TIFFANY & CO.

TIFFANY REPORTS NET SALES AND E.P.S. GROWTH IN ITS FOURTH QUARTER AND 2006 FULL YEAR

New York, N.Y., March 26, 2007 – Tiffany & Co. (NYSE: TIF) today reported results for its fourth quarter and fiscal year ended January 31, 2007.

Net sales in the fiscal year rose 11%, due to geographically broad-based growth in the U.S. and international markets. Earnings from operations rose 9% and net earnings were $1.80 per diluted share.

In the fourth quarter, net sales increased 15% to $986,354,000. On a constant-exchange-rate basis which excludes the effect of translating foreign-currency-denominated sales into U.S. dollars (see attached "Non-GAAP Measures" schedule), net sales rose 14% and worldwide comparable store sales rose 8%.

Net earnings of $140,499,000 in the fourth quarter were approximately equal to 2005. Net earnings per diluted share increased to $1.02 from $0.97 due to fewer shares outstanding. Net earnings in the quarter and fiscal year included an impairment charge of $0.05 per diluted share related to Little Switzerland Inc. Earnings before income taxes increased 11%. Net earnings in the fourth quarter of 2005 included a tax benefit of $0.10 per diluted share tied to the repatriation provisions of the American Jobs Creation Act of 2004 ("AJCA").

In fiscal 2006, net sales rose 11% to $2,648,321,000. On a constant-exchange-rate basis net sales increased 11% and worldwide comparable store sales rose 6%.

Net earnings of $253,927,000 in fiscal 2006 were approximately equal to 2005. Net earnings per diluted share rose to $1.80 from $1.75 due to fewer shares outstanding. Earnings before income taxes rose 10% in the fiscal year. 2005 included a tax benefit of $0.16 per diluted share related to the AJCA.

Michael J. Kowalski, chairman and chief executive officer, said, "Tiffany continued to pursue important strategic initiatives in 2006 and achieved the earnings per share expectation we set at the start of the year. We were especially encouraged with customers' response to our new stores and to the wide range of new products we introduced in 2006."

Sales by channel of distribution were as follows:

- U.S. Retail sales increased 13% to $506,932,000 in the fourth quarter and 9% to $1,326,441,000 in the year. Sales benefited from increased spending per transaction and an increase in total store transactions. Comparable store sales increased 9% in the fourth quarter and 5% in the year due to increases of 17% and 9% in the New York flagship store and 8% and 4% in comparable branch stores. In addition, the five new U.S. stores opened in 2006 meaningfully contributed to sales growth.
- International Retail sales increased 15% to $350,629,000 in the fourth quarter and 12% to $1,010,627,000 in the year. On a constant-exchange-rate basis, sales increased 12% in the quarter and 13% in the year; on that same basis, comparable store sales increased 6% and 8%. In both the quarter and the year, strong sales growth in most international markets more than offset weaker results in Japan. Detailed sales results by geographical region are noted on the attached "Non-GAAP Measures" schedule. Tiffany increased by eight the number of Company-operated international locations in 2006.
- At the end of fiscal 2006, the Company operated 167 TIFFANY & CO. stores and boutiques (an 8% increase from 154 at the prior year-end), which included 64 stores in the U.S. and 103 international locations.
- Direct Marketing sales increased 10% to $78,071,000 in the fourth quarter and 11% to $174,078,000 in the year due to strong growth in Internet sales. Direct Marketing sales growth came from increases in the number of orders and in the amounts spent per order.
- Other sales rose 48% to $50,722,000 in the fourth quarter and 18% to $137,175,000 in the fiscal year. In both periods, the increases were largely due to wholesale sales of diamonds. Specialty retail sales also increased: sales in LITTLE SWITZERLAND stores (which represent the largest portion of Other sales) rose 11% in the quarter and 6% in the year, while sales increases in IRIDESSE stores resulted from a doubling of locations in 2006, as well as from comparable store sales growth.

