



TIFFANY & CO. AND SUBSIDIARIES  
INDEX TO FORM 10-Q  
FOR THE QUARTER ENDED JULY 31, 2009

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PART I. Financial Information  
Item 1. Financial Statements

TIFFANY & CO. AND SUBSIDIARIES  
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CONDENSED CONSOLIDATED BALANCE SHEETS  
-----  
(Unaudited)  
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(in thousands, except per share amounts)

	July 31, 2009	January 31, 2009	July 31, 2008
	-----	-----	-----
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 333,603	\$ 160,445	\$ 152,156
Accounts receivable, less allowances of \$10,323, \$9,934 and \$7,766	140,025	164,447	181,109
Inventories, net	1,538,514	1,601,236	1,511,921
Deferred income taxes	12,303	13,640	30,774
Prepaid expenses and other current assets	99,473	108,966	69,484
Total current assets	2,123,918	2,048,734	1,945,444
Property, plant and equipment, net	707,176	741,048	745,304
Deferred income taxes	160,492	166,517	168,909
Other assets, net	153,883	145,984	173,019
	\$ 3,145,469	\$ 3,102,283	\$ 3,032,676
	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Short-term borrowings	\$ 40,754	\$ 242,966	\$ 240,535
Current portion of long-term debt	--	40,426	104,560
Accounts payable and accrued liabilities	155,659	223,566	189,714
Income taxes payable	18,245	27,653	14,956
Merchandise and other customer credits	64,607	67,311	67,816
Total current liabilities	279,265	601,922	617,581
Long-term debt	710,994	425,412	294,096
Pension/postretirement benefit obligations	209,158	200,603	83,390
Deferred gains on sale-leasebacks	129,665	133,641	139,438
Other long-term liabilities	142,945	152,334	142,063
Commitments and contingencies			
Stockholders' equity:			
Preferred Stock, \$0.01 par value; authorized 2,000 shares, none issued and outstanding	--	--	--
Common Stock, \$0.01 par value; authorized 240,000 shares, issued and outstanding 124,093, 123,844 and 136,722	1,240	1,238	1,252
Additional paid-in capital	698,995	687,267	681,260
Retained earnings	1,010,180	971,299	1,022,737
Accumulated other comprehensive (loss) gain, net of tax:			
Foreign currency translation adjustments	1,480	(26,238)	48,783
Deferred hedging (loss) gain	(5,160)	(8,984)	1,464
Unrealized loss on marketable securities	(3,240)	(6,140)	(1,689)
Net unrealized (loss) gain on benefit plans	(30,053)	(30,071)	2,301
	-----	-----	-----

Total stockholders' equity	1,673,442	1,588,371	1,756,108
	-----	-----	-----
\$	3,145,469	\$ 3,102,283	\$ 3,032,676
	=====	=====	=====

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
-----

(Unaudited)  
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(in thousands except per share amounts)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
	-----	-----	-----	-----
Net sales	\$ 612,493	\$ 729,634	\$ 1,130,108	\$ 1,395,114
Cost of sales	275,041	307,758	503,437	593,220
	-----	-----	-----	-----
Gross profit	337,452	421,876	626,671	801,894
Selling, general and administrative expenses	247,898	287,547	477,603	560,879
	-----	-----	-----	-----
Earnings from continuing operations	89,554	134,329	149,068	241,015
Interest and other expenses, net	12,132	3,340	24,572	4,845
	-----	-----	-----	-----
Earnings from continuing operations before income taxes	77,422	130,989	124,496	236,170
Provision for income taxes	20,705	48,349	40,336	86,984
	-----	-----	-----	-----
Net earnings from continuing operations	56,717	82,640	84,160	149,186
Net earnings (loss) from discontinued operations	59	(1,870)	(3,043)	(4,026)
	-----	-----	-----	-----
Net earnings	\$ 56,776	\$ 80,770	\$ 81,117	\$ 145,160
	=====	=====	=====	=====
Earnings per share:				
Basic				
Net earnings from continuing operations	\$ 0.46	\$ 0.66	\$ 0.68	\$ 1.18
Net loss from discontinued operations	--	(0.02)	(0.03)	(0.03)
	-----	-----	-----	-----
Net earnings	\$ 0.46	\$ 0.64	\$ 0.65	\$ 1.15
	=====	=====	=====	=====
Diluted				
Net earnings from continuing operations	\$ 0.46	\$ 0.64	\$ 0.68	\$ 1.16
Net loss from discontinued operations	--	(0.01)	(0.03)	(0.03)
	-----	-----	-----	-----
Net earnings	\$ 0.46	\$ 0.63	\$ 0.65	\$ 1.13
	=====	=====	=====	=====
Weighted-average number of common shares:				
Basic	124,081	125,714	124,041	126,086
Diluted	124,523	128,177	124,343	128,451

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
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CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
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AND COMPREHENSIVE EARNINGS  
-----

(Unaudited)  
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(in thousands)

	Total Stockholders' Equity	Retained Earnings	Accumulated Other Comprehensive (Loss) Gain	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital
Balances, January 31, 2009	\$ 1,588,371	\$ 971,299	\$ (71,433)	123,844	\$ 1,238	\$ 687,267
Exercise of stock options and vesting of restricted stock units ("RSUs")	738	--	--	249	2	736
Tax effect of exercise of stock options and vesting of RSUs	(1,233)	--	--	--	--	(1,233)
Share-based compensation expense	12,225	--	--	--	--	12,225
Cash dividends on Common Stock	(42,236)	(42,236)	--	--	--	--
Deferred hedging gain, net of tax	3,824	--	3,824	--	--	--
Unrealized gain on marketable securities, net of tax	2,900	--	2,900	--	--	--
Foreign currency translation adjustments, net of tax	27,718	--	27,718	--	--	--
Net unrealized gain on benefit plans, net of tax	18	--	18	--	--	--
Net earnings	81,117	81,117	--	--	--	--
Balances, July 31, 2009	\$ 1,673,442	\$ 1,010,180	\$ (36,973)	124,093	\$ 1,240	\$ 698,995

	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
Comprehensive earnings are as follows:				
Net earnings	\$ 56,776	\$ 80,770	\$ 81,117	\$145,160
Other comprehensive gain (loss), net of tax:				
Deferred hedging gain (loss)	1,442	(1,652)	3,824	575
Foreign currency translation adjustments	20,469	176	27,718	6,666
Unrealized gain (loss) on marketable securities	2,238	(1,160)	2,900	(1,068)
Net unrealized (loss) gain on benefit plans	(29)	107	18	173
Comprehensive earnings	\$ 80,896	\$ 78,241	\$115,577	\$151,506

See notes to condensed consolidated financial statements.

