

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JANUARY 31, 1994                      COMMISSION FILE NUMBER: 1-9494

TIFFANY & CO.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction  
of incorporation or organization)  
13-3228013  
(I.R.S. Employer  
Identification No.)

727 FIFTH AVENUE  
NEW YORK, NY 10022  
(Address of principal executive offices)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
COMMON STOCK, \$.01 PAR VALUE	NEW YORK STOCK EXCHANGE
STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

STATE THE AGGREGATE MARKET VALUE OF THE VOTING STOCK HELD BY NON-AFFILIATES OF THE REGISTRANT. THE AGGREGATE MARKET VALUE SHALL BE COMPUTED BY REFERENCE TO THE PRICE AT WHICH THE STOCK WAS SOLD, OR THE AVERAGE BID AND ASKED PRICES OF SUCH STOCK, AS OF A SPECIFIED DATE WITHIN 60 DAYS PRIOR TO THE DATE OF FILING. As of March 24, 1994 the aggregate market value of voting stock held by non-affiliates was \$435,132,018.13. See Item 5. Market for Registrant's Common Equity and Related Stockholder Matters below.

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE REGISTRANT'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE: 15,663,063 shares of Common Stock outstanding as of March 24, 1994.

The following documents are incorporated by reference into this Annual Report on Form 10-K: Registrant's Annual Report to Shareholders for the Fiscal Year Ended January 31, 1994 (Parts I, II and IV) and Registrant's Proxy Statement Dated April 7, 1994 (Part III).

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## PART I

### ITEM 1. BUSINESS

#### (a) General development of business.

Registrant (also referred to as the "Company") is the parent corporation of Tiffany and Company ("Tiffany"). The Tiffany business was founded in 1837 and was incorporated in New York in 1868. On May 5, 1987 Registrant completed the initial public offering of its Common Stock.

#### (b) Financial information about industry segments.

Industry segment information is not provided because the Registrant operates in a single industry segment: retail and wholesale distribution of fine jewelry, gift and fashion accessory items. Incorporated by reference from Registrant's Annual Report to Stockholders for the fiscal year ended January 31, 1994 (Footnote M. "Foreign Operations") is the Registrant's geographic segment information for the fiscal years ended January 31, 1994, 1993 and 1992.

#### (c) Narrative description of business.

As used below, the terms "Fiscal 1991", "Fiscal 1992" and "Fiscal 1993" refer to the fiscal years ended on January 31, 1992, 1993 and 1994, respectively.

### Products

Registrant's principal product categories are fine jewelry, timepieces, sterling silverware, china, crystal, stationery, writing instruments, fragrance, leather goods, scarves and ties.

Registrant offers an extensive selection of fine jewelry at a wide range of prices. In Fiscal 1991, 1992 and 1993, approximately 62%, 60% and 65%, respectively, of Registrant's net sales were attributable to jewelry. See Merchandise Purchasing, Manufacturing and Raw Materials below. Subject to approval by Tiffany's design department, designs are developed by employees, suppliers, independent designers and independent "name" designers. See Designer Licenses below.

TIFFANY & CO. brand watches and clocks as well as other brands of watches are sold. The range of TIFFANY & CO. brand sterling silver merchandise includes flatware, hollowware (tea and coffee services, bowls, cups and trays), trophies, key holders, picture frames and desk accessories. Crystal, glassware, china and other tableware, is sold under the trademarks of well-known manufacturers, as well as under the TIFFANY & CO.

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trademark. Custom engraved stationery, writing instruments, handbags, wallets, scarves, men's ties and fashion accessories are sold under the TIFFANY & CO. trademark. Fragrance products are sold under the trademarks TIFFANY and TIFFANY FOR MEN.

### Distribution and Marketing

#### Channels of Distribution

Registrant sells through three channels of distribution, and reports its sales as follows:

U.S. Retail consists of retail sales from stores in the United States and wholesale sales to selected independent retailers

in North America. U.S. Retail sales include wholesale sales of fragrance products in the United States, Canada and in the Caribbean region. See U.S. Retail below;

Direct Marketing consists of sales in the United States through a staff of specialized sales personnel who concentrate on business clients, and sales through direct mail catalogs. See Direct Marketing below; and

International Retail consists of both retail and wholesale sales to customers located outside the United States. See International Retail below.

#### U.S. Retail

The Fifth Avenue store in New York accounts for the largest portion of the Company's sales and is the focal point for marketing and public relations efforts. Approximately 23%, 24% and 21% of total Company net sales for Fiscal 1991, 1992 and 1993, respectively, were attributable to the New York store's retail sales. Management believes that the New York retail store will continue to account for a substantial portion of the Company's sales. Approximately 32,450 square feet in the New York building are devoted to retail selling.

Prior to September 1963, when the first branch store was opened in San Francisco, the New York store was Tiffany's sole retail location in the United States. Since that time, branch stores have been opened in the following cities: Houston (1964), Beverly Hills (1964), Chicago (1966), Atlanta (1969), Dallas (1982), Boston (1984), Costa Mesa (1988), Vienna, Virginia (Washington D.C. area) (1990), Philadelphia (1990), Palm Beach (1991), San Diego (1992), Honolulu (1992), Troy, Michigan (1992) and Bal Harbour (1993). The Beverly Hills branch store was relocated to larger quarters in 1990, as were the San

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Francisco and Houston branches in 1991. In March, 1993 a boutique located in Atlantic City, New Jersey which had been opened in 1990 was closed. Each of the 15 U.S. branch stores displays a representative selection of merchandise but none maintains the extensive selection carried by the New York store. Management currently contemplates the opening of new branch stores in major United States cities at the rate of approximately two per year. Separate lease agreements to open branches in Short Hills, New Jersey and Chevy Chase, Maryland have been entered into and, subject to completion of construction, Registrant expects to open for business in those locations in September 1995 and April 1996, respectively. The Chevy Chase location could, however, open as early as Fall 1994 should the space become available. See Item 2. Properties below for further information concerning U.S. Retail store leases. United States branch stores range in size from approximately 5,000 to 16,000 gross square feet and total approximately 170,000 gross square feet devoted to retail purposes. On average, approximately 45 percent of the floor space in each branch store is devoted to retail selling.

Tiffany sells jewelry, watches, tableware and other products at wholesale to approximately 195 United States independent retail locations (exclusive of locations which sell only TIFFANY fragrance products). Selected merchandise is provided to these accounts at wholesale prices that allow traditional retail jewelry mark-ups.

TIFFANY and TIFFANY FOR MEN brand fragrance products are sold in Registrant's own stores, through its Direct Marketing channel of distribution and through wholesale distribution in the U.S. and many overseas markets. These products are now available in approximately 3000 retail locations in the United States and abroad. Chanel, Inc. sells fragrance concentrates to Tiffany. A subsidiary of Chanel, Inc. provides production, packaging, warehousing, accounting and U.S. distribution services. Tiffany retains control of marketing and promotion and owns all fragrance product inventories and receivables.

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Direct Marketing

Corporate Division sales executives call on business clients throughout the United States, selling products drawn from the retail product line and items specially developed for the business market, including trophies and items made to customer specifications. Price allowances are given to business customers for volume purchases. Corporate Division customers purchase for business gift giving, employee service and achievement recognition awards, customer incentives and other purposes. Products and services are marketed through a sales force of approximately 130 persons, through advertising in newspapers and business periodicals and through the publication of special catalogs.

Tiffany also distributes catalogs of selected merchandise to its proprietary list of mail and telephone customers and to mailing lists rented from third parties. Four seasonal SELECTIONS (R) catalogs are published, supplemented by COLLECTIONS and other catalogs. The following table sets forth certain data with respect to mail order operations for the periods indicated:

	Fiscal Years Ended January 31,		
	1992 ----	1993 ----	1994 ----
Number of names on catalog mailing list at year-end (consists of customers who purchased by mail or telephone prior to the applicable date):	414,895	491,538	535,307
Total catalog mailings during fiscal year (in millions):	12.4	12.9	14.1
Total mail or telephone orders received during fiscal year:	180,795	197,984	210,379

International Retail

Stores and boutiques included in the International Retail channel of distribution are listed below. For locations operated by Registrant's subsidiary corporations, Registrant records as sales the retail price charged retail customers. For locations operated by third-party distributors, Registrant records as sales the wholesale price charged to the third-party distributors.

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International Locations

LOCATIONS OPERATED BY REGISTRANT'S SUBSIDIARIES

FREE-STANDING STORES

London, England  
 Munich, Germany  
 Zurich, Switzerland  
 Frankfurt, Germany  
 Milan, Italy (Faraone)  
 Florence, Italy (Faraone)  
 Hong Kong (Peninsula Hotel)  
 Hong Kong (Landmark Center)  
 Taipei, Taiwan  
 Singapore (Raffles Hotel)  
 Singapore (Ngee Ann City)  
 Toronto, Canada

JAPAN: MITSUKOSHI DEPARTMENT STORES

(Boutiques Located in Mitsukoshi Department Stores)  
 Tokyo (Nihombashi) Takamatsu  
 Tokyo (Shinjuku) Matsuyama  
 Tokyo (Shinjuku) + Hirakata  
 Tokyo (Ginza) Kobe  
 Tokyo (Ikebukuro) Nagoya (Hoshigaoka)  
 Yokohama Nagoya (Sakae)  
 Sendai Niigata  
 Sapporo Chiba  
 Osaka Kagoshima  
 Kurashiki Okinawa  
 Hiroshima

+ (Accessories Boutique)

JAPAN: NON-MITSUKOSHI DEPARTMENT STORES

Kawasaki, Japan (Saikaya Department Store)  
 Kokura, Japan (Izutsuya Department Store)  
 Kyoto, Japan (Daimaru Department Store)  
 Hamamatsu, Japan (Matsubishi Department Store)  
 Oita, Japan (Tokiwa Department Store)  
 Osaka (Shinsaibashi), Japan (Daimaru Department Store)

JAPAN: OTHER MITSUKOSHI LOCATIONS

(NON-DEPARTMENT STORE LOCATIONS)  
 Hilton Hotel, Nagoya, Japan  
 Hotel Okura, Kobe, Japan  
 Tokyo Bay Hotel, Tokyo, Japan  
 Royal Hotel, Osaka, Japan  
 Nagano, Japan (Specialty Store)

Osaka (Umeda), Japan (Daimaru Department Store)  
Kumamoto, Japan (Tsuruya Department Store)

Fukuoka, Japan (Specialty Store)  
Kanazawa, Japan (Specialty Store)  
The Landmark, Yokohama, Japan

LOCATIONS OPERATED BY LOTTE TRADING CO., Ltd. in Korea

Lotte World Department Store, Seoul (Duty-free)  
Lotte Department Store, Seoul (Duty-free) (Duty-paid)  
Hotel Lotte, Seoul (Lobby boutique) (Duty-free)  
Hotel Paradise, Pusan (Duty-free)

LOCATIONS OPERATED BY OTHER THIRD PARTIES

Rustan's Department Store, Manila, Philippines  
DFS Saipan

LOCATIONS OPERATED BY MITSUKOSHI LIMITED AND AFFILIATES

DEPARTMENT STORE LOCATIONS

Hong Kong  
Taipei, Taiwan  
Tokyo (Nihombashi), Japan (Faraone)  
Tokyo (Shinjuku), Japan (Faraone)  
Sapporo, Japan (Faraone)  
Matsuyama, Japan (Faraone)

NON-DEPARTMENT STORE LOCATIONS

Moana Surfrider Hotel, Honolulu, Hawaii  
Tumon Sands Plaza, Guam

The above listing does not include international "trade accounts", i.e. non-U.S. retailers to which TIFFANY & CO. or FARAONE brand merchandise is sold on a wholesale basis, but which do not operate a TIFFANY & CO. or FARAONE boutique within their respective stores.

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From 1972 through July 1993, selected TIFFANY & CO. products, principally jewelry and watches, were purchased from Tiffany by Mitsukoshi Limited and its affiliated companies ("Mitsukoshi") for distribution in Japan in TIFFANY & CO. boutiques. Under the agreement with Tiffany by which Mitsukoshi purchased and distributed TIFFANY & CO. products in Japan (the "Distribution Agreement"), all sales transactions between Tiffany and Mitsukoshi were denominated in U.S. Dollars. Registrant recorded wholesale sales to Mitsukoshi as revenue and Mitsukoshi received the merchandise into inventory and recorded revenue on the final sale in Japanese Yen to the ultimate consumer. Mitsukoshi established retail prices for TIFFANY & CO. merchandise in Japan and bore responsibility for management of inventory and the risk of currency fluctuations between the Japanese Yen and the U.S. Dollar.

On June 12, 1993, Registrant, through its affiliated companies, entered into an agreement (the "New Agreement") to realign its business relationship with Mitsukoshi. Under the New Agreement, Registrant's wholly owned subsidiary, Tiffany & Co. Japan Inc. ("Tiffany-Japan") assumed merchandising and marketing responsibilities in the operation of TIFFANY & CO. boutiques previously operated by Mitsukoshi in its stores and other locations in Japan. The changeover in responsibilities from the Distribution Agreement to the New Agreement occurred during the month of July 1993. Tiffany-Japan now provides merchandising and marketing management and owns substantially all merchandise held for sale in the boutiques. Mitsukoshi provides and maintains boutique facilities, staffs the boutiques with retail employees and assumes credit and certain other risks. Tiffany-Japan pays Mitsukoshi fees aggregating 27% of net retail sales made in such boutiques. Such fees consist of the following elements: (A) 23% of net retail sales made in such boutiques (the "Base Fee") is paid for the services and facilities Mitsukoshi provides Tiffany-Japan in connection with boutique operations (this fee is equivalent to the fee paid by Tiffany-Japan to other department stores in Japan for comparable services); and (B) 4% of net retail sales made in such boutiques (the "Exclusivity Fee") is paid in recognition of the high operating costs in Tokyo where Mitsukoshi has 5 stores and in consideration of Mitsukoshi's agreement to: (1) permit Tiffany-Japan to operate a boutique in each existing location throughout Japan and in all new Mitsukoshi stores opened in Japan until October 15, 2001; (2) construct and outfit all new boutiques to Tiffany-Japan's standards; and (3) make certain improvements to the existing boutique premises. With respect to the sale by Tiffany-Japan of certain high-value jewelry items repurchased from Mitsukoshi (less than 10% of the inventory to be repurchased), the Exclusivity Fee does not apply and the Base Fee is reduced to 5%. Tiffany-Japan also pays Mitsukoshi an incentive fee of 5% of the amount by which boutique sales increase year-to-year, calculated on a per-boutique basis. In Tokyo, TIFFANY & CO. boutiques may be established only in Mitsukoshi's stores and TIFFANY & CO. brand jewelry may be sold only in such boutiques. Tiffany-Japan has, however, reserved certain rights so that it may open a flagship store in Tokyo. The mutual obligations described in this paragraph will expire on October 15, 2001.

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In Fiscal 1991, 1992 and 1993, Mitsukoshi's wholesale purchases from Tiffany constituted, respectively, 23%, 15% and 7% of Registrant's net sales. The significant decrease in Fiscal 1993 reflects the changeover from the Distribution Agreement to the New Agreement. Under the New Agreement, Mitsukoshi no longer purchases TIFFANY & CO. merchandise for sale in Japan. Instead, Mitsukoshi acts for Tiffany-Japan in the sale of merchandise owned by Tiffany-Japan and Registrant recognizes as revenues the retail price charged to the ultimate consumer in Japan. Tiffany-Japan holds inventories for sale, establishes retail prices, bears the risk of currency fluctuations, provides one or more brand managers in each boutique, controls merchandising and display within the boutiques, manages inventory and controls and funds all advertising and publicity programs with respect to TIFFANY & CO. merchandise.

Because the inventory repurchased and to be repurchased by Tiffany from Mitsukoshi was previously sold by Tiffany to Mitsukoshi, Registrant has reversed the sales and related gross profit associated with the repurchase. Accordingly, in 1993 Registrant recorded a \$57.5 million reserve, representing the provision for product returns; this reduced net income in Registrant's second fiscal quarter ended July 31, 1993 by approximately \$32.7 million, or \$2.07 per share. The establishment of this reserve resulted in a net loss in such second quarter and in Fiscal 1993. Registrant's carrying value of the inventory purchased from Mitsukoshi is lower than the purchase price paid Mitsukoshi because of the reversal of such gross profit. Inventories of saleable TIFFANY & CO. merchandise owned by Mitsukoshi have been and will be repurchased by Tiffany-Japan for approximately \$115 million as described below. Approximately \$52.5 million of such inventory held by Mitsukoshi in the various boutiques ("Boutique Inventory") was repurchased during the month of July 1993. In addition, approximately \$62.5 million of TIFFANY & CO. inventory maintained in Mitsukoshi's Tokyo warehouse and central merchandising facilities ("Central Inventory") has been and will be repurchased by Tiffany throughout the period beginning July 1, 1993 and ending February 28, 1998. The price payable for inventories to be repurchased by Tiffany will be payable in Japanese Yen.<sup>1</sup> Mitsukoshi has agreed to accept a deferred payment in respect of \$25 million of the purchase price to be paid by Tiffany for Boutique Inventory. This amount must be paid in full on February 28, 1998. Interest at the rate of six percent per annum shall be payable quarterly to Mitsukoshi by Tiffany on the deferred amount. All other amounts payable by Tiffany for inventory repurchased pursuant to the New Agreement will be paid forty days following receipt of inventory.

Under separate agreements, Mitsukoshi operates four FARAONE boutiques in Mitsukoshi stores in Japan, TIFFANY & CO. boutiques in its department stores in Hong Kong and Taipei and TIFFANY & CO. boutiques in Honolulu and on the island of Guam. Tiffany sells merchandise to Mitsukoshi for resale in these boutiques on a wholesale basis.

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1. For the purposes of this report on Form 10-K, it has been assumed that 110 Japanese yen equal one U.S. dollar.

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In 1989, Mitsukoshi purchased from General Electric Capital Corporation ("GECC"), 1,500,000 shares of Registrant's Common Stock. As of March 24, 1994, Mitsukoshi owned 2,135,000 shares, or 13.63% of the Registrant's Common Stock. Prior to Mitsukoshi's purchase of Registrant's Common Stock from GECC, Registrant and Mitsukoshi entered into an agreement by which Mitsukoshi agreed, subject to certain contingencies, not to purchase in excess of 19.99% of Registrant's issued and outstanding Common shares. This agreement expires on September 21, 1994.

In 1992, Registrant assumed the operation of four TIFFANY & CO. boutiques previously operated by Mitsukoshi in third party department stores in Japan. Registrant now operates eight boutiques in Japan in non-Mitsukoshi department stores.

Mr. Yoshiaki Sakakura, President and Chief Executive Officer of Mitsukoshi, was appointed a director of the Registrant on November 15, 1989, and will continue to serve as a director if elected by Registrant's stockholders at their annual meeting scheduled to be held on May 19, 1994.

Wholesale distribution of TIFFANY & CO. jewelry and/or watches is also made through independent distributors in Japan, Europe, the Middle East, Korea, the Philippines and Saipan.

Tiffany began its ongoing program of international expansion through proprietary retail stores in 1986 with the establishment of the London store. The Munich and Zurich stores were opened in 1987 and 1988, respectively. In 1990, the Zurich store was expanded. Stores in Hong Kong at the Peninsula hotel and at the Landmark center were opened in August 1988 and March 1989, respectively. In 1990, a store was opened in Taipei, and in 1991 stores in Singapore (at the Raffles Hotel), Frankfurt and Toronto were opened, and the London store was expanded. In early Fiscal 1993, a hotel boutique in Berlin, which had been opened in 1991, was closed. Also in Fiscal 1993, a second store was opened in Singapore's Ngee Ann City, and the Peninsula hotel store in Hong Kong was expanded.

Company-operated international TIFFANY & CO. stores and boutiques range in size from approximately 700 to 13,000 gross square feet and total approximately 127,000 gross square feet devoted to retail purposes.

In October 1989, Registrant completed the purchase of a controlling interest in the parent corporation of Faraone, S.p.A. ("Faraone"), a manufacturing jeweler which operates retail jewelry stores under the FARAONE tradename in Milan and Florence and offers its products at wholesale to other retailers in Europe and through Mitsukoshi-operated FARAONE boutiques in Japan. Faraone also offers TIFFANY & CO. products in its stores and through its wholesale distribution, and FARAONE products are offered in TIFFANY & CO. stores in Europe.

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Registrant expects to continue to open stores in locations outside the United States. However, the timing and success of this program will depend upon many factors, including Registrant's ability to obtain suitable retail space on satisfactory economic terms, the extent of consumer demand for TIFFANY & CO. products in overseas markets and the fact that Tiffany's reputation in Europe is not yet as firmly established with consumers as it is in the United States and Japan. TIFFANY & CO. boutiques have now been installed in all current Mitsukoshi department stores in Japan. Future expansion in Japan will, to some extent, be dependent upon Mitsukoshi establishing new department stores. However, under its agreement with Mitsukoshi, Tiffany has retained certain rights so that it may undertake further development in Japan on its own initiative, and Tiffany also operates boutiques in stores other than Mitsukoshi in locations outside of Tokyo.

The following chart details the growth in the Company's stores and boutiques since 1987 on a worldwide basis:

End of Fiscal:	Worldwide Retail Locations							
	Registrant's Subsidiary Companies					Independent		
	North America and Europe			Pacific Rim		Mitsukoshi	Others	Total
	U.S.	Canada	Europe	Japan	Elsewhere			
1987	8	0	2	0	0	21	0	31
1988	9	0	3	0	1	21	0	34
1989	9	0	5	0	2	24	0	40

1990	12	0	5	0	3	27	0	47
1991	13	1	7	0	4	38	2	65
1992	16	1	7	7	4	36	4	75
1993	16	1	6	37	5	8	6	79

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#### Advertising and Promotion

Tiffany regularly advertises its business, primarily in newspapers and magazines. Cooperative advertising funds are received from certain merchandise vendors and the Company also provides its domestic and international third-party distributors with cooperative advertising funds. In Fiscal 1991, 1992, and 1993, Tiffany spent approximately \$19.2 million, \$19.4 million and \$18.1 million, respectively, on worldwide advertising, net of amounts contributed by vendors to Tiffany, but inclusive of cooperative advertising funds contributed by Tiffany to third party distributors.

Public Relations (promotional) activity is also a significant aspect of Registrant's business. Management believes that Tiffany's image is enhanced by a program of charity sponsorships, grants and merchandise donations. The Company also engages in an aggressive program of retail promotions and media activities to maintain consumer awareness of the Company and its products. Each year, Tiffany publishes its well-known Blue Book which showcases fine jewelry and other merchandise. Tiffany's New York window displays, designed by Gene Moore, are another important aspect of Tiffany's promotional efforts. In 1990, a book by Mr. Moore highlighting the art of window display was published. In its New York store, Tiffany displays table settings created by leading interior decorators and by prominent hosts and hostesses. John Loring, Tiffany's Design Director, is the author of several books featuring Tiffany products. Registrant considers these and other promotional efforts important in maintaining Tiffany's image as an arbiter of taste and style.

#### Trademarks

The designations TIFFANY(R) and TIFFANY & CO.(R) are the principal trademarks of Tiffany, as well as serving as tradenames. Tiffany has obtained and is the proprietor of trademark registrations for TIFFANY and TIFFANY & CO. for a variety of product categories in the United States and in other countries. Over the years, Tiffany has maintained a program to protect its trademarks and has instituted legal action where necessary to prevent others either from registering or using marks which are considered to create a likelihood of confusion with the Company or its products. Tiffany has been generally successful in such actions and management considers that its United States trademark rights in TIFFANY and TIFFANY & CO. are strong. However, use of the designation TIFFANY by third parties (often small companies) on unrelated goods or services, often transient in nature, may not come to the attention of Tiffany or may not rise to a level of concern warranting legal action. Also, trademark rights are territorial in nature and, under the laws of foreign jurisdictions, Tiffany's rights are not as broad as in the United States. Tiffany does not claim to be the sole person entitled to use the name TIFFANY in all product categories throughout the world; third parties have registered the name TIFFANY in the United States in the food services category, and in certain foreign

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countries in certain product categories, including the categories for fragrance, cosmetics, jewelry, eyeglass frames, clothing and tobacco products.

#### Designer Licenses

Tiffany has been the sole licensee for jewelry designed by Ms. Peretti, Ms. Picasso and the late Mr. Schlumberger since 1974, 1980 and 1956,



respectively. In 1992, Tiffany acquired trademark and other rights necessary to sell the designs of the late Mr. Schlumberger under the TIFFANY-SCHLUMBERGER trademark. Ms. Peretti and Ms. Picasso retain ownership of copyrights for their designs and of their trademarks and exercise approval rights with respect to important aspects of the promotion, display, manufacture and merchandising of their designs and Tiffany is required by contract to devote a portion of its advertising budget to the promotion of their respective products; each is paid a royalty by Tiffany for jewelry and other items designed by them and sold under their respective names. Written agreements exist between Ms. Peretti and Tiffany and between Ms. Picasso and Tiffany but may be terminated by either party following six months notice to the other party. Tiffany is the sole retail source for merchandise designed by Ms. Peretti worldwide; however, she has reserved by contract the right to appoint other distributors in markets outside the United States.

The designs of Ms. Peretti accounted for 17%, 14% and 14% of Tiffany's net sales in Fiscal 1991, 1992 and 1993, respectively. Merchandise designed by Ms. Picasso accounted for an aggregate of 4%, 5% and 5% of Tiffany's net sales in Fiscal 1991, 1992 and 1993, respectively. Registrant's operating results could be adversely affected were it to cease to be a licensee of one or more of these designers or should its degree of exclusivity in respect of their designs be diminished.

Merchandise Purchasing, Manufacturing and Raw Materials

Merchandise offered for sale by Tiffany is supplied from the Company's workshops in New York City and Pleasantville, New York; Parsippany, New Jersey; Attleboro, Massachusetts; Salem, West Virginia; Lussy-sur-Morges, Switzerland; Paris, France; and Milan, Italy and through purchases and consignments from others. The following table shows Tiffany's sources of merchandise, based on cost, for the periods indicated:

	Fiscal Years Ended January 31,		
	1992	1993	1994
	----	----	----
Produced by Tiffany	25 %	29 %	27 %
Purchased from others	75	71	73
	-----	-----	-----
Total	100 %	100 %	100 %

Approximately 42% of the merchandise purchased from others in Fiscal 1993 was manufactured outside the United States.

Gems and precious metals used in making Tiffany jewelry may be purchased from a variety of sources. For the most part, purchases of such materials are from suppliers with which Tiffany enjoys long-standing relationships. Tiffany believes that there are numerous alternative sources for gems and precious metals and that the loss of any single supplier would not have a material adverse effect on its operations.

Diamond jewelry accounted for approximately 17%, 16% and 23% of Tiffany's net sales for Fiscal 1991, 1992 and 1993, respectively. Tiffany does not purchase uncut diamonds and does not anticipate any material adverse change in the availability of cut and polished diamonds in general. The supply and price of diamonds in the principal world markets are significantly influenced by a single entity, the Central Selling Organization (the "CSO"), a marketing arm of De Beers Centenary AG, a Swiss corporation. The CSO has traditionally controlled the marketing of approximately 75-80% of the world's supply of uncut diamonds and sells uncut diamonds to worldwide diamond cutters from its London office approximately 10 times a year in quantities and at prices determined in its sole discretion. Tiffany does not purchase diamonds directly from the CSO. The availability of diamonds to the CSO and Tiffany's suppliers may be, to some extent, dependent on the political situation in diamond-producing countries, such as South Africa (which currently accounts for approximately 11% of the world diamond output), Australia, Brazil, Botswana, the former Soviet Union and

Zaire, and on the continuance of the prevailing supply and marketing arrangements for uncut diamonds. Sustained interruption in the supply of uncut diamonds from the producing countries could adversely affect Tiffany and the retail jewelry industry as a whole.

Finished jewelry is purchased from more than 100 manufacturers, most of which have long-standing relationships with Tiffany. Tiffany believes that there are alternative sources for most jewelry items; however, due to the craftsmanship involved in certain designs, Tiffany would have difficulty in finding readily available alternatives in the short term.

TIFFANY & CO. brand clocks and components for watches are manufactured by third party suppliers. Some watches are also assembled by third parties.

Tiffany contracts with a single manufacturer to produce its silver flatware patterns from Tiffany's proprietary dies by use of Tiffany's traditional manufacturing techniques. Likewise, engraved stationery is purchased from a single manufacturer. Loss of either manufacturer could result in the unavailability of silver flatware or engraved stationery, as the case may be, during the period necessary for Tiffany to arrange for new production.

As Registrant's sales have grown, management has increasingly begun to focus its attention on merchandise supply issues and has acquired additional merchandise manufacturing capabilities. In Fiscal 1989, the Company completed the acquisition of the assets and business and assumed certain liabilities of Howard H. Sweet & Son, Inc., a manufacturer of gold and silver jewelry and chains located in Attleboro, Massachusetts

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("Sweet"). Tiffany operates the Sweet business as a separate subsidiary under the name and trademark HOWARD H. SWEET & SON. In Fiscal 1990, Tiffany acquired the assets and business of McTeigue & Co., a manufacturer of gold jewelry located in Pleasantville, New York. In Fiscal 1991 Tiffany completed the acquisition of the business of the late Camille Le Tallec. Located in Paris, this workshop decorates hand-painted tableware. Also in Fiscal 1991, the Company established a watch assembly, engineering and testing operation in Lussy-sur-Morges, Switzerland. This operation affords Tiffany greater control over, and flexibility with respect to, the watch procurement process, and permits volume purchases of certain watch components, including watch movements. In Fiscal 1992, Tiffany acquired the assets and business of Judel Glassware Co., Inc., which produces crystal glassware in Salem, West Virginia. Manufacturing capacity at this facility will be increased to provide an additional crystal production resource for the Company. Registrant may seek additional manufacturing capacity in certain key product categories, although there are no current plans to do so.

#### Competition

Registrant is faced with substantial competition in all areas in which it is active, in most cases from companies that provide competition for only a portion of its diverse lines of merchandise. Competitors and the intensity of competition vary across product lines, geographic locations and channels of distribution. In the United States, TIFFANY & CO. retail stores must compete with jewelers and other retailers whose international reputations for style, integrity and expertise are well established. Tiffany must also compete with jewelers and other retailers who compete primarily on the basis of price. However, while price promotion is common in the jewelry industry, Tiffany does not compete through price promotion but rather on the basis of value -- the quality of its products and designs -- and the service provided by its store personnel.

The international marketplace for TIFFANY & CO. products is characterized by highly competitive conditions. Although Registrant believes that the name TIFFANY & CO. is known and respected internationally, and although Tiffany did operate retail stores in London and Paris prior to World War II, Tiffany did not have a retail presence in Europe in the post-war era until 1986. Accordingly, consumer awareness of Tiffany and its products is not as strong in Europe as in the United States or in Japan, where Tiffany has distributed its products for many years. Registrant expects that its overseas stores have and will continue to experience intense competition from

established retailers in international cities where TIFFANY & CO. stores are and may eventually be located.

In direct marketing, the TIFFANY & CO. reputation and diverse product line are believed to be favorable competitive factors; nonetheless, highly competitive conditions prevail. A growing number of direct sellers compete for access to the same mailing lists of known purchasers of luxury goods, and mailing and production costs are increasing. In marketing to businesses, Tiffany faces numerous competitors who sell a wide variety of products.

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#### Employees

As of January 31, 1994, the Registrant's subsidiary corporations employed an aggregate of approximately 3,133 full-time and part-time persons. Of those employees, 2,731 were employed in the United States. Of Tiffany's total employees, approximately 1,178 persons are salaried employees, 415 are engaged in manufacturing and 1,188 are retail store personnel. None of the Company's employees is represented by a union. Registrant believes that relations with its employees are good.

#### ITEM 2. PROPERTIES

All of Tiffany's principal operating facilities are leased although Registrant does own a small glass manufacturing facility in Salem, West Virginia.