Other financial highlights were as follows:

- Gross margin (gross profit as a percentage of net sales) was 57.2% in the fourth quarter and 55.7% in the fiscal year versus 58.8% and 56.0% in the respective prior-year periods. These decreases resulted from increased wholesale sales of diamonds, higher product costs and changes in sales mix, partly offset by sales leverage on fixed costs. Included in the higher product costs were LIFO inventory charges of $12,966,000 in the quarter and $32,877,000 in the year, compared with $3,219,000 and $11,566,000 in 2005.
- Selling, general and administrative ("SG&A") expenses increased 12% in the fourth quarter and 10% in the fiscal year, largely due to higher store and marketing-related costs. In addition, the Company recorded a pretax charge of $6,893,000 (or $0.05 per diluted share) in the fourth quarter related to the impairment of total goodwill associated Little Switzerland Inc. As a percentage of net sales, SG&A expenses were 34.4% in the quarter and 40.0% in the year, compared with 35.2% and 40.1% in 2005.
- Other expenses, net in the fiscal year decreased from 2005. In the third quarter of 2006, the Company recorded income of $5,185,000 associated with the sale of equity investments in an on-line retailer and a manufacturer (both of which had been written-off in previous years) and a gain of $1,589,000 on the disposition of marketable securities.
- The effective tax rates increased to 36.6% in the fourth quarter and 37.2% in the fiscal year compared with 29.9% and 30.8% in 2005. 2005 included AJCA tax benefits of $14,488,000 in the fourth quarter and $22,588,000 in the year.
- Net inventories increased 15% in 2006 due to new store openings, broadened product assortments, higher precious metal costs and expanded diamond sourcing operations.
- Capital expenditures were $182,393,000 in fiscal 2006, or 6.9% of net sales, versus $157,036,000, or 6.6% of net sales, in the prior year.
- The Company repurchased and retired 436,435 shares of its Common Stock in the fourth quarter at a total cost of $17,061,000, or an average cost of $39.09 per share. Over the full year, the Company repurchased and retired 8,149,042 shares at a total cost of $281,176,000, or an average cost of $34.50 per share. Approximately $695 million remains available for repurchases through December 2009 under the currently authorized program.
- Total debt as a percentage of stockholders' equity at January 31, 2007 increased to 29% from 26% at the prior year-end. This reflects the effects from share repurchases and higher inventory levels.

2007 Outlook

Mr. Kowalski said, "We concluded 2006 with strong sales growth, giving us every reason to believe that Tiffany remains well-positioned to achieve solid sales and earnings growth in 2007 and beyond. Our objectives for 2007 include: net sales growth of 11-12%; a high-single-digit percentage increase in U.S. and international comparable store sales (on a constant-exchange-rate basis); accelerating the pace of new store openings – we expect to add 17 Company-operated TIFFANY & CO. stores and boutiques in 2007, a 10% increase; a one-half point increase in operating margin largely through a higher gross margin; other expenses, net of approximately $21-23 million; an effective tax rate of approximately 38%; increasing earnings per diluted share by 15%; a high-single-digit percentage increase in net inventories; and capital expenditures of approximately $180 million."

First Quarter Update:

"We are now almost two months into the first quarter, and note that total worldwide net sales are tracking slightly above our growth expectations; at the same time, we are seeing a greater-than-expected shift in sales mix toward higher-end, lower-margin diamond jewelry. Given all that, we believe that earnings are currently on-track to achieve our expectation for the first quarter."

Today's Conference Call

The Company will host a conference call today at 8:30 a.m. (EST) to review these results and its outlook. Investors may listen to the call at www.tiffany.com (click on "About Tiffany," "Shareholder Information," "Conference Call") and www.streetevents.com.

Next Scheduled Announcement

The Company intends to report its first quarter results on May 31, 2007 with a conference call at 8:30 a.m. (EST) that day, to be broadcast at www.tiffany.com and www.streetevents.com. To receive future notifications of conference calls and news release alerts, please register at www.tiffany.com (click on "About Tiffany," "Shareholder Information," "Calendar of Events" and "News by E-Mail").

Company Description

Tiffany & Co. operates jewelry and specialty retail stores and manufactures products through its subsidiary corporations. Its principal subsidiary is Tiffany and Company. The Company operates TIFFANY & CO. retail stores and boutiques in the Americas, Asia-Pacific and Europe and engages in direct selling through Internet, catalog and business gift operations. Other operations include consolidated results from ventures operated under trademarks or tradenames other than TIFFANY & CO. For additional information, please visit www.tiffany.com or call our shareholder information line at 800-TIF-0110.

This document contains certain "forward-looking" statements concerning the Company's objectives and expectations with respect to sales, store openings, gross margin, expenses, earnings, capital expenditures and inventories. Actual results might differ materially from those projected in the forward-looking statements. Information concerning risk factors that could cause actual results to differ materially is set forth in the Company's 2005 Annual Report on Form 10-K and in other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

Condensed Consolidated Statements Of Earnings

Condensed Consolidated Balance Sheets

Non-GAAP Measures

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