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TIFFANY & CO. AND SUBSIDIARIES  
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
-----  
(Unaudited)  
-----  
(in thousands)

	Six Months Ended July 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 81,117	\$ 145,160
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	69,534	67,170
Amortization of gain on sale-leaseback	(4,762)	(4,986)
Excess tax benefits from share-based payment arrangements	(4)	(8,945)
Provision for inventories	16,637	7,327
Deferred income taxes	2,134	(17,153)
Provision for pension/postretirement benefits	11,691	12,332
Share-based compensation expense	12,010	21,781
Changes in assets and liabilities:		

Accounts receivable	25,534	16,695
Inventories	54,535	(143,786)
Prepaid expenses and other current assets	14,045	20,574
Accounts payable and accrued liabilities	(71,854)	(11,290)
Income taxes payable	(18,868)	(180,463)
Merchandise and other customer credits	(3,432)	(219)
Other, net	(12,453)	(1,950)
	-----	-----
Net cash provided by (used in) operating activities	175,864	(77,753)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(30,425)	(67,952)
Other	2,938	(3,904)
	-----	-----
Net cash used in investing activities	(27,487)	(71,856)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment of) proceeds from credit facility borrowings, net	(113,291)	194,706
Repayment of other short-term borrowings	(93,000)	--
Repayment of long-term debt	(40,000)	(4,191)
Proceeds from issuance of long-term debt	300,000	--
Repurchase of Common Stock	--	(128,501)
Proceeds from exercise of stock options	738	21,571
Excess tax benefits from share-based payment arrangements	4	8,945
Cash dividends on Common Stock	(42,236)	(40,324)
Financing fees	(5,721)	--
	-----	-----
Net cash provided by financing activities	6,494	52,206
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	18,287	2,905
	-----	-----
Net increase (decrease) in cash and cash equivalents	173,158	(94,498)
Cash and cash equivalents at beginning of year	160,445	246,654
	-----	-----
Cash and cash equivalents at end of six months	\$ 333,603	\$ 152,156
	=====	=====

See notes to condensed consolidated financial statements.

TIFFANY & CO. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements include the accounts of Tiffany & Co. (the "Company") and its subsidiaries in which a controlling interest is maintained. Controlling interest is determined by majority ownership interest and the absence of substantive third-party participating rights or, in the case of variable interest entities, by majority exposure to expected losses, residual returns or both. Intercompany accounts, transactions and profits have been eliminated in consolidation. Subsequent events have been evaluated through the date and time the financial statements were issued on September 1, 2009. The interim statements are unaudited and, in the opinion of management, include all adjustments (which include only normal recurring adjustments) necessary to fairly state the Company's financial position as of July 31, 2009 and 2008 and the results of its operations and cash flows for the interim periods presented. The condensed consolidated balance sheet data for January 31, 2009 is derived from the audited financial statements, which are included in the Company's Annual Report on Form 10-K and should be read in connection with these financial statements. As permitted by the rules of the Securities and Exchange Commission, these financial statements do not include all disclosures required by generally accepted accounting principles.

The Company's business is seasonal in nature, with the fourth quarter typically representing at least one-third of annual net sales and approximately one-half of annual net earnings. Therefore, the results of its operations for the three and six months ended July 31, 2009 and 2008 are not necessarily indicative of the results of the entire fiscal year.

2. NEW ACCOUNTING STANDARDS

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 160,

"Noncontrolling Interests in Consolidated Financial Statements." SFAS No. 160 requires a company to clearly identify and present ownership interests in subsidiaries held by parties other than the company in the consolidated financial statements within the equity section but separate from the company's equity. It also requires the amount of consolidated net earnings attributable to the parent and to the noncontrolling interest to be clearly identified and presented on the face of the consolidated statement of earnings; changes in ownership interest to be accounted for similarly, as equity transactions; and, when a subsidiary is deconsolidated, that any retained noncontrolling equity investment in the former subsidiary and the gain or loss on the deconsolidation of the subsidiary be measured at fair value. The provisions of SFAS No. 160 did not have a material effect on the Company's financial position or earnings.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The changes to current practice resulting from the application of SFAS No. 157 relate to the definition of fair value, the methods used to measure fair value and the expanded disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB deferred the implementation of the provisions of SFAS No. 157 relating to nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008. Management adopted the remaining provisions of SFAS No. 157 on February 1, 2009. This adoption impacts the way in which the Company calculates fair value for its annual impairment review of goodwill and when conditions exist that require the Company to calculate the fair value of long-lived assets; management has determined that this did not have a material effect on the Company's financial position or earnings.

3. RESTRUCTURING CHARGES

In the fourth quarter of 2008, the Company's New York subsidiary offered a voluntary retirement incentive to approximately 800 U.S. employees who met certain age and service eligibility requirements. Approximately 600 employees accepted the early retirement incentive and retired from the Company effective February 1, 2009. In addition, to further align the Company's ongoing cost structure with the anticipated retail

environment for luxury goods, management approved a plan in January 2009 to involuntarily terminate additional manufacturing, selling and administrative employees, primarily in the U.S. The employment of most of these employees ended in February 2009. In total, these actions resulted in a reduction of approximately 10% of worldwide staffing.

Cash expenditures related to the restructuring charges are expected to total \$33,361,000. Most of this amount will be paid in 2009. The following table presents the reconciliation of the cash-related restructuring liabilities and spending against those liabilities:

(in thousands)	Restructuring Liability
Liability as of February 1, 2009	\$ 33,361
Payments	(27,166)
Liability as of July 31, 2009	\$ 6,195

4. DISCONTINUED OPERATIONS

In the fourth quarter of 2008, management concluded that it would no longer invest in its IRIDESSE business due to its ongoing operating losses and insufficient near-term growth prospects, especially in the current economic environment. Therefore, management committed to a plan

to close IRIDESSE locations in 2009 as the Company reached agreements with landlords and sold its inventory. 13 of the 16 IRIDESSE stores were closed in the second quarter of 2009. The remaining three locations have been subsequently closed and the continuing cash flows were not significant.

The results of IRIDESSE are presented as a discontinued operation in the condensed consolidated statements of earnings for all periods presented. Prior to the reclassification, IRIDESSE results had been included within the Other non-reportable segment.

Summarized statements of earnings data for IRIDESSE are as follows:

(in thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
Net sales	\$ 6,743	\$ 2,769	\$ 12,187	\$ 5,438
Loss before income taxes	(830)	(2,837)	(5,907)	(6,218)
Benefit from income taxes	(889)	(967)	(2,864)	(2,192)
Net earnings (loss) from discontinued operations	\$ 59	\$ (1,870)	\$ (3,043)	\$ (4,026)

## 5. INVENTORIES

(in thousands)	July 31, 2009	January 31, 2009	July 31, 2008
Finished goods	\$ 1,068,149	\$ 1,115,333	\$ 1,020,716
Raw materials	412,720	416,805	384,668
Work-in-process	57,645	69,098	106,537
Inventories, net	\$ 1,538,514	\$ 1,601,236	\$ 1,511,921

## 6. INCOME TAXES

The effective income tax rate for the second quarter of 2009 was 26.7% versus 36.9% in the prior year. The effective income tax rate for the six months ended July 31, 2009 was 32.4% versus 36.8% in the prior year. During the six months ended July 31, 2009, the gross amount of unrecognized tax benefits decreased \$11,730,000 to \$42,751,000. Included in this decrease was a \$5,700,000 benefit in the second quarter of 2009 to the tax provision as a result of favorable reserve adjustments relating to the settlement of certain tax audits. There were no material changes to accrued interest and penalties as of that date.

As a matter of course, various taxing authorities regularly audit the Company. The Company's tax filings are currently being examined by tax authorities in jurisdictions where its subsidiaries have a material presence, including New York state (tax years 2004-2007) and Japan (tax years 2003-2005). Tax years from 2003-present are open to examination in various state and other foreign jurisdictions. The Company believes that its tax positions comply with applicable tax laws and that it has adequately provided for these matters. However, the audits may result in proposed assessments where the ultimate resolution may result in the Company owing additional taxes. The Company anticipates that it is reasonably possible that the total gross amount of unrecognized tax benefits will decrease by approximately \$14,000,000 in the next 12 months, a portion of which would benefit the effective tax rate. Future developments may result in a change in this assessment.

7. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed as net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the dilutive effect of the assumed exercise of stock options and unvested restricted stock units.

The following table summarizes the reconciliation of the numerators and denominators for the basic and diluted EPS computations:

(in thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
Net earnings for basic and diluted EPS	\$ 56,776	\$ 80,770	\$ 81,117	\$ 145,160
Weighted-average shares for basic EPS	124,081	125,714	124,041	126,086
Incremental shares based upon the assumed exercise of stock options and unvested restricted stock units	442	2,463	302	2,365
Weighted-average shares for diluted EPS	124,523	128,177	124,343	128,451

For the three months ended July 31, 2009 and 2008, there were 7,126,000 and 848,000 stock options and restricted stock units excluded from the computations of earnings per diluted share due to their antidilutive effect. For the six months ended July 31, 2009 and 2008, there were 7,806,000 and 1,708,000 stock options and restricted stock units excluded from the computations of earnings per diluted share due to their antidilutive effect.

8. DEBT

In July 2009, the Company entered into a new \$400,000,000 multi-bank, multi-currency, committed unsecured revolving credit facility ("Credit Facility") and has the option to increase the committed amount to \$500,000,000, subject to bank approval. The Credit Facility replaces the Company's previous \$450,000,000 revolving credit facility. The Credit Facility is intended for working capital and other corporate purposes and includes specific financial covenants and ratios and

limits certain payments, investments and indebtedness, in addition to other requirements customary to such borrowings. Borrowings are at nine participating banks and are at interest rates based upon local currency borrowing rates plus a margin based on the Company's leverage ratio. There was \$40,754,000 outstanding (with a weighted average interest rate of 2.9%) and \$359,246,000 available to be borrowed under the Credit Facility at July 31, 2009. The Credit Facility will expire in July 2012.

In April 2009, the Company, in a private transaction with various institutional lenders, issued, at par, \$50,000,000 of 10% Series A Senior Notes due April 2018. The proceeds are available for general corporate purposes. The agreement requires lump sum repayments upon maturity and includes specific financial covenants and ratios and limits certain payments, investments and indebtedness, in addition to other requirements customary to such borrowings. The note purchase agreement contains provisions for an uncommitted shelf facility by which the Company may issue, over the next three years, up to an additional \$100,000,000 of Senior Notes for up to a 12-year term at a fixed interest rate based on the U.S. Treasury rates at the time of borrowing plus an applicable credit spread.

In February 2009, the Company, in a private transaction, issued, at par, \$125,000,000 of 10% Series A-2009 Senior Notes due February 2017 and \$125,000,000 of 10% Series B-2009 Senior Notes due February 2019. The proceeds are available to refinance existing indebtedness and for general corporate purposes. The agreement requires lump sum repayments upon maturity and includes specific financial covenants and ratios and limits certain payments, investments and indebtedness, in addition to other requirements customary to such borrowings.

## 9. HEDGING INSTRUMENTS

### Background Information

The Company uses a limited number of derivative financial instruments, including interest rate swap agreements, forward contracts, put option contracts and net-zero-cost collar arrangements (combination of call and put option contracts) to mitigate its exposures to changes in interest rates, foreign currency and precious metal prices. Derivative instruments are recorded on the consolidated balance sheet at their fair values, as either assets or liabilities, with an offset to current or comprehensive earnings, depending on whether the derivative is designated as part of an effective hedge transaction and, if it is, the type of hedge transaction. If a derivative instrument meets certain hedge accounting criteria, the derivative instrument is designated as one of the following on the date the derivative is entered into in accordance with U.S. generally accepted accounting principles ("GAAP").

- o Fair Value Hedge - A hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment. For fair value hedge transactions, both the effective and ineffective portions of the changes in the fair value of the derivative and changes in the fair value of the item being hedged are recorded in current earnings.
- o Cash Flow Hedge - A hedge of the exposure to variability in the cash flows of a recognized asset, liability or a forecasted transaction. For cash flow hedge transactions, the effective portion of the changes in fair value of derivatives are reported as other comprehensive income ("OCI") and are recognized in current earnings in the period or periods during which the hedged transaction affects current earnings. Amounts excluded from the effectiveness calculation and any ineffective portions of the change in fair value of the derivative are recognized in current earnings.

The Company formally documents the nature and relationships between the hedging instruments and hedged items for a derivative to qualify as a hedge at inception and throughout the hedged period. The Company also documents its risk management objectives, strategies for undertaking the various hedge transactions and method of assessing hedge effectiveness. Additionally, for hedges of forecasted transactions, the significant characteristics and expected terms of a forecasted transaction must be specifically identified, and it must be probable that each forecasted transaction will occur. If it were deemed no longer probable that the forecasted transaction would occur, the gain or loss on the derivative financial instrument would be recognized in current earnings. Derivative financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedge instrument and the item being hedged, both at inception and throughout the hedged period.

The Company does not use derivative financial instruments for trading or speculative purposes.

### Types of Derivative Instruments

Interest Rate Swap Agreements - In the second quarter of 2009, the Company entered into interest rate swap agreements to effectively convert its fixed rate 2002 Series D and 2008 Series A obligations to floating rate obligations. Additionally, since the fair value of the Company's fixed rate long-term debt is sensitive to interest rate

changes, the interest rate swap agreements serve as a hedge to changes in the fair value of these debt instruments. The Company is hedging its exposure to changes in interest rates over the remaining maturities of the debt agreements being hedged. The Company accounts for the interest rate swaps as fair value hedges. As of July 31, 2009, the notional amount of interest rate swap agreements outstanding was approximately \$160,000,000.

Foreign Exchange Forward Contracts - The Company uses foreign exchange forward contracts to offset the foreign currency exchange risks associated with foreign currency-denominated liabilities and intercompany transactions between entities with differing functional currencies. These foreign exchange forward contracts are designated and accounted for as either cash flow hedges or economic hedges that are not designated as hedging instruments. Gains or losses on foreign exchange forward contracts substantially offset losses or gains on the liabilities and transactions being hedged. As of July 31, 2009, there were no foreign exchange forward contracts accounted for as cash flow hedges and the notional amount of foreign exchange forward contracts accounted for as undesignated hedges was approximately \$34,000,000. The term of all outstanding foreign exchange forward contracts as of July 31, 2009 ranged from one to seven months.

Put Option Contracts - The Company's wholly-owned subsidiary in Japan satisfies nearly all of its inventory requirements by purchasing merchandise, payable in U.S. dollars, from the Company's principal subsidiary. To minimize the potentially negative effect of a significant strengthening of the U.S. dollar against the Japanese yen, the Company purchases put option contracts as hedges of forecasted purchases of merchandise over a maximum term of 12 months. If the market yen exchange rate at the time of the put option contract's expiration is stronger than the contracted exchange rate, the Company allows the option to expire, limiting its loss to the cost of the put option contract. The Company accounts for its put option contracts as cash flow hedges. The Company assesses hedge effectiveness based on the total changes in the put option contracts' cash flows. As of July 31, 2009, the notional amount of put option contracts outstanding was approximately \$126,000,000.

Precious Metal Collars & Forward Contracts - The Company periodically hedges a portion of its forecasted purchases of precious metals for use in its internal manufacturing operations in order to minimize the effect of volatility in precious metals prices. The Company may use a combination of call and put option contracts in net-zero-cost collar arrangements ("precious metal collars") or forward contracts. For precious metal collars, if the price of the precious metal at the time of the expiration of the precious metal collar is within the call and put price, the precious metal collar would expire at no cost to the Company. The Company accounts for its precious metal collars and forward contracts as cash flow hedges. The Company assesses hedge effectiveness based on the total changes in the precious metal collars' cash flows. The maximum term over which the Company is hedging its exposure to the variability of future cash flows for all forecasted transactions is 12 months. As of July 31, 2009, there were 2,900 and 131,000 ounces of platinum and silver precious metal collars outstanding.

Information on the location and amounts of derivative gains and losses in the Condensed Consolidated Statements of Earnings is as follows:

Three and Six Months Ended July 31, 2009		
(in thousands)	Pre-Tax Loss Recognized in Earnings on Derivatives	Pre-Tax Gain Recognized in Earnings on Hedged Item
Derivatives in Fair Value Hedging Relationships:		
Interest rate swap agreements a	\$ (623)	\$ 669

Three Months Ended July 31, 2009

(in thousands)	Pre-Tax Gain or (Loss) Recognized in OCI (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Earnings (Effective Portion)
Derivatives in Cash Flow Hedging Relationships:		
Foreign exchange forward contracts a	\$ (454) c	\$ (950) c
Put option contracts b	(755)	(950)
Precious metal collars b	587	(998)
	\$ (622)	\$ (2,898)

Six Months Ended July 31, 2009

(in thousands)	Pre-Tax Gain or (Loss) Recognized in OCI (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Earnings (Effective Portion)
Derivatives in Cash Flow Hedging Relationships:		
Foreign exchange forward contracts a	\$ (523) c	\$ (1,485) c
Put option contracts b	(104)	(1,944)
Precious metal collars b	2,359	(896)
	\$ 1,732	\$ (4,325)

Pre-Tax Loss Recognized in Earnings on  
Derivative

(in thousands)	Three Months Ended July 31, 2009	Six Months Ended July 31, 2009
Derivatives Not Designated as Hedging Instruments:		
Foreign exchange forward contracts a	(589) c	(606) c

- a The gain or loss recognized in earnings is included within Interest and other expenses, net on the Company's Condensed Consolidated Statement of Earnings.
- b The gain or loss recognized in earnings is included within Cost of Sales on the Company's Condensed Consolidated Statement of Earnings.
- c Gains or losses on foreign exchange forward contracts substantially offset foreign exchange losses or gains on the liabilities and transactions being hedged.

There was no material ineffectiveness related to the Company's hedging instruments for the period ended July 31, 2009. The Company expects that approximately \$7,500,000 of net pre-tax derivative losses included in accumulated other comprehensive income at July 31, 2009 will be reclassified into earnings within the next 12 months. This amount will vary due to fluctuations in foreign currency exchange rates and precious metal prices.

For information regarding the location and amount of the derivative instruments in the Condensed Consolidated Balance Sheet, refer to "Note 10. Fair Value of Financial Instruments."

Concentration of Credit Risk

A number of major international financial institutions are counterparties to the Company's derivative financial instruments. The

Company enters into derivative financial instrument agreements only with counterparties meeting certain credit standards (a credit rating of A/A2 or better at the time of the agreement), limiting the amount of agreements or contracts it enters into with any one party. The Company may be exposed to credit losses in the event of nonperformance by individual counterparties or the entire group of counterparties. The Company has not recognized any losses due to counterparty non-performance for the six months ended July 31, 2009.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. U.S. GAAP prescribes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 inputs are considered to carry the most weight within the fair value hierarchy due to the low levels of judgment required in determining fair values.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs reflecting the reporting entity's own assumptions. Level 3 inputs are considered to carry the least weight within the fair value hierarchy due to substantial levels of judgment required in determining fair values.

The Company uses the market approach to measure fair value for its mutual funds, interest rate swap agreements, put option contracts, precious metal collars and forward contracts. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Financial assets and liabilities carried at fair value at July 31, 2009 are classified in the table below in one of the three categories described above:

Financial Assets	Estimated Fair Value				
(in thousands)	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Mutual funds a	\$ 25,191	\$ 25,191	\$ --	\$ --	\$ 25,191
Derivatives designated as hedging instruments:					
Interest rate swap agreements a	4	--	4	--	4
Put option contracts b	1,710	--	1,710	--	1,710
Precious metal collars b	524	--	524	--	524
Derivatives not designated as hedging instruments:					
Foreign exchange forward contracts b	270	--	270	--	270
<b>Total assets</b>	<b>\$ 27,699</b>	<b>\$ 25,191</b>	<b>\$ 2,508</b>	<b>\$ --</b>	<b>\$ 27,699</b>

(in thousands)	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Derivatives designated as hedging instruments:					
Interest rate swap agreements c	\$ 627	\$ --	\$ 627	\$ --	\$ 627
Precious metal collars d	146	--	146	--	146
Derivatives not designated as hedging instruments:					
Foreign exchange forward contracts d	852	--	852	--	852
Total liabilities	\$ 1,625	\$ --	\$ 1,625	\$ --	\$ 1,625

- a This amount is included within Other assets, net on the Company's Condensed Consolidated Balance Sheet.
- b This amount is included within Prepaid expenses and other current assets on the Company's Condensed Consolidated Balance Sheet.
- c This amount is included within Other long-term liabilities on the Company's Condensed Consolidated Balance Sheet.
- d This amount is included within Accounts payable and accrued liabilities on the Company's Condensed Consolidated Balance Sheet.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates carrying value due to the short-term maturities of these assets and liabilities. The fair value of debt with variable interest rates approximates carrying value. The fair value of debt with fixed interest rates was determined using the quoted market prices of debt instruments with similar terms and maturities. The total carrying value of short-term borrowings and long-term debt was \$751,748,000 and the corresponding fair value was \$857,915,000 at July 31, 2009.

#### 11. EMPLOYEE BENEFIT PLANS

The Company maintains several pension and retirement plans, as well as provides certain health-care and life insurance benefits.

Net periodic pension and other postretirement benefit expense included the following components:

(in thousands)	Three Months Ended July 31,			
	Pension Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 2,949	\$ 4,393	\$ 268	\$ 416
Interest cost	5,681	4,397	646	478
Expected return on plan assets	(3,726)	(3,915)	--	--
Amortization of prior service cost	268	320	(165)	(197)
Amortization of net loss	(74)	216	(1)	--
Net expense	\$ 5,098	\$ 5,411	\$ 748	\$ 697

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(in thousands)	Six Months Ended July 31,			
	Pension Benefits		Other Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 5,897	\$ 8,963	\$ 536	\$ 833
Interest cost	11,362	8,794	1,292	956
Expected return on plan assets	(7,452)	(7,829)	--	--
Amortization of prior service cost	536	641	(330)	(395)

Amortization of net loss	(148)	369	(2)	--
Net expense	\$ 10,195	\$ 10,938	\$ 1,496	\$ 1,394

## 12. SEGMENT INFORMATION

The Company's reportable segments are as follows:

- o Americas includes sales in TIFFANY & CO. stores in the United States, Canada and Latin/South America, as well as sales of TIFFANY & CO. products in certain of those markets through business-to-business, Internet, catalog and wholesale operations;
- o Asia-Pacific includes sales in TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through business-to-business, Internet and wholesale operations;
- o Europe includes sales in TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through business-to-business, Internet and wholesale operations; and
- o Other consists of non-reportable segments, primarily wholesale sales of diamonds obtained through bulk purchases that were subsequently deemed not suitable for the Company's needs. In addition, Other includes earnings received from a third-party licensing agreement.

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

(in thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008
Net sales:				
Americas	\$ 324,862	\$ 422,406	\$ 583,856	\$ 795,971
Asia-Pacific	211,923	214,233	413,350	436,270
Europe	68,329	71,020	123,919	131,145
Total reportable segments	605,114	707,659	1,121,125	1,363,386
Other	7,379	21,975	8,983	31,728
	\$ 612,493	\$ 729,634	\$ 1,130,108	\$ 1,395,114
Earnings (losses) from continuing operations*:				
Americas	\$ 55,738	\$ 93,597	\$ 85,207	\$ 161,888
Asia-Pacific	49,272	53,895	97,215	110,260
Europe	11,907	15,514	19,727	27,088
Total reportable segments	116,917	163,006	202,149	299,236
Other	(4,199)	863	(5,430)	215
	\$ 112,718	\$ 163,869	\$ 196,719	\$ 299,451

\*Represents earnings (losses) from continuing operations before unallocated corporate expenses, other income and interest and other expenses, net.

The following table sets forth a reconciliation of the segments' earnings from continuing operations to the Company's consolidated earnings from continuing operations before income taxes:

(in thousands)	Three Months Ended July 31,		Six Months Ended July 31,	
	2009	2008	2009	2008

Earnings from continuing operations for segments	\$ 112,718	\$ 163,869	\$ 196,719	\$ 299,451
Unallocated corporate expenses	(27,606)	(29,540)	(52,093)	(58,436)
Interest and other expenses, net	(12,132)	(3,340)	(24,572)	(4,845)
Other income	4,442	--	4,442	--
Earnings from continuing operations before income taxes	\$ 77,422	\$ 130,989	\$ 124,496	\$ 236,170

Unallocated corporate expenses includes certain costs related to administrative support functions which the Company does not allocate to its segments. Such unallocated costs include those for information technology, finance, legal and human resources.

Other income in the second quarter and first half of 2009 represents income received in connection with the assignment of the Tahera Diamond Corporation commitments and liens to an unrelated third party, which represents full settlement under the terms of the assignment agreement. The Company had taken an impairment charge of \$47,981,000 in the year ended January 31, 2008 associated with the Commitment.

### 13. SUBSEQUENT EVENT

On August 20, 2009, the Company's Board of Directors declared a quarterly dividend on its Common Stock of \$0.17 per share. This dividend will be paid on October 12, 2009 to stockholders of record on September 21, 2009.

PART I.	Financial Information
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations

### OVERVIEW

Tiffany & Co. (the "Company") is a holding company that operates through its subsidiary companies. The Company's principal subsidiary, Tiffany and Company, is a jeweler and specialty retailer whose principal merchandise offerings are fine jewelry. The Company also sells timepieces, sterling silverware, china, crystal, stationery, fragrances and accessories. Through Tiffany and Company and other subsidiaries, the Company is engaged in product design, manufacturing and retailing activities.

The Company's reportable segments are as follows:

- o Americas includes sales in TIFFANY & CO. stores in the United States, Canada and Latin/South America, as well as sales of TIFFANY & CO. products in certain of those markets through business-to-business, Internet, catalog and wholesale operations;
- o Asia-Pacific includes sales in TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through business-to-business, Internet and wholesale operations;
- o Europe includes sales in TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through business-to-business, Internet and wholesale operations; and
- o Other consists of non-reportable segments, primarily wholesale

sales of diamonds obtained through bulk purchases that were subsequently deemed not suitable for the Company's needs. In addition, Other includes earnings received from a third-party licensing agreement.

The results of IRIDESSE are presented as a discontinued operation in the condensed consolidated statements of earnings for all periods presented. Prior to the reclassification, IRIDESSE results had been included within the Other non-reportable segment. Refer to "Item 1. Notes to Condensed Consolidated Financial Statements - Note 4. Discontinued Operations."

All references to years relate to fiscal years ended or ending on January 31 of the following calendar year.

#### HIGHLIGHTS

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- o Worldwide net sales decreased 16% in the three months ("second quarter") and decreased 19% in the six months ("first half") ended July 31, 2009. Difficult global economic conditions that have affected consumer confidence and net worth continue to affect sales in most markets.
- o Worldwide comparable store sales decreased 16% in the second quarter and decreased 18% in the first half on a constant-exchange-rate basis (see "Non-GAAP Measures" below).
- o The Company continues to open stores, albeit at a more modest rate this year.
- o Operating expenses decreased due to reductions in staffing, as well as declines in marketing and variable costs.
- o Net earnings from continuing operations decreased 31% to \$56,717,000 in the second quarter and 44% to \$84,160,000 in the first half. Net earnings from continuing operations per diluted share decreased 28% in the second quarter and 41% in the first half.
- o The Company established a new \$400,000,000 multi-bank, multi-currency revolving credit facility ("Credit Facility") to replace an existing facility that was scheduled to expire in 2010. The Credit Facility will expire in July 2012.

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#### NON-GAAP MEASURES

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The Company's reported sales reflect either a translation-related benefit from strengthening foreign currencies or a detriment from a strengthening U.S. dollar.

The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Internally, management monitors its sales performance on a non-GAAP basis that eliminates the positive or negative effects that result from translating international sales into U.S. dollars ("constant-exchange-rate basis"). Management believes this constant-exchange-rate basis provides a more representative assessment of the sales performance and provides better comparability between reporting periods.

The Company's management does not, nor does it suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. The Company presents such non-GAAP financial measures in reporting its financial results to provide investors with an additional tool to evaluate the Company's operating results. The following table reconciles sales percentage increases (decreases) from the GAAP to the non-GAAP basis versus the previous year:

	Second Quarter 2009 vs. 2008			First Half 2009 vs. 2008		
	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis
<b>Net Sales:</b>						
Worldwide	(16)%	(2)%	(14)%	(19)%	(3)%	(16)%
Americas	(23)%	(1)%	(22)%	(27)%	(1)%	(26)%
U.S.	(25)%	--	(25)%	(28)%	--	(28)%
Asia-Pacific	(1)%	2%	(3)%	(5)%	--	(5)%
Japan	(4)%	9%	(13)%	(5)%	8%	(13)%
Other Asia-Pacific	6%	(8)%	14%	(3)%	(12)%	9%
Europe	(4)%	(17)%	13%	(6)%	(21)%	15%
<b>Comparable Store Sales:</b>						
Worldwide	(17)%	(1)%	(16)%	(20)%	(2)%	(18)%
Americas	(26)%	(1)%	(25)%	(30)%	(1)%	(29)%
U.S.	(27)%	--	(27)%	(30)%	--	(30)%
Asia-Pacific	(2)%	2%	(4)%	(6)%	1%	(7)%
Japan	(1)%	10%	(11)%	(4)%	8%	(12)%
Other Asia-Pacific	(3)%	(8)%	5%	(10)%	(10)%	--
Europe	(10)%	(15)%	5%	(14)%	(18)%	4%

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## RESULTS OF OPERATIONS

Certain operating data as a percentage of net sales were as follows:

	Second Quarter		First Half	
	2009	2008	2009	2008
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	44.9	42.2	44.5	42.5
Gross profit	55.1	57.8	55.5	57.5
Selling, general and administrative expenses	40.5	39.4	42.3	40.2
Earnings from continuing operations	14.6	18.4	13.2	17.3
Interest and other expenses, net	2.0	0.4	2.2	0.4
Earnings from continuing operations before income taxes	12.6	18.0	11.0	16.9
Provision for income taxes	3.3	6.7	3.6	6.2
Net earnings from continuing operations	9.3	11.3	7.4	10.7
Net earnings (loss) from discontinued operations	--	(0.2)	(0.2)	(0.3)
Net earnings	9.3%	11.1%	7.2%	10.4%

## Net Sales

Net sales were as follows:

	Second Quarter			
	(in thousands)	2009	2008	Decrease
Americas	\$	324,862	\$ 422,406	(23)%
Asia-Pacific		211,923	214,233	(1)%
Europe		68,329	71,020	(4)%
Other		7,379	21,975	(66)%
	\$	612,493	\$ 729,634	(16)%
First Half				
(in thousands)		2009	2008	Decrease
Americas	\$	583,856	\$ 795,971	(27)%
Asia-Pacific		413,350	436,270	(5)%

Europe	123,919	131,145	(6)%
Other	8,983	31,728	(72)%
	-----		
\$	1,130,108	\$ 1,395,114	(19)%
	=====		

Comparable Store Sales. Reference will be made to comparable store sales below. Comparable store sales include only sales transacted in company-operated stores and boutiques. A store's sales are included in comparable store sales when the store has been open for more than 12 months. In markets other than Japan, sales for relocated stores are included in comparable store sales if the relocation occurs within the same geographical market. In Japan (included in the Asia-Pacific segment), sales for a new store or boutique are not included if the store or boutique was relocated from one department store to another or from a department store to a free-standing location. In all markets, the results of a store in which the square footage has been expanded or reduced remain in the comparable store base.

Americas. Total sales in the Americas decreased \$97,544,000, or 23%, in the second quarter equally due to declines in the number of units sold and in the average price per unit sold, and \$212,115,000, or 27%, in the first half for similar reasons. Comparable U.S. store sales declined 27%, or \$92,097,000, in the second quarter and 30%, or \$195,541,000, in the first half. Comparable branch store sales declined 26% and 29% in the second quarter and first half, while sales in the New York Flagship store declined 30% and 36%. Combined Internet and catalog sales in the U.S. declined 8%, or \$3,068,000, in the second quarter and 12%, or \$8,834,000, in the first half.

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Asia-Pacific. Total sales in Asia-Pacific decreased \$2,310,000, or 1%, in the second quarter primarily due to a decline in the average price per unit sold partly offset by an increase in the number of units sold, and decreased \$22,920,000, or 5%, in the first half primarily due to a decline in the number of units sold. Comparable store sales declined 2%, or \$3,372,000, in the second quarter and 6%, or \$24,444,000, in the first half. On a constant-exchange-rate basis, Asia-Pacific sales decreased 3% and comparable store sales decreased 4% in the second quarter (resulting from an 11% decline in Japan comparable store sales and a 5% increase in comparable store sales in countries other than Japan). On a constant-exchange-rate basis, Asia-Pacific sales decreased 5% and comparable store sales decreased 7% in the first half (resulting from a 12% decline in Japan comparable store sales partly offset by comparable store sales in countries other than Japan equal to the prior year).

Europe. Total sales in Europe decreased \$2,691,000, or 4%, in the second quarter and \$7,226,000, or 6%, in the first half due to the effect of translating foreign currency-denominated sales into U.S. dollars. On a constant-exchange-rate basis, sales increased 13% in the second quarter and 15% in the first half due to incremental sales from new stores opened during the past 12 months, as well as comparable store sales growth of 5% in the second quarter and 4% in the first half that reflected growth in the United Kingdom and Continental Europe. The overall sales decline in the second quarter consisted of a comparable store sales decline of 10%, or \$5,664,000, and a decline of 40%, or \$5,664,000, in e-commerce and other sales, while non-comparable store sales were \$8,783,000. In the first half, the overall sales decline consisted of a comparable store sales decline of 14%, or \$14,826,000, and a decline of 36%, or \$9,321,000 in e-commerce and other sales, while non-comparable store sales were \$17,121,000.

Other. Other sales decreased \$14,596,000, or 66%, in the second quarter and \$22,745,000, or 72%, in the first half primarily due to lower wholesale sales of diamonds that were deemed not suitable for the Company's needs.

Store Data. Management expects to open 13 (net) Company-operated TIFFANY & CO. stores and boutiques in 2009, increasing the store base by approximately 6%.

Management's expected openings and closings of TIFFANY & CO. stores are:

Location	Actual Openings (Closings) 2009	Expected Openings 2009
-----		
Americas:		
Toronto - Yorkdale Shopping Centre, Canada		First Quarter

Guadalajara, Mexico	First Quarter	
Roseville, California		Third Quarter
Seattle - University Village, Washington		Third Quarter
Las Vegas - The Crystals at CityCenter, Nevada		Fourth Quarter
Asia-Pacific:		
Busan - Shinsegae Centum, Korea	First Quarter	
Hangzhou, China	First Quarter	
Ikebukuro - Mitsukoshi, Japan	(First Quarter)	
Kagoshima - Mitsukoshi, Japan	(Second Quarter)	
Kagoshima - Yamakataya, Japan	Second Quarter	
Ikebukuro - Seibu, Japan	Second Quarter	
Canton Road, Hong Kong	Second Quarter	
Seoul - Shinsegae Youngdeungpo, Korea		Third Quarter
Melbourne - Chadstone Mall, Australia		Fourth Quarter
Shenzhen, China		Fourth Quarter
Europe:		
Manchester - Selfridges, England		Third Quarter
Amsterdam, Netherlands		Fourth Quarter

## Gross Margin

Gross margin (gross profit as a percentage of net sales) decreased in the second quarter and first half by 2.7 and 2.0 percentage points primarily due to higher product costs. In addition, soft market conditions have affected the Company's wholesale sales of diamonds and its related profitability.

The Company periodically may adjust its retail prices to address specific market conditions, product cost increases and longer-term changes in foreign currencies/U.S. dollar relationships. Among the market conditions that the Company

addresses is consumer demand for the product category involved, which may be influenced by consumer confidence and competitive pricing conditions. The Company uses a limited number of derivative instruments to mitigate foreign exchange and precious metal price exposures (see "Item 1. Notes to Condensed Consolidated Financial Statements - Note 9. Hedging Instruments").

## Selling, General and Administrative ("SG&A") Expenses

SG&A expenses decreased \$39,649,000, or 14%, in the second quarter, primarily due to (i) decreased labor and benefit costs of \$19,449,000 as a result of staff reduction initiatives announced during the fourth quarter of 2008 (see "Item 1. Notes to Condensed Consolidated Financial Statements - Note 3. Restructuring Charges"); (ii) decreased marketing expenses of \$11,433,000; and (iii) a decline in variable expenses due to lower sales, all of which more than offset incremental costs of new stores opened in the past 12 months. Additionally, in the second quarter, the Company received \$4,442,000 of income in connection with the assignment of the Tahera Diamond Corporation commitments and liens to an unrelated third party, which represents full settlement under the terms of the assignment agreement. The Company had taken an impairment charge of \$47,981,000 in the year ended January 31, 2008 associated with the Commitment. In the first half, SG&A expenses decreased \$83,276,000, or 15%, primarily due to (i) decreased labor and benefit costs of \$36,382,000 as a result of the staff reduction initiatives mentioned above; (ii) decreased marketing expenses of \$26,967,000; and (iii) a decline in variable expenses due to lower sales, all of which more than offset incremental costs of new stores opened in the past 12 months. Changes in foreign currency exchange rates had an insignificant effect on overall SG&A expenses in the second quarter and decreased SG&A expenses by 2% in the first half compared to the prior year. SG&A expenses as a percentage of net sales increased by 1.1 percentage points in the second quarter and by 2.1 percentage points in the first half due to the decline in sales and the de-leveraging effect of fixed costs.

## Earnings from Continuing Operations

(in thousands)	Second Quarter 2009	% of Net Sales*	Second Quarter 2008	% of Net Sales*
Earnings (losses) from continuing operations:				

Americas	\$ 55,738	17.2%	\$ 93,597	22.2%
Asia-Pacific	49,272	23.2%	53,895	25.2%
Europe	11,907	17.4%	15,514	21.8%
Other	(4,199)	(56.9%)	863	3.9%
	112,718		163,869	
Unallocated corporate expenses	(27,606)	4.5%	(29,540)	4.0%
Other income	4,442		--	
Earnings from continuing operations	\$ 89,554	14.6%	\$ 134,329	18.4%

\* Percentages represent earnings (losses) from continuing operations as a percentage of each segment's net sales.

Earnings from continuing operations decreased 33% in the second quarter. On a segment basis, the ratio of earnings (losses) from continuing operations (before the effect of unallocated corporate expenses, other income and interest and other expenses, net) to each segment's net sales in the second quarter of 2009 and 2008 was as follows:

- o Americas - the ratio decreased 5.0 percentage points primarily resulting from a decrease in gross margin (due to higher product costs) and a decline in sales which more than offset cost savings from the initiatives implemented at the end of 2008;
- o Asia-Pacific - the ratio decreased 2.0 percentage points primarily due to a decrease in gross margin (due to higher product costs), partly offset by reduced operating expenses attributed to the cost savings initiatives;
- o Europe - the ratio decreased 4.4 percentage points primarily due to a decrease in gross margin (due to higher product costs) and increased operating expenses (associated with new stores opened over the past 12 months); and
- o Other - the operating loss is attributable to lower wholesale sales of diamonds and a valuation adjustment related to the write-down of wholesale diamond inventory.

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(in thousands)	First Half 2009	% of Net Sales*	First Half 2008	% of Net Sales*
Earnings (losses) from continuing operations:				
Americas	\$ 85,207	14.6%	\$ 161,888	20.3%
Asia-Pacific	97,215	23.5%	110,260	25.3%
Europe	19,727	15.9%	27,088	20.7%
Other	(5,430)	(60.4%)	215	0.7%
	196,719		299,451	
Unallocated corporate expenses	(52,093)	4.6%	(58,436)	4.2%
Other income	4,442		--	
Earnings from continuing operations	\$ 149,068	13.2%	\$ 241,015	17.3%

\* Percentages represent earnings (losses) from continuing operations as a percentage of each segment's net sales.

Earnings from continuing operations decreased 38% in the first half. On a segment basis, the ratio of earnings (losses) from continuing operations (before the effect of unallocated corporate expenses, other income and interest and other expenses, net) to each segment's net sales in the first half of 2009 and 2008 was as follows:

- o Americas - the ratio decreased 5.7 percentage points primarily resulting from a decrease in gross margin (due to higher product costs) and a decline in sales which more than offset cost savings from the initiatives implemented at the end of 2008;
- o Asia-Pacific - the ratio decreased 1.8 percentage points primarily due to a decrease in gross margin (due to higher

product costs), partly offset by reduced operating expenses attributed to the cost savings initiatives;

- o Europe - the ratio decreased 4.8 percentage points primarily due to a decrease in gross margin (due to higher product costs) and increased operating expenses (associated with new stores opened over the past 12 months); and
- o Other - the operating loss is attributable to lower wholesale sales of diamonds and a valuation adjustment related to the write-down of wholesale diamond inventory.

Unallocated corporate expenses includes costs related to administrative support functions which the Company does not allocate to its segments. Such unallocated costs include those for information technology, finance, legal and human resources. Total unallocated corporate expenses decreased in the second quarter and first half versus comparable periods in the prior year primarily due to cost savings realized in the current year. As a percentage of net sales, unallocated corporate expenses increased 0.5 percentage point and 0.4 percentage point in the second quarter and first half due to lower sales in those periods versus the prior year.

Other income in the second quarter and first half of 2009 represents income received in connection with the assignment of the Tahera Diamond Corporation commitments and liens to an unrelated third party, which represents full settlement under the terms of the assignment agreement.

#### Interest and Other Expenses, net

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Interest and other expenses, net increased \$8,792,000 in the second quarter and \$19,727,000 in the first half primarily due to higher interest expense related to new long-term debt issued in the past year.

#### Provision for Income Taxes

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The effective income tax rate for the second quarter of 2009 was 26.7% versus 36.9% in the prior year. The effective income tax rate for the six months ended July 31, 2009 was 32.4% versus 36.8% in the prior year. The effective tax rate in the second quarter and first half of 2009 included \$5,700,000 of favorable reserve adjustments relating to the settlement of certain tax audits during the second quarter.

#### Net Earnings (Loss) from Discontinued Operations

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The loss from discontinued operations related to the Company's IRIDESSE business was \$5,907,000 pre-tax

(\$3,043,000 after tax) for the six months ended July 31, 2009. The loss from discontinued operations for the same period in 2008 was \$6,218,000 pre-tax (\$4,026,000 after tax). See "Item 1. Notes to Condensed Consolidated Financial Statements - Note 4. Discontinued Operations."

#### 2009 Outlook

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Management believes that there continues to be uncertainty about the outlook for the global economic environment and has assumed no meaningful improvement in economic conditions for the remainder of the year. Management's financial performance objectives are based on the following assumptions, which may or may not prove valid, and should be read in conjunction with "Item 1A. Risk Factors" on page 28.

Management's full-year 2009 outlook is currently as follows:

- o A net sales decline of approximately 10% composed of (i) a mid-teens percentage decrease in the Americas, factoring in a high-teens percentage U.S. comparable store sales decline; (ii) a low single-digit percentage decrease in Asia-Pacific, which includes a mid single-digit comparable store sales decline on a constant-exchange-rate basis; (iii) a low single-digit percentage

decrease in Europe, which includes a low single-digit comparable store sales increase on a constant-exchange-rate basis; and (iv) a 50% decrease in Other sales.

- o The Company's worldwide expansion strategy is to continue to open Company-operated TIFFANY & CO. stores and boutiques. The Company has moderated the rate of anticipated store openings in 2009 to five in the Americas, six in Asia-Pacific and two in Europe.
- o More than a three-percentage-point decline in operating margin compared against the prior year (when excluding the non-recurring items in 2008 as discussed in the notes to "Item 6. Selected Financial Data" in the Company's Annual Report on Form 10-K) based upon an expected decline in gross margin and an increase in the ratio of SG&A expenses to net sales. SG&A expenses are expected to decline by a high-single-digit percentage for the full year.
- o This outlook includes (i) savings of \$60,000,000 resulting from the staff reduction initiatives taken at the end of 2008; (ii) reduced marketing spending; and (iii) variable and other fixed cost savings.
- o Interest and other expenses, net of approximately \$50,000,000, which represents an increase from the prior year due to higher interest expense as a result of recent long-term debt issuances.
- o An effective income tax rate of 34%.
- o Net earnings from continuing operations per diluted share of \$1.65 - \$1.75.
- o Net inventories declining by a single-digit percentage.
- o Capital expenditures of \$100,000,000.

#### New Accounting Standards

See "Item 1. Notes to Condensed Consolidated Financial Statements - Note 2. New Accounting Standards".

#### LIQUIDITY AND CAPITAL RESOURCES

The global credit and equity markets have undergone significant disruption since the third quarter of 2008, making it difficult for many businesses to obtain financing or access capital. The Company has taken steps to address these challenges. First, as noted in the 2009 Outlook section above, management has reduced costs to better align the Company's expenses with the expected sales decline. Secondly, the Company secured \$400,000,000 of long-term debt since December 2008 to: (i) refinance debt obligations that have come due or are expected to mature over the next year; (ii) use the funds for general corporate purposes; and (iii) provide for financial flexibility in the event that disruptions in the economy or credit markets continue or worsen.

In July 2009, the Company entered into a new \$400,000,000 multi-bank, multi-currency, committed unsecured revolving credit facility ("Credit Facility"), and has the option to increase the committed amount to \$500,000,000, subject to bank approval. The Credit Facility replaced the Company's previous \$450,000,000 revolving credit facility.

The Credit Facility is intended for working capital and other corporate purposes. There was \$40,754,000 outstanding under