for ROA performance. The resulting value was computed on the basis of the stock closing price on January 31, 2008, $39.79.

(j) This value has been computed at EPS target and on the assumption that the ROA performance goal will have been achieved.

OPTION EXERCISES AND STOCK VESTED
Fiscal 2007

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Michael J. Kowalski	100,000(a)	$ 4,254,680.00	0	$ 0
James E. Quinn	400,000(b)	$15,644,530.50	0	$ 0
Beth O. Canavan	99,000(c)	$ 2,142,942.14	0	$ 0
James N. Fernandez	100,000(d)			