##### New York Store

Tiffany leases the land and building at 727 Fifth Avenue in New York City for use as its main retail store and executive offices. The building was constructed in 1940. Approximately 32,450 gross square feet of this 124,000 square foot building are devoted to retail selling purposes, with the balance devoted to executive and administrative offices, jewelry production and storage. The building at 727 Fifth Avenue was designed to be a retail store for Tiffany and Tiffany believes it is well configured and located for this function.

The initial lease term for the New York store building expires on October 31, 1994 but may, subject to the terms of the lease, be renewed for five successive terms of five years each. Basic rent for the building is \$5.96 million per annum. That rate will remain effective until the expiration of the initial lease term. Tiffany has given notice of renewal for the first five-year renewal term. After October 31, 1994, when this renewal term commences, the basic rent will be increased by the greater of (i) a proportional increase in accordance with a consumer price index or (ii) the fair rental value of the property as determined by an appraisal proceeding. Tiffany has not yet been advised as to its landlord's position as to rent during the renewal term. Tiffany must also pay all costs of operating the building, including real property taxes, in addition to the basic rent.

##### Distribution Center

The Company's distribution facility in Parsippany, New Jersey is 16 years old and consists of approximately 135,000 square feet of space devoted to warehousing, receipt and distribution of merchandise, order processing, silversmithing and offices. The initial term of the net lease covering this facility expires on May 31, 1995 and may be renewed

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thereafter for two successive periods of five years each at a fair market rental rate. The current basic rental is approximately \$7.06 per square foot per annum. In April, 1993 the Company entered into a lease for 51,000 square

feet of warehouse space in Pine Brook, New Jersey, a town adjacent to Parsippany. With the addition of this bulk storage and overflow capacity, management believes that the Parsippany distribution facility will continue to be adequate but not optimal for the most efficient distribution of the Company's products. Accordingly, management is developing plans to relocate distribution and warehouse operations to a single facility by late 1996 or early 1997, and to combine existing New Jersey office, manufacturing and distribution support facilities into that same site.

#### Branch and Subsidiary Retail Store Leases

Set forth below is the expiration date for each of Tiffany's existing branch and subsidiary retail store leases (and, where applicable, optional renewal terms): Phipps Plaza Shopping Center, Atlanta, GA, July 31, 2000 (two five-year terms); Two Rodeo Drive, Beverly Hills, CA, October 7, 2005 (two five-year terms); Copley Place, Boston, MA, July 31, 2009 (two five-year terms); 715 North Michigan Avenue, Chicago, IL, September 30, 1997 (one 10-year term); South Coast Plaza, Costa Mesa, CA, January 31, 2004 (one five-year term); The Galleria, Dallas, TX, October 31, 1997 (one five-year term); Union Square, San Francisco, CA, October 29, 2006 (one ten-year term); Galleria Post Oak Shopping Center, Houston, TX, September 30, 2007 (one five-year term); 259 Worth Avenue, Palm Beach, FL, May 31, 2007 (two five-year terms); The Bellevue, Philadelphia, PA, November 16, 2005 (one five-year term); The Paladion, San Diego, CA, May 31, 2007; Fairfax Square, Vienna, VA, March 31, 2000 (two five-year terms); The Somerset Collection, Troy, MI, September 30, 2007; Ala Moana Center, Honolulu, HI, January 31, 2000; Bal Harbour Shops, Bal Harbour, FL, May 31, 2003; 20 Goethestrasse, Frankfurt, Germany, January 31, 2001 (one 10-year term); 25 Old Bond Street, London, England, March 24, 2016; Residenzstrasse 11, Munich, Germany, June 30, 1994 (one four-year term); The Landmark, Hong Kong, November 15, 1994; The Peninsula, Kowloon, Hong Kong, February 28, 1995; Raffles Hotel, Singapore, September 16, 1994 (one three-year term); Regent Hotel, Taipei, Taiwan, October 6, 1995 (two five-year terms); 85 Bloor Street, Toronto, Canada, October 15, 2006 (one seven-year term); Bahnhofstrasse 14, Zurich, Switzerland, September 30, 2000; and Ngee Ann City, Singapore, September 15, 1999 (one year renewal term).

In addition to the leases shown above, Tiffany has entered into a fifteen-year lease for a 10,000 square foot retail location at the Oakbrook Center, Oakbrook, Illinois, a ten-year lease for an 8,400 square foot retail location at The Mall at Short Hills, Short Hills, New Jersey, and a 5,400 square foot retail location at Chevy Chase Plaza, Chevy Chase, Maryland. The Oakbrook Center store is currently under construction and is expected to open in September 1994. Construction of The Mall at Short Hills location is expected to begin in Spring 1995 and to be completed by September 1995. Construction of the Chevy Chase, Maryland store is expected to commence no later than December 1995 and to be completed within four months.

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Registrant also operates two FARAONE stores in Italy, one in Milan and one in Florence. The Milan store is located on Via de Montenapoleone. The present lease expires on March 31, 1999, but may, subject to certain conditions imposed by Italian law, be renewed for an additional term of six years. The Florence store is located on Via Tornabuoni. The present lease expires on June 30, 1997 and is renewable for an additional term of six years, subject to the same conditions imposed by law upon the Milan lease.

#### ITEM 3. LEGAL AND ENVIRONMENTAL PROCEEDINGS

Registrant and Tiffany are from time to time involved in routine litigation incidental to the conduct of Tiffany's business, including proceedings to protect its trademark rights, litigation instituted by persons alleged to have been injured upon premises within Registrant's control and litigation with present and former employees. Registrant believes that no litigation currently pending to which it or Tiffany is a party or to which its properties are subject will have a material adverse effect on its results of operations or financial condition.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended January 31, 1994.

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EXECUTIVE OFFICERS OF THE REGISTRANT

The executive officers of Registrant are:

NAME	AGE	POSITION	YEAR JOINED TIFFANY
William R. Chaney	61	Chairman of the Board of Directors, President and Chief Executive Officer	1980
Michael J. Kowalski	42	Executive Vice President	1983
James E. Quinn	42	Executive Vice President	1986
Jeanne B. Daniel	38	Senior Vice President - Merchandising	1986
Patrick B. Dorsey	43	Senior Vice President - General Counsel and Secretary	1985
James N. Fernandez	38	Senior Vice President - Finance and Chief Financial Officer	1983
Marsha S. Gewirtzman	43	Senior Vice President - Corporate	1987
Fernanda K. Gilligan	47	Senior Vice President - Public Relations	1984
John R. Loring	54	Senior Vice President - Design Director	1979
Diana Lyne	40	Senior Vice President - Marketing	1984
Thomas J. O'Neill	41	Senior Vice President - International -Far East	1985
Dale S. Strohl	57	Senior Vice President - Operations	1984
Larry M. Segall	39	Vice President, Treasurer and Controller	1985

William R. Chaney. Mr. Chaney, Chairman, President and Chief Executive Officer of Tiffany since August 1984, joined Tiffany in January 1980 as a member of its Board. Prior to 1984 he served as an executive officer of Avon Products Inc. Mr. Chaney also serves on the board of directors of the Bank of New York.

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Michael J. Kowalski. Mr. Kowalski has held a variety of merchandising management positions since joining Tiffany in 1983 as Director of Financial Planning. On March 19, 1992 he was appointed Executive Vice President with overall responsibility in the following areas: merchandising, marketing, advertising, public relations and product design.

James E. Quinn. Mr. Quinn joined the Company in July 1986 as Vice President of branch sales for the Company's corporate sales operations. He was promoted to his current position as Executive Vice President responsible for all United States retail and corporate sales on March 19, 1992 and assumed responsibility for all North American retail and corporate sales in 1994.

Jeanne B. Daniel. Ms. Daniel has served in a variety of merchandising management positions since joining the Company in 1986 as a merchandising management associate. She was appointed Senior Vice President with responsibility for Merchandising Group I (jewelry) in October 1992.

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

James N. Fernandez. Mr. Fernandez joined Tiffany in October 1983 and has held various positions in financial planning and management since that time. He was appointed to his current position in April 1989.

Marsha S. Gewirtzman. Ms. Gewirtzman joined the Company in September 1987 in a sales management capacity within the corporate sales division. On March 19, 1992 she was appointed Senior Vice President with responsibility for corporate sales.

Fernanda K. Gilligan. Mrs. Gilligan joined Tiffany in October 1984 as Director of Retail Marketing. She assumed her current responsibilities in January 1990.

John R. Loring. Mr. Loring has served as Design Director since joining Tiffany in 1979.

Diana Lyne. Ms. Lyne joined Tiffany in July 1984 as Director of Advertising. She assumed her current responsibilities in January 1990.

Thomas J. O'Neill. Dr. O'Neill joined Tiffany in February 1985 as a management associate. He assumed responsibility for sale in the Pacific Rim in March 1992 and assumed responsibility for sales in the Mid-East in 1994.

Dale S. Strohl. Mr. Strohl assumed his current responsibilities in September 1984.

Larry M. Segall. Mr. Segall joined Tiffany in 1985 as Controller. He was appointed Treasurer-Controller on January 21, 1993.

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## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Registrant's Common Stock is traded on the New York Stock Exchange. In consolidated trading, the high and low sales prices per share for shares of such Common Stock for Fiscal 1992 were:

Fiscal 1992	High	Low
First Fiscal Quarter	\$52.88	\$42.00
Second Fiscal Quarter	\$44.13	\$23.25
Third Fiscal Quarter	\$29.25	\$22.63
Fourth Fiscal Quarter	\$35.38	\$25.00

In consolidated trading, the high and low sale prices per share for shares of such Common Stock for Fiscal 1993 were:

Fiscal 1993	High	Low
First Fiscal Quarter	\$32.63	\$24.13
Second Fiscal Quarter	\$33.50	\$26.38
Third Fiscal Quarter	\$33.25	\$26.25
Fourth Fiscal Quarter	\$38.00	\$29.13

On March 24, 1994, the high and low selling prices quoted on such exchange were \$33.625 and \$33.250 respectively. On March 24, 1994 there were 2,268 record holders of Registrant's Common Stock.

It is Registrant's policy to pay a quarterly dividend of \$.07 per share

of Common Stock, subject to declaration of such dividend by Registrant's Board of Directors. In Fiscal 1992, dividends of \$.07 per share were paid on April 10, 1992, July 10, 1992, October 9, 1992 and January 8, 1992. In Fiscal 1993, dividends of \$.07 per share were paid on April 9, 1993, July 9, 1993, October 8, 1993 and January 10, 1994.

In calculating the aggregate market value of the voting stock held by non-affiliates of the Registrant shown on the cover page of this Report on Form 10-K, 2,135,000 shares of Registrant's Common Stock beneficially owned by Mitsukoshi Limited and by the executive officers and directors of the Registrant (exclusive of shares which may be acquired on exercise of employee stock options) were excluded, on the assumption that certain of those persons could be considered "affiliates" under the provisions of Rule 405 promulgated under the Securities Act of 1933.

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ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference from Registrant's Annual Report to Stockholders for the fiscal year ended January 31, 1994.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Incorporated by reference from Registrant's Annual Report to Stockholders for the fiscal year ended January 31, 1994.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Incorporated by reference from Registrant's Annual Report to Stockholders for the fiscal year ended January 31, 1994.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated by reference from Registrant's Proxy Statement dated April 7, 1994, pages 2-5 and 7.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from Registrant's Proxy Statement dated April 7, 1994, pages 8-17.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference from Registrant's Proxy Statement dated April 7, 1994, pages 5-7.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference from Registrant's Proxy Statement dated April 7, 1994, pages 13-14. See also Part I, Item 1. Distribution and Marketing, International Retail, above, for a discussion of Registrant's business relationship with Mitsukoshi, Ltd., a holder of in excess of 10% of Registrant's issued and outstanding Common Stock.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a) List of Documents Filed As Part of This Report:

1. Financial Statements:

Data incorporated by reference from  
the 1993 Annual Report to Shareholders  
of Tiffany & Co. and Subsidiaries:

Report of Independent Accountants  
(See page 31 of this Form 10-K)

Consolidated balance sheets  
as of January 31, 1994 and 1993

Consolidated statements of operations  
for the years ended January 31, 1994, 1993 and 1992

Consolidated statements of stockholders' equity  
for the years ended January 31, 1994, 1993 and 1992

Consolidated statements of cash flows  
for the years ended January 31, 1994, 1993 and 1992

Notes to consolidated financial statements

2. Financial Statement Schedules:

The following financial statement schedules should be read in  
conjunction with the consolidated financial statements incorporated by  
reference herein:

VIII. Valuation and qualifying accounts and reserves.

IX. Short-term borrowings.

X. Supplementary income statement information.

All other schedules have been omitted since they are either not applicable or  
not required, or because the information required is included in the  
consolidated financial statements and notes thereto.

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3. Exhibits:

The following exhibits have been filed with the Securities and  
Exchange Commission but are not attached to copies of this Form 10-K other than  
complete copies filed with said Commission and the New York Stock Exchange:

Exhibit	Description
3.1	Restated Certificate of Incorporation of Registrant. Incorporated by reference from Exhibit 3.1 to Registrant's Report on Form 8-K dated June 23, 1989.
3.2	By-Laws of Registrant (as last amended April 19, 1993).
4.1	Form of Rights Agreement Dated as of November 17, 1988 by and between Registrant and Manufacturers Hanover Trust Company, as Rights Agent. Incorporated by reference from Exhibit 4.1 to Registrant's Report on Form 8-K dated November 18, 1988.
4.2	Amendment to Rights Agreement dated as of September 21, 1989 by and between Registrant and Manufacturers Hanover Trust Company, as



Rights Agent. Incorporated by reference from Exhibit 4.2 to Registrant's Report on Form 8-K dated September 28, 1989.

- 4.3 Indenture dated as of March 15, 1991 between Registrant and Manufacturers Hanover Trust Company, as Trustee, in respect of Registrant's 6-3/8% Convertible Subordinated Debentures Due 2001. Incorporated by reference from Exhibit 4.3 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1992 and dated April 10, 1992.
- 10.5 Designer Agreement between Tiffany and Paloma Picasso dated April 4, 1985. Incorporated by reference from Exhibit 10.5 filed with Registrant's Registration Statement on Form S-1, Registration No. 33-12818 (the "Registration Statement").
- 10.15 Lease between Tiffany and Creef Gem Corporation dated May 24, 1985 for 801 Jefferson Road, Parsippany, N.J. Incorporated by reference from Exhibit 10.15 to the Registration Statement.
- 10.16 Lease dated October 15, 1984 between Avon Export Corporation and Tiffany for 727 Fifth Avenue, New York, N.Y. Incorporated by reference from Exhibit 10.16 to the Registration Statement.

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Exhibit Description
- 10.53 Distribution and Manufacturing Services Agreement between Chanel, Inc. and Tiffany and Company dated as of January 1, 1993. Incorporated by reference from Exhibit 10.53 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
- 10.54 Letter Agreement dated March 4, 1987 between Tiffany and Elsa Peretti. Incorporated by reference from Exhibit 10.54 to the Registration Statement.
- 10.56 Purchase Agreement dated as of July 18, 1988, by and between Tiffany and Chanel, Inc. Incorporated by reference from Exhibit 28.2 to the Form S-8.
- 10.64 Distribution Agreement dated November 28, 1988 by and between Tiffany and Mitsukoshi (U.S.A.), Inc. in respect of Hawaii. Incorporated by reference from Exhibit 10.64 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1989 and dated April 21, 1989.
- 10.68 Form of credit agreement entered into with certain banks. Incorporated by reference from Exhibit 10.68 to Registrant's Report on Form 10-Q for the fiscal quarter ended July 31, 1989 and dated September 13, 1989.
- 10.69 Form of credit agreement entered into with certain banks. Incorporated by reference from Exhibit 10.69 to Registrant's Report on Form 10-Q for the fiscal quarter ended October 31, 1989 and dated December 14, 1989.
- 10.82 Form of Amendment to Credit Agreement made as of April 1, 1990 with certain banks. The following banks have entered into an Amendment to Credit Agreement No. 2: BBL Bank Brussels Lambert, New York Branch; CIBC, Inc.; Credit Suisse; The Fuji Bank, Limited, Fuji Bank (Schweiz) AG, and The Fuji Bank and Trust Company; Irving Trust Company; United Jersey Bank. Incorporated by reference from Exhibit 10.82 to Registrant's Report on Form 10-Q for the fiscal quarter ending April 30, 1990 and dated June 13, 1990.
- 10.89 Subscription Agreement in respect of Registrant's 6-3/8% Convertible Subordinated Debentures due 2001, dated March 8, 1991 among Lehman Brothers International Limited, Credit Suisse First Boston Limited, Goldman Sachs International Limited, Merrill Lynch

International Limited, The Nikko Securities Co., (Europe) Ltd., Paribas Limited, Robertson, Stephens & Company, UBS Phillips & Drew Securities Limited. Incorporated by reference from Exhibit 10.89 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1991.

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25 Exhibit	Description
10.99	Form of Amendment to Credit Agreement made as of January 31, 1992 with certain banks. The following banks have entered into an Amendment to Credit Agreement No. 3: BBL Bank Brussels Lambert, New York Branch; Credit Suisse; The Fuji Bank, Limited, Fuji Bank (Schweiz) AG and The Fuji Bank and Trust Company; Bank of New York; United Jersey Bank. Incorporated by reference from Exhibit 10.99 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1992 and dated April 10, 1992.
10.101	Form of Note Purchase Agreement, including the form of 7.52% Senior Notes due 2003 issued thereunder at par by Registrant on January 31, 1993 for an aggregate principal amount of \$51,500,000. Incorporated by reference from Exhibit 10.101 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.102	Master Agreement (interest rate transfers "Swap Transactions") dated January 26, 1993 between Lehman Brothers Special Financing Inc. and Registrant, and confirmation of Swap Transaction dated February 1, 1993 for notional amount \$50 million. Incorporated by reference from Exhibit 10.102 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.110	Inventory Purchase Agreement by and between Tiffany, Tiffany-Japan (Delaware) Inc., and Mitsukoshi dated June 25, 1992. Incorporated by reference from Exhibit 10.110 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.111	Agreement made June 12, 1993 by and between Tiffany-Japan (Delaware) Inc., Tiffany and Mitsukoshi Limited. Incorporated by reference from Exhibit 10.111 filed with Registrant's Report on Form 8-K dated June 12, 1993.
10.112	Amendment No.1 To Distribution Agreement (Oahu, Hawaii) made with respect to Distribution Agreement made the 28th day of November 1988 by and between Tiffany and Mitsukoshi (U.S.A.), Inc. (see Exhibit 10.64 above) entered into as of December 13, 1993 and Amendment No. 1 to License Agreement (Oahu, Hawaii) made with respect to the License made the 28th day of November 1988 by and between Tiffany and Mitsukoshi (U.S.A.), Inc. (see Exhibit 10.64 above) entered into as of December 13, 1993.
11.1	Statement re Computation of Per Share Earnings.

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26 Exhibit	Description
13.1	Annual Report to Stockholders for Fiscal Year Ended January 31, 1994 (pages 10 through 27 of such Annual Report have been filed in electronic format).
21.1	Subsidiaries of Registrant.

- 23.1 Consent of Coopers & Lybrand, independent accountants.
- 28.1 Form of Agreement in Respect of Tiffany & Co. Shares dated September 21, 1989 between Registrant and Mitsukoshi Limited. Incorporated by reference from Exhibit 28.1 to Registrant's Report on Form 8-K dated September 21, 1989.

Executive Compensation Plans and Arrangements

Exhibit	Description
10.2	Registrant's 1985 Stock Option Plan and forms of incentive stock option agreement and stock option agreement, as last amended on January 18, 1990. Incorporated by reference from Exhibit 10.3 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1990 and dated April 13, 1990.
10.3	Registrant's 1986 Stock Option Plan and form of stock option agreement, as last amended on March 19, 1992. Incorporated by reference from Exhibit 10.3 to Registrant's Report on Form 10-Q for the fiscal quarter ended April 30, 1992 and dated June 11, 1992.
10.25	Deferred Compensation Agreement between William R. Chaney and Tiffany and Company dated December 31, 1989. Incorporated by reference from Exhibit 10.25 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1990 and dated April 13, 1990.
10.49	Form of Indemnity Agreement, approved by Board of Directors of March 19, 1987. Incorporated by reference from Exhibit 10.49 to the Registration Statement.
10.60	Registrant's 1988 Director Stock Option Plan and form of Stock Option agreement. Incorporated by reference from Exhibit 10.60 to Registrant's Report on Form 10-K for the fiscal year ended January 31, 1988 and dated April 18, 1988.
10.113	Tiffany and Company Pension Plan, as last amended February 16, 1994.

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Exhibit	Description
10.114	1994 Tiffany and Company Supplemental Retirement Income Plan.
10.105	Group Long Term Disability Insurance Policy issued by The Mutual Benefit Life Insurance Company. Policy Number: G53,152. Incorporated by reference from Exhibit 10.105 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.106	Tiffany and Company Executive Deferral Plan. Incorporated by reference from Exhibit 10.106 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.115	1994 Form of Split Dollar Life Insurance Agreement entered into by Tiffany and Company and Executive Officers including form of Assignment of Life Insurance Policy as Collateral.
10.108	Tiffany & Co. Retirement Plan for Non-Employee Directors. Incorporated by reference from Exhibit 10.108 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.
10.109	Summary of informal incentive cash bonus plan for managerial

employees. Incorporated by reference from Exhibit 10.109 filed with Registrant's Report on Form 10-K for the fiscal year ended January 31, 1993 and dated April 12, 1993.

REGISTRANT WILL FURNISH COPIES OF ANY OF THE FOREGOING EXHIBITS TO ANY REGISTERED HOLDER OF THE REGISTRANT'S COMMON STOCK UPON PAYMENT OF A FEE OF \$.15 PER PAGE FURNISHED, WHICH FEE REPRESENTS REGISTRANT'S EXPENSES IN FURNISHING SUCH EXHIBIT.

(b) Reports on Form 8-K.

On December 28, 1993, Registrant filed a Report on Form 8-K reporting that Registrant had announced its preliminary, unaudited sales figures for the period November 1 to December 25, 1993. The text of Registrant's announcement was included in the Report.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TIFFANY & CO.  
(Registrant)

Date: April 7, 1994

By: /s/ William R. Chaney  
-----  
William R. Chaney  
Chairman of the Board and President

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: April 7, 1994

By: /s/ William R. Chaney  
-----  
William R. Chaney  
Chairman of the Board and President  
(principal executive officer)  
(director)

Date: April 7, 1994

By: /s/ James N. Fernandez  
-----  
James N. Fernandez  
Senior Vice President-Finance  
(principal financial officer)

Date: April 7, 1994

By: /s/ Larry M. Segall  
-----  
Larry M. Segall  
Vice President  
(principal accounting officer)

Date: April 7, 1994

By: /s/ Jane A. Dudley  
-----  
Jane A. Dudley  
Director

Date: April 7, 1994 By: /s/ Samuel L. Hayes, III  
-----  
Samuel L. Hayes, III  
Director

Date: April 7, 1994 By: /s/ Charles K. Marquis  
-----  
Charles K. Marquis  
Director

Date: April 7, 1994 By: /s/ Yoshiaki Sakakura  
-----  
Yoshiaki Sakakura  
Director

Date: April 7, 1994 By: /s/ William A. Shutzer  
-----  
William A. Shutzer  
Director

Date: April 7, 1994 By: /s/ Geraldine Stutz  
-----  
Geraldine Stutz  
Director

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(LETTERHEAD)

REPORT OF INDEPENDENT ACCOUNTANTS

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The Shareholders and  
Board of Directors of  
Tiffany & Co.:

Our report on the consolidated financial statements of Tiffany & Co. and Subsidiaries has been incorporated by reference in this Form 10-K from Page 27 of the 1993 Annual Report to Shareholders of Tiffany & Co. and Subsidiaries. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed in Item 14(a) of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ Coopers & Lybrand

New York, New York  
March 7, 1994

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TIFFANY & CO. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year Ended January 31, 1994:					
Reserves deducted from assets:					
Accounts receivable allowances principally doubtful accounts	\$7,292,659	\$3,119,873	\$(3,000,000) (a)	\$3,242,315 (b)	\$4,170,217
Allowance for inventory liquidation and obsolescence	3,527,704	3,833,000	-	298,828 (c)	7,061,876
Allowance for inventory shrinkage	2,150,000	2,573,852	-	2,688,494 (d)	2,035,358
LIFO Reserve	6,871,000	1,599,000	-	-	8,470,000

- (a) Reclassified to the product return reserve in connection with the Company's realignment of its business in Japan.  
(b) Uncollectible accounts written off.  
(c) Liquidation of inventory previously written down to market.  
(d) Physical inventory losses.

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TIFFANY & CO. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year Ended January 31, 1993:					
Reserves deducted from assets:					
Accounts receivable allowances principally doubtful accounts	\$4,459,864	\$4,789,017	\$ -	\$1,956,222 (a)	\$7,292,659
Allowance for inventory liquidation and obsolescence	1,933,390	2,019,721	-	425,407 (b)	3,527,704
Allowance for inventory shrinkage	1,594,000	4,194,954	-	3,638,954 (c)	2,150,000
LIFO Reserve	6,521,000	350,000	-	-	6,871,000

- (a) Uncollectible accounts written off.
- (b) Liquidation of inventory previously written down to market.
- (c) Physical inventory losses.

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TIFFANY & CO. AND SUBSIDIARIES

SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Column A	Column B	Column C	Column D	Column E	
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year Ended					
January 31, 1992:					
Reserves deducted from assets:					
Accounts receivable allowances principally doubtful accounts	\$3,831,527	\$2,117,261	\$ -	\$1,488,924 (a)	\$4,459,864
Allowance for inventory liquidation and obsolescence	-	2,189,444	-	256,054 (b)	1,933,390
Allowance for inventory shrinkage	790,000	6,660,000	-	5,856,000 (c)	1,594,000
LIFO Reserve	5,550,000	971,000	-	-	6,521,000

- (a) Uncollectible accounts written off.
- (b) Liquidation of inventory previously written down to market.
- (c) Physical inventory losses.

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TIFFANY & CO. AND SUBSIDIARIES

SCHEDULE IX - SHORT-TERM BORROWINGS

Column A	Column B	Column C	Column D	Column E	Column F
Category of appropriate short-term borrowing	Balance at end of period	Weighted average interest rate at end of period	Maximum amount outstanding during the period	Average amount outstanding during the period(a)	Weighted average interest rate during the period(b)
Year Ended					
January 31, 1992:					
Notes payable to bank	\$43,565,968	6.3%	\$64,261,507	\$39,840,494	6.4%
Year Ended					
January 31, 1993:					
Notes payable to bank	22,457,735	4.3	98,278,277	72,624,936	4.4
Year Ended					

January 31, 1994:

Notes payable to bank      59,289,059              3.7              75,149,753              44,201,800              3.8

(a) Average amount outstanding during the period is computed based on the daily outstanding balance for the year.

(b) Average interest rate during the period is computed by dividing the annualized interest on short-term borrowings by the average short-term debt outstanding.

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TIFFANY & CO. AND SUBSIDIARIES

SCHEDULE X - SUPPLEMENTARY INCOME STATEMENT INFORMATION

Column A	Column B
Item	Charged to cost and expenses

Year Ended January 31, 1992:

1. Depreciation and amortization of intangible assets	\$ 8,134,464
2. Taxes, other than payroll and income taxes	4,596,383
3. Royalties	7,412,517
4. Advertising costs	19,212,295 (a)

Year Ended January 31, 1993:

1. Depreciation and amortization of intangible assets	11,425,000
2. Taxes, other than payroll and income taxes	4,747,035
3. Royalties	6,583,238
4. Advertising costs	19,372,517 (a)

Year Ended January 31, 1994:

1. Depreciation and amortization of intangible assets	13,587,000
2. Taxes, other than payroll and income taxes	4,960,800
3. Royalties	6,980,904
4. Advertising costs	18,147,000 (a)

(a) Cooperative advertising expenses have been included in Advertising costs for all years presented.

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EXHIBIT INDEX

SEE PAGES 23 THROUGH 27 FOR A COMPLETE LIST OF EXHIBITS FILED, INCLUDING EXHIBITS INCORPORATED BY REFERENCE FROM PREVIOUSLY FILED DOCUMENTS.

EXHIBIT	DESCRIPTION	PAGE NO.
3.2	By-Laws of Registrant (as last amended April 19, 1993) . . . . .	
10.112	Amendment No.1 To Distribution Agreement (Oahu, Hawaii) made with respect to Distribution Agreement made the 28th day of November 1988 by and between Tiffany and Mitsukoshi (U.S.A.), Inc. (see Exhibit 10.64 above) entered into as of December 13, 1993 and Amendment No. 1 to License Agreement (Oahu, Hawaii) made with respect to the License made the 28th day of November 1988 by and between Tiffany and Mitsukoshi (U.S.A.), Inc. (see Exhibit 10.64 above) entered into as of December 13, 1993. . . . .	
10.113	Tiffany and Company Pension Plan, as last amended February 16, 1994. . . . .	
10.114	1994 Tiffany and Company Supplemental Retirement Income Plan. . . . .	
10.115	1994 Form of Split Dollar Life Insurance Agreement entered into by Tiffany and Company and Executive Officers including form of Assignment of Life Insurance Policy as Collateral. . . . .	
11.1	Statement re Computation of Per Share Earnings. . . . .	



13.1	Annual Report to Stockholders for Fiscal Year Ended January 31, 1994 (pages 10 through 27 of such Annual Report have been filed in electronic format) . . . . .
21.1	Subsidiaries of Registrant. . . . .
23.1	Consent of Coopers & Lybrand, independent accountants. . . . .

NOTE: ALL OTHER EXHIBITS HAVE BEEN INCORPORATED BY REFERENCE FROM EXHIBITS TO DOCUMENTS PREVIOUSLY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. REFER TO THE LIST OF EXHIBITS ON PAGES 23 THROUGH 27 FOR REGISTRATION, FILE AND EXHIBIT NUMBERS.

Tiffany & Co. Report on Form 10-K FY 1993

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RESTATED BY-LAWS  
(AS LAST AMENDED APRIL 19, 1993)  
-OF-  
TIFFANY & CO., A DELAWARE CORPORATION  
(HEREIN CALLED THE "CORPORATION")  
-OOOOO-

ARTICLE 1

Stockholders

SECTION 1.01. Annual Meeting. The Board of Directors by resolution shall designate the time, place and date (which shall be, in the case of the first annual meeting, not more than 13 months after the organization of the Corporation and, in the case of all other annual meetings not more than 13 months after the date of the last annual meeting) of the annual meeting of the stockholders for the election of directors and the transaction of such other business as may come before it.

SECTION 1.02. Notice of Meetings of Stockholders. Whenever stockholders are required or permitted to take any action at a meeting, written notice of the meeting shall be given (unless that notice shall be waived or unless the meeting is to be dispensed with in accordance with the provisions of Article SIXTH of the Certificate of Incorporation of the Corporation) which shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice of any meeting shall be given, personally or by mail, not less than ten nor more

than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

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SECTION 1.03. Quorum. At all meetings of the stockholders, the holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or by proxy, shall constitute a quorum for the transaction of any business.

When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any stockholders.

The stockholders present may adjourn the meeting despite the absence of a quorum and at any such adjourned meeting at which the requisite amount of voting stock shall be represented, the Corporation may transact any business which might have been transacted at the original meeting had a quorum been there present.

SECTION 1.04. Method of Voting. The vote upon any question before the meeting need not be by ballot. All elections and all other questions shall be decided by a plurality of the votes cast, at a meeting at which a quorum is present, except as expressly provided otherwise by the General Corporation Law of the State of Delaware or the Certificate of Incorporation.

SECTION 1.05. Voting Rights of Stockholders and Proxies. Each stockholder of record entitled to vote in accordance with the laws of the State of Delaware, the Certificate of Incorporation or these By-Laws, shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of stock entitled to vote standing in his name on the books of the Corporation, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

SECTION 1.06. Ownership of its Own Stock. Shares of its own capital stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes. Nothing in this section shall be construed as limiting the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

SECTION 1.07. Voting by Fiduciaries and Pledgors. Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the Corporation he has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon.

If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same

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fiduciary relationship respecting the same shares, unless the Secretary of the Corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship

wherein it is so provided, their acts with respect to voting shall have the following effect:

- (1) If only one votes, his act binds all;
- (2) If more than one votes, the act of the majority so voting binds all;
- (3) If more than one votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the Court of Chancery or such other court as may have jurisdiction to appoint an additional person to act with the persons so voting the shares, which shall then be voted as determined by a majority of such persons and the person appointed by the Court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of this subsection shall be a majority or even-split in interest.

SECTION 1.08. Fixing Date for Determination of Stockholders of Record. In order to determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed by the Board of Directors, the record date shall be determined in accordance with the provisions of the General Corporation Law of the State of Delaware.

SECTION 1.09. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting

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is to be held (which place shall be specified in the notice of the meeting) or, if not so specified, at the place where said meeting is to be held, and the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who may be present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting.

SECTION 1.10. Stockholder's Right of Inspection. Stockholders of record, in person or by attorney or other agent, shall have the right, upon written demand under oath stating the purpose thereof, during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in this State or at its principal place of business.

The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 1.01 or the

books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

SECTION 1.11. Conduct of Meetings. Meetings of the stockholders shall be presided over by one of the following officers in the order of seniority and if present and acting: the Chairman of the Board of Directors, if any, the Vice Chairman of the Board of Directors, if any, the President, a Vice President, or, if none of the foregoing is in office and present and acting, by a chairman to be chosen by the stockholders. The Secretary of the Corporation, or in his absence, an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. In the conduct of a meeting of the stockholders, all of the powers and authority vested in a presiding officer by law or practice shall be vested in the chairman of the meeting.

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## ARTICLE II

### Directors

SECTION 2.01. Management of Business. The business of the Corporation shall be managed by its Board of Directors.

The Board of Directors, in addition to the powers and authority expressly conferred upon it herein, by statute, by the Certificate of Incorporation of the Corporation or otherwise, is hereby empowered to exercise all such powers as may be exercised by the Corporation, except as expressly provided otherwise by the statutes of the State of Delaware, by the Certificate of Incorporation of the Corporation or by these By-Laws.

Without prejudice to the generality of the foregoing, the Board of Directors, by resolution or resolutions, may create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the Corporation, rights or options entitling the holders thereof to purchase from the Corporation any shares of its capital stock of any class or classes or any other securities of the Corporation, such rights or options to be evidenced by or in such instrument or instruments as shall be approved by the Board of Directors. The terms upon which, including the time or times, which may be limited or unlimited in duration, at or within which, and the price or prices at which, any such rights or options may be issued and any such shares or other securities may be purchased from the Corporation upon the exercise of any such right or option shall be such as shall be fixed and stated in the resolution or resolutions adopted by the Board of Directors providing for the creation and issue of such rights or options, and, in every case, set forth or incorporated by reference in the instrument or instruments evidencing such rights or options. In the absence of actual fraud in the transaction, the judgment of the directors as to the consideration for the issuance of such rights or options and the sufficiency thereof shall be conclusive. In case the shares of stock of the Corporation to be issued upon the exercise of such rights or options shall be shares having a par value, the price or prices so to be received therefor shall not be less than the par value thereof. In case the shares of stock to be issued shall be shares of stock without par value, the consideration therefor shall be determined in the manner provided in Section 153 of the General Corporation Law of the State of Delaware.

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SECTION 2.02. Qualifications and Number of Directors.

Directors need not be stockholders. The number of directors which shall

constitute the whole Board shall be seven (7), but such number as determined by the Board of Directors may be increased or decreased and subsequently again from time to time increased or decreased by an amendment to these By-Laws. In order to qualify for election or appointment directors shall be younger than 72 years when elected or appointed and a director may be removed by action of the Board of Directors if such director shall have failed to submit his or her resignation on or before the first meeting of the Board of Directors occurring following the 72nd birthday of such director, provided that the Board of Directors may in its discretion, by specific resolution taken without the participation of the director in question, waive the provisions of this sentence with respect to an individual director whose continued service is deemed uniquely important to the Corporation.

SECTION 2.03. Election and Term. The directors shall be elected at the annual meeting of the stockholders, and each director shall be elected to hold office until his successor shall be elected and qualified, or until his earlier resignation or removal.

SECTION 2.04. Resignations. Any director of the Corporation may resign at any time by giving written notice to the Corporation. Such resignation shall take effect at the time specified therein, if any, or if no time is specified therein, then upon receipt of such notice by the Corporation; and, unless otherwise provided therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 2.05. Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until their successors shall be elected and qualified, or until their earlier resignation or removal. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as herein provided in the filling of other vacancies.

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SECTION 2.06. Quorum of Directors. At all meetings of the Board of Directors, a majority of the entire Board, but not less than two directors, shall constitute a quorum for the transaction of business, except that when a board of one director is authorized, then one director shall constitute a quorum. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors except as provided in Sections 2.05 and 2.12 hereof.

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting of the directors to another time and place. Notice of any adjournment need not be given if such time and place are announced at the meeting.

SECTION 2.07. Annual Meeting. The newly elected Board of Directors shall meet immediately following the adjournment of the annual meeting of stockholders in each year at the same place, within or without the State of Delaware, and no notice of such meeting shall be necessary.

SECTION 2.08. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place, within or without the State of Delaware, as shall from time to time be fixed by the Board and no notice thereof shall be necessary.

SECTION 2.09. Special Meetings. Special meetings may be called at any time by the President, any Vice-President, the Treasurer or the Secretary or by resolution of the Board of Directors. Special meetings shall be held at such place, within or without the State of Delaware, as shall be fixed by the person or persons calling the meeting and stated in the notice or waiver of notice of the meeting.

Special meetings of the Board of Directors shall be held upon notice to the directors or waiver thereof.

Unless waived, notice of each special meeting of the directors, stating the time and place of the meeting, shall be given to each director by delivered letter, by telegram or by personal communication either over the telephone or otherwise, in each such case not later than the second day prior to the meeting, or by mailed letter deposited in the United States mail with postage thereon prepaid not later than the seventh day prior to the meeting. Notices of special meetings of the Board of Directors and waivers thereof need not state the purpose or purposes of the meeting.

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SECTION 2.10. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in a writing or writings and the writing or writings are filed with the minutes of proceedings of the Board or committee.

SECTION 2.11. Compensation. Directors shall receive such fixed sums and expenses of attendance for attendance at each meeting of the Board or of any committee and/or such salary as may be determined from time to time by the Board of Directors; provided that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 2.12. Executive Committee. The Board of Directors may, by resolution or resolutions, passed by a majority of the whole Board, designate an Executive Committee (and may discontinue the same at any time) to consist of one or more of the directors of the Corporation. The members shall be appointed by the Board and shall hold office during the pleasure of the Board. The Board may designate one or more directors as alternate members of the Committee, who may replace an absent or disqualified member at any meeting of the Committee. The Executive Committee shall have and may exercise all the powers of the Board of Directors (when the Board is not in session) in the management of the business and affairs of the Corporation (and may authorize the seal of the Corporation to be affixed to all papers which may require it), except that the Executive Committee shall have no power (a) to elect directors; (b) to alter, amend or repeal these By-Laws or any resolution or resolutions of the directors designating an Executive Committee; (c) to declare any dividend or make any other distribution to the stockholders of the Corporation; or (d) to appoint any member of the Executive Committee. Regular meetings of the Executive Committee may be held at such time and place, within or without the State of Delaware, as shall from time to time be fixed by the Executive Committee and no notice thereof shall be necessary. Special meetings may be called at any time by any officer of the Corporation or any member of the Executive Committee. Special meetings shall be held at such place, within or without the State of Delaware, as shall be fixed by the person calling the meeting and stated in the notice or waiver of the meeting. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business and the act of a majority present at which there is a quorum shall be the act of the Executive Committee. Notice of each special meeting of the Executive Committee shall be given (or waived) in the same manner as notice of a directors' meeting.

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SECTION 2.13. Other Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution of the Board and subject to any restrictions or limitations on the delegation of power and authority

imposed by applicable Delaware law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Any such committee shall keep written minutes of its meetings and report such minutes to the Board at the next regular meeting of the Board.

### ARTICLE III

#### Officers

SECTION 3.01. Number. The officers of the Corporation shall be chosen by the Board of Directors. The officers shall be a President, a Secretary and a Treasurer, and such number of Vice-Presidents, Assistant Secretaries and Assistant Treasurers, and such other officers, if any, as the Board may from time to time determine. The Board may choose such other agents as it shall deem necessary. Any number of offices may be held by the same person.

SECTION 3.02. Terms of Office. Each officer shall hold his office until his successor is chosen and qualified or until his earlier resignation or removal. Any officer may resign at any time by written notice to the Corporation.

SECTION 3.03. Removal. Any officer may be removed from office at any time by the Board of Directors with or without cause.

SECTION 3.04. Authority. The Secretary shall record all of the proceedings of the meetings of the stockholders and directors in a book to be kept for that purpose, and shall have the authority, perform the duties and exercise the powers in the management of the Corporation usually incident to the office held by him, and/or such other authority, duties and powers as may be assigned to him from time to time by the Board of Directors or the President. The other officers, and agents, if any, shall have the authority, perform the duties and exercise the powers in management of the Corporation usually incident to the offices held by them, respectively, and/or such other authority, duties and powers as may be assigned to them from time to time by the Board of Directors or (except in the case of the President) by the President.

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SECTION 3.05. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice-President and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

### ARTICLE IV

#### Capital Stock

Section 4.01. Stock Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman or Vice Chairman of the Board of Directors, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an assistant Secretary, of the Corporation, certifying the number of shares owned by him in the Corporation. Where such certificate is signed (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, the signatures



of the officers of the Corporation may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of issue.

SECTION 4.02. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by the laws of the State of Delaware.

SECTION 4.03. Registered Holders. Prior to due presentment for registration of transfer of any security of the Corporation in registered form, the Corporation shall treat the registered owner as the person exclusively entitled to vote, to receive notifications and to otherwise exercise all the rights and powers of an owner, and shall not be bound to recognize any equitable or other claim to, or interest in, any security, whether or not the Corporation shall have notice thereof, except as otherwise provided by the laws of the State of Delaware.

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SECTION 4.04. New Certificates. The Corporation shall issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, if the owner: (1) so requests before the Corporation as notice that the shares of stock represented by that certificate have been acquired by a bona fide purchaser; (2) files with the Corporation a bond sufficient (in the judgment of the directors) to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or theft of that certificate or the issuance of a new certificate; and (3) satisfies any other requirements imposed by the directors that are reasonable under the circumstances. A new certificate may be issued without requiring any bond when, in the judgment of the directors, it is proper so to do.

## ARTICLE V

### Miscellaneous

SECTION 5.01. Offices. The registered office of the Corporation in the State of Delaware shall be at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The Corporation may also have offices at other places within and/or without the State of Delaware.

SECTION 5.02. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its incorporation and the words "Corporate Seal Delaware."

SECTION 5.03. Checks. All checks or demands for money shall be signed by such person or persons as the Board of Directors may from time to time determine.

SECTION 5.04. Fiscal Year. The fiscal year shall begin the first day of February in each year and shall end on the thirty-first day of January of the following year.

SECTION 5.05. Waivers of Notice: Dispensing with Notice. Whenever any notice whatever is required to be given under the provisions of the General Corporation Law of the State of Delaware, of the Certificate of Incorporation of the Corporation, or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice.

Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except when the

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stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Whenever any notice whatever is required to be given under the provisions of the General Corporation Law of the State of Delaware, of the Certificate of Incorporation of the Corporation, or of these By-Laws, to any person with whom communication is made unlawful by any law of the United States of America, or by any rule, regulation, proclamation or executive order issued under any such law, then the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person; and any action or meeting which shall be taken or held without notice to any such person or without giving or without applying for a license or permit to give any such notice to any such person with whom communication is made unlawful as aforesaid, shall have the same force and effect as if such notice had been given as provided under the provisions of the General Corporation Law of the State of Delaware, or under the provisions of the Certificate of Incorporation of the Corporation or of these By-Laws. In the event that the action taken by the Corporation is such as to require the filing of a certificate under any of the other sections of this title, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

SECTION 5.06. Loans to and Guarantees of Obligations of Employees and Officers. The Corporation may lend money to or guaranty any obligation of, or otherwise assist any officer or other employee of the Corporation or of a subsidiary, including any officer or employee who is a director of the corporation or a subsidiary, whenever, in the judgment of the Board of Directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including without limitation, a pledge of shares of stock of the Corporation. Nothing in this Section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any other statute.

SECTION 5.04. Amendment of By-Laws. These By-Laws may be altered, amended or repealed at any meeting of the Board of Directors.

SECTION 5.08. Section Headings and Statutory References. The headings of the Articles and Sections of these By-Laws, and the references in brackets to relevant sections of the General Corporation Law of the State of Delaware, have been inserted for convenience of reference only and shall not be deemed to be a part of these By-Laws.

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#### ARTICLE VI

SECTION 6.01. Indemnification of Directors and Officers. The Corporation shall, to the fullest extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including without limitation an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action

or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

The right of indemnity provided herein shall not be exclusive and the Corporation may provide indemnification to any person, by agreement or otherwise, on such terms and conditions as the Board of Directors may approve. Any agreement for indemnification of any director, officer, employee or other person may provide indemnification rights which are broader or otherwise different from those set forth herein.

No repeal or modification of this Article or of relevant provisions of the Delaware General Corporation Law or any other applicable laws shall affect or diminish in any way the rights of any person to indemnification under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of, or relating to, any actions, transactions or facts occurring prior to the final adoption of such repeal or modification.

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SECTION 6.02. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

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AMENDMENT NO. 1 TO DISTRIBUTION AGREEMENT  
(OAHU, HAWAII)

THIS AMENDMENT NO. 1 is made with respect to that certain DISTRIBUTION AGREEMENT made the 28th day of November 1988 by and between Tiffany and Company ("Tiffany"), a corporation organized and existing under the laws of the State of New York with its principal place of business at 727 Fifth Avenue, New York City, N.Y. 10022 and Mitsukoshi (U.S.A.), Inc., a corporation organized under the laws of the State of Hawaii, (the "Hawaii Distribution Agreement"). This Amendment No. 1 is made by Tiffany and Mitsukoshi (U.S.A.), Inc., a corporation organized and existing under the laws of the State of New York, with its executive offices at 465 Park Avenue, New York City, N.Y., U.S.A., the successor by merger to the Hawaiian corporation of the same name ("Distributor").

TIFFANY AND DISTRIBUTOR HEREBY MUTUALLY AGREE TO AMEND THE HAWAII DISTRIBUTION AGREEMENT AS FOLLOWS:

A. Section 1.8 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 1.8 "Lease" means the lease of the premises at Moana Shop No. 4, in the Sheraton Moana Surf Rider Hotel, Honolulu, Hawaii.

B. Section 1.9 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 1.9 "Store" means the store to be operated by Distributor under the terms of this Distribution Agreement and the License Agreement at the premises referred to in Section 1.8 above.

C. Section 1.14 of the Hawaii Distribution Agreement is hereby deleted in its entirety.

D. Section 2.1 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 2.1 Appointment. Tiffany hereby appoints Distributor a distributor for Merchandise in the Territory. By this appointment, Distributor is granted non-exclusive distribution rights in the Territory for Merchandise and may sell Merchandise at retail from the Store, but only from the Store. Subject to the provisions of Section 2.5 below, Tiffany agrees that it will not (i) appoint or authorize, directly or indirectly,

another distributor of Exclusive Merchandise in the Territory (except that Tiffany may sell Exclusive Merchandise at the store operated by Tiffany at the Ala Moana Shopping Center) or (ii) operate or license others to operate a retail store under the tradename TIFFANY & CO. in the Territory (other than the store operated by Tiffany at the Ala Moana Shopping Center).

E. Subsection (2.5.4) of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

(2.5.4) The right to sell Merchandise (including Exclusive Merchandise) from Tiffany's store in the Ala Moana Shopping Center and in "corporate

transactions" in the Territory. The term "corporate transactions" refers to transactions with business customers who purchase for purposes of business gift-giving, incentive or promotional purposes, but not for purposes of re-sale.

F. Section 2.6 of the Hawaii Distribution Agreement is deleted in its entirety.

G. Section 3.1 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 3.1 Price to Distributor. The price charged for each item of Merchandise by Tiffany to Distributor shall be the lesser of the following: (i) the price stated in Tiffany's Wholesale Price List for Hawaii in effect at the time a purchase order from Distributor is accepted; and (ii) the lowest wholesale price offered by Tiffany to an authorized distributor of such item of Merchandise in Hawaii. Tiffany's current Wholesale Price List for Hawaii is attached as Schedule 3.1. Tiffany shall determine its Wholesale Price List for Hawaii from time to time on the basis of Tiffany's suggested retail prices for Hawaii, which shall not, in any circumstance, be greater than the then-current retail price at Tiffany's Ala Moana store. The price shown in the Wholesale Price List for Hawaii shall be Tiffany's then-current suggested retail price for Hawaii, less, in the case of PERETTI silver jewelry and watches, a wholesale discount of fifty percent (50%) or, in the case of all other Merchandise, forty-five percent (45%). All prices quoted assume delivery to Distributor's

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freight forwarder in New York City, New York. For all purposes of this Section 3.1, the applicable price shall be determined as of the time of acceptance by Tiffany of a purchase order. Notwithstanding anything to the contrary stated above in this Section 3.1, Tiffany reserves the right to quote individual wholesale prices for jewelry containing precious gems (including diamond solitaire rings) on an individual item basis and shall be under no obligation to establish list prices therefor or to include them on the Wholesale Price List for Hawaii. At such time as Tiffany shall issue a new Wholesale Price List for Hawaii Tiffany shall furnish Distributor with a copy of such list and shall otherwise keep Distributor informed of any change in such price list. Tiffany further agrees that it will provide Distributor with written notice of any change in the Wholesale Price List for Hawaii at least one (1) month prior to the effective date of such change.

H. Section 3.6 of the Hawaii Distribution Agreement is hereby deleted in its entirety.

I. Section 4.7 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 4.7 Inspection and Returns. Distributor shall inspect Merchandise promptly and advise Tiffany in writing of any claims for shortages or defective Merchandise within thirty (30) days of actual receipt in Hawaii. Tiffany will accept returns of such Merchandise for credit or replacement, provided that Tiffany is advised in writing, as aforesaid, and allowed to provide Distributor with a return authorization number and return shipping instructions prior to return shipment. Tiffany agrees to provide such authorization and instructions within ten (10) days of receipt of claim. Tiffany will bear the cost of returning defective Merchandise and the cost of shipping replacement Merchandise if the above procedures are followed.

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J. Exhibit B referred to in Section 6.2 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

"EXHIBIT B

SCHEDULE OF INSURANCE COVERAGE

TYPE	LIMIT
Comprehensive General Liability	\$2,000,000
Commercial Umbrella Liability	\$3,000,000
Workers' Compensation	Statutory Minimum
Property All Risk (Coverage on leasehold improvements, furniture, fixtures and equipment and inventory)	\$17,000,000
Jewelers Block	\$3,000,000
Ocean/Air Cargo (per conveyance)	\$1,000,000"

K. Section 7.1 of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

Section 7.1 Term. The term of the Agreement shall commence on 28 November 1988 and end on the 31st day of October 1997.

L. Subsection (7.2.4) of the Hawaii Distribution Agreement is hereby deleted in its entirety and replaced with the following:

(7.2.4) The insolvency of either party (for this purpose, "insolvency" shall mean the inability of a party to satisfy its debts as they come due).

M. Subsection (7.2.12) of the Hawaii Distribution Agreement is hereby deleted in its entirety.

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N. Section 8.1, as follows, is hereby inserted into Article VIII of the Hawaii Distribution Agreement:

Section 8.1 Advertising Materials. Tiffany will produce all veloxes, film and other camera-ready art required for newspaper and magazine advertising to be conducted by Distributor with respect to the Store and supply such materials to Distributor at a price equal to Tiffany's cost of production.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE ENTERED INTO THIS AMENDMENT NO. 1 WITH SCHEDULE 3.1 ATTACHED AS OF DECEMBER 13, 1993.

Attest: MITSUKOSHI (U.S.A.), INC. ("Distributor")

/s/ \_\_\_\_\_  
President

/s/ Ichiro Murai  
-----  
By: Ichiro Murai  
Title: Executive Vice President

Attest: ("Tiffany")  
/s/ Thomas J. O'Neill  
-----  
Secretary By: Thomas J. O'Neill  
Title: Senior Vice President -  
International - Far East

Attachment: Schedule 3.1

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AMENDMENT NO. 1 TO LICENSE AGREEMENT  
(OAHU, HAWAII)

THIS AMENDMENT NO. 1 is made with respect to that certain LICENSE AGREEMENT made the 28th day of November 1988 by and between Tiffany and Company ("Tiffany"), a corporation organized and existing under the laws of the State of New York with its principal place of business at 727 Fifth Avenue, New York City, N.Y. 10022 and Mitsukoshi (U.S.A.), Inc., a corporation organized under the laws of the State of Hawaii, (the "Hawaii License Agreement"). This Amendment No. 1 is made by Tiffany and Mitsukoshi (U.S.A.), Inc., a corporation organized and existing under the laws of the State of New York, with its executive offices at 465 Park Avenue, New York City, N.Y., U.S.A., the successor by merger to the Hawaiian corporation of the same name ("Distributor").

TIFFANY AND DISTRIBUTOR HEREBY MUTUALLY AGREE TO AMEND THE HAWAII LICENSE AGREEMENT AS FOLLOWS:

Section 2.1 of the Hawaii License Agreement is hereby deleted and the following substituted in its place:

Section 2.1 Non-Exclusive License - Servicemark. Tiffany hereby grants to Distributor a non-exclusive, royalty-free license to use and practice the Servicemark in the Territory for the operation of the Store, including the right to do business under the tradename or style TIFFANY & CO. This grant does not authorize Distributor to make use of the Servicemark in the operation of a mail order or catalog business.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE ENTERED INTO THIS AMENDMENT NO. 1 AS OF DECEMBER 13, 1993.

Attest: MITSUKOSHI (U.S.A.), INC.  
("Distributor")  
/s/ Ichiro Murai  
-----  
By: Ichiro Murai  
Title: Executive Vice President

Attest: TIFFANY AND COMPANY  
("Tiffany")  
/s/ Thomas J. O'Neill  
-----  
By: Thomas J. O'Neill  
Title: Senior Vice President -  
International - Far East





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TIFFANY AND COMPANY  
PENSION PLAN

As last amended 2/16/94

TIFFANY AND COMPANY  
PENSION PLAN

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SECTION 1 - DEFINITIONS

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The following words and phrases as used herein shall have the following meanings unless a different meaning is plainly required by the context:

- (1) "Plan" Tiffany and Company Pension Plan, as described herein or as from time to time hereafter amended or restated.
- (2) "Company" Tiffany and Company or Tiffco Jewelry and Chain Crafts, Inc., provided, however, that, in the case of a person who is an Employee of Tiffany and Company on his Employment Commencement Date, the term "Company" as used herein with respect to such person shall refer to Tiffany and Company, and, in the case of a person who is an Employee of Tiffco Jewelry and Chain Crafts, Inc. on his Employment Commencement Date, the term "Company" as used herein with respect to such person shall refer to Tiffco Jewelry and Chain Crafts, Inc.
- (3) "Board of Directors" Board of Directors of Tiffany and Company.
- (4) "Pre-ERISA Plan" Tiffany and Company Pension Plan and Trust as in effect through January 31, 1976, incorporating an informal pension plan maintained by the Company prior to February 1, 1968.
- (5) "Affiliate" Any member of the controlled group of companies of which the Company is a member within the meaning of Section 414(b), (c) and (m) of the Code.

(6) "Committee" The Pension Committee as described in Section 7.

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(7) "Plan Year" Each twelve (12) month period commencing February 1 and ending on or before January 31, 1981, the eleven (11) month period ending December 31, 1981 and each calendar year thereafter.

(8) "Employee" Any person employed by the Company who receives regular stated compensation from the Company, but excluding employees (a) whose principal place of work is outside the United States and (b) who are paid their Compensation from a foreign bank or bank branch or who are eligible to receive retirement, severance or similar benefits under foreign law or as a result of foreign custom. Notwithstanding any other provision of the Plan, in the case of an Employee who shall transfer from a foreign location to a U.S. location or vice versa, the Committee may, by regulation or otherwise and to the extent it considers advisable, treat service and/or compensation during the period of such transfer, including compensation from and service with an Affiliate, as service and/or compensation with the Company for the purposes of vesting and/or for determining the amount of pension or other benefits which may be payable under the Plan.

Based on his stated work schedule an Employee shall be classified as a Regular Employee or a Part-time Employee. A change in status between Part-time Employee and Regular Employee shall be deemed effective for purposes of Subsections (3) and (4) of Section 4 as of the first of the month coincident with or next following the date of such change or, in the case of an Employee who terminates employment and is reemployed in a different status prior to incurring a Break in Service, as of the intervening first day of a Plan Year or, if none, as of the first of the month coincident with or next following the date of termination.

If a change in status between Part-time Employee and Regular Employee is deemed effective on other than the first day of

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a Plan Year and clause (ii) (A) of Subsection 4(3) is applicable to the Employee, he shall not incur a Break in Service with respect to the Plan Year in which the change is deemed effective, and shall for purposes of determining Compensation, Average Final Compensation and Creditable Service be considered to have been a Regular Employee for the entirety of such Plan Year; if such a change in status is deemed effective on other than the first day of a Plan Year and clause (ii) (B) of Subsection 4(3) or Subsection 4(4) is applicable to the Employee, he shall for purposes of determining Compensation, Average Final Compensation and Creditable

Service be considered to have been a Part-time Employee for the entirety of the Plan Year in which the change is deemed effective.

- (9) "Participant" Any person included as a Participant as provided in Section 2, except an Employee covered by a collective bargaining agreement which expressly excludes members of the collective bargaining unit from the Plan.
- (10) "Compensation" (i) In the case of an Employee who is not paid on a piecework basis, the actual base salary paid to him for services rendered to the Company (exclusive of amounts attributable to the exercise of employee stock options), including straight time for all hours worked, commissions, bonuses, premiums and incentives; and (ii) in the case of an Employee who is paid on a piecework basis, the actual remuneration paid to him; and (iii) in the case of any Employee shown in the attached Appendix I, the reference to Company for purposes of this Subsection 1(10) only shall also refer to Affiliates of the Company prior to October 15, 1984.
- (11) "Average Final Compensation" With respect to an Employee his average annual Compensation during those five years of his last ten years of Creditable Service in which his compensation was

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highest. In the case of a Part-time Employee, "Average Final Compensation" shall mean the average, over those five of his last ten Plan Years in which he accrued Creditable Service and such sum was highest, of the sum of (i) the Compensation he would have earned in a Plan Year if he had worked full-time at his job for the average rate of pay actually paid to him during such Plan Year, and (ii) the total of any items of remuneration actually paid to him during such Plan Year which would constitute "Compensation" in the case of a Regular Employee only.

If an Employee was considered a Part-time Employee during all or any part of his last ten Plan Years in which he accrued Creditable Service, and was also considered a Regular Employee during any part of his last ten years of Creditable Service, his "Average Final Compensation" shall be computed by averaging his high five years as determined by applying the appropriate rule of the preceding paragraph to the appropriate periods; provided, however, that no item of remuneration may enter into the determination of Average Final Compensation more than once. If an Employee has less than five years of Creditable Service or less than five Plan Years in which he accrued Creditable Service, as the case may be, his "Average Final Compensation" shall be computed over all such years.

Except in respect of subdivision (b) of

Subsection 5(1), "Average Final Compensation" shall reflect those five years of his last ten years of creditable service prior to July 31, 1985 or December 31, 1984, as required by Section 5, in which his compensation was highest. Compensation earned subsequent to July 31, 1985 or December 31, 1984, as required by Section 5, shall not be reflected in this calculation.

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[SUBSECTION 1(11), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1995. FOR SUBSECTION 1(11) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1994, SEE BELOW.]

(11) "Average Final Compensation"

With respect to an Employee his average annual Compensation during those five years of his last ten years of Creditable Service in which his compensation was highest. If an Employee has less than five years of Creditable Service or less than five Plan Years in which he accrued Creditable Service, as the case may be, his "Average Final Compensation" shall be computed over all such years.

Except in respect of subdivision (b) of Subsection 5(1), "Average Final Compensation" shall reflect those five years of his last ten years of creditable service prior to July 31, 1985 or December 31, 1984, as required by Section 5, in which his compensation was highest. Compensation earned subsequent to July 31, 1985 or December 31, 1984, as required by Section 5, shall not be reflected in this calculation.

[THE FOLLOWING RULE OF CONSTRUCTION WAS ADOPTED BY THE COMMITTEE ON FEBRUARY 16, 1994.]

With respect to the change in the definition of Average Final Compensation under Subsection 1(11) of the Plan effective for Plan Years beginning after December 31, 1994, such change shall not apply to any Compensation earned prior to the effective date of such change. Accordingly, if Compensation for any Plan Year beginning prior to January 1, 1995 is taken into account in calculating Average Final Compensation or for any other purpose under the Plan, Compensation for such Plan Year shall be determined in accordance with the previous definition of Average Final Compensation. In addition, the Accrued Benefit determined in accordance with the new definition of Average Final Compensation shall not be less than the Accrued Benefit determined as of December 31, 1994 under the previous definition.

(12) "Creditable Service"

The period including fractions of a year rounded up to the next whole month of an Employee's service which is counted as a period of service for vesting purposes

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under Section 4; provided, however, that in the case of an Employee who accrued

Creditable Service hereunder both as a Part-time Employee and also as a Regular Employee, any Plan Year during which he completes at least 1,000 hours of service but less than the standard number of hours of service in the regularly scheduled work weeks for the location at which he is employed shall be counted as the corresponding fraction of a year of Creditable Service; and provided, further, that in the event of a change in status to which clause (ii)(B) of Subsection 4(3) applies, there shall be taken into account for purposes of the preceding clause, with respect to the Plan Year in which the change in status is effective, forty-five hours of service for each week or partial week of service performed subsequent to the change in status and before the end of such Plan Year.

If an Employee becomes re-employed after February 1, 1976, and again becomes a Participant pursuant to Section 2, subject to Subsection 4(5), his service shall be credited as of his Reemployment Commencement Date.

For an Employee shown in the attached Appendix I, any period during which the Employee was an employee of an Affiliate of the Company prior to October 15, 1984.

(13) "Actuarial Equivalent"

A benefit of equivalent value, when computed on the basis of the factors shown in Appendix II.

(14) "Social Security Benefit"

The amount of the Participant's anticipated unreduced primary insurance benefit under Title II of the Federal Social Security Act. The benefit shall be computed on the basis of such Act in effect at the earlier of July 31, 1985, or the time he last ceases to be a Participant, and shall consist of that annual amount to which he would upon

proper application be entitled at the date of retirement or termination, or at age 65 if later, on the basis of his Compensation as determined under the Plan irrespective of earnings he may be receiving in excess of any limit on earnings for full entitlement to such benefit.

When used in connection with the computation of any retirement allowance other than a retirement allowance payable to a Participant who terminates employment at or after age 65, it shall mean the said Social Security Benefit computed on the assumption that the Participant will continue to receive Compensation until age 65 for purposes of Social Security in the same amount as in effect on the date of his retirement or termination. With respect to periods for which the Participant's actual compensation

for Social Security purposes is not available, the Social Security Benefit shall be calculated on the assumption that the Participant had compensation for Social Security purposes after 1951, or age 22 if later and prior to his last date of hire or rehire which increased 6 percent each year to his Compensation on such date of hire or rehire.

Each Participant shall have the right to have his Social Security Benefit computed on the basis of the Participant's actual salary history as of the earlier of July 31, 1985, or the time he last ceases to be a Participant, instead of estimated compensation. Each Employee shall be provided with written notice of the Employee's right to supply actual salary history and of the financial consequences of failing to supply such history. The notice must be given each time the summary plan description is provided to the Employee and must also be given upon separation from service. The notice must state that the Employee can obtain the actual salary history from the Social Security Administration. If the Participant supplies documentation of his

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or her actual salary history, the Participant's benefit will be adjusted to the offset based on actual salary history for years previously estimated before separation from service (assuming no post-separation or post-retirement compensation). Such documentation must be supplied within a reasonable period following the later of the date of separation from service (by retirement or otherwise) or the time when the Participant is notified of the benefit to which he is entitled.

(15) "Hour of Service"

(1) Any hour for which a Regular Employee or a Part-time Employee is directly or indirectly paid or entitled to payment by the Company for the performance of duties, which such hours shall be credited, in the case of a Part-time Employee, for the computation period or periods in which the duties are performed;

(2) Any hour for which a Part-time Employee is directly or indirectly paid or entitled to payment by the Company for reasons (such as vacation, sickness or disability) other than for the performance of duties, which such hours shall be credited to the Part-time Employee in accordance with Department of Labor Regulations section 2530.200b-2; and

(3) Any hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by the Company in the case of a Part-time Employee, which such hours shall be credited to the Part-time Employee for the computation period

or periods to which the award or agreement pertains. Any Employee who is paid on a piecework basis shall be credited with ten Hours of Service for each day on which he would be entitled to credit for one Hour of Service under the foregoing definition.

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(16)

"Employment Commencement Date"

In the case of a Regular Employee, the date on which he first performs an Hour of Service. In the case of a Part-time Employee, "Employment Commencement Date" shall mean the first day for which he is entitled to be credited with an Hour of Service under subdivision (1) of Subsection 1(15) above.

(17)

"Discontinuance of Active Employment Date"

In the case of a Regular Employee, the earlier of (i) his retirement or other termination of employment with the Company, or (ii) the first anniversary of the first day of any continuing period of absence from service with the Company, with or without pay, which is neither (A) a leave of absence described in Subsection (1), (2) or (3) of Section 3, nor (B) the result of his retirement or termination.

(18)

"Break in Service"

(1) In the case of a Part-time Employee, a Plan Year in which he fails to complete an Hour of Service, other than a Plan Year during any part of which he is on a leave of absence described in Section 3. In the case of a Regular Employee, a Break in Service shall occur when he fails to perform an Hour of Service within a one-year period beginning on any Discontinuance of Active Employment Date.

(2) In addition, and notwithstanding the rules described under subdivision (1) of Subsection 1(18) above, any individual who is absent from the service of the Company on account of pregnancy, birth of a child of such individual, or for purposes of caring for such a child during the period immediately following childbirth or placement for adoption shall be credited, for purposes of this Section, with the Hours of Service for which he would normally have received credit had he not been absent from the service of the Company for one of the reasons described above, up to a maximum

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of five hundred and one (501) Hours of Service, which hours shall be credited in accordance with Section 202(b)(5) of ERISA,

as amended by the Retirement Equity Act of 1984, and related regulations.

(19) "Reemployment Commencement Date" In the case of a Regular Employee, the date on which he first performs an Hour of Service following a Break in Service. In the case of a Part-time Employee, "Reemployment Commencement Date" shall mean the first day for which he is entitled to be credited with an Hour of Service under subdivision (1) of Subsection 1(15) following (i) a Break in Service which follows either (A) a Plan Year or other eligibility computation period described in Section 2 in which he is credited with at least an Hour of Service, or (B) a Plan Year during any part of which he is on a leave of absence described in Section 3, or (ii) a Plan Year in which he is credited with no Hours of Service which follows a Reemployment Commencement Date established under clause (i).

(20) The masculine pronoun wherever used shall include the feminine.

(21) "Code" Internal Revenue Code of 1954, as amended.

[SUBSECTION 1(21), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989. FOR SUBSECTION 1(21) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, SEE BELOW.]

(21) "Code" Internal Revenue Code of 1986, as amended.

(22) "Taxable Wage Base" The maximum amount of Compensation with respect to any year which may be considered wages for such year under the Federal Social Security Act then in effect.

[SUBSECTION 1(22), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989. FOR SUBSECTION 1(22) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, SEE BELOW.]

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(22) "Taxable Wage Base" The contribution and benefit base under section 230 of the Federal Social Security Act as in effect in the year in question.

[THE FOLLOWING SUBSECTION 1(23) IS EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988.]

(23) "Covered Compensation" The average (without indexing) of the Taxable Wage Bases in effect for each calendar year during the 35-year period ending with the year in which the Participant attains (or will attain) social security retirement age, calculated as provided in Proposed Regulation Section 1.401(1)-1(b)(9) under the Code.

(24) "Accrued Benefit" The amount on a given date of the benefits provided under Subsection 5(1) of the Plan using Average Final Compensation, Covered Compensation and Creditable Service determined as of such date. The Accrued Benefit may be expressed in a form which is



the actuarial equivalent.

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SECTION 2 - PARTICIPATION

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(1) Any person who is a Participant as of December 31, 1981 shall remain a Participant in the Plan on January 1, 1982. After December 31, 1981, a Regular Employee shall become a Participant on the first anniversary of his Employment Commencement Date, provided that he is an Employee on such first anniversary. A Part-time Employee shall become a Participant after December 31, 1981 on January 1 or July 1 coincident with or next following the first anniversary of his Employment Commencement Date, provided (i) that he is an Employee on such January 1 or July 1, and (ii) that he completes 1,000 Hours of Service during the one-year period commencing on his Employment Commencement Date. If a person would have become a Participant but for the fact that he was not an Employee on the applicable entry date, he shall nevertheless become a Participant immediately upon his again becoming an Employee, provided he again becomes an Employee prior to incurring a Break in Service.

(2) If a Part-time Employee does not complete 1,000 Hours of Service during the one-year period commencing on his Employment Commencement Date, he shall become a Participant immediately following the close of the first Plan Year commencing after his Employment Commencement Date in which he does complete 1,000 Hours of Service, other than a Plan Year in which he has a Reemployment Commencement Date, in which case he shall become a Participant immediately following the close of (i) the one-year period commencing on such Reemployment Commencement Date or (ii) the first Plan Year commencing after such Reemployment Commencement Date, in which he completes 1,000 Hours of Service.

(3) A Regular Employee who has become a Participant shall cease to be a Participant on his Discontinuance of Active Employment Date, and a Part-time Employee who has become a Participant shall cease to be a Participant on the date he ceases to be an Employee or, if earlier, on the date on which he incurs a Break in Service. Such a former Participant, unless he ceased to be a Participant as a result of incurring a Break in Service, shall immediately again become a Participant if, prior to incurring a Break in Service, he either (i) performs an Hour of Service as a Regular Employee, or (ii) is entitled to be credited with an Hour of Service under subdivision (1) of Subsection 1(15) as a Part-time Employee.

(4) If an Employee who is vested ceases to be a Participant and has a subsequent Reemployment Commencement Date on which he is a Regular Employee, he shall again become a Participant as of his Reemployment Commencement Date if (i) he is an Employee on the first anniversary of such date or, (ii) he is not an Employee on such first anniversary but again becomes an Employee prior to incurring a Break in Service which is subsequent to his

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Reemployment Commencement Date. If an Employee who is vested ceases to be a Participant and has a subsequent Reemployment Commencement Date on which he is a Part-time Employee, he shall again become a Participant as of his Reemployment Commencement Date if he completes 1,000 Hours of Service during the one-year period commencing on his Reemployment Commencement Date or, if he does not, as of the first day of the first Plan Year commencing after his Reemployment Commencement Date in which he completes 1,000 Hours of Service, other than a Plan Year in which he has another Reemployment Commencement Date.

(5) If any Employee who is not vested ceases to be a Participant and has a subsequent Reemployment Commencement Date, he shall again become a Participant in accordance with the appropriate rule of Subsection (4) for vested Employees,

provided that the number of consecutive one-year Breaks in Service did not equal or exceed the greater of 5 or the aggregate number of years of service before such Break in Service. If his prior service does not satisfy the applicable condition of the preceding sentence, his Reemployment Commencement Date will be deemed his Employment Commencement Date for purposes of this Section, and rules of Subsections (1) and (2) hereof will apply.

(6) For purposes of this Section 2, in determining whether an Employee shall become a Participant, service with any Affiliate of the Company shall be taken into account, in accordance with the foregoing rules, as if such service had been rendered to the Company and such service shall include service as a leased employee within the meaning of Code Section 414(n) of the Company or an Affiliate.

(7) For purposes of this Section 2, William R. Chaney will not be considered a Participant at any time under the provisions of this Plan.

SECTION 3 - LEAVES OF ABSENCE

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(1) The Company may authorize an unpaid or paid leave of absence under its standard personnel practices as applied in a uniform and non-discriminatory manner to all Employees similarly situated, provided that the Employee must return to service with the Company within the period of time specified in the authorization. [THE FOLLOWING PROVISION IS EFFECTIVE ONLY FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1990] Except in the case of a leave for military service, a leave of absence shall not be less than one month nor shall it exceed four consecutive months.

(2) Any Employee who shall be granted a leave of absence for service in the armed forces of the United States or in emergency government service, or pursuant to a leave granted by the Company, shall be deemed to be an Employee during such leave and his Compensation in the last full calendar year of his employment immediately preceding the beginning of such leave shall be deemed to be his annual Compensation for the purposes of the Plan during such leave, provided that such Employee returns to the employ of the Company within the period provided by law for the protection of his reemployment rights following his discharge or release from active duty in such armed forces.

(3) The Committee may, under rules uniformly applicable to all Employees similarly situated, include as service and compensation, respectively, for any Participant retiring hereunder, any period or periods of service and the compensation earned during such period or periods, not otherwise creditable or recognized hereunder, rendered or earned in the employment of any Affiliate; provided that the retirement allowance payable on account of such additional period of service shall be reduced by any employer-provided retirement benefit which is payable on account of the same period of service under any retirement plan of such Affiliate.

(4) Anything herein contained to the contrary notwithstanding, the Committee may, under rules uniformly applicable to all Employees similarly situated, include as service such other periods of excused absence from employment as it deems appropriate and consistent with Plan objectives.

[THE FOLLOWING RULE WAS ADOPTED BY THE COMMITTEE ON MARCH 11, 1991 AND IS EFFECTIVE AS OF APRIL 1, 1990.]

Except as otherwise specifically provided in this Section 3, where the Company authorizes a paid leave of absence which does not require the Employee to return to service with the Company, such Employee shall be deemed to be an Employee during such leave for all purposes under the Plan.

SECTION 4 - VESTING

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(1) A person shall be vested if the period of his service equals or exceeds ten years computed in accordance with the rules set forth in this section or when he attains normal retirement age as specified in subdivision (a) of Subsection 5(2) hereof.

[SUBSECTION 4(1), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, THE FOLLOWING SUBSECTION 4(1) IS EFFECTIVE.]

(1) A person shall be vested if the period of his service equals or exceeds five years computed in accordance with the rules set forth in this section or when he attains normal retirement age as specified in subdivision (a) of Subsection 5(2) hereof.

(2) There shall be counted as periods of service for vesting purposes the sum of the following periods:

(a) any period prior to February 1, 1976 during which a person was an Employee, unless such period would have been disregarded in computing service under the rules of the Plan regarding Breaks in Service then applicable, but including any period which was disregarded solely because of the Participant's age;

(b) with respect to a Part-time Employee, each Plan Year beginning on or after February 1, 1976 during which such Employee completes 1,000 Hours of Service;

(c) with respect to a Regular Employee, each period of his employment with the Employer, beginning on both (i) the later of February 1, 1976 or his Employment Commencement Date and (ii) any Reemployment Commencement Date after February 1, 1976, and ending on his Discontinuance of Active Employment Date next following;

(d) with respect to a Regular Employee, the period between any Discontinuance of Active Employment Date and the date on which he next performs an Hour of Service if such date is within one year of such Discontinuance of Active Employment Date; provided, however, that if a Regular Employee's employment is terminated during any absence from service which would not otherwise result in a Discontinuance of Active Employment Date until the first anniversary of the first day thereof, vesting service shall include the period from his discontinuance of Active Employment Date to the date on which he next performs such an Hour of Service only if he next performs such an Hour of Service within one year of the first day of such absence.

(e) with respect to an Employee shown in the attached Appendix I, the period during which the Employee was an employee of an Affiliate of the Company prior to October 15, 1984.

Notwithstanding the foregoing, in no event shall the number of years of service credited to an Employee under the Plan as in effect on January 1, 1982 be less than the number of such years credited to him under the Plan as in effect on December 31, 1981.

(3) For purposes of Subsection (2) above, if a person's status is changed from Part-time Employee to Regular Employee, he shall receive credit, as of the date such change in status is effective, for a period of service consisting of (i) service credited to him under Subsection (2) (a) and (b) for Plan Years prior to the Plan Year in which the change in status is effective, and (ii) the greater of (A) the period beginning on the first day of the Plan Year in which the change in status is effective (or, if later, the first day he was an Employee during such Plan Year) and ending on the date such change in status is

effective, or (B) the service which would be taken into account for such period under Subsection (2)(b) on the basis of Hours of Service completed to the date of change. If clause (ii)(A) of the preceding sentence applies, the Employee shall receive credit for service subsequent to the change in status commencing on the first day thereafter on which he is an Employee; if clause (ii)(B) of such sentence applies, he shall only receive credit for service subsequent to the change in status commencing on the day after the last day of the Plan Year in which the change in status is effective.

(4) For purposes of Subsection (2) above, if a person's status is changed from Regular Employee to Part-time Employee, he shall receive credit, as of the date such change in status is effective, for (i) a number of years of service equal to the number of 1- year periods of service credited to him under Subsections (2)(a), (c) and (d) as of the date the change in status is effective, and (ii) forty-five Hours of Service for each week or partial week of any fractional part of a year credited to him under such Subsections (2)(a), (c) and (d) as of the date the change in status is effective, such hours to be credited to him for purposes of Subsection 2(b) in the Plan Year in which the change is effective.

(5) Notwithstanding anything to the contrary above, if a former Participant again becomes a Participant after incurring a Break in Service, service credited for vesting purposes prior to the date his participation ceased shall be disregarded if (A) his service for vesting purposes on such date is less than ten years and (B) if the number of his consecutive one-year Breaks in Service equals or exceeds the greater of 5 or the aggregate number of years of service before such Breaks in Service. However, for purposes of this Subsection (5), there shall be no forfeiture of vesting service prior to the date participation ceased if he remains a Participant at all times during those four consecutive Plan Years

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next following the Plan year in which he again becomes a Participant.

[SUBSECTION 4(5), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989. FOR SUBSECTION 4(5) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, SEE BELOW.]

(5) Notwithstanding anything to the contrary above, if a former Participant again becomes a Participant after incurring a Break in Service, service credited for vesting purposes prior to the date his participation ceased shall be disregarded if (A) his service for vesting purposes on such date is less than five years and (B) if the number of his consecutive one-year Breaks in Service equals or exceeds 5. However, for purposes of this Subsection (5), there shall be no forfeiture of vesting service prior to the date participation ceased if he remains a Participant at all times during those four consecutive Plan Years next following the Plan year in which he again becomes a Participant.

[THE FOLLOWING RESOLUTION WAS ADOPTED BY THE COMMITTEE ON MARCH 11, 1991 AND IS EFFECTIVE AS OF SUCH DATE.]

RESOLVED, that, in the opinion of the Pension Committee, the purpose and intent of Section 4(5) of the Pension Plan is to recognize credit for prior service both for vesting purposes and for the purposes of calculating Creditable Service under Section 1(12) of the Plan, consistent with past practice and construction.

(6) Solely for the purposes of calculating vesting service under this Section 4 and not for the purpose of calculating Creditable Service under Subsection 1(12) hereof (except to the extent provided in Section 3 hereof), service with any Affiliate of the Company shall be taken into account as if the term "Company" in the foregoing rules included such Affiliate and service as a leased employee within the meaning of Section 414(n) on the Company or an Affiliate shall also be taken into account, provided that no period of service shall be taken into account hereunder more than once.

## SECTION 5 - BENEFITS

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(1) (a) Subject to Subsection 5(3), any person who, subsequent to December 31, 1984, ceases to be a Participant after he is vested and whose Month of Retirement occurs prior to December 1, 1988, shall be entitled to an annual retirement allowance, payable in monthly installments commencing at the end of the calendar month immediately following his Month of Retirement and continuing to and including the earlier of the December 1988 monthly payment or the last monthly payment in the month of his death, equal to the annual retirement allowance computed in subdivision (c) of this Subsection, plus, for each year or fraction of a year of Creditable Service beginning January 1, 1985, the sum of 1-1/2 percent of Compensation not in excess of the Taxable Wage Base and 2 percent of Compensation in excess of the Taxable Wage Base. For this subdivision (a) of Subsection 5(1) only, Compensation earned after January 1, 1985, for any Participant who works less than a full Plan Year, will equal the Compensation he would have earned if he had worked the full Plan Year. In addition, a Participant's "Month of Retirement" for the purposes of this Subsection 5(1) only is the month in which he attains the normal retirement age specified in subdivision (a) of Subsection 5(2) or, if later, in which he ceases to be a Participant.

(b) Subject to Subsection 5(3), any person who, subsequent to December 31, 1984, ceases to be a Participant after he is vested shall be entitled to an annual retirement allowance, payable in monthly installments commencing at the end of the later of January 1989 or the calendar month immediately following his Month of Retirement, and continuing to and including the last monthly payment in the month of his death, equal to 1 percent of the Participant's Average Final Compensation not in excess of Covered Compensation multiplied by the number of his years, including fractions thereof, of Creditable Service, plus 1-1/2 percent of his Average Final Compensation in excess of Covered Compensation multiplied by the number of his years, including fractions thereof, of Creditable Service. For this subdivision (b) of Subsection 5(1) only, Compensation earned after January 1, 1985, for any Participant or former Participant who works less than a full Plan Year, will equal the Compensation he would have earned if he had worked the full Plan Year.

(c) The annual retirement allowance accrued as of December 31, 1984, shall be equal to the excess of (i) 1-3/4 percent of the Participant's Average Final Compensation (determined as of December 31, 1984) multiplied by the number of his years of Creditable Service (determined as of December 31, 1984) up to ten plus 1-1/2 percent of the Participant's Average Final Compensation (determined as of December 31, 1984) multiplied by his remaining years of Creditable Service (determined as of December 31, 1984) over (ii)

1-1/4 percent of the Participant's Social Security Benefit (determined as if the Participant had terminated as of December 31, 1984) multiplied by the number of his years of Creditable Service (determined as of December 31, 1984) completed by him subsequent to the end of the calendar month in which he attained age 25 (for purposes of this clause (ii) of this Subsection 5(1) (b), prorating Creditable Service accrued for the Plan Year in which he attained age 25 if he was then considered a Part-time Employee), up to a maximum of 50 years.

(d) In no event shall the annual retirement allowance computed in subdivisions (a), (b) and (c) of this Subsection (5)(1) be less than the annual retirement allowance computed as the excess of (i) 1-3/4 percent of the Participant's Average Final Compensation (determined as of July 31, 1985) multiplied by the number of his years of Creditable Service (determined as of July 31, 1985) up to ten plus 1-1/2 percent of the Participant's Average Final Compensation (determined as of July 31, 1985), multiplied by his remaining

years of Creditable Service (determined as of July 31, 1985) over (ii) 1-1/4 percent of the Participant's Social Security Benefit (determined as if the Participant had terminated as of July 31, 1985) multiplied by the number of his years of Creditable Service (determined as of July 31, 1985) completed by him subsequent to the end of the calendar month in which he attained age 25 (for purposes of this clause (ii) of this Subsection 5(1)(c), prorating Creditable Service accrued for the Plan Year in which he attained age 25 if he was then considered a Part-time Employee), up to a maximum of 50 years.

(e) In no event shall the annual retirement allowance computed in subdivisions (a), (b) and (c), and subject to a minimum benefit as computed in subdivision (d) of this Subsection (5)(1) be less than \$100 multiplied by the number of his years of Creditable Service. In addition, no Participant's Accrued Benefit shall be less than what such Participant had accrued as of the last day of the last Plan Year beginning before January 1, 1989.

[SUBSECTION 5(1), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988. FOR SUBSECTION 5(1) EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989, SEE BELOW.]

(1) (a) Subject to Subsection 5(3), effective January 1, 1985, any person who ceases to be a Participant after he is vested shall be entitled to an annual retirement allowance, payable in monthly installments commencing at the end of the calendar month immediately following the month in which he attains the normal retirement age specified in subdivision (a) of Subsection 5(2) or, if later, in which he ceases to be a Participant, and continuing to the last monthly payment in the month of his death, equal to the annual retirement allowance computed in subdivision (b) of this Subsection, plus, for each year or fraction of a year of Creditable Service beginning January 1, 1985, the sum of 1-1/2 percent of

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Compensation not in excess of the Taxable Wage Base and 2 percent of Compensation in excess of the Taxable Wage Base. For this subdivision (a) of Subsection 5(1) only, Compensation earned after January 1, 1985, for any Participant who works less than a full Plan Year, will equal the Compensation he would have earned if he had worked the full Plan Year.

(b) The annual retirement allowance accrued as of December 31, 1984, shall be equal to excess of (i) 1-3/4 percent of the Participant's Average Final Compensation (determined as of December 31, 1984) multiplied by the number of his years of Creditable Service (determined as of December 31, 1984) up to ten plus 1-1/2 percent of the Participant's Average Final Compensation (determined as of December 31, 1984) multiplied by his remaining years of Creditable Service (determined as of December 31, 1984) over (ii) 1-1/4 percent of the Participant's Social Security Benefit (determined as if the Participant had terminated as of December 31, 1984) multiplied by the number of his years of Creditable Service (determined as of December 31, 1984) completed by him subsequent to the end of the calendar month in which he attained age 25 (for purposes of this clause (ii) of this Subsection 5(1)(b), prorating Creditable Service accrued for the Plan Year in which he attained age 25 if he was then considered a Permanent Part-time Employee), up to a maximum of 50 years.

(c) In no event shall the annual retirement allowance computed in subdivisions (a) and (b) of this Subsection (5)(1) be less than the annual retirement allowance computed as the excess of (i) 1-3/4 percent of the Participant's Average Final Compensation (determined as of July 31, 1985) multiplied by the number of his years of Creditable Service (determined as of July 31, 1985) up to ten plus 1-1/2 percent of the Participant's Average Final Compensation (determined as of July 31, 1985), multiplied by his remaining years of Creditable Service (determined as of July 31, 1985) over (ii) 1-1/4 percent of the Participant's Social Security Benefit (determined as if the Participant had terminated as of July 31, 1985) multiplied by the number of his years of Creditable Service (determined as of July 31, 1985) completed by him subsequent to the end of the calendar month in which he attained age 25 (for purposes of this clause (ii) of this Subsection 5(1)(c), prorating Creditable Service accrued for the Plan Year in which he attained age 25 if he was then considered a Permanent Part-time Employee), up to a maximum of 50 years.

(d) In no event shall the annual retirement allowance computed in subdivisions (a) and (b), and subject to a minimum benefit as computed in subdivision (c) of this Subsection (5)(1) be less than \$100 multiplied by the number of his years of Creditable Service.

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(2) (a) Normal Retirement - A Participant who has reached the later of his 65th birthday or the tenth anniversary of his date of hire (normal retirement age hereunder) may retire on a retirement allowance computed in accordance with Subsection 5(1); except that any Participant shall, at his election, be continued in service after age 65. At normal retirement age, all benefits payable under the Plan shall be nonforfeitable.

[SUBDIVISION (A) OF SUBSECTION 5(2), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1988. FOR SUBDIVISION (A) OF SUBSECTION 5(2) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1987, SEE BELOW.]

(2) (a) Normal Retirement - A Participant who has reached the later of (i) his 65th birthday or (ii) the 5th anniversary of his date of hire (normal retirement age hereunder) may retire on a retirement allowance computed in accordance with Subsection 5(1); except that any Participant shall, at his election, be continued in service after age 65. At normal retirement age, all benefits payable under the Plan shall be nonforfeitable.

(b) Early Retirement - Any Participant who has attained age 60 and has rendered 15 or more years of Creditable Service shall be retired by the Committee on a retirement allowance on the first day of the calendar month next following receipt by the Committee of a written application therefor by the Participant. At the Participant's election, he shall receive a retirement allowance commencing on his retirement which shall be equal to the retirement allowance computed in accordance with 5(1) he would otherwise receive upon attaining age 65, reduced by 1/12th of 5 percent for each month by which the date of his retirement allowance would otherwise have commenced under Subsection 5(1).

At the time of retirement pursuant to this subsection (b) on a retirement allowance commencing on his retirement, the Participant may elect to convert the retirement allowance otherwise payable to him into an Actuarial Equivalent of such amount so that, with his Social Security Benefit which, for this purpose, shall be assumed to commence as of either his sixty-second or sixty-fifth birthday, as the Participant elects, the Participant will receive, so far as possible, the same amount each year before and after he commences to receive such Social Security Benefit.

(c) Vested Retirement - Payments to any person who ceases to be a Participant on or after February 1, 1976, and is entitled to a retirement allowance pursuant to Subsection 5(1) and to whom subdivisions (a) and (b) of Subsection 5(2) do not apply shall commence on the last day of the calendar month next following the later of (i) the occurrence of his 65th birthday or (ii) receipt by the Committee of a written application therefor; provided that if the proper amount of such payment cannot for any reason be ascertained by such date, a payment retroactive to such date shall

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be made within sixty days of the earliest date on which it can be ascertained. Such a person may, by written notice to the Committee, elect to have his retirement allowance commence at any time after he has attained age 60 and completed 15 years of Creditable Service and after receipt by the Committee of his application for benefits; provided, however, that payment of such allowance prior to the attainment of age 65 shall be in a reduced amount and shall be the Actuarial Equivalent as of the date payments commence of the retirement allowance computed in accordance with Subsection 5(1) which he would otherwise

receive after attaining age 65. [THE FOLLOWING THREE SENTENCES ARE EFFECTIVE ONLY FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1994.] All former Participants who do not waive pre-retirement survivor coverage as prescribed under Subsection 5(4)(b) or who elect to have pre-retirement survivor coverage will have their Accrued Benefits reduced to reflect the death benefit protection prior to the commencement of benefits. The reduction will be .006 per year for ages 55-64; .002 per year for ages 45-54; .001 per year for ages 35-44; and .0005 per year for ages less than 35. There shall be a charge for each year elapsed from the date participation ceased until the date of retirement.

(3) Optional Benefits in Lieu of Regular Benefits. (a) Prior to commencement of the payment of a retirement allowance to a Participant, he shall be given a written explanation of the benefits and the options under subdivision (b) hereof pursuant to which he may provide a benefit for his spouse in the event of his death after his retirement. Unless an optional form of benefit is selected pursuant to an election meeting the same requirements as prescribed in Section 5(3)(c), or with respect to former Participants in Section 5(4)(f), within the ninety (90) day period ending on the date benefit payments would commence, a married Participant shall be deemed to have elected to convert his retirement allowance into an Actuarial Equivalent in the form of an annuity for his life with a survivor annuity for the life of his spouse equal to one-half of the amount of the annuity payable during their joint lives.

(b) Any Participant may, by written notice made in accordance with the same requirements for former Participants as prescribed in Section 5(4)(f) and filed with the Committee prior to the date of the commencement of his retirement allowance, elect to convert his retirement allowance into the Actuarial Equivalent thereof paying a proportionately reduced retirement allowance during his life, with the provision that after his death an allowance of 50%, 66-2/3%, 75% or 100% of the rate of his reduced allowance, at his designation, shall continue during the life of, and shall be paid to, the beneficiary designated by him at the time of electing the option. The election of an optional benefit may be revoked or changed by the Participant at any time prior to the benefit commencement date; provided, however, that if the Participant or the beneficiary designated under the option dies prior to the date

the election of the option becomes effective, the option shall thereby be automatically revoked; and provided, further, that if the designated beneficiary is other than the Participant's spouse, the present value of the payments to be made to such Participant shall be more than 50 percent of the present value of the total payments to be made to the Participant and his beneficiaries. A Participant's designation of a beneficiary other than the Participant's spouse shall not be effective unless (i) the Participant and his spouse have waived the spouse's allowance defined in Subsection 5(4)(d) and the spouse has waived his or her right to be the Participant's beneficiary, (ii) the Participant has no spouse, or (iii) the spouse cannot be located.

(c) Effective on or after August 23, 1984, in the event that a married Participant elects to receive his Plan benefit in a form other than an annuity for his life with a survivor annuity for the life of his spouse, such election shall not take effect unless written consent of the spouse to such election, witnessed by a notary public or a member of the Committee, is on file with the Committee. Such consent shall be irrevocable as to any specific waiver or designation of any beneficiary. (The requirement of spousal consent may be waived by the Committee under certain limited circumstances in accordance with Section 417(a)(2) of the Internal Revenue code of 1954, as amended, and related regulations.) A spousal consent filed with the Committee shall be applicable only with respect to the spouse who has signed such form.

(4) Survivorship Benefits. (a) Upon (i) the death of a Participant who has become vested in his Accrued Benefit, as provided in Section 4 of the Plan, (ii) the death of a Participant who has attained normal retirement age as specified in Subdivision (a) of Subsection 5(2), or (iii) the death of a former Participant who had attained age 60 and rendered 15 or more years of Creditable Service prior to the date he ceased to be a Participant (but who was not



receiving at the time of his death any retirement allowance), there shall be payable to the Participant's or former Participant's spouse, if any, a spouse's allowance defined in Subsection 5(4)(d) below.

(b) Unless an optional form of benefit is selected within the election period pursuant to a qualified election, upon the death of a former Participant who had become vested in his Accrued Benefit, as provided in Section 4 of the Plan, there shall be payable to the former Participant's spouse, if any, a spouse's allowance as prescribed in Subsection 5(4)(e) below.

(c) The spouse's allowance shall commence as the first day of the calendar month following the month in which the Participant or former Participant died or would have been age 60, whichever is the later, except that the Committee may, under rules uniformly applicable to all Participants and former Participants similarly

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situated, direct payment commencing on the first day of any earlier calendar month after the Participant's or former Participant's death.

(d) If the Committee does not direct early commencement of payment, the spouse's allowance shall be the greater of (i) an allowance for the life of the spouse, payable monthly, which is equal to 20 percent of the Participant's or former Participant's annual rate of compensation at the time of his death or earlier termination of employment, or (ii) an allowance equal to the allowance the spouse would have received if the Participant or former Participant had retired or terminated his service on the date of his death and elected to receive, based on his Average Final Compensation, years of Creditable Service and age at such date, the maximum retirement allowance payable to him under Subsections 5(1) and 5(2), commencing at the earliest possible date and continuing after his death in the same monthly amount during the life of his spouse. If the Committee does direct early commencement of payment, the spouse's allowance shall be a monthly allowance for the life of the spouse which is the Actuarial Equivalent of the allowance the spouse would otherwise have received pursuant to the preceding sentences. Notwithstanding the foregoing, in no event shall the spouse's allowance be less than the amount the spouse would have received under the terms of the Plan as in effect on December 31, 1984, had the Participant died on that date.

(e) If the Committee does not direct early commencement of payment, and unless an optional form of benefit is selected within the election periods pursuant to a qualified election, the former Participant's spouse allowance shall equal the allowance the spouse would have received if the former Participant had retired or terminated his service on the date of his death and elected to receive, based on his Average Final Compensation, years of Creditable Service at the date of termination of service with the Company, a retirement allowance payable to him under Subsection 5(1) and 5(2), commencing at the earliest possible date and continuing after his death in a amount equal to 50% of the amount that would have been payable to the Participant during his life. Furthermore, the allowance for a former Participant's spouse shall be reduced to reflect the cost for providing the survivor coverage. The reduction will be .006 per year for ages 55-64; .002 per year for ages 45-54; .001 per year for ages 35-44; and .0005 per year for ages less than 35. There shall be a charge for each year elapsed from the date participation ceased until the date of death. [THE PREVIOUS THREE SENTENCES ARE EFFECTIVE ONLY FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1994.] If the Committee does not direct early commencement of payment, the spouse's allowance shall be a monthly allowance for the life of the spouse which is the Actuarial Equivalent of the allowance the spouse would otherwise receive pursuant to the preceding sentences. Notwithstanding the foregoing, in no event shall the spouse's allowance be less than

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the amount the spouse would have received under the terms of the plan as in effect on December 31, 1984 had the former Participant died on that date.

(f) (i) Definitions. Election Period for Former Participants  
- - - The election period shall begin on the date that participation ceases.

Qualified Election for Former Participants - A waiver of the preretirement survivor annuity as described in Subsection 5(4)(e). The waiver must be in writing and must be consented to by the Participant's spouse. The spouse's consent to a waiver must be witnessed by a plan representative or notary public. Notwithstanding this consent requirement, if the Participant establishes to the satisfaction of a plan representative that such written consent may not be obtained because there is no spouse or the spouse cannot be located, a waiver will be deemed a qualified election. Any consent necessary under this provision will be valid only with respect to the spouse who signs the consent, or in the event of a deemed qualified election, the designated spouse. Additionally, a revocation of a prior waiver may be made by a Participant without the consent of the spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

(f) (ii) Notice Requirements. In the case of a qualified preretirement survivor annuity as described in Subsection 5(4)(e), the plan administrator shall provide each former Participant a written explanation of: (i) the terms and conditions of a qualified preretirement survivor annuity; (ii) the former Participant's right to make and the effect of an election to waive the qualified preretirement survivor annuity form of benefit; (iii) the rights of a former Participant's spouse; and (iv) the right to make, and the effect of, a revocation of a previous election to waive the qualified preretirement survivor annuity. The Plan administrator shall provide such notice within the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35. If the Participant enters the Plan after the first day of the Plan Year in which the Participant attained age 32, the Plan administrator shall provide such notice no later than the close of the second Plan Year following the entry of the Participant into the Plan.

(5) Restoration to Participation. Anything herein contained to the contrary notwithstanding, if a former Participant who has received or is receiving benefits under this Section 5 again becomes an Employee, (i) any benefits he is receiving shall cease upon his reemployment if he is reemployed as a Regular Employee, or upon his satisfying the participation requirements of Section 2 if he is reemployed as a Part-time Employee, provided that benefits will not be suspended in any calendar month unless the Employee has

completed at least 40 hours of service with the company in service recognized under Section 203(a)(3)(B) of ERISA or received payment for any such hours of service performed on each of 8 or more days in such month, (ii) he shall then again become a Participant, and (iii) the Creditable Service which he had when he last ceased to be an Employee shall be restored to him. On his subsequent retirement the benefit payable shall be based on his Compensation and Creditable Service before and after the period of prior retirement, reduced by an amount which is the Actuarial Equivalent of the benefits he received prior to his restoration to participation; provided, however, that such benefit shall not be less than the benefit he was receiving during his prior retirement. If benefit payments have been suspended, payments shall resume no later than the first day of the third calendar month after the calendar month in which the Employee ceases to be employed in ERISA Section 203(a)(3)(B) service. No payment shall be withheld by the Plan pursuant to this section unless the Plan notifies the Employee by personal delivery or first class mail during the first calendar month or payroll period in which the Plan withholds payments that his benefits are suspended. Such notifications shall contain a description of the specific reasons why benefit payments are being suspended, a description of the Plan provision relating to the suspension of payments, a copy of such provisions, and a statement to the effect that applicable Department of Labor regulations may be found in Section 2530.203-3 of the Code of Federal Regulations. In addition, the notice shall inform the Employee of the Plan's procedures for affording a review of the suspension of benefits. Requests for such reviews may be considered in accordance with the claims procedure adopted

by the Plan pursuant to Section 503 of ERISA and applicable regulations.

(6) Termination of Benefit Payments. Payment of benefits under this Section 5 to a former Participant, his spouse or other beneficiary shall cease with the monthly payment for the month in which such former Participant, spouse or beneficiary dies.

(7) Disabled Participants. Anything herein contained to the contrary notwithstanding, any Participant while in receipt of payments under the Company's Short Term Illness Plan, Extended Illness Plan, Short Term Disability Plan or Long Term Disability Plan (collectively, the "Program"), shall be treated as a Participant and shall continue to accrue Creditable Service until he dies, retires, or becomes ineligible for further payments under such Program, and his Compensation in the last full year of his employment shall be deemed to be his annual Compensation for purposes of the Plan during such period. In the event such a Participant dies, retires or becomes ineligible for further payments under such Program and is not restored to active service, any retirement allowance payable on his account under the Plan shall be made on the basis of his age, Average Final Compensation and Creditable Service at the time he died, retired or became ineligible.

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(8) Maximum Trust Benefits. (a) Basic Limitation - Subject to the adjustments provided under Subsection (8)(b) of this Section, and in accordance with Section 415(b) of the Code, the maximum annual benefit payable to a Participant in a form described in this Section, commencing on or after the Participant's sixty-second (62nd) birthday and prior to his sixty-fifth (65th) birthday under this Plan and any other defined benefit plan maintained by the Company for any Plan year shall, in no event, exceed the lesser of: (1) \$90,000 (as adjusted in accordance with Code Section 415(b)(2)(B) and regulations issued thereunder), or (2) one hundred percent (100%) of the Participant's average total Compensation for the three consecutive Plan Years during which he was a Participant and had the greatest aggregate total compensation from the Company.

(b) Adjustments in the Limitation - (1) The maximum annual retirement allowance permitted under Subsection (8)(a) to any Participant who has completed less than ten (10) Years of Service with the Company shall be the amount determined under Subsection (8)(a), multiplied by a fraction, the numerator of which is the number of the Participant's Years of Service (including fractions of a year) and the denominator of which is ten (10). (2) The maximum annual retirement allowance permitted under Subsection (8)(a)(1) above shall be adjusted annually (or when allowable) for increases in the cost of living, in accordance with regulations issued by the Secretary of the Treasury pursuant to the provisions of Section 415(d) of the Code, as amended. Each adjustment (when allowable) shall be limited to the scheduled annual increase determined by the commissioner of the Internal Revenue Service. Such cost of living adjustment (when allowable) shall be effective not earlier than January 1 of the year in which it is made. (3) The maximum annual retirement allowance payable under Subsection (8)(a)(1) to any Participant who attains an early retirement age as specified in Section 5(2)(b) that occurs prior to his attainment of age sixty-two (62) shall be the Actuarial Equivalent of such maximum benefit under Subsection (8)(a)(1) commencing at age sixty-two (62) but based on the greater of the rate specified in Section 1(13) or a five percent (5.0%) interest rate, but not less than \$75,000. (4) The maximum annual retirement allowance payable under Subsection (8)(a)(1) to any Participant whose actual retirement occurs after he attains the normal retirement age specified in Section 5(2)(a) shall be the Actuarial Equivalent of such maximum benefit under Subsection (8)(a)(1), commencing at his Normal Retirement Date but based on the lesser of the rate specified in Section 1(13) or a five percent (5.0%) interest rate.

(c) Limitation for Multiple Plans - In any case in which an Employee is a participant in both a tax-qualified defined benefit plan and a tax-qualified defined contribution plan maintained by the Company, the sum of the defined benefit plan fraction and the defined contribution plan fraction for any Plan Year shall not exceed 1.0. In the event such sum would otherwise exceed 1.0, the

benefit projected under the defined benefit plan will be reduced as necessary so that such sum shall equal 1.0.

(1) The defined benefit plan fraction for any Plan Year is a fraction: (a) the numerator of which is the projected annual benefit of the Participant under the Plan (determined as of the close of the Plan Year), and (b) the denominator of which is the lesser of (i) or (ii), as follows: (i) 1.25 multiplied by the defined benefit plan dollar limitation under Subsection (8)(a)(1) in effect for such year, or (ii) 1.4 multiplied by the amount specified under Subsection (8)(a)(2) for such year, (determined as of the close of the Plan Year).

(2) The defined contribution plan fraction for any calendar year is a fraction: (a) the numerator of which is the sum of the "annual additions", as defined in Section 415(c) of the Code, to the Participant's account as of the close of the Plan Year, and (b) the denominator of which is the sum of the lesser of (i) or (ii) for such year and each prior Year of Service with the Company: (i) 1.25 multiplied by the defined contribution plan dollar limitation in effect for such year, or (ii) 1.4 multiplied by twenty-five percent (25%) of the Participant's Compensation for such year.

(9) Prior Plan Provisions. Anything to the contrary herein notwithstanding, the Accrued Benefit and service credited for vesting purposes of any person who is a Participant on December 31, 1984 and January 1, 1985 for any period of service ending on or before December 31, 1984 shall be no less than the benefit he would have accrued at December 31, 1984 or the vesting service he would have completed at December 31, 1984 under the terms of the Plan as in effect on such date, assuming his credited service and Average Final Compensation were computed on such date.

(10) Limitation on Timing of Commencement of Benefit Payments. As required under Sections 401(a)(14) and 401(a)(9) of the Code, the timing of the commencement of payment of benefits under the Plan shall be subject to the following rules:

(a) General Rule - Unless the Participant otherwise elects, the payment of benefits under the Plan to a Participant may not be delayed beyond the later of the sixtieth (60th) day after the close of the Plan Year in which the latest of the following events occurs:

- (1) the Participant's 65th birthday,
- (2) the tenth (10th) anniversary of the year in which the Participant commenced participation in the Plan, or
- (3) the Participant's termination of service with the Company.

(b) Special Rule - In no event shall distribution of benefits be made or commence later than the April 1 following the applicable of the following:

- (1) for an Employee who owns 5% or more interest in the Company, the calendar year in which he attains age seventy and one-half (70-1/2), or
- (2) for any other Employee, the later of: (a) the calendar year in which his retirement date occurs, or (b) the calendar year in which he attains age seventy and one-half (70-1/2).

[SUBDIVISION (B) OF SUBSECTION 5(10), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989. FOR SUBDIVISION (B) OF SUBSECTION 5(10) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1988, SEE BELOW.]

(b) Special Rule - In no event shall distribution of benefits be made or commence later than April 1 of the calendar year following the calendar year in which the employee attains age 70-1/2. For the purposes of this Section, Participants who are age 70-1/2 or older as of January 1, 1989 and who have not retired shall be deemed to have attained age 70-1/2 on such date. Notwithstanding the foregoing, a Participant who has attained age 70-1/2 before January 1, 1988, and who is not a 5-percent owner (as defined in Section 416(i) of the Code) may elect to defer the commencement of benefit payments until his retirement.

[THE FOLLOWING IS EFFECTIVE FOR PLAN YEARS BEGINNING ON OR AFTER JANUARY 1, 1995.]

In the event a distribution of benefits to a Participant is required to begin under this Subsection, such Participant's Accrued Benefit shall be determined as of the December 31 immediately preceding the date such distribution is required to begin. As of each succeeding December 31 prior to the Participant's actual retirement and as of his actual retirement, the Participant's Accrued Benefit shall be recomputed as if each such date were his actual retirement date. However, the amount of any additional Accrued Benefit resulting from such recomputation shall be reduced by the Actuarial Equivalent of the total benefits received by the Participant under the Plan prior to such recomputation. In no event, however, shall the Participant's Accrued Benefit, upon any recomputation hereunder, be less than the greater of (i) such Participant's Accrued Benefit as of December 31, 1994 and (ii) such Participant's Accrued Benefit as of the immediately preceding recomputation.

(11) Compensation Limit. In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, compensation taken into

account under the Plan shall not exceed \$200,000, adjusted for changes in the cost of living as provided in section 415(d) of the Code, for the purpose of calculating a Participant's Accrued Benefit (including the right to any optional benefit provided under the Plan) for any Plan Year commencing after December 31, 1988. However, the Accrued Benefit determined in accordance with this provision shall not be less than the Accrued Benefit determined on March 15, 1989. Notwithstanding the preceding sentence, the Accrued Benefit of any Participant who is a highly compensated employee, within the meaning of section 414(q) of the Code, is reduced to the extent a benefit has accrued with respect to compensation in excess of \$200,000 during the 1989 Plan Year before March 15, 1989.

[SUBSECTION 5(11), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1994. FOR SUBSECTION 5(11) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1993, SEE BELOW.]

(11) Compensation Limit. In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, for Plan Years beginning on or after January 1, 1994, the annual compensation of each employee taken into account under the Plan shall not exceed the annual compensation limit established by the Omnibus Budget Reconciliation Act of 1993 ("OBRA '93"). The annual compensation limit is \$150,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with Section 401(a)(17) of the Code. The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined (a "Determination Period") beginning in such calendar year. If a Determination Period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the Determination Period, and the denominator of which is 12. For Plan Years beginning on or after January 1, 1994, any reference in this Plan to the limitation under Section 401(a)(17) of the Code shall mean the OBRA '93 annual compensation limit set forth in the provision.

If compensation for any prior Determination Period is taken into account in determining a Participant's benefits accruing in the current Plan Year, the compensation for that prior Determination Period is subject to the OBRA '93 annual compensation limit in effect for that prior Determination Period. For this purpose, for Determination Periods beginning before the first day of the first Plan Year beginning on or after January 1, 1994, the OBRA '93 annual compensation limit is \$150,000.

Notwithstanding any other provision in the Plan, each Section 401(a)(17) Participant's Accrued Benefit under this Plan will be the greater of:

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- (a) such Participant's Accrued Benefit as of the last day of the Plan Year beginning before January 1, 1994, frozen in accordance with Section 1.401(a)(4)-13 of the Code regulations; or
- (b) such Participant's Accrued Benefit determined with respect to the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to the Participant's total years of Creditable Service taken into account under the Plan for purposes of benefit accruals.

For purposes of this Subsection, a Section 401(a)(17) Participant means a Participant whose current Accrued Benefit as of a date on or after January 1, 1994, is based on Compensation for a year beginning prior to the first day of the first Plan Year beginning on or after January 1, 1994, that exceeded \$150,000.

[THE FOLLOWING SUBSECTION IS EFFECTIVE ONLY FROM THE PERIOD MARCH 15, 1989 TO OCTOBER 20, 1989, INCLUSIVE. SUBSECTION 5(1), EFFECTIVE JANUARY 1, 1989, REPRESENTS THE AMENDMENT REFERRED TO IN SUBSECTION 5(12), BELOW, WHICH AMENDMENT WAS ADOPTED ON OCTOBER 20, 1989.]

(12) Temporary Cessation of Benefit Accruals for Participants. Notwithstanding any other contrary provision of the Plan, in calculating the Accrued Benefit (including the right to any optional benefit provided under the Plan) of any Participant, such Participant shall accrue no additional benefit under the Plan on or after March 15, 1989 to the extent that such additional benefit accrual exceeds the benefit which would otherwise accrue in accordance with the terms of the Plan as subsequently amended to comply with those qualification requirements described in Income Tax Regulations Section 1.401(b)-1(b)(2)(ii). This provision shall be effective until the last day of the first plan year commencing in 1989 and shall be effective for such period if and only if the subsequent amendment is made on or before the last day of the first plan year commencing in 1989. In addition, the benefit accrued by any Participant during the 1989 Plan Year shall in no event exceed the benefit accrual provided during the 1989 Plan Year with respect to such Participant under the terms of the Plan as subsequently amended to comply with the Tax Reform Act of 1986. However, such Participant's Accrued Benefit shall not be less than what the Participant had accrued as of the last day of the last Plan Year beginning before January 1, 1989.

[THE FOLLOWING SUBSECTION (13) IS EFFECTIVE ON AND AFTER AUGUST 8, 1990.]

(13) Required Cash-outs of Certain Accrued Benefits. If a Participant terminates service and the present value of the vested accrued pension or survivor benefit provided under Subsection 5(2), 5(3), or 5(4) in respect of such Participant is equal to or less

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than \$3,500, the person to whom such benefits would otherwise be paid in

monthly installments shall receive a lump-sum distribution of the present value of the entire vested portion of such Accrued Benefit, except that, in the case of a qualified joint and survivor annuity or qualified pre-retirement survivor annuity, as such terms are defined under Code Sections 417(b) and 417(c), respectively, no such lump-sum distribution shall be made after the annuity starting date, as defined under Section 417(f)(2) of the Code.

For the purposes of determining the present value of a vested Accrued Benefit under this Subsection, the interest rate assumption shall be either (i) the rate which would be used (as of the first day of the Plan Year in which such distribution occurs) by the Pension Benefit Guaranty Corporation in determining the present value of a lump sum distribution on plan termination or (ii) the interest rate used in computing Actuarial Equivalents under the Plan, whichever produces the greater benefit; and the mortality rate assumption shall be based on the UP84 Mortality Table, as such may be amended from time to time.

Notwithstanding Subsections 1(12) and 4(5) and any other provision herein to the contrary, if a former Employee who has received a lump-sum distribution of his entire non-forfeitable benefit under the Plan pursuant to this Subsection is re-employed by the Company, he shall be treated as a new Employee and prior service performed by the Employee in respect of such distribution shall be disregarded for purposes of determining his Accrued Benefit under the Plan.

[THE FOLLOWING RULE WAS ADOPTED BY THE COMMITTEE ON JANUARY 28, 1993.]

For the purposes of determining Compensation under the Plan, any amounts deferred by a Participant under the Company's Executive Deferral Plan shall be included in such Participant's Compensation in the Plan Year in which such amounts are deferred.

SECTION 6 - CONTRIBUTIONS

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(1) All contributions under the Plan shall be made by the Company, and no contributions shall be required of Participants. The contributions shall be payable at such intervals as may be agreed upon by the Company and the Committee, but at least annually, and shall consist of such contributions as the Board of Directors may deem advisable, but at least an amount sufficient to maintain the Plan on a sound actuarial basis. All contributions shall be irrevocable, and shall be transferred by the Company to the Trustee or Trustees to be used in accordance with the Plan, except that any contribution paid to the Plan as a result of a mistake of fact, without earnings thereon but reduced by any losses thereon, may be returned to the Company at any time within one (1) year following its payment to the Plan.

[SUBSECTION 6(1), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1994. FOR SUBSECTION 6(1) EFFECTIVE FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1993, SEE BELOW.]

(1) All contributions under the Plan shall be made by the Company, and no contributions shall be required of Participants. The contributions shall be payable at such intervals as may be agreed upon by the Company and the Committee, but at least annually, and shall consist of such contributions as the Board of Directors may deem advisable, but at least an amount sufficient to maintain the Plan on a sound actuarial basis. All contributions shall be transferred by the Company to the Trustee or Trustees to be used in accordance with the Plan, except that such contributions are to revert to the Company, without earnings thereon but reduced by any losses thereon, under the following conditions:

- (a) In the case of a contribution which is made by the Company by reason of a mistake in fact, such contribution shall be returned to the Company within one (1) year following its payment to the Plan; and
- (b) If all or a portion of any contribution is determined to be non-deductible under Section 404 of the Code, such contribution, to

the extent that it is determined to be non-deductible, shall be returned to the Company within one (1) year following such determination.

(2) Forfeitures arising from termination of service, death, or for any other reason shall not be applied to increase the benefits which any person would otherwise receive under the Plan but shall be used to reduce Plan contributions.

SECTION 7 - ADMINISTRATION OF THE PLAN

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(1) The general administration of the Plan shall be the responsibility of a Pension Committee of no less than three members appointed from time to time by the Board of Directors to serve at the pleasure of the Board of Directors. The Committee is designated as the named fiduciary within the meaning of Section 402(a) of the Employee Retirement Income Security Act of 1974.

(2) Any person appointed a member of the Committee shall file his written acceptance with the Secretary of the Committee. Any member of the Committee may resign by delivering his written resignation to the Board of Directors and the Secretary of the Committee.

(3) The Board of Directors shall appoint one of the members of the Committee as Chairman. The Secretary, who need not be one of the members of the Committee, shall be designated by the Committee.

(4) No member of the Committee shall receive any compensation for his services. The administrative expenses of the plan shall be paid from the assets of the Plan through a request to the Trustees by the Administrator.

[SUBSECTION 7(4), ABOVE, IS EFFECTIVE FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1988. FOR PLAN YEARS BEGINNING AFTER DECEMBER 31, 1987, THE FOLLOWING SUBSECTION 7(4) IS EFFECTIVE.]

(4) No member of the Committee shall receive any compensation for his services. The administrative expenses of the plan shall be paid by the Company upon request by the Administrator.

(5) The Committee shall designate bank depositories and shall delegate authority in connection therewith. It may delegate any portion of its authority to designated individuals or committees, and may retain legal counsel, auditors, actuaries and consultants and obtain clerical, accounting and other services, all as it deems necessary in carrying out the provisions of the Plan.

(6) The Committee shall hold meetings upon such notice, at such places and at such times as it may from time to time determine. A majority of the member of the Committee shall constitute a quorum for the transaction of business. All actions taken by the Committee shall be by the vote of a majority of the members of the Committee present at the meeting and shall be recorded in the minutes of such meeting.

(7) The Committee from time to time may establish rules for the administration of the Plan and the transaction of its business. The interpretation and construction of any provision of the Plan by a majority of the members of the Committee at a meeting shall be final and conclusive.

(8) The Committee shall adopt from time to time interest assumptions, service tables, mortality tables and such other data, procedures and methods as



may be necessary or desirable for use in all actuarial calculations required in connection with the Plan. As an aid to the Committee, the actuary designated by the Committee shall make annual actuarial valuations of the assets and liabilities, actual and contingent, of the Plan, and shall certify to the Committee the tables which he would recommend for use by the Committee.

(9) The Committee shall establish and cause to be maintained a funding standard account and such other and additional accounts as it deems necessary for the proper administration of the Plan. It shall keep in convenient form such data as may be necessary for actuarial valuations of the assets and liabilities of the Plan. The Committee shall prepare annually a report showing in reasonable detail the assets and liabilities of the Plan and giving a brief account of the operation of the Plan for the past year, and recommending the amount of the Company's contribution to the Plan for the ensuing year. Such report shall be submitted to the Board of Directors and shall be filed in the office of the Secretary of the Committee.

SECTION 8 - MANAGEMENT OF ASSETS

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(1) All assets of the Plan shall be held as a special trust for use in connection with the Plan and providing the benefits and paying the expenses of the Plan, and no part of the corpus or income shall be used for or diverted to purposes other than for the exclusive benefit of Participants, retired Participants and their beneficiaries under the Plan prior to the satisfaction of all liabilities with respect to such Participants, retired Participants and their beneficiaries under the Plan. No person shall have any interest in or right to any part of the earnings of the trust, or any right in, or to, or under the trust or any part of the assets thereof, except as and to the extent expressly provided in the Plan and trust agreement.

(2) The Trustee or Trustees shall be appointed from time to time by the Committee by appropriate instrument with such powers, duties rights and obligations as the Committee shall approve. The Committee may remove any Trustee at any time, upon reasonable notice, and upon such removal or upon the resignation of any Trustee the Committee shall designate a successor Trustee or Trustees.

(3) The Committee shall determine the manner in which the funds of the Plan shall be disbursed but subject to the provisions of the trust instrument under which the assets of the Plan are held.

(4) The Committee shall have the power to appoint one or more investment managers, within the meaning of Section 3(38) of the Employee Retirement Income Security Act of 1974, to manage (including the power to acquire and dispose of) any assets of the Plan which have been transferred to any Trustee or a specified portion thereof. In the event that the Committee shall appoint such investment managers, each such investment manager shall be solely responsible for the management and control of the assets to which he or it is appointed.

SECTION 9 - CERTAIN RIGHTS AND OBLIGATIONS

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(1) It is the intention of the Company to continue the Plan and make its contributions regularly each year, but the Company, by action of its Board of Directors, may for any reason terminate or partially terminate the Plan. If all liabilities to or on account of the Participants, retired Participants and their beneficiaries have been satisfied or provided for in full and there is an amount remaining due to erroneous actuarial computations during the previous

life of the Plan (within the meaning of the regulations under the Internal Revenue Code), then and not otherwise the Company shall be entitled to receive such remaining amount.

(2) The establishment of the Plan shall not be construed as conferring any legal rights upon any Employee or any person for a continuation of employment nor shall it interfere with the right of the Company to discharge any Employee and to treat him without regard to the effect which such treatment might have upon him as a Participant in the Plan.

(3) Any rulings made or acts taken under the Plan by the Board of Directors or by the Committee with respect to classification of Employees, contributions, or benefits shall be uniform in their nature and applicable to all those persons similarly situated. No ruling shall be made or act taken which shall be discriminatory under the provisions of the Internal Revenue Code.

(4) The provisions of this Subsection (4) shall apply to any one of the 25 highest paid Employees of the Company on any "Commencement Date" whose anticipated retirement allowance provided under the Plan at normal retirement date exceeds \$1,500 per annum. "Commencement Date" shall mean the effective date of any amendment to the Plan which increases the benefits. In the event that during the first 10 years following a "Commencement Date" the Plan is terminated, the amount of the retirement allowance provided under the Plan for any one of the aforesaid Employees shall not be greater than the amount of allowance that can be provided by the largest of the following amounts: (a) \$20,000, or (b) 20% of the first \$50,000 of the Participant's "Annual Compensation", multiplied by the number of years and fractions thereof since the "Commencement Date" in which the full current costs have been met. As used in this paragraph, "Annual Compensation" means average compensation during the five calendar years (or the Participant's period of employment if less than five years) immediately preceding the date of termination of the Plan or immediately preceding the date of commencement of retirement benefits under the Plan, if earlier. The foregoing conditions shall not restrict the current payment of full retirement benefits called for by the Plan for any Participant or beneficiary who has retired while the Plan is in full effect and its full current costs have been met.

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In the event that the present value of Plan assets as of the date of termination of the Plan, calculated utilizing Pension Benefit Guaranty Corporation assumptions as of the date of termination, equals or exceeds the present value of the total Accrued Benefits for all Participants (whether or not nonforfeitable), Subsection (4) shall not be applicable to restrict the Accrued Benefits payable to the twenty-five (25) highest paid Employees.

This Subsection (4) is included in this Plan to conform to the requirements of Treasury Regulations Section 1.401-4(c) and shall cease to be effective at such time as the provisions of Treasury Regulations Section 1.401-4(c) or any substitute therefor are no longer effective or applicable.

(5) If any company is now or hereafter becomes an Affiliate of the Company, the Board of Directors may include the employees of such Affiliate in the participation in the Plan upon appropriate action by such company necessary to adopt the Plan. In such event, or if any persons become Employees of the Company as the result of merger or consolidation or as the result of acquisition of all or part of the assets or business of another company, the Board of Directors shall determine to what extent, if any, credit and benefits shall be granted for previous service with such Affiliate, but subject to the continued qualification of the trust for the Plan as tax exempt under the Internal Revenue Code. Any such Affiliate may terminate its participation in the Plan upon appropriate action by it, in which event the funds of the Plan held on account of Participants in the employ of such company not yet retired, after provision in full for all Participants who have retired from the employ of such company, shall be determined by the Committee on the basis of actuarial valuation, and shall be applied as provided in Section 9(1), in the manner there provided if the Plan should be terminated, or shall be segregated by the Trustee as a separate trust, pursuant to certification to the Trustee by the Committee continuing the Plan as a separate Plan for the employees of such

company under which the Board of Directors of such company shall succeed to all the powers and duties of the Board of Directors, including the appointment of members of the Committee.

(6) The Plan shall not be merged no consolidated with, nor shall there be a transfer of any of its assets or liabilities to, any other plan, unless each Participant, former Participant or beneficiary shall (if the resulting plan were then terminated) be entitled to receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then been terminated).

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(7) Upon the Plan's termination or partial termination, the rights of all affected Employees to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be nonforfeitable.

(8) Where a Participant or beneficiary is receiving benefits under the Plan, or where a Participant has been separated from service and has nonforfeitable rights to benefits under the Plan, such benefits will not be decreased because of an increase in the benefit levels or wage payments under Title II of the Social Security Act, if such increase takes place after the later of (a) the last day of the Participant's service with Company or (b) September 2, 1974.

(9) Unless otherwise specifically provided herein, the terms of the Plan in effect at the date an Employee's service terminates shall determine his rights and benefits thereafter.

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#### SECTION 10 - CLAIM PROCEDURES

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(1) Every claim for benefits under the Plan shall be in writing directed to the Committee or its designee.

(2) Each claim filed shall be passed upon by the Committee within a reasonable time from its receipt. If a claim is denied in whole or in part the claimant shall be given written notice of the denial in language calculated to be understood by the claimant, which notice shall: (i) specify the reason or reasons for the denial; (ii) specify the Plan provisions giving rise to the denial; and (iii) describe any further information or documentation necessary for the claim to be honored and explain why such documentation or information is necessary, and explain the Plan's review procedure.

(3) Upon the written request of any claimant whose claim has been denied in whole or in part, the Committee shall make a full and fair review of the claim and furnish the claimant with a written decision concerning it.

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#### SECTION 11 - NON-ALIENATION OF BENEFITS

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(1) No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge. Any attempt so to anticipate, alienate, sell, transfer, assign,

pledge, encumber or charge the same shall be void; nor shall any such benefit be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of the person entitled to such benefit, unless the assignment of such benefit or right is pursuant to a "qualified domestic relations order" as defined at Section 206(d)(3)(B)(i) of ERISA, as amended by the Retirement Equity Act of 1984, and related regulations.

[THE FOLLOWING PROCEDURES WERE ADOPTED BY THE COMMITTEE TO DETERMINE THE QUALIFIED STATUS OF DOMESTIC RELATIONS ORDERS RECEIVED BY THE PLAN ADMINISTRATOR.]

Upon the receipt of any judgment, decree, or order (including approval of a property settlement agreement) which appears to (i) relate to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a Participant in the Plan, and (ii) be made pursuant to a State domestic relations law (including a community property law), the Committee shall take the following steps:

1. The Committee shall stamp the date of receipt on the face of the order and forward it to the Manager of Benefits or other member of the Committee for review and a recommendation as to its status as a "Qualified Domestic Relations Order" under Section 206(d)(3) of ERISA and Section 414(p) of the Code.
2. Within five (5) days from the date of receipt of the order, the Committee or its delegate shall send by registered mail to each person specified in the order as entitled to benefits under the Plan (at the address included in the domestic relations order, or, if none is specified, at the last known address) notification of receipt of such judgment, decree or order, along with a copy of the procedures used by the Plan to determine whether the same is a Qualified Domestic Relations Order. The notice shall include a statement that the recipient is entitled to furnish the Committee with comments on whether or not the order is a Qualified Domestic Relations Order and, in the case of an alternate payee, as defined in Section 414(p) of

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the Code, that he or she is entitled to designate a representative for receipt of copies of any notices that are sent to the alternate payee with respect to a domestic relations order. The Committee or its delegate may confer with all interested parties and seek their cooperation and agreement, if necessary, to have the order modified to comply with the requirements of a Qualified Domestic Relations Order.

3. Within twenty (20) business days from the date of receipt of order, the Committee shall determine whether such order is a Qualified Domestic Relations Order, and shall send notification by certified mail to the Participant and to each alternate payee of such determination. In making its determination, the Committee shall give appropriate weight to the opinion of its advisors as to whether the order meets the following requirements of ERISA and the Code:
  - (a) It must be in the form of a judgment, decree, or order which (i) relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant, and (ii) is made pursuant to a State domestic relations law (including community property law).
  - (b) It must create or recognize the existence of an alternate payee's right to, or assign to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a participant under

a plan.

- (c) It must clearly specify
  - i. the name and last known mailing address (if any) of the participant and the name and address of each alternate payee covered by the order;
  - ii. the amount or percentage of the participant's benefits to be paid by the plan to each alternate payee, or the manner in which such amount or percentage is to be determined;
  - iii. the number of payments or the period to which the order applies; and

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- iv. each plan to which the order applies; and
- (d) It may not (i) require the plan to provide any type or form of benefits, or any option, not otherwise provided under the plan, (ii) require the plan to provide increased benefits (determined on the basis of actuarial value), or (iii) require payment of benefits to an alternate payee which are required to be paid to another alternate payee under a previous Qualified Domestic Relations Order.

- 4. The Plan will comply with all other applicable provisions of Section 206(d)(3) of ERISA and Section 414(p) of the Code, including without limitation those regarding payment of segregated amounts during the period of determination.

(2) If any person entitled to a benefit under the Plan becomes bankrupt or attempts to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit under the Plan except as specifically provided herein, then such benefit shall, in the discretion of the Committee, cease and determine. In that event the Committee shall hold or apply the same for the benefit of such person, his spouse, children, or other dependents, or any of them in such manner and in such proportion as the Committee may deem proper.

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#### SECTION 12 - TOP HEAVY PLAN

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(1) Precedence of Section. Anything in this Plan to the contrary notwithstanding, the provisions of this Section 12 shall supercede and take precedence over any other provisions of the Plan for any Plan Year in which the Plan is determined to be a Top Heavy Plan as determined under Section 12(3).

(2) Definitions. For purposes of determining whether the Plan is a Top Heavy Plan, as determined under Section 12(3) below, for any Plan Year commencing on or after January 1, 1984, the following terms, wherever capitalized, shall have the meanings set forth below:

(a) Accrued Benefit - "Accrued Benefit" means the benefit accrued by a Participant under Section 5 of the Plan.

(b) Determination Date - "Determination Date" means the date on which the Plan is tested to determine if it is a Top Heavy Plan, which date

shall be the last day of the Plan Year preceding the Plan Year for which the determination is being made.

(c) Key Employee - "Key Employee" means an Employee who, at any time during the current Plan Year or any of the four (4) preceding Plan Years, is or was:

(1) Officer - An officer of the Company (but not more than the lesser of: (a) fifty (50) Employees, or (b) the greater of three (3) or ten percent of the Employees of the Company shall be considered officers for this purposes) whose annual Compensation is at least \$45,000 or such greater amount as may be recognized for increase in the cost of living in accordance with Code Section 416(i)(1)(A)(i), or

(2) Employee Owner - One (1) of the ten (10) Employees owning the largest interests in the Company provided that his annual Compensation is at least \$30,000 or such greater amount as may be recognized for increases in the cost of living in accordance with Code Section 416(i)(1)(A)(ii) (for purposes of this Section 12(2)(c)(2), if two (2) Employees have the same interest in the Company, the Employee with the greater annual Compensation shall be treated as having a larger interest), or

(3) Five Percent Shareholder - An Employee who is an owner of five percent (5%) or more of the Company, or

(4) Highly Compensated Shareholder - An Employee who is an owner of one percent (1%) or more of the Company and who has annual Compensation from the Company in excess of \$150,000.

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(d) Former Key Employee - "Former Key Employee" means a Participant in the Plan who, at any time during the four (4) preceding Plan Years, was a Key Employee but who is not a Key Employee in the current Plan Year or who terminated his service with the Company in one of the four (4) preceding Plan Years and was not a Key Employee in the Plan Year in which he terminated.

(e) Non-Key Employee - "Non-Key Employee" means a Participant in the Plan who, at any time during the current Plan Year, is neither a Key Employee nor a Former Key Employee.

(f) Top Heavy Plan - "Top Heavy Plan" means a Plan which is determined to be a Top Heavy Plan for a Plan Year, as described in Section 12(3).

(3) Determination of Top Heavy Plan Status. With respect to each Plan Year commencing on or after January 1, 1984, a calculation shall be made as of the applicable Determination Date to determine if the Plan is a Top Heavy Plan for such Plan Year. A Plan shall be considered to be a Top Heavy Plan for a Plan Year if the aggregate present value of the Accrued Benefit of Key Employees (excluding Former Key Employees) under the Plan exceeds sixty percent (60%) of the aggregate present value of the Accrued Benefit of all Key Employees (excluding Former Key Employees) and all Non-Key Employees under the Plan, determined as of the Determination Date. In making such determination, the Accrued Benefit of all individuals who were not employed by the Company during the five (5) year period ending on the Determination Date shall be excluded. In determining if the Plan is a Top Heavy Plan, it shall be aggregated with each other plan of the Company and/or a related organization in the required aggregation group as defined at Section 416(g)(2)(A)(i) of the Code and may be aggregated with any other plans of the Company and/or a related organization in the permissive aggregation group as defined at Section 416(g)(2)(A)(ii) of the Code.

[SUBSECTION 12(4), BELOW, IS EFFECTIVE ONLY FOR PLAN YEARS BEGINNING BEFORE JANUARY 1, 1989.]

(4) Compensation in Top Heavy Plan Year. With respect to any Plan Year for which the Plan is determined to be a Top Heavy Plan, Compensation as

defined at Section 1(10) shall be limited to \$200,000, or such amount as adjusted under Section 416(d) (2) of the Code.

(5) Vesting in Top Heavy Plan Year. With respect to any Plan Year for which the Plan is determined to be a Top Heavy Plan, each Participant's accrued retirement allowance benefit shall vest in accordance with the following vesting schedule, in lieu of the vesting provisions described in Section 4:

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Years of Service	Vesting Percentage
Less than 2	0%
2 but less than 3	20%
3 but less than 4	40%
4 but less than 5	60%
5 but less than 6	80%
6 or more	100%

(6) Minimum Benefit Under Top Heavy Plan. Anything in Section 5 to the contrary notwithstanding, if the Plan is determined to be a Top Heavy Plan for any Plan Year commencing on or after January 1, 1984, in no event shall the annual retirement allowance payable to a Participant in the form and manner and at the time specified in Section 5 be less than: (a) 2.0% of the Participant's average Compensation for the five (5) consecutive year period in which his Compensation from the Company was the highest, multiplied by; (b) the number of Plan Years for which the Plan is determined to be a Top Heavy Plan, but in no event more than ten (10) such Plan Years.

(7) Maximum Limitation Under Top Heavy Plan. With respect to any Plan Year for which the Plan is determined to be a Top Heavy Plan, a 1.0 limitation shall be substituted for the 1.25 limitations at Subsection (8) (c) (1) (b) (i) and (8) (c) (2) (b) (i) of Section 5.

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SECTION 13 - AMENDMENTS

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The Board of Directors may, at any time and from time to time, modify or amend in whole or in part any or all of the provisions of the Plan; provided that no such modification or amendment shall make it possible for any part of the assets of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of Participants, former Participants and their beneficiaries under the Plan prior to the satisfaction of all Plan liabilities to them.

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SECTION 14 - CONSTRUCTION

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The Plan shall be construed, regulated and administered under the laws of the State of New York and the United States.

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## APPENDIX I

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The following employees have prior service with a former affiliate of the Company and will be granted full Vesting and Creditable Service.

Thomas Andruskevich  
Cecelia Arbore  
Lawrence Burns  
Daniel DelVechio  
Michael Eiring  
Rachelle Epstein  
Warren Feld  
James Fernandez  
Joan Freeman  
Michael Kowalski  
Deborah Kramm  
David Robertson  
Mary J. Robertson  
John Schaedel  
Audrey Scotland  
Dale Strohl  
Charles Zacharias



Tiffany & Co. Report on Form 10-K FY 1993

1994 TIFFANY AND COMPANY  
SUPPLEMENTAL RETIREMENT INCOME PLAN

WHEREAS, Tiffany and Company, a New York Corporation, does hereby intend by the following instrument to establish an unfunded supplemental retirement plan for the benefit of a select group of management or highly compensated employees; and

WHEREAS, Tiffany and Company recognizes that certain executives possess an intimate knowledge of the business and affairs of Tiffany and Company and its policies, methods, personnel and problems and that the contributions of these executives are essential to the company's continued growth and success.

WHEREAS, Tiffany and Company wants to provide selected executives with supplemental retirement income in order to induce selected executives to remain employed by Tiffany and Company until their retirement.

WHEREAS, Tiffany and Company wants to replace its existing Supplemental Retirement Income Plan which became effective the 20th day of October, 1989 with this Plan.

NOW, THEREFORE, to carry the above intentions into effect, and intending to be legally bound hereby, Tiffany and Company does enter into this Plan effective the 1st day of February, 1994.

This Plan shall be known as the  
1994 TIFFANY AND COMPANY  
SUPPLEMENTAL RETIREMENT INCOME PLAN

ARTICLE I  
DEFINITIONS

FOR THE PURPOSES OF THIS PLAN, THE FOLLOWING CAPITALIZED TERMS AND PHRASES SHALL HAVE THE MEANINGS ASCRIBED TO THEM BELOW:

- 1.1 "ACTUARIAL EQUIVALENT" means the equivalent value of each form of payment, computed in accordance with accepted actuarial principles and on the basis of the same factors then required for use under the Pension Plan for the computation of the Participant's Pension Benefit.
- 1.2 "ADMINISTRATOR" means the individual appointed to administer the Plan pursuant to Article VII.
- 1.3 "AVERAGE FINAL COMPENSATION" means, with respect to a Participant, his average Compensation during those five years of his last ten years of Creditable Service in which his Compensation was highest. If an Employee has less than five years of Creditable Service or less than five Plan Years in which he accrued Creditable Service, as the case may be, his or her "Average Final Compensation" shall be computed as the average of his or her Compensation over all such years.
- 1.4 "BENEFICIARY" means the person, persons, trust or other entity, designated by written revocable designation filed with the Administrator by the

Participant to receive payments under this Plan in the event of the Participant's death. In the event Participant fails to effectively make such a designation, the Beneficiary shall be the personal representative of the Participant's estate.

- 1.5 "BENEFIT" means, with respect to each Participant, the benefit to which Participant is entitled under Sections 3.2 or 3.3 of this Plan.
- 1.6 "COMMITTEE" means the Compensation Committee of the Board of Directors of Tiffany & Co., a Delaware corporation, which shall have authority over this Plan.
- 1.7 "COMPENSATION" means the actual base salary paid to Participant for services rendered to the Employer (exclusive of amounts attributable to the exercise of employee stock options), including straight time for all hours worked, commissions, bonuses, premiums and incentives (in the case of any Employee shown in the attached Schedule "A", the reference to Employer for purposes of this Section 1.7 only shall also refer to Affiliates of the Employer prior to October 15, 1984; for the purposes of this Section 1.7 "Affiliate" shall mean any member of the controlled group of companies of which the Employer was a member within the meaning of Section 414(b), (c) and (m) of the Code at such prior time) including any pre-tax elective deferrals to any Employer sponsored retirement savings plan or cafeteria plan, qualified pursuant to Section 401(k) or Section 125

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of the Code, and any pre-tax elective deferrals to the Tiffany and Company Executive Deferral Plan, but excluding all other Employer contributions to benefit plans and all other forms of remuneration or reimbursement.

- 1.8 "CODE" means the Internal Revenue Code of 1986, as amended from time to time.
- 1.9 "CREDITABLE SERVICE" means "Creditable Service" under the Pension Plan.
- 1.10 "DISABILITY" means an illness or injury which prevents a Participant from performing the Participant's occupation. Disability shall be determined in a uniform manner by the Administrator, provided, however, that no illness or injury shall be deemed a disability for the purposes of this Plan unless the Participant would be entitled to continue to be treated as a "Participant" under the terms of the Pension Plan and to continue to accrue "Creditable Service" under the terms of the Pension Plan during the continuation of such illness or injury.
- 1.11 "EARLY RETIREMENT" means severance from full-time employment (other than by reason of death) by a Participant (i) after attaining age sixty (60) and (ii) with at least fifteen (15) consecutive Years of Service with Employer; provided, however, that in the event a former Participant is Vested by reason of a "Change in Control" (as that term is defined in Section 6.2 below), item (ii) of this Section 1.11 shall not be applicable.
- 1.12 "EFFECTIVE DATE" means February 1, 1994.
- 1.13 "ELIGIBLE EMPLOYEE" means an employee of an Employer appointed an officer of Tiffany & Co., a Delaware corporation, and having the title of "Executive Vice President" or "Senior Vice President" and such other highly compensated employees identified and approved by the Committee from time to time.
- 1.14 "EMPLOYER" means Tiffany and Company and any successor organization, or any other business entity which adopts this Plan with consent of the Board of Directors of Tiffany & Co., a Delaware corporation.
- 1.15 "EMPLOYMENT" means the status of being employed by Employer including periods of active employment and other periods for which the Eligible Employee is listed as an employee of Employer in the payroll records of Employer and periods during which the Eligible Employee is on a Leave of

Absence and "EMPLOYED" means of the status of Employment.

1.16 "ENTRY DATE" means February 1, 1994 and each January 1 of each calendar year thereafter.

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1.17 "LEAVE OF ABSENCE" means any absence from employment, with or without pay, authorized by Employer which would not result, on the first anniversary of the first day of such continuing period of absence, in a "Discontinuance of Active Employment Date" under the Pension Plan.

1.18 "PARTICIPANT" means any Eligible Employee who has met the conditions for participation as set forth in Article II.

1.19 "PLAN" means the 1994 Tiffany and Company Supplemental Retirement Income Plan as described in this instrument, as amended from time to time.

1.20 "PLAN YEAR" means a "Plan Year" under the Pension Plan.

1.21 "PENSION BENEFIT" means, with respect to each Participant, the annual retirement allowance to which Participant is entitled at Permitted Retirement payable from the Pension Plan actuarially determined on the basis of an annuity for Participant's life utilizing actuarial assumptions as pertain for all other purposes of said Pension Plan whether or not such retirement allowance is actually paid, and regardless of any optional form of benefit payment elected under the Pension Plan by said Participant.

1.22 "PENSION PLAN" means the Tiffany and Company Pension Plan as such Pension Plan may be amended from time to time.

1.23 "PERMITTED RETIREMENT" means, with respect to each Participant, the earlier of the date on which he takes Early Retirement or Retirement.

1.24 "RETIREMENT" means any severance from full-time employment by a Participant or former Participant (other than by reason of death) after attaining Retirement Age.

1.25 "RETIREMENT AGE" means age sixty-five (65).

1.26 "SOCIAL SECURITY BENEFIT" means the amount of the Participant's anticipated unreduced primary insurance benefit under Title II of the Federal Social Security Act computed on the basis of such Act in effect at Permitted Retirement, and consisting of that annual amount to which the Participant would upon proper application be entitled at Retirement Age irrespective of earnings he may be receiving or might receive in excess of any limit on earnings for full entitlement to such benefit. When used in connection with the computation of a Benefit payable under Section 3.3 of the Plan, "Social Security Benefit" shall mean the said Social Security Benefit computed on the assumption that the Participant will continue to receive Compensation until age 65 for purposes of Social Security in the same amount as in effect on the date of his Permitted Retirement. With respect to

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periods for which the Participant's actual compensation for Social Security purposes is not available, the Social Security Benefit shall be calculated on the assumption that the Participant has compensation for Social Security purposes after 1951, or age 22 if later, and prior to his or her last date of hire or rehire by Employer which increased 6 percent (6%) each year to his or her Compensation on such date of hire or rehire by Employer.

1.27 "VESTED" means that portion of a Participant's Benefit to which the

Participant has a nonforfeitable right as defined in Section 3.6.

1.28 "YEAR OF SERVICE" means a year of Creditable Service.

ARTICLE II  
PARTICIPATION IN THE PLAN

- 2.1 Commencement of Participation. Each Eligible Employee who is an Eligible Employee on an Entry Date shall become a Participant in the Plan as of the first day of such Plan Year.
- 2.2 Procedure For and Effect of Admission. Each individual who becomes eligible for admission to participate in this Plan shall complete such forms and provide such data as are reasonably required by the Employer as a condition of such admission and will, on the request of Employer, submit to a physical examination by a physician and make such applications for life insurance in order that the Employer may, if Employer determines to do so, obtain a policy of life insurance for the benefit of Employer on the life of such individual in such amounts as Employer shall, in its sole discretion, determine to be necessary or desirable. By becoming a Participant, each individual shall for all purposes under this Plan be deemed conclusively to have assented to the provisions of this Plan and all amendments hereto and to the termination of the pre-existing Tiffany and Company Supplemental Retirement Income Plan which pre-existing plan became effective the 20th day of October, 1989.
- 2.3 Cessation of Participation. Subject to Section 2.4 below, Participant shall cease to be a Participant the earlier of: (i) the date on which the Plan terminates, or (ii) the date on which he terminates Employment with an Employer. A former Participant will be deemed a Participant, for all purposes of this Plan, as long as such former Participant retains a Vested interest pursuant to the terms of Article III.
- 2.4 Disability. In the event a Participant incurs a Disability while Employed (whether or not such Disability arises out of such Employment), and for so long as such Disability continues, such Participant shall continue to be a Participant hereunder

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until the earlier of (i) Participant's death, (ii) Participant's Permitted Retirement or (iii) the cessation of such Disability, and Participant's Compensation in the last 12 months of his active Employment shall be deemed to be his Compensation for the purposes of this Plan during the period of such Disability.

ARTICLE III  
PLAN BENEFITS

- 3.1 Overriding Limitation. Except as provided in this Section 3.1, under no circumstances will a Participant or a former Participant be entitled to a Benefit under this Plan unless and until Participant becomes entitled to payment of a Pension Benefit. In the event the Pension Plan shall have been terminated as of the time a Pension Benefit would have become payable under the Pension Plan to Participant, the Benefit under this Plan shall be calculated by application, by means of the formula set forth in Section 3.2 below, of the Pension Benefit which would have been payable to Participant under the Pension Plan as in effect on February 1, 1994 and if Participant would not have been entitled to a Pension Benefit under the Pension Plan as in effect on February 1, 1994 as of the date a Benefit would otherwise become payable hereunder, no Benefit shall be payable under this Plan.
- 3.2 Retirement Benefit. Commencing the first day of a month within sixty (60) days of Retirement, Employer will pay a Participant an annual Benefit calculated on the basis of such Participant's Years of Service and Average Final Compensation using the following table and then by subtracting Participant's Pension Benefit and Social Security Benefit:

YEARS OF SERVICE	BENEFIT AS A PERCENTAGE OF PARTICIPANT'S AVERAGE FINAL COMPENSATION
30 or more	60%
25-29	50%
20-24	40%
15-19	30%
10-14	20%
less than 10	nil%

3.3 Early Retirement Benefit. In lieu of the Benefit provided under Section 3.2 above, commencing the first day of a month within sixty (60) days of Early Retirement, Employer will pay a Participant a Benefit. The annual amount of such Benefit

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shall be the Actuarial Equivalent of the annual Benefit stated in Section 3.2 reduced to reflect such early retirement.

3.4 Payment of Benefit. The Benefit shall be paid in equal monthly installments throughout the life of the Participant. In the event that such payments are required to commence and Participant dies before such payments have been made for fifteen (15) years, the Actuarial Equivalent of the Benefit, were it to continue to be paid in monthly installments for the balance of said fifteen year period, will be paid in a lump sum to the Beneficiary. Notwithstanding the foregoing, a Participant may elect one (1) of the following alternative forms of payment:

- A. An Actuarial Equivalent Benefit for the life of the Participant with one hundred percent (100%) of the actuarially adjusted benefit to be paid to the Participant's spouse for life.
- B. An Actuarial Equivalent Benefit for the life of the Participant with seventy-five percent (75%) of the actuarially adjusted benefit to be paid to the Participant's spouse for life.
- C. An Actuarial Equivalent Benefit for the life of the Participant with sixty-six and two-thirds percent (66-2/3%) of the actuarially adjusted benefit to be paid to the Participant's spouse for life.
- D. An Actuarial Equivalent Benefit for the life of the Participant with fifty percent (50%) of the actuarially adjusted benefit to be paid to the Participant's spouse for life.

Such election shall be made in writing by each Participant, and filed with the Administrator on or before the earlier of such Participant's fifty-fifth (55th) birthday or the date one year after a Participant becomes Vested pursuant to Section 6.1 below, and shall be irrevocable except in the event a Participant has a Fundamental Life Change. If a Fundamental Life Change occurs, said Participant, within sixty (60) days after the event, may elect an alternative form of payment as set forth above, subject to the Administrator's determination that a Fundamental Life Change has occurred. Notwithstanding the occurrence or non-occurrence of a Fundamental Life Change, no such election may be made following the commencement of Benefit payments and any such election made prior to the commencement of Benefit payments shall be irrevocable once Benefit payments have commenced. Fundamental Life Change means a significant change in the Participant's family situation, including change in marital status, death of a Beneficiary, or Participant's serious illness.

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- 3.5 Termination of Employment. No Benefit shall be or become payable to a Participant if the Participant ceases to be a Participant prior to obtaining a Vested interest with respect to his Benefit.
- 3.6 Vesting. Subject to Section 3.1 above, a Participant shall have a Vested interest with respect to his Benefit upon Permitted Retirement or upon a Change in Control pursuant to Article V.
- 3.7 Termination of Benefit. Notwithstanding any other provision to the contrary, the Employer may not adjust, amend, or terminate its obligations to a Participant under this Article III subsequent to that date on which Participant obtains a Vested interest pursuant to Section 3.6 above.
- 3.8 Tax Withholding. To the extent required by the law in effect at the time benefits are distributed pursuant to this Article III, the Employer or its agents shall withhold any taxes required by the federal or any state or local government from payments made hereunder.

ARTICLE IV  
UNFUNDED PLAN

- 4.1 Unfunded Benefits. Benefits are payable as they become due irrespective of any actual investments the Employer may make to meet its obligations. Neither the Employer, nor any trustee (in the event the Employer elects to use a grantor trust to accumulate funds) shall be obligated to purchase or maintain any asset including any life insurance policy. To the extent a Participant or any person acquires a right to receive payments from the Employer under this Plan, such right shall be no greater than the right of any unsecured creditor of the Employer.

ARTICLE V  
AMENDMENT AND TERMINATION

- 5.1 Plan Amendment. Subject to Sections 3.6 and 3.7, this Plan may be amended in whole or in part by the Employer at any time.
- 5.2 Plan Termination. Subject to Sections 3.6 and 3.7, the Employer reserves the right to terminate this Plan at any time but only in the event that the Employer, in its sole discretion, shall determine that the economics of the Plan have been adversely and materially affected by a change in the tax laws, other government action or other event beyond the control of the Participant and the Employer or that the termination of the Plan is otherwise in the best interest of Employer.

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ARTICLE VI  
CHANGE IN CONTROL

- 6.1 Benefits in the Event of a Change in Control. In the event a Change in Control, as defined in Section 6.2, occurs, each Participant shall become Vested in his Benefit. For purposes of computing the Benefit under Section 3.2, Years of Service shall be actual Years of Service, except that, in the case of a Participant having less than ten (10) Years of Service at the time of such Change of Control, such Benefit will be calculated using the greater of ten (10) Years of Service or actual Years of Service. A Change of Control shall not accelerate the date on which any person is entitled to receive a Benefit under this Plan or alter the overriding limitation set forth in Section 3.1 above.
- 6.2 Definition of Change in Control. A "Change in Control" shall be deemed

to have occurred if: (A) any person or group of persons acting in concert acquires thirty-five percent (35%) in voting power or amount of the equity securities of Tiffany & Co., a Delaware corporation ("Tiffany-Delaware"), (including the acquisition of any right, option, warrant or other right to obtain such voting power or amount, whether or not presently exercisable) unless such acquisition is authorized or approved of by the Board of Directors of Tiffany-Delaware; (B) individuals who constitute the Board of Directors of Tiffany-Delaware on February 1, 1994 (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board of Directors, provided that any individual becoming a director subsequent to the date February 1, 1994 whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Tiffany- Delaware in which such individual is named as a nominee for director) shall be, for the purposes of this subsection (B), considered as though such individual were a member of the Incumbent Board; or (C) any other circumstance with respect to a change in control of Tiffany-Delaware occurs which the Compensation Committee of the Board of Directors of Tiffany-Delaware deems to be a Change in Control of Tiffany-Delaware. As used herein, the word "person" shall mean an individual or an entity.

ARTICLE VII  
ADMINISTRATION

7.1 Appointment of Administrator. The Employer is the named fiduciary of the plan for which this document is the written instrument. The Employer shall appoint, on behalf of all Participants, an Administrator. The Administrator may be removed by the Employer at any time and he may resign at any time by submitting his resignation in writing to the Employer. A new Administrator shall be appointed as soon as possible in the event that the Administrator is removed

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or resigns from his position. Any person so appointed shall signify his acceptance by filing a written acceptance with the Employer.

7.2 Administrator's Responsibilities. The Administrator is responsible for the day to day administration of the Plan. He may appoint other persons or entities to perform any of his functions. Such appointment shall be made and accepted by the appointee in writing and shall be effective upon the written approval of the Employer. The Administrator and any such appointee may employ advisors and other persons necessary or convenient to help him carry out his duties including his fiduciary duties. The Administrator shall have the right to remove any such appointee from his position.

7.3 Records and Accounts. The Administrator shall maintain or shall cause to be maintained accurate and detailed records of Participants and of their rights under the Plan. Such accounts, books and records relating thereto shall be open at all reasonable times to inspection and audit by the Employer and by persons designated thereby.

7.4 Administrator's Specific Powers and Duties. In addition to any powers, rights and duties set forth elsewhere in the Plan, the Administrator shall have the following powers and duties:

- A. To adopt such rules and regulations consistent with the provisions of the Plan;
- B. To enforce the Plan in accordance with its terms and any rules and regulations he establishes;
- C. To maintain records concerning the Plan sufficient to prepare reports, returns and other information required by the Plan or by law;
- D. To construe and interpret the Plan and to resolve all questions

arising under the Plan;

- E. To direct the Employer to pay benefits under the Plan, and to give such other directions and instructions as may be necessary for the proper administration of the Plan;
- F. To be responsible for the preparation, filing and disclosure on behalf of the Plan of such documents and reports as are required by any applicable federal or state law.

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- 7.5 Employer's Responsibility to Administrator. The Employer shall furnish the Administrator such data and information as he may require. The records of the Employer shall be determinative of each Participant's period of employment, termination of employment and the reason therefore, leave of absence, reemployment, years of service, personal data, and compensation levels. Participants and their Beneficiaries shall furnish to the Administrator such evidence, data, or information, and execute such documents as the Administrator requests.
- 7.6 Liability. Neither the Administrator nor the Employer shall be liable to any person for any action taken or omitted in connection with the administration of this Plan unless attributable to his own fraud or willful misconduct; nor shall the Employer be liable to any person for such action unless attributable to fraud or willful misconduct on the part of the director, officer or employee of the Employer.
- 7.7 Procedure to Claim Benefits. Each Participant or Beneficiary must claim any benefit to which he is entitled under this Plan by a written notification to the Administrator. If a claim is denied, it must be denied within a reasonable period of time, and be contained in a written notice stating the following:
  - A. The specific reason for the denial,
  - B. Specific reference to the Plan Provision on which the denial is based,
  - C. Description of additional information necessary for the claimant to present his claim, if any, and an explanation of why such material is necessary, and
  - D. An explanation of the Plan's claim procedure.

The claimant will have sixty (60) days to request a review of the denial by the Administrator, who will provide a full and fair review. The request for review must be written and submitted to the same person who handles initial claims. The claimant may review pertinent documents, and he may submit issues and comments in writing. The decision by the Administrator with respect to the review must be given within sixty (60) days after receipt of the request, unless special circumstances require an extension (such as for a hearing). In no event shall the decision be delayed beyond one hundred twenty (120) days after receipt of the request for review. The decision shall be written in a manner calculated to be understood by the claimant, and it shall include specific reasons and refer to specific Plan provisions as to its effect.

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ARTICLE VIII  
MISCELLANEOUS

- 8.1 Supplemental Benefits. The benefits provided for the Participants under this Plan are in addition to benefits provided by any other plan or



program of the Employer and, except as otherwise expressly provided for herein, the benefits of this Plan shall supplement and shall not supersede any plan or agreement between the Employer and any Participant.

- 8.2 Governing Law. The Plan shall be governed and construed under the laws of the State of New York as in effect at the time of its adoption.
- 8.3 Jurisdiction. The courts of the State of New York shall have exclusive jurisdiction in any or all actions arising under this Plan.
- 8.4 Binding Terms. The terms of this Plan shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators and successors.
- 8.5 Spendthrift Provision. The interest of any Participant or any beneficiary receiving payments hereunder shall not be subject to anticipation, nor to voluntary or involuntary alienation until distribution is actually made.
- 8.6 No Assignment Permitted. No Participant, Beneficiary or heir shall have any right to commute, sell, transfer, assign or otherwise convey the right to receive any payment under the terms of this Plan. Any such attempted assignment shall be considered null and void.
- 8.7 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if such illegal or invalid provision had never been contained therein.
- 8.8 Construction. All headings preceding the text of the several Articles hereof are inserted solely for reference and shall not constitute a part of this Plan, nor affect its meaning, construction or effect. Where the context admits, words in the masculine gender shall include the feminine and neuter genders, and the singular shall mean the plural.
- 8.9 No Employment Agreement. Nothing in this Plan shall confer on any Participant the right to continued employment with any Employer and, except as expressly set forth in a written agreement entered into with the express authorization of the Board of Directors of Employer, both the Participant and the Employer shall be free to terminate Participant's employment for any cause or without cause.

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TIFFANY AND COMPANY

ATTEST:

By:

-----  
Patrick B. Dorsey, Secretary

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William R. Chaney, Chairman

ATTEST:

By:

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Patrick B. Dorsey, Secretary

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James N. Fernandez, Senior  
Vice President -- Finance

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SCHEDULE A TO SUPPLEMENTAL RETIREMENT INCOME PLAN

Thomas A. Andruskevich  
James N. Fernandez

Michael J. Kowalski  
Dale S. Strohl

Tiffany & Co. Report on Form 10-K FY 1993

TIFFANY AND COMPANY  
Split-Dollar Life Insurance Agreement

THIS AGREEMENT, is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by and between Tiffany and Company ("Tiffany") and  
\_\_\_\_\_ ("Employee").

RECITALS:

- A. Tiffany is a corporation duly organized and validly existing under the laws of The State of New York with its executive offices and principal place of business at 727 Fifth Avenue, New York, NY 10022.
- B. Employee is a valued and trusted employee of Tiffany.
- C. In consideration of the faithful performance of services by Employee for Tiffany, Tiffany wishes to benefit Employee by entering into a split-dollar life insurance agreement in accordance with the terms and conditions of this Agreement.
- D. The split-dollar arrangement provided for in this Agreement, which the parties intend to satisfy the requirements of Revenue Ruling 64-328, 1964-2 C.B. 11, relates to a life insurance policy number \_\_\_\_\_ (the "Policy") to be issued by Connecticut General Life Insurance Company or one of its subsidiaries (the "Insurer") on the life of Employee to be owned by Employee subject to a collateral assignment in favor of Tiffany.

NOW, THEREFORE, the parties mutually agree as follows:

- 1. Acquisition of Policy. The parties shall cooperate in applying for and obtaining the Policy. The Policy shall be issued to Employee as the sole and exclusive owner of the Policy, subject to a collateral assignment in favor of Tiffany as hereinafter provided.
- 2. Payment of Premiums. Tiffany shall pay the minimum premiums due on the Policy to the Insurer on the date the premium is due or within the grace period allowed by the Policy for the payment of the premium, or such greater premium payment as shall be necessary to keep the Policy in force without a reduction in the death benefit provided under the Policy. Tiffany shall furnish an annual written statement to Employee setting forth the amount of imputed income, if any, reportable by the employee as a result of Tiffany's payments hereunder, the death benefit payable under the Policy, Aggregate Premiums Paid, as hereinafter defined, and the Cash Surrender Value, as hereinafter defined.

## 3. Liability of Employee.

A. Liability. In consideration of Tiffany's premium payments under this split-dollar arrangement, Employee undertakes the obligation to repay such premium payments to Tiffany in accordance with the provisions of this Agreement. Employee's obligation to repay such premium payments (the "Liability") shall equal the amount determined in accordance with the following provisions of this Article 3 and Tiffany shall be entitled to recover the Liability in accordance with the terms and conditions of this Agreement, provided, however, that (i) while Employee remains living the Liability shall never exceed the amount available on surrender or partial surrender of the Policy and (ii) following Employee's death the Liability shall never exceed the proceeds available from the Policy.

B. Termination of Agreement. Upon termination of this Agreement for any reason other than the death of Employee, the Liability, at such time, shall be an amount equal to the lesser of (i) Aggregate Premiums Paid, as hereinafter defined, or (ii) the Cash Surrender Value, as hereinafter defined.

C. Death of Employee. Upon the death of Employee, the Liability shall be an amount equal to Aggregate Premiums Paid as hereinafter defined.

## D. Definitions. For purposes of this Agreement:

(i) The Cash Surrender Value of the Policy at any time equals at such time the guaranteed cash value under the Policy; plus any additional cash value credited to the Policy; less any amounts withdrawn from the Policy by Tiffany by means of the surrender or partial surrender of the Policy; less any policy loans to Tiffany and accrued interest thereon at such time.

(ii) The Aggregate Premiums Paid at any time equal at such time the cumulative premiums paid by Tiffany under the Policy; less any amounts withdrawn from the Policy by Tiffany by means of the surrender or partial surrender of the Policy; less any policy loans to Tiffany and accrued interest thereon at such time; less any amounts received by Tiffany from Employee for the economic benefit of the Policy.

4. Collateral Assignment.

A. Tiffany's Rights. As security for repayment of the Liability, Employee shall execute, in substantially the form attached as Exhibit A, a collateral assignment of the Policy to Tiffany (the "Collateral Assignment") and Tiffany shall have the rights set forth in the Collateral Assignment. As between the parties hereto, Tiffany's rights under the Collateral Assignment shall be subject to the limitations hereinafter expressed:

(i) Tiffany's sole right to obtain, directly or indirectly, one or more loans or advances against the fund value of the Policy, shall be limited to the extent of, but not in excess of, the lesser of Aggregate Premiums Paid or the Cash Surrender Value, and Tiffany shall have the right to pledge or assign the lesser of Aggregate Premiums Paid or the Cash Surrender Value, as security for such loans or advances;

(ii) On the exercise of Tiffany's sole right to make a full or partial surrender of the Policy Tiffany may realize up to the lesser of Aggregate Premiums Paid or the Cash Surrender Value of the Policy; and

(iii) Tiffany's right to realize the proceeds of the Policy in the event of the death of Employee shall be limited to the extent of the Liability.

Tiffany shall also have the right, as between the parties hereto, to increase the death benefit payable under the policy, as permitted by the Insurer, if it is deemed necessary, in the exercise of Tiffany's judgement, to reflect increases in Employee's compensation.

B. Employee's Rights. Except for the rights granted to Tiffany in the Collateral Assignment or reserved to Tiffany above, Employee shall have all the rights of the owner under the Policy and Employee shall be entitled to exercise all such rights, options, and privileges without the consent of Tiffany. Employee's rights include:

(i) The right to absolutely and irrevocably give a donee all of his/her right, title and interest in and to the Policy, subject to the Collateral Assignment. Employee may exercise this right by executing a written transfer of ownership in the form used by the Insurer for

irrevocable gifts of insurance policies, and delivering this form to Tiffany. Upon receipt of such form, executed by Employee and duly accepted by the donee thereof, Tiffany shall consent thereto in writing, and shall thereafter treat the Employee's donee as the sole owner of all of Employee's right, title and interest in and to the Policy, subject to this Agreement and the Collateral Assignment. Thereafter, Employee shall have no right, title or interest in and to the Policy, all such rights being vested in and exercisable only by such assignee. Employee agrees with Tiffany that his/her right to assign his/her interest in the Policy shall be exercised only in accordance with this Section B (i) of Article 4; and

(ii) The right to designate and to change the beneficiary or beneficiaries of the portion of the proceeds of the Policy payable, upon the death of Employee, to Employee's beneficiary, pursuant to Section B of Article 5 below; and

(iii) The right to elect any optional form of settlement available with respect to the portion of the proceeds of the Policy payable, upon the death of Employee, to Employee's beneficiary, pursuant to Section B of Article 5 below.

C. Conflict. As between the parties hereto, in the event of any conflict between the terms of the Collateral Assignment and this Agreement, the terms of this Agreement shall prevail.

#### 5. Death of Employee.

A. Tiffany's Death Benefit Portion. On the death of Employee, Tiffany shall be entitled to recover out of the proceeds of the Policy an amount equal to the Liability of Employee to Tiffany as determined under Subsection C of Article 3 above.

B. Employee's Death Benefit Portion. On the death of Employee, the beneficiary designated under the Policy shall be entitled to receive the balance of the proceeds of the Policy after deducting the Liability. Employee and Tiffany agree to conform the beneficiary designation of the Policy to the provisions hereof.

C. Collection of Death Proceeds. Promptly following Employee's death, the parties shall take all necessary steps to collect the proceeds of the Policy by submitting the proper claim forms to the Insurer. Tiffany shall notify the Insurer, by affidavit, of the amount of Liability of Employee to Tiffany and the amount of proceeds payable to the beneficiary designated by Employee under the Policy. Such amounts shall be paid by the Insurer to Tiffany and the beneficiary and such payments shall be a full discharge of the Insurer binding on all parties claiming any interest under the Policy.

6. Termination of Agreement.

A. Termination Event. Subject to fulfillment of the obligations arising upon termination hereinafter or hereinabove set forth, this Agreement shall terminate on the first to occur of the following events (each referred to as a "Termination Event"):

- (i) The death of Employee.
- (ii) Termination of Employee's employment with Tiffany for any reason other than death, including retirement but excluding disability retirement, with or without cause.
- (iii) At age 65 for an Employee who is disabled under Article 9 of this Agreement.
- (iv) Written notice by Tiffany to Employee.
- (v) The bankruptcy, receivership or dissolution of Tiffany.

B. Disposition of Policy. Within (60) days following a Termination Event, other than death, Employee shall pay to Tiffany the Liability. Upon receipt of such amount from Employee, Tiffany shall take all steps necessary to release the Collateral Assignment so that Employee shall own the policy free of all encumbrances thereon in favor of Tiffany arising under this Agreement. If Employee does not repay Tiffany the Liability within sixty (60) days of a Termination Event, Tiffany, in Tiffany's sole discretion, shall take the following action: Tiffany shall withdraw from the Policy, by any means available to Tiffany under the terms of the Policy as Tiffany in its sole discretion deems advisable, an amount equal to the Liability and thereafter release the Collateral

Assignment and otherwise take all steps necessary to transfer its interest in the Policy to Employee, without further consideration.

7. Provisions Regarding the Insurer.

A. Bound By Policy. The Insurer shall be bound only by the provisions of the Policy and any endorsement thereto.

B. Discharge. Any payment made or actions taken by the Insurer in accordance with the provisions of the Policy and any endorsement thereto shall fully discharge the Insurer from all claims, suits, and demands of all persons whatsoever.

C. Insurer Not a Party. The Insurer shall not be deemed a party to, or have notice of, this Agreement or the provisions hereof and shall have no obligations to see to the performance of the obligations of the parties hereunder.

8. Special Provisions.

In compliance with the requirements of Employee Retirement Income Security Act of 1974, as amended, the parties hereby confirm:

A. Named Fiduciary. Tiffany is the named fiduciary of the split-dollar life insurance plan of which this Agreement is the written instrument.

B. Funding. The funding policy of the split-dollar life insurance plan is that Tiffany will pay that portion of the premiums under the Policy required under Article 2 above.

C. ERISA Claim Procedure. The following claims procedure shall be used:

(i) The claimant shall file a claim for benefits by notifying Tiffany in writing. If the claim is wholly or partially denied, Tiffany shall provide a written notice within ninety (90) days specifying the reasons for the denial, the provisions of this Agreement on which the denial is based, and additional material or information, if any, necessary for the claimant to receive benefits.

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TIFFANY AND COMPANY  
Split-Dollar Life Insurance Agreement

Such written notice shall also indicate the steps to be taken by the claimant if review of the denial is desired.

(ii) If the claim is denied and review is desired, the claimant shall



notify Tiffany in writing within sixty (60) days after receipt of the written notice of a denial of a claim. In requesting a review, the claimant may review plan documents and submit written issues and comments the claimant feels are appropriate. Tiffany shall then review the claim and provide a written decision within sixty (60) days of receipt of request for a review. This decision shall state the specific reasons for the decision and shall include references to specific provisions of this Agreement, if any, upon which the decision is based.

9. Disability

If Employee becomes disabled in accordance with any Tiffany-sponsored disability benefits or disability retirement program, the Agreement shall continue until otherwise terminated in accordance with Article 6, Section A.

10. Tiffany's Group Life Insurance Plan.

So long as this Agreement remains effective Tiffany shall not be required under its Group Life Insurance Plan, or any successor plan (the "Group Plan"), to provide any death benefit to Employee's beneficiary or estate and, in the event that Employee retires from Tiffany while this Agreement remains effective, to provide any death benefit under the Group Plan, notwithstanding the benefits that would otherwise be available to employees or retirees under the Group Plan, and Employee hereby waives, on behalf of Employee and his or her beneficiaries and estate, any benefits under the Group Plan except as provided herein. The limitations and waiver contained in this Section 10 are not applicable to coverage provided under Tiffany's Accidental Death and Dismemberment Insurance Plan.

11. Amendment.

This Agreement may be altered, amended, or modified, including the addition of any extra policy provisions, but only by a written instrument signed by the parties hereto.

1/20/94(3)

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TIFFANY AND COMPANY  
Split-Dollar Life Insurance Agreement

12. Assignment.

A party may assign such party's interest and obligations under this Agreement at any time subject to the terms and conditions of this Agreement.

13. Governing Law.

This Agreement shall be governed by the laws of the State of New York.

14. Entire Agreement.

This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof. Any and all prior agreements or understandings with respect to such matters are hereby superseded.

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TIFFANY AND COMPANY  
Split-Dollar Life Insurance Agreement

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement as of the day and year first written above.

WITNESS:

----- By -----  
(Witness) (Employee)

ATTEST: Tiffany and Company  
("Tiffany")

----- By -----  
(Witness)

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TIFFANY AND COMPANY  
Split-Dollar Life Insurance Agreement

SPLIT-DOLLAR COLLATERAL ASSIGNMENT

A. As collateral security for any and all liabilities incurred arising with respect to premium advances the undersigned Assignor hereby assigns, transfers and sets over to TIFFANY AND COMPANY, a New York corporation with its executive offices and principal place of business at 727 Fifth Avenue, New York, NY 10022 (herein called the "Assignee") its successors and assigns, the following listed rights in Policy # \_\_\_\_\_ and any supplementary contracts issued in connection therewith (said policy and contracts being herein called the "Policy") issued by the Connecticut General Life Insurance Company, Hartford, Connecticut, herein called the "Insurer" on the life of \_\_\_\_\_ (herein called the "Insured") subject to all terms and conditions contained in the Policy and to all superior liens, if any, which the Insurer may have against the Policy. The Assignor by this instrument agrees and the Assignee by the acceptance of this assignment agrees to the terms

and conditions herein set forth.

B. It is expressly agreed that all rights in the Policy other than those specifically reserved and excluded below, including but not limited to the following are included in this assignment and pass by virtue hereof and may hereafter be exercised and enjoyed by the Assignee without notice to or consent of the Assignors.

1. The sole right to surrender the Policy and upon surrender to receive the entire cash value thereof, including any dividend credits outstanding;
2. The sole right to make and receive all loans or advances on the Policy;
3. The sole right to collect and receive all distributions or shares of surplus, dividend deposits or additions to the Policy now or hereafter made or apportioned thereto, and to exercise any and all options contained in the Policy with respect thereto;
4. The sole right to exercise all non-forfeiture rights permitted by the terms of the Policy or allowed by the Insurer and to receive all benefits and advantages derived therefrom;
5. The sole right to collect from the Insurer any amount that may be due upon maturity of the Policy during the lifetime of the Insured; and
6. The sole right to collect from the Insurer any proceeds payable under the Policy on the death of the Insured to the extent of the Assignee's interest in the proceeds as provided in paragraph D below.

C. It is expressly agreed that the following specific rights, so long as the Policy has not been surrendered, are reserved and excluded from this assignment and do not pass by virtue hereof.

1. The right to designate and change the Beneficiary of the Policy proceeds to the extent they exceed the Assignee's interest in the proceeds as provided in paragraph D below;
2. The right to elect any optional method of settlement permitted by the Policy or allowed by the Insurer with respect to any amount that may be payable to the Beneficiary; and
3. The right to assign the Assignor's interest in the Policy.

The reservation of these rights shall in no way impair the right of the Assignee to surrender the Policy completely with all its incidents or impair any other right of the Assignee hereunder, and any

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POLICY# \_\_\_\_\_ INSURED: \_\_\_\_\_

designation or change of Beneficiary or election of a method of settlement shall be made subject to this assignment and to the rights of the Assignee hereunder.

D. The Assignee's interest in any proceeds payable under the Policy on the death of the Insured shall be equal to the amount indicated in this paragraph and this assignment shall operate to transfer the interest of any Beneficiary in such proceeds to the Assignee to the extent of the Assignee's interest as indicated herein: (check one)

- // 1. An Amount equal to Net Cash Value/Cash Surrender Value under the Policy. Such value shall be determined as of the end of the period for which premiums have been paid.
- // 2. As the Assignee's interest may appear.



Tiffany & Co. Report on Form 10-K FY 1993

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Item 6. TIFFANY & CO. AND SUBSIDIARIES  
EXHIBIT 11 STATEMENT RE COMPUTATION OF PER SHARE EARNINGS  
(in thousands, except per share data)

	Years Ended		
	January 31, 1994	January 31, 1993	January 31, 1992
	-----	-----	-----
PRIMARY EARNINGS PER SHARE:			
Income/(loss) before cumulative effect of accounting change on which primary earnings per share are based	\$(10,242)	\$15,712	\$31,805
Cumulative effect of accounting change for postretirement benefits other than pensions, net of tax effect of \$4,625	-	-	(6,335)
	-----	-----	-----
Net income/(loss) on which primary earnings per share are based	\$(10,242)	\$15,712	\$25,470
	=====	=====	=====
Weighted average number of shares on which primary earnings are based	15,781	15,786	15,835
	=====	=====	=====
Primary income/(loss) per common share before cumulative effect of accounting change	\$ (0.65)	\$ 1.00	\$ 2.01

Cumulative effect of accounting change for postretirement benefits other than pensions	-	-	(0.40)
	-----	-----	-----
Primary income/(loss) per common share	\$ (0.65)	\$ 1.00	\$ 1.61
	=====	=====	=====

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	Years Ended		
	January 31, 1994	January 31, 1993	January 31, 1992
	-----	-----	-----
FULLY DILUTED EARNINGS PER SHARE:			
Income/(loss) before cumulative effect of accounting change on which primary earnings per share are based	\$(10,242)	\$15,712	\$31,805
Add:			
Interest			
and fees on convertible subordinated debt, net of applicable income taxes	1,844	1,945	1,670
	-----	-----	-----
Income/(loss) before cumulative effect of accounting change on which fully diluted earnings per share are based	(8,398)	17,657	33,475
Cumulative effect of accounting change for postretirement benefits other than pensions, net of tax effect of \$4,625	-	-	(6,335)
	-----	-----	-----
Net income/(loss) on which fully diluted earnings per share are based	\$ (8,398)	\$17,657	\$27,140
	=====	=====	=====
Weighted average number of common shares used in calculating fully diluted earnings per share	15,781	15,786	15,835
Shares assumed upon conversion of convertible debt, using the "if converted" method	893	893	783
	-----	-----	-----
Weighted average number of shares used in calculating fully diluted earnings per share	16,674	16,679	16,618
	=====	=====	=====
Fully diluted income/(loss) per common share before cumulative effect of accounting change	\$ (0.65)	\$ 1.00	\$ 2.01
Cumulative effect of accounting change for postretirement benefits other than pensions	-	-	(0.40)
	-----	-----	-----
Fully diluted net income/(loss) per common share	\$ (0.65)	\$ 1.00	\$ 1.61
	=====	=====	=====

NOTE: As a result of the 6 3/8% Convertible Subordinated Debenture's dilutive effect in future periods, fully diluted earnings per share reflects the weighted average number of common shares outstanding under the "if converted" method which assumes conversion as of the bond issuance date of the Debentures. Since the "if converted" method had no effect on fully diluted earnings per share (anti-dilutive) for the years ending January 31, 1994, 1993 and 1992 primary earnings per share was used for

financial statement presentation purposes.





MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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RESULTS OF OPERATIONS  
NET SALES

The Company operates three channels of distribution: U.S. Retail includes retail sales in Company-operated stores in the U.S. and wholesale sales to independent retailers in North America; Direct Marketing includes corporate (business-to-business) and catalog sales, and International Retail includes retail sales through Company-operated stores and boutiques, corporate sales, and wholesale sales to independent retailers and distributors, primarily in the Far East, Europe, Canada and the Middle East.

Net sales (before the product return for the Japan realignment in 1993, discussed below) increased 16.5% in Fiscal 1993 and decreased 1.1% in Fiscal 1992.

U.S. Retail sales increased 11.4% in Fiscal 1993 and 7.0% in Fiscal 1992. Comparable U.S. store sales increased 7.6% in Fiscal 1993 and 3.2% in Fiscal 1992, primarily resulting from sales growth in the Company's U.S. branch stores. The New York store contributed sales of \$117.7 million, \$115.0 million and \$111.9 million in Fiscal 1993, 1992 and 1991, respectively. Management believes that sales in its U.S. retail stores in Fiscal 1993 benefitted from enhanced merchandising, marketing and customer service programs, as well as from some improvement in reported consumer confidence levels. Overall sales growth in both Fiscal 1993 and 1992 was primarily attributable to increased sales to local-resident consumers, as opposed to tourists, although growth in some markets was restrained by cautious consumer spending tied to regional economic conditions. Sales to international tourists as a percentage of retail store sales in the U.S. were approximately 15%, 15% and 22% in Fiscal 1993, 1992 and 1991, respectively. The Company opened one new U.S. TIFFANY & CO. store and closed one boutique in Fiscal 1993, and opened three new U.S. stores in Fiscal 1992. Wholesale trade and fragrance sales accounted for 7.8%, 8.4% and 9.1% of U.S. Retail sales in Fiscal 1993, 1992 and 1991, respectively.

Direct Marketing sales declined 2.4% in Fiscal 1993 following an 8.6% increase in Fiscal 1992. Corporate sales (the larger portion of this channel of distribution) declined in Fiscal 1993 after increasing in Fiscal 1992. Management believes that corporate sales have been affected by conservative spending related to an uncertain business and economic environment. This was evidenced by a decline in the average corporate order size in both years, although the number of orders rose. Catalog sales increased in both years, although only modestly in Fiscal 1993. The Company mailed 14.1 million, 12.9 million and 12.4 million catalogs in Fiscal 1993, 1992 and 1991, respectively. Despite the increase in catalogs mailed, management attributes the smaller sales growth in Fiscal 1993 to a lower catalog response rate and a lower average order size, following increases in both statistics in Fiscal 1992.

International Retail sales increased 35.1% in Fiscal 1993 following a 15.5% decline in Fiscal 1992. Sales in Fiscal 1993 are not comparable to Fiscal 1992 because of the Japan realignment discussed below.

In July 1993, the Company effected a realignment of its business in Japan by assuming the merchandising and marketing responsibilities for each of the 29 TIFFANY & CO. boutiques in Japan previously operated by Mitsukoshi Ltd., an operator of department stores in Japan. As part of this transaction, the Company agreed to repurchase \$115.0 million of merchandise previously sold to Mitsukoshi. As a consequence, the Company recorded a \$115.0 million provision for product return in the second quarter of 1993 which reduced gross profit by \$57.5 million and reduced net income by \$32.7 million (net of income tax benefit of \$24.8 million), or \$2.07 per share. At January 31, 1994, approximately \$30.0 million of merchandise remained to be repurchased throughout the period ending February 28, 1998. No further charges or sales reversals are anticipated in connection with this transaction. Under the new

arrangement, Mitsukoshi no longer purchases TIFFANY & CO. merchandise on a wholesale basis for resale in Japan. Instead, Mitsukoshi acts for the Company in the sale of merchandise owned by the Company and the Company recognizes as revenues the retail price charged to the ultimate consumer in Japan, as opposed to the wholesale price previously charged to Mitsukoshi. As a result, the Company's reported sales in Fiscal 1993 showed a significant increase due to the Japan realignment. The Company now holds inventories for sale, establishes retail prices, bears the risk of currency

Tiffany & Co. and Subsidiaries

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fluctuations, provides one or more brand managers in each boutique, controls merchandising and display within the boutiques, manages inventory and controls and funds all advertising and publicity programs with respect to TIFFANY & CO. merchandise. Mitsukoshi is paid at the rate of approximately 27% of retail sales in compensation for providing boutique facilities and sales and clerical staff, as well as for the collection of receivables and security of store inventories. The new arrangement entails greater seasonality in sales for the Company than did the prior wholesale arrangement with Mitsukoshi. The Company is experiencing greater expenses in Japan under the new arrangement, but is also recording higher revenues at the retail level. In general, management believes that the Company's increased revenues and corresponding gross profit more than offset the increased expenses. In addition, as a result of this business realignment in Japan, the Company's reported sales and earnings results benefit from a strengthening Japanese yen and are adversely affected by a strengthening U.S. dollar. However, in early Fiscal 1994, the Company initiated a foreign currency hedging program intended to minimize the negative impact of changes in the dollar-yen relationship on the Company's financial results.

For the International Retail channel of distribution, management believes that prolonged, soft economic conditions and cautious consumer spending affected the retail sales performance of many of its locations in Fiscal 1993 and 1992. When measured in yen, retail sales in TIFFANY & CO. boutiques in Japan open more than one year declined in both Fiscal 1993 and 1992. In Fiscal 1992, the Company's sales were negatively affected by lower wholesale shipments resulting from Mitsukoshi's decision to reduce its inventory levels to address soft consumer demand. International Retail sales in both Fiscal 1993 and 1992 were also adversely affected by weak results in most of the Company's European stores. In Fiscal 1993, the Company opened a second TIFFANY & CO. store in Singapore and two Company-operated boutiques were opened in Japan. Two boutiques were also opened by independent retailers in Saipan and the Philippines. In Fiscal 1992, five TIFFANY & CO. boutiques were opened in Japan and two boutiques were opened by an independent retailer in Korea. The Company plans to open additional international locations in the future, however, due to the significant number of TIFFANY & CO. boutiques now operated by the Company in Japan, future openings in that country are expected to occur at a modest rate.

#### GROSS MARGIN

Gross margin (gross profit as a percentage of net sales), excluding the nonrecurring charge related to the Japan realignment, was 51.3% in Fiscal 1993, 48.7% in Fiscal 1992 and 49.4% in Fiscal 1991. Management attributes the increase in Fiscal 1993 primarily to the effect of recording higher revenues at the retail level in Japan. Management attributes the decline in Fiscal 1992 to shifts in sales mix across product categories that achieve varying levels of gross margins. Management anticipates a continued higher gross margin compared with the prior year until the first anniversary of the Japan business realignment in July 1994.

#### OPERATING EXPENSES

Fiscal 1993 operating expenses (selling, general and administrative expenses and the provision for uncollectible accounts) increased 15.5% over Fiscal 1992, which had increased 15.6% over Fiscal 1991. The increase in Fiscal 1993 was largely attributable to staffing-related expenses due to the Japan business realignment. In addition, a portion of the increase in Fiscal 1993 and most of the increase in Fiscal 1992 resulted from incremental occupancy, staffing

and marketing expenses related to the Company's worldwide expansion program. In Fiscal 1992, additional pre-tax charges were recorded in the fourth quarter which were related to the anticipated closing of two retail locations and a reduction in worldwide staff levels as part of an expense reduction effort. Based on current expansion plans and the annualization of Japan retail-related expenses during the first half of Fiscal 1994, management expects that operating expenses in Fiscal 1994 will increase at a somewhat higher rate than in Fiscal 1993.

#### INTEREST EXPENSE

Interest expense rose in Fiscal 1993 and 1992 as a result of higher borrowings to support the Company's worldwide expansion program, which necessitated incremental operating expenses, inventories and capital expenditures, as well as the effect of the Company's Japan business realignment in 1993. A significant portion of the Company's year-end Fiscal 1993 short-term borrowings are denominated in Japanese yen and are used to support the local working

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capital requirements of the Company's Japan operations. Management expects interest expense will increase in Fiscal 1994 primarily due to the annualization of year-end Fiscal 1993 debt levels.

#### INCOME TAXES

The provision for income taxes resulted in an effective tax rate of 43.1% in Fiscal 1993, compared with 21.1% in Fiscal 1992 and 42.2% in Fiscal 1991. The low effective tax rate in Fiscal 1992 primarily resulted from an adjustment to tax reserves that had been established for the Company's 1985-1988 fiscal years (see Note L to Consolidated Financial Statements).

#### ACCOUNTING STANDARDS

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Accounting for Postemployment Benefits." The adoption of this new standard, required for the fiscal year ending January 31, 1995, is not expected to have a material effect on the Company's consolidated results of operations or financial condition.

#### FINANCIAL CONDITION

##### LIQUIDITY AND CAPITAL RESOURCES

Management believes the Company's financial condition at January 31, 1994 provides sufficient liquidity and resources to support current operations and planned expansion.

Working capital and the corresponding current ratio were \$212.3 million and 2.4:1 at January 31, 1994, compared with \$199.3 million and 3.2:1 at January 31, 1993. Accounts receivable increased 31.0% in Fiscal 1993, following a 0.6% decline in Fiscal 1992. The Fiscal 1993 increase was primarily due to higher sales levels and receivables in Japan due to the business realignment. Inventories, which are the largest component of working capital, increased 17.0% in Fiscal 1993 and 5.0% in Fiscal 1992. The Fiscal 1993 increase primarily reflected the repurchase of inventories from Mitsukoshi related to the Japan business realignment, partially offset by reductions in comparable store inventory levels elsewhere. The Fiscal 1992 increase was necessary to support the opening and expansion of Company-owned locations, as well as for expanded internal manufacturing operations and new product introductions. The Company's objective is to further reduce worldwide comparable store inventory levels in Fiscal 1994, in order to improve inventory turnover and asset productivity.

Capital expenditures were \$18.0 million in Fiscal 1993, compared with \$22.8 million in Fiscal 1992 and \$41.4 million in Fiscal 1991. These expenditures were primarily required for the opening of new stores and boutiques and the expansion of certain existing stores, as well as for the renovation and expansion of administrative office facilities and the purchase of equipment for enhanced computer operations and distribution capabilities. The decline in Fiscal 1993 and 1992 reflected a decelerated rate of growth in store expansion in those periods. Based on current expansion plans, the Company expects capital expenditures in Fiscal 1994 to increase to approximately \$25.0 million.

Cash dividends of \$0.28 per share of common stock were paid in Fiscal 1993, 1992 and 1991. The Company expects to retain the majority of its earnings to support its business and future expansion.

As a result of the Company's expansion program, as well as the effect of the 1993 realignment of its Japan business, total debt (short-term borrowings and long-term debt) increased in both Fiscal 1993 and 1992. Total debt and the corresponding ratio to total capital (total debt and stockholders' equity) were \$160.8 million and 46.0%, respectively, at January 31, 1994, compared with \$124.0 million and 37.7%, respectively, at January 31, 1993. The Company also has a long-term trade payable of \$25.4 million at January 31, 1994, payable to Mitsukoshi February 28, 1998, relating to certain merchandise repurchased under the Japan business realignment.

The Company's sources of working capital continue to be internally generated funds, as well as funds available under a \$100.0 million revolving credit facility and a yen 2.5 billion (approximately \$23.1 million) line of credit. Management anticipates that these sources of funds will be sufficient to support planned worldwide business expansion, as well as seasonal working capital increases typically required during the third and fourth quarters of the year.

#### SEASONALITY

The Company's business is seasonal in nature with the fourth quarter typically representing a proportionally greater percentage of annual sales, income from operations and net income. Management expects such seasonality to continue in the future.

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#### CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	Years Ended January 31,		
	1994	1993	1992
Net Sales	\$566,501	\$486,396	\$491,906
Product return for Japan realignment	(115,000)	--	--
	451,501	486,396	491,906
Cost of goods sold	276,119	249,363	248,897
Cost related to product return for Japan realignment	(57,500)	--	--
Gross Profit	232,882	237,033	243,009
Selling, general and administrative expenses	240,283	209,140	180,939
Provision for uncollectible accounts	2,628	1,152	1,042
Income/(loss) from operations	(10,029)	26,741	61,028
Interest expense and financing costs	9,562	7,231	6,337
Other income	1,591	415	375
Income/(loss) before income taxes	(18,000)	19,925	55,066
(Benefit)/provision for income taxes	(7,758)	4,213	23,261
Income/(loss) before cumulative effect of accounting change	(10,242)	15,712	31,805
Cumulative effect of accounting change for postretirement benefits other than pensions, net of tax effect of \$4,625	--	--	(6,335)
NET INCOME/(LOSS)	\$ (10,242)	\$ 15,712	\$ 25,470
Per share data:			
Primary:			
Income/(loss) before cumulative effect of accounting change	\$ (0.65)	\$ 1.00	\$ 2.01
Cumulative effect of accounting change for postretirement benefits other than pensions	--	--	(0.40)
Net income/(loss)	\$ (0.65)	\$ 1.00	\$ 1.61
Fully diluted:			
Income/(loss) before cumulative effect of accounting change	\$ (0.65)	\$ 1.00	\$ 2.01
Cumulative effect of accounting change for postretirement benefits other than pensions	--	--	(0.40)
Net income/(loss)	\$ (0.65)	\$ 1.00	\$ 1.61
Weighted average number of common shares:			
Primary	15,781	15,786	15,835
Fully diluted	16,674	16,679	16,618

See notes to consolidated financial statements

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## CONSOLIDATED BALANCE SHEETS

(in thousands)

	January 31,	
	1994	1993*
<b>ASSETS</b>		
Current assets:		
Cash and short-term investments	\$ 4,994	\$ 6,672
Accounts receivable, less allowances of \$4,170 and \$7,293)	67,330	51,378
Income tax receivable	12,517	--
Inventories	262,282	224,151
Prepaid expenses	17,718	11,207
Total current assets	364,841	293,408
Property and equipment, net	97,365	94,454
Deferred income taxes	15,404	5,723
Other assets, net	26,799	25,770
	\$504,409	\$419,355
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 59,289	\$ 22,458
Accounts payable and accrued liabilities	79,980	63,619
Income taxes payable	6,359	2,679
Merchandise and other customer credits	6,947	5,318
Total current liabilities	152,575	94,074
Long-term trade payable	25,394	--
Reserve for product return	13,663	--
Long-term debt	101,500	101,500
Deferred income taxes	6,758	3,858
Postretirement benefit obligation	14,320	12,960
Other long-term liabilities	1,118	2,157
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.01 par value; authorized 30,000 shares, issued 15,660 and 15,620	157	156
Additional paid-in capital	70,498	69,553
Retained earnings	126,082	140,705
Foreign currency translation adjustments	(7,656)	(5,608)
Total stockholders' equity	189,081	204,806
	\$504,409	\$419,355

\*Reclassified for comparative purposes.  
See notes to consolidated financial statements.

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended January 31,		
	1994	1993*	1992*
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income/(loss)	\$(10,242)	\$15,712	\$25,470

Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	13,587	11,425	8,134
Provision for uncollectible accounts	2,628	1,152	1,042
Provision for product return	57,500	--	--
Reduction in reserve for product return	(43,837)	--	--
Provision for inventories	3,833	2,020	2,189
Provision for operational realignment	--	7,000	--
Deferred income taxes	(7,181)	(4,596)	(4,111)
Income tax receivable	(12,517)	--	--
Postretirement benefit provision	1,550	1,600	11,960
(Increase)/decrease in assets and increase/(decrease) in liabilities, net of acquisitions:			
Accounts receivable	(18,317)	(1,976)	(9,747)
Inventories	(15,792)	(17,586)	(42,841)
Prepaid expenses	(7,193)	1,474	(647)
Other assets, net	(1,850)	(7,278)	(5,068)
Accounts payable and accrued liabilities	13,943	(10,578)	8,418
Income taxes payable	3,044	(4,906)	(1,689)
Merchandise and other customer credits	1,629	631	(545)
Other long-term liabilities	(798)	352	246
Total adjustments to net income	(9,771)	(21,266)	(32,659)
Net cash used in operating activities	(20,013)	(5,554)	(7,189)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(18,028)	(22,754)	(41,385)
Acquisitions, net of cash acquired	--	(945)	(1,382)
Other	2,450	4,310	4,218
Net cash used in investing activities	(15,578)	(19,389)	(38,549)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase/(decrease) in short-term borrowings	37,348	(21,200)	12,052
Proceeds from debt offering	--	51,500	50,000
Decrease in long-term debt	--	--	(18,226)
Proceeds from exercise of stock options	569	1,095	2,013
Tax benefit from exercise of stock options	377	619	3,572
Cash dividends on common stock	(4,381)	(4,371)	(4,344)
Net cash provided by financing activities	33,913	27,643	45,067
Net(decrease)/increase in cash and short-term investments	(1,678)	2,700	(671)
Cash and short-term investments at beginning of year	6,672	3,972	4,643
Cash and short-term investments at end of year	\$ 4,994	\$ 6,672	\$ 3,972

\*Reclassified for comparative purposes.  
See notes to consolidated financial statements

Tiffany & Co. and Subsidiaries

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)	Total	Common Stock		Additional	Retained	Foreign	Treasury Stock	
	Stockholders' Equity	Shares	Amount				Paid-in Capital	Earnings
Balance, January 31, 1991	\$176,183	15,672	\$157	\$62,094	\$108,238	\$5,785	(299)	\$(91)
Issuance of common stock	250	6	-	250	-	-	-	-
Exercise of stock options	2,013	187	2	2,011	-	-	-	-
Tax benefit from exercise of stock options	3,572	-	-	3,572	-	-	-	-
Cash dividends on common stock	(4,344)	-	-	-	(4,344)	-	-	-
Foreign currency translation adjustments	(3,105)	-	-	-	-	(3,105)	-	-
Net income	25,470	-	-	-	25,470	-	-	-
Balances, January 31, 1992	200,039	15,865	159	67,927	129,364	2,680	(299)	(91)
Exercise of stock options	1,095	54	-	1,095	-	-	-	-
Tax benefit from exercise of stock options	619	-	-	619	-	-	-	-
Cash dividends on common stock	(4,371)	-	-	-	(4,371)	-	-	-
Foreign currency translation adjustments	(8,288)	-	-	-	-	(8,288)	-	-
Retirement of treasury stock	-	(299)	(3)	(88)	-	-	299	91
Net income	15,712	-	-	-	15,712	-	-	-
Balances, January 31, 1993	204,806	15,620	156	69,553	140,705	(5,608)	-	-
Exercise of stock options	569	40	1	568	-	-	-	-
Tax benefit from exercise of stock options	377	-	-	377	-	-	-	-

Cash dividends on common stock	(4,381)	-	-	-	(4,381)	-	-	-
Foreign currency translation adjustments	(2,048)	-	-	-	-	(2,048)	-	-
Net Loss	(10,242)	-	-	-	(10,242)	-	-	-
Balances, January 31, 1994	\$189,081	15,660	\$157	\$70,498	\$126,082	\$(7,656)	-	-

See notes to consolidated financial statements.

Tiffany & Co. and Subsidiaries

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Tiffany & Co. and all majority-owned domestic and foreign subsidiaries (the "Company") after elimination of all material intercompany balances and transactions.

CASH AND SHORT-TERM INVESTMENTS AND SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Short-term investments with an original maturity of 90 days or less are considered cash equivalents. The carrying amount of these instruments approximates fair value due to their short-term maturity.

Supplemental cash flow information for the years ended January 31, 1994, 1993 and 1992 is as follows:

(In thousands)	1994	1993	1992
Cash paid during the year for:			
Interest	\$8,714	\$ 6,571	\$ 2,822
Income taxes	\$5,535	\$13,932	\$20,947
Details of businesses acquired in purchase transactions were as follows:			
Fair value of assets acquired	\$ -	\$ 1,284	\$ 2,633
Less: Liabilities assumed	-	339	1,079
Cash paid for acquisitions	-	945	1,554
Less: Cash acquired	-	-	172
Net cash paid for acquisitions	\$ -	\$ 945	\$ 1,382

RECEIVABLES AND FINANCE CHARGES

Accounts receivable finance charge income on retail revolving charge accounts is included as a reduction in selling, general and administrative expenses.

The Company's domestic and international presence and large diversified customer base serve to limit overall credit risk. The Company maintains reserves for potential credit losses and such losses, in the aggregate, have

not exceeded expectations.

#### INVENTORIES

Inventories are valued at the lower of cost or market, with cost being determined by the LIFO (last-in, first-out) method for domestic and foreign branch inventories and the FIFO (first-in, first-out) method for inventories held by foreign subsidiaries.

#### PROPERTY AND EQUIPMENT

Property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful lives of the improvements or the terms of the related leases.

Expenditures for repairs and maintenance are charged to operations as incurred, and expenditures for major renewals and betterments are capitalized.

#### PREOPENING COSTS

Costs associated with the opening of new retail stores are charged to operations in the period incurred.

#### INCOME TAXES

The Company, its domestic subsidiaries and its foreign branches file a consolidated Federal income tax return. Certain items of revenue and expense are reported for Federal income tax purposes in different periods than for financial reporting purposes, thereby resulting in deferred income tax items.

#### FOREIGN CURRENCY TRANSLATION

In accordance with Statement of Financial Accounting Standards No. 52, assets and liabilities of foreign operations are translated into U.S. dollars using current exchange rates in effect at the balance sheet date, while revenue and expense accounts are translated at average rates of exchange prevailing during the period. Adjustments resulting from such translation are included as a separate component of stockholders' equity.

The Company recognized approximately \$1,534,000 of net foreign currency transaction gains (included in Other income) related to its foreign operations for the year ended January 31, 1994. Gains or losses resulting from foreign currency transactions were not material for the years ended January 31, 1993 and 1992.

#### GOODWILL

Goodwill represents the excess of cost over fair value of net assets acquired and is being amortized over 20 years using

Tiffany & Co. and Subsidiaries

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the straight-line method. At January 31, 1994 and 1993, the remaining unamortized amounts of \$6,974,000 and \$7,383,000, respectively, are included in Other assets, net.

#### B. OPERATIONAL REALIGNMENT

During the year ended January 31, 1994, the Company realigned its business with Mitsukoshi Ltd. in Japan (see Note H).

During the year ended January 31, 1993, the Company charged \$7,000,000 to operations which included a selective realignment of store operations and the implementation of improved organizational efficiencies leading to a reduction in worldwide staff levels.

#### C. INVENTORIES



Finished goods	\$219,010	\$188,609
Raw materials	40,210	33,616
Work in process	5,097	4,076
	-----	-----
	264,317	226,301
Reserves	(2,035)	(2,150)
	-----	-----
	\$262,282	\$224,151
	=====	=====

At January 31, 1994 and 1993, \$177,379,000 and \$193,362,000, respectively, of inventories were valued using the LIFO method. The excess of current cost over the LIFO inventory value was \$8,470,000 and \$6,871,000 at January 31, 1994 and 1993, respectively. The LIFO valuation method had the effect of increasing the net loss by \$0.06 per share for the year ended January 31, 1994 and decreasing net income by \$0.01 and \$0.03 per share for the years ended January 31, 1993 and 1992, respectively.

D. PROPERTY AND EQUIPMENT

(in thousands)	1994	1993
	-----	-----
Leasehold improvements	\$ 81,214	\$ 74,870
Office equipment	26,613	26,574
Machinery and equipment	26,184	18,858
	-----	-----
	134,011	120,302
Accumulated depreciation and amortization	(36,646)	(25,848)
	-----	-----
	\$ 97,365	\$ 94,454
	=====	=====

For the years ended January 31, 1994, 1993 and 1992, the provision for depreciation and amortization amounted to \$11,947,000, \$9,928,000 and \$7,024,000, respectively.

E. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in the thousands)	1994	1993
	-----	-----
Accounts payable-trade	\$40,476	\$30,631
Accrued rent payable	6,777	5,325
Accrued compensation and commissions	5,906	5,313
Retail sales taxes	2,333	2,233
Other	24,488	20,117
	-----	-----
	\$79,980	\$63,619
	=====	=====

F. DEBT

On January 29, 1993, the Company entered into an agreement with a group of

lenders to issue, at par, \$51,500,000 of 7.52% Senior Notes Due 2003. The Note Purchase Agreements (the "Note Agreements") require maintenance of specific financial covenants and ratios, and limit certain payments, investments and indebtedness, in addition to other requirements customary in such circumstances. The Note Agreements also provide that, in the event a default has occurred under any debt of the Company in excess of \$1,000,000, the unpaid principal amount of these Senior Notes may become immediately due and payable. The proceeds from this loan were used entirely to repay short-term indebtedness under the Company's revolving credit facility (the "Credit Facility"). As of January 31, 1994, the fair value of the Company's Senior Notes was estimated to be \$54,278,000 based upon the quoted market prices of comparable instruments.

On January 31, 1993, the Company entered into a three-year \$50,000,000 interest rate swap agreement. In addition to the interest on the 7.52% Senior Notes, the Company will pay the six-month LIBOR rate, adjusted every six months, and will receive a fixed rate of 5.30%. The interest rate swap agreement had the effect of reducing interest by approximately \$891,000 for the year ended January 31, 1994.

On March 19, 1991, the Company completed a Euro-offering of \$50,000,000, at par, of 6 3/8% Convertible Subordinated Debentures Due 2001 (the "Debentures") issued pursuant to an Indenture (the "Indenture"), which are convertible into shares of the Company's common stock at a conversion price of \$56.00, subject to certain adjustments, and are subordinated in right of payment to all existing and future senior indebtedness of the Company. The Deben-

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tures are redeemable at the option of either the Company or the holder under certain circumstances. The Indenture contains a cross-default provision relating to an event of default under any of the Company's debt agreements whereby outstanding debt in excess of \$3,000,000 has been accelerated and such acceleration has not been rescinded within 10 days after notification. In addition, the Indenture requires the Debentures to be collateralized equally and ratably with any collateralized subordinated debt of the Company. As of January 31, 1994, the fair value of the Company's Debentures was estimated to be \$50,000,000, based upon the quoted market price of this instrument.

The Company also maintains a \$100,000,000 Credit Facility expiring July 1995, which it uses to support short-term borrowings. The Credit Facility entitles the Company to borrow up to \$20,000,000 on a non-collateralized basis from each of five banks at interest rates based upon Eurodollar rates, a prime rate, certificate of deposit rates or money market rates. During the years ended January 31, 1994 and 1993, interest rates ranged from 1.35% to 10.95% and 3.25% to 11.95% respectively. Each Credit Facility agreement provides for the payment of an annual commitment fee based on unused amounts and contains covenants that require maintenance of specific net worth, working capital and capital expenditure levels, in addition to other requirements customary in such circumstances. In addition, each Credit Facility agreement contains a cross-default provision relating to an event of default under any debt of the Company which exceeds \$100,000.

In connection with the Company's realignment of its business in Japan, the Company modified certain covenants of the Note Agreements and Credit Facility and received a waiver of compliance with respect to certain of the Credit Facility's financial covenant requirements through January 31, 1994. The Company expects to be in compliance with its modified financial covenant requirements.

During the year ended January 31, 1994, the Company established a yen 2,500,000,000 (approximately \$23,100,000) non-collateralized line of credit expiring in July 1995. This line of credit bears interest at a Euroyen rate plus 55 basis points. At January 31, 1994, the Company had yen 2,000,000,000 (approximately \$18,500,000) outstanding at an average rate of 2.91% under this line.

#### G. COMMITMENTS AND CONTINGENCIES

The Company leases certain office, distribution, retail and manufacturing facilities. The leases, which expire at various dates through 2009, also provide for the payment of taxes, insurance and maintenance, and certain leases contain escalation clauses resulting from the pass-through of increases in operating costs, property taxes and consumer price indices.

Rent-free periods granted under certain leases, including scheduled rent increases, are charged to rent expense on a straight-line basis over the related terms of such leases. Rent expense under leases, including escalations, for the years ended January 31, 1994, 1993 and 1992, amounted to \$26,552,000, \$24,015,000 and \$19,382,000, respectively.

Future minimum annual rental payments under non-cancelable operating leases are as follows:

Fiscal Year Ending January 31,	Minimum Annual Retail Payments (in thousands)
-----	
1995	\$23,581
1996	17,043
1997	15,310
1998	15,203
1999	15,216
2000 and thereafter	91,736

The Company is, from time to time, involved in routine litigation incidental to the conduct of its business including proceedings to protect its trademark rights, litigation instituted by persons injured upon premises within the Company's control and litigation with present and former employees. Management believes that such pending litigation will not have a material adverse effect on the Company's consolidated results of operations or financial condition.

#### H. RELATED PARTY TRANSACTIONS

Mitsukoshi Ltd. ("Mitsukoshi"), a leading Japanese department store group, owns approximately 14% of the Company's outstanding common stock. Until July 1993, Mitsukoshi served as the Company's principal distributor in Japan. Pursuant to written agreement, the Company now operates TIFFANY & CO. boutiques in Mitsukoshi's stores in exchange for a percentage of net sales. Wholesale sales to Mitsukoshi amounted to \$42,000,000, \$74,000,000 and \$115,000,000 for the years ended January 31, 1994, 1993

and 1992, respectively. There were no trade receivables due from Mitsukoshi at January 31, 1994 and 1993.

During the year ended January 31, 1994, the Company realigned its primary Japanese distribution arrangement and assumed full merchandising and marketing responsibilities for 29 TIFFANY & CO. boutiques previously operated by Mitsukoshi in Japan. As part of the transaction, the Company agreed to repurchase over the next four years approximately \$115,000,000 of TIFFANY & CO. merchandise previously sold to Mitsukoshi. Accordingly, in the second quarter of 1993 the Company established a reserve for product return of \$57,500,000 which had the effect of reducing net income by \$32,700,000 (net of income tax benefit of \$24,800,000), or \$2.07 per share. Under this agreement, approximately \$30,000,000 of merchandise remains to be repurchased throughout the period ending February 28, 1998. Approximately \$25,400,000 is owed to Mitsukoshi through a long-term trade payable agreement, due February 28, 1998, which has been accounted for as a non-cash transaction.

During the year ended January 31, 1993, the Company assumed the operation of seven boutiques previously operated by Mitsukoshi in non-Mitsukoshi department stores in Japan.

#### I. STOCKHOLDERS' EQUITY PREFERRED STOCK

The Board of Directors is authorized to issue, without further action by the stockholders, shares of preferred stock, and to fix and alter the rights related to such stock. In March 1987, the stockholders authorized 2,000,000 shares of preferred stock, par value \$0.01 per share. In November 1988, the

Board of Directors designated certain shares of such preferred stock as Series A Junior Participating Cumulative Preferred Stock, par value \$0.01 per share, to be issued in connection with the exercise of certain stock purchase rights under the Stockholder Rights Plan (described below). At January 31, 1994 and 1993, there were no shares of preferred stock issued or outstanding.

STOCKHOLDER RIGHTS PLAN

Under the Company's Stockholder Rights Plan, each outstanding share of common stock has a stock purchase right which will become exercisable should certain takeover-related events occur. The rights expire on November 17, 1998 and are subject to redemption at \$.01 per right. Following such events, but before any person has acquired beneficial ownership of 20% of the common shares, each right may be used to purchase one one-hundredth of a share of Series A Junior Participating Cumulative Preferred Stock at an exercise price of \$140 (subject to adjustment); after such an acquisition, each right may be used to purchase, for the exercise price, common shares having a market value equal to two times such exercise price. If, after such an acquisition, a merger of the Company occurs (or 50% of the Company's assets are sold), each right may be exercised to purchase, for the exercise price, common shares of the acquiring corporation having a market value equal to two times the exercise price. Rights held by such a 20% owner may not be exercised.

CASH DIVIDENDS

Cash dividends declared and paid during the years ended January 31, 1994 and 1993 amounted to \$4,381,000 and \$4,371,000, respectively. On February 17, 1994, the Company's Board of Directors declared a regular quarterly dividend of \$0.07 per common share, for stockholders of record on March 21, 1994, to be paid on April 11, 1994.

STOCK OPTIONS

Under the 1985 Stock Option Plan, options to acquire up to 360,000 shares of common stock may be granted to key employees of the Company at no less than 100% of fair market value on the date of grant. Certain options granted under the 1985 Plan are intended to qualify as "incentive stock options" pursuant to Section 422A of the Internal Revenue Code. Of the options granted, options for 180,000 shares became exercisable in full two years following the date of grant. The balance became exercisable in part one year following the date of grant. Options under the 1985 Plan have maximum terms of 10 or 11 years.

Under the 1986 Stock Option Plan, non-qualified stock options to acquire 2,209,000 shares of common stock may be granted to key employees of the Company at no less than 100% of the fair market value on the date of the grant. The stockholders of the Company will be asked to approve an amendment to the 1986 Plan increasing by 500,000 the number of shares of common stock available for issuance under the 1986 Plan. Options granted under the 1986 Plan have a maximum term of 11 years and are exercisable in four equal installments with the first install-

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ment becoming exercisable on the first anniversary of the grant date. The stockholders of the Company have also approved the 1988 Director Option Plan, under which options to acquire 150,000 shares of common stock may be granted to non-employee directors of the Company at a price equal to 50% of the fair market value on the date of grant. Each director may elect to receive options in lieu of all or 50% of an annual retainer fee. Options granted under this plan have a maximum term of 15 years and are exercisable in full one year following the date of grant.

Changes in options under these plans during the years ended January 31, 1992, 1993 and 1994 were as follows:

	Number of Shares	Option Price Per Share
Outstanding- January 31, 1991	1,122,506	\$ 1.81-\$52.88
Granted	172,810	\$22.19-\$52.31
Exercised	(186,935)	\$ 1.81-\$44.69
Canceled	(33,574)	\$15.54-\$52.88

Outstanding- January 31, 1992	1,074,807	\$ 1.81-\$52.88
Granted	433,890	\$16.91-\$50.94
Exercised	(54,338)	\$ 1.81-\$44.63
Canceled	(57,164)	\$14.75-\$52.88
	-----	
Outstanding- January 31, 1993	1,397,195	\$ 1.81-\$52.88
Granted	321,270	\$15.88-\$31.88
Exercised	(39,826)	\$ 1.81-\$26.71
Canceled	(108,888)	\$25.21-\$52.88
	-----	
OUTSTANDING- JANUARY 31, 1994	1,569,751	\$1.81-\$52.88
	=====	
EXERCISABLE- JANUARY 31, 1994	820,079	
	=====	

J. POSTRETIREMENT HEALTH CARE AND  
LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired employees. Substantially all of the Company's employees may become eligible for these benefits if they reach normal or early retirement age while working for the Company. The Company's employee and retiree health care benefits are administered by an insurance company and premiums on life insurance are based on benefits paid during the year. The Company's policy had been to expense these retiree benefit costs when paid. Effective February 1, 1991, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106"), which requires companies to accrue the cost of providing postretirement benefits throughout the employees' active service periods until they attain full eligibility for those benefits. Under SFAS 106, the Company recognized its transition obligation under the immediate recognition basis which amounted to \$10,960,000 and resulted in a reduction of net income of \$6,335,000, or \$0.40 per share, for the year ended January 31, 1992.

The following table sets forth the Company's cumulative postretirement benefit obligation and the amount recognized in the Company's consolidated balance sheets at January 31, 1994 and 1993:

(in thousands, except percentages)	1994	1993
Retirees	\$ 9,294	\$ 7,304
Fully eligible plan participants	855	672
Other active plan participants	9,852	7,742
	-----	-----
Total accumulated postretirement benefit obligation	20,001	15,718
Unrecognized loss	4,891	2,158
	-----	-----
Postretirement benefit obligation	\$15,110	\$13,560
	=====	=====
Discount rate	7.50%	8.25%
Rate of increase in compensation	5.00%	5.50%
Health care cost trend	11.00% (a)	14.00% (b)

- (a) Gradually declining to 5.50% to be achieved in the year, 2011  
(b) Gradually declining to 5.50% to be achieved in the year 2050.

(in thousands, except percentages)	1994	1993	1992
Service cost	\$1,042	\$988	\$655
Interest cost on Projected benefit obligation	1,298	1,178	991
Total postretirement benefit cost	\$2,340	\$2,166	\$1,646
Discount rate	8.25%	8.25%	8.50%
Rate of increase in compensation	5.50%	6.00%	6.00%
Health care cost trend(a)	14.00%	14.50%	15.00%

(a) Gradually declining to 5.50% to be achieved in the Year 2050.

Based on current estimates, increasing the health care cost trend rate by one percentage point would increase the Company's accumulated postretirement benefit obligation by \$2,762,000 and the aggregate service and interest cost components of net periodic postretirement benefit cost for the year ended January 31, 1994 by \$425,000.

#### K. PENSION PLAN

The Company has a non-contributory defined benefit pension plan (the "Plan") covering substantially all domestic salaried and full-time hourly employees. The Company accounts for pension expense under the provision of Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions," which requires the use of the projected unit credit actuarial method for financial reporting purposes. Plan benefits are based on the highest five years of compensation or as a percentage of actual compensation, as applicable in the circumstances, and the number of years of service. The actuarial present value of the vested benefit obligation is calculated based on the expected date of separation or retirement of the Company's eligible employees.

Net pension expense included the following components:

(in thousands, except percentages)	1994	1993	1992
Service cost-benefits earned during period	\$2,076	\$1,850	\$1,284
Interest cost on projected benefit obligation	2,493	2,299	2,074
Return on assets	(3,073)	(1,015)	(3,604)
Net amortization and deferrals	1,411	(326)	2,522
Net periodic pension cost	\$2,907	\$2,808	\$2,276
Discount rate	8.25%	8.50%	9.25%
Rate of increase in compensation	5.50%	6.00%	6.00%
Long-term rate of return on assets	9.00%	9.00%	9.00%

The following table sets forth the funded status of the Plan and amounts recognized in the Company's consolidated balance sheets at January 31, 1994 and 1993:

(in thousands, except percentages)	1994	1993
Actuarial present value of benefit obligation:		
Vested	\$26,852	\$22,372
Nonvested	3,889	3,165
Accumulated benefit obligation	\$30,741	\$25,537
Projected benefit obligation	\$36,440	\$30,761

Plan assets at fair value, primarily stocks and fixed income securities	30,131	26,394
-----		
Projected benefit obligation in excess of Plan assets	6,309	4,367
Unrecognized net loss	(5,182)	(3,763)
Unrecognized net obligation	(755)	(858)
Recognition of minimum liability	237	-
-----		
Pension liability/(cost) recognized in the consolidated balance sheets	\$609	\$ (254)
=====		

The assumptions used in the calculation of the projected benefit obligation are as follows:

	1994	1993
-----		
Discount rate	7.50%	8.25%
Rate of increase in compensation	5.00%	5.50%

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#### L. INCOME TAXES

Effective February 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the Company to provide for taxes based upon the tax rate at which the items of income and expense are expected to be settled in the Company's tax return. The adoption of this standard did not have a material impact on the Company's consolidated results of operations or financial condition. Prior years' financial statements have not been restated.

Components of the (benefit)/provision for income taxes are as follows:

(in thousands)	1994	1993	1992
-----			
Current:			
Federal	\$ (9,472)	\$ 4,827	\$15,716
State and foreign	7,782	4,954	7,721
	(1,690)	9,781	23,437
-----			
Deferred:			
Federal	(2,324)	(5,078)	32
State and foreign	(3,744)	(490)	(208)
	(6,068)	(5,568)	(176)
	\$ (7,758)	\$ 4,213	\$23,261
=====			

The Company has an income tax receivable amounting to \$12,517,000, primarily due to the recognition of a tax benefit from its year ended January 31, 1994 domestic net operating loss, as well as foreign tax credits available for carryback and the overpayment of estimated Federal and state income taxes.

Deferred tax assets/(liabilities) as of January 31, 1994 consisted of the following:

(in thousands)	1994
-----	
Postretirement benefits	\$ 6,434
Product return reserve	6,267
State net operating loss carryforward	2,703
Inventory reserves	5,210

Accrued expenses	2,383
Depreciation	(5,189)
Pension contribution	(2,160)
Undistributed earnings of foreign subsidiaries	(3,868)
Other	(3,134)
	-----
Net deferred tax assets	\$ 8,646
	=====

The income tax effects of items comprising the deferred income tax expense are as follows:

(in thousands)	1994	1993	1992
-----			
Postretirement benefit obligation	\$ (711)	\$ (544)	\$ (340)
Tax audit settlement	-	(4,196)	-
Lease buyout provision	510	(510)	-
Product return reserve	(6,267)	-	-
Undistributed earnings of foreign subsidiaries	1,028	1,211	686
State net operating loss carryforward	(2,703)	-	-
Other	2,075	(1,529)	(522)
	-----	-----	-----
	\$ (6,068)	\$ (5,568)	\$ (176)
	=====	=====	=====

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For the year ended January 31, 1994, the Company recognized a state income tax benefit of approximately \$2,703,000 attributable to net operating loss carryforwards which expire at various dates through 2009. The Company has approximately \$8,000,000 of foreign tax credits available for carryback or carryforward, which expire in 1999.

A reconciliation of the benefit)/provision for income taxes at the statutory Federal income tax rate to the Company's effective income tax rate as reported is as follows:

	1994	1993	1992
-----			
Statutory Federal income tax rate	(35.0)%	34.0%	34.0%
Tax audit settlement	-	(21.1)	-
State income taxes, net of Federal benefit	(14.2)	6.1	7.2
Foreign tax rates in excess of foreign tax credits	4.8	-	-
Other	1.3	2.1	1.0
	-----	-----	-----
Effective income tax rate	(43.1)%	21.1%	42.2%
	=====	=====	=====

During the year ended January 31, 1993, the Company was advised by the Internal Revenue Service that its audit of the Company's Federal tax returns for the 1985-1988 fiscal years was completed. The statute of limitations with respect to such fiscal periods had expired. All material proposed adjustments related to the acquisition of Tiffany and Company from Avon Products, Inc. in October 1984 and with respect to certain indebtedness incurred prior to the completion of the Company's May 1987 initial public offering were withdrawn. As a result, the provision for income taxes was reduced by \$4,196,000, in order to adjust tax reserves that had been established for the 1985-1988 fiscal years.

#### M. FOREIGN OPERATIONS

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

(in thousands)	1994	1993	1992
-----			



Net sales:			
Domestic-U.S.	\$364,556	\$326,828	\$316,282
-Export	41,106	87,730	122,773
Foreign	160,839	71,838	52,851
	-----	-----	-----
	\$566,501	\$486,396	\$491,906
	=====	=====	=====
Income/(loss) from operations:			
Domestic	\$ 77,321	\$ 73,559	\$ 98,229
Foreign	12,420	2,381	3,888
Corporate expenses	(42,270)	(42,199)	(41,089)
Japan realignment	(57,500)		
Operational realignment	-	(7,000)	
Interest and other expense, net	(7,971)	(6,816)	(5,962)
	-----	-----	-----
Income/(loss) before income taxes	\$ (18,000)	\$19,925	\$55,066
	=====	=====	=====
Identifiable assets:			
Domestic	\$330,324	\$287,127	\$278,730
Foreign	174,085	132,228	116,152
	-----	-----	-----
	\$504,409	\$419,355	\$394,882
	=====	=====	=====

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N. QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands except per share amounts)	Fiscal 1993 Quarter Ended			
	April 30	July 31	October 31	January 31
Net sales	\$109,481	\$114,233	\$134,750	\$208,037
Gross profit/(loss)	50,781	(2,053) (a)	71,832	112,322
Income/(loss) from operations	3,705	(55,675)	7,916	34,025
Net income/(loss)	1,037	(32,550)	3,255	18,016
Net income/(loss) per share:				
Primary	\$ 0.07	\$ (2.06)	\$ 0.21	\$ 1.14
Fully diluted	\$ 0.07	\$ (2.06)	\$ 0.21	\$ 1.11

(in thousands, except per share amounts)	Fiscal 1992 Quarter Ended			
	April 30	July 31	October 31	January 31
Net sales	\$107,238	\$120,830	\$105,897	\$152,431
Gross profit	49,594	58,993	54,304	74,142
Income from operations	6,998	8,553	607	10,583
Net income	3,103	3,889	56	8,664
Net income per share:				
Primary	\$ 0.20	\$ 0.25	\$ 0.00	\$ 0.55
Fully diluted	\$ 0.20	\$ 0.25	\$ 0.00	\$ 0.55

(a) includes a \$57,500 provision related to the realignment of the Company's business in Japan.

The sum of the quarterly net income per share amounts may not equal the full year amount since the computations of the weighted average number of common and common equivalent shares outstanding for each quarter and the full year are made independently.

## REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and Board of Directors of Tiffany & Co.

We have audited the accompanying consolidated balance sheets of Tiffany & Co. and Subsidiaries as of January 31, 1994 and 1993, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended January 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tiffany & Co. and Subsidiaries as of January 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Note J to the consolidated financial statements, in 1991 the Company changed its method of accounting for postretirement benefits other than pensions to conform with Statement of Financial Accounting Standards No. 106.

/s/ Coopers & Lybrand

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New York, New York

March 7, 1994.

## REPORT OF MANAGEMENT

The Company's consolidated financial statements were prepared by management, who are responsible for their integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles and, as such, include amounts based on management's best estimates and judgments.

Management is further responsible for maintaining a system of internal accounting control designed to provide reasonable assurance that the Company's assets are adequately safeguarded and that the accounting records reflect transactions executed in accordance with management's authorization. The system of internal control is continually reviewed and is augmented by written policies and procedures, the careful selection and training of qualified personnel and a program of internal audit.

The consolidated financial statements have been audited by Coopers & Lybrand, Independent Accountants. Their report is shown on this page.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly to discuss specific accounting, financial reporting and internal control matters. Both the independent accountants and the internal auditors have full and free access to the Audit Committee. Each year the Audit Committee selects the firm that is to perform audit services for the Company.

Tiffany &amp; Co. Report on Form 10-K FY 1993

TIFFANY & CO.  
(Delaware)  
Registrant  
(13-3228013)

TIFFANY & CO.  
INTERNATIONAL  
(Delaware)  
(06-1121421)

TIFFANY AND COMPANY  
  
(New York)  
(13-1387680)

TIFFANY & CO.  
(TORONTO) LIMITED  
(Canada)

TIFFANY & CO.  
JAPAN INC.  
(Delaware)

TIFFANY & CO.  
(NEW YORK) PTY. LTD.  
(Australia)

TIFFANY & CO.  
ICT, INC.  
(Delaware)

TIFFANY & CO.  
OF NEW YORK LIMITED  
(Hong Kong)

TIFFANY-FARAONE  
S.P.A.  
(Italy)

TIFFCO JEWELRY  
AND CHAIN CRAFTS, INC.  
(Delaware)

SOCIETE FRANCAISE POUR LE  
DEVELOPPEMENT DE LA  
PORCELAINE D'ART S.A.R.L.  
(France)

TCO JAPAN  
K.K.  
(Japan)

TIFFANY & CO.  
OVERSEAS FINANCE B.V.  
(Netherlands)

TIFFANY & CO.  
V.m.b.H.  
(Germany)

TIFFANY & CO.  
K.K.  
(Japan)

TIFFANY & CO.  
PTE. LTD.  
(Singapore)

TIFFANY & CO.  
A.G.  
(Switzerland)

TIFFANY & CO.  
  
(United Kingdom)

GLASSWARE  
ACQUISITION INC.  
(West Virginia)

TIFFANY & CO.  
WATCH FACTORY S.A.  
(Switzerland)

TIFFCO HOLDING  
A.G.  
(Switzerland)

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EXHIBIT 23.1

Tiffany & Co. Report on Form 10-K FY 1993

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EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

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We consent to the incorporation by reference in the registration statement of Tiffany & Co. and Subsidiaries on Form S-8 (File No. 33-73262) of our report dated March 7, 1994, on our audits of the consolidated financial statements and financial statement schedules of Tiffany & Co. and Subsidiaries as of January 31, 1994 and 1993, and for the three years in the period ended January 31, 1994, which report is incorporated by reference in the Company's Annual Report on Form 10-K.

/s/ Coopers & Lybrand

New York, New York  
April 6, 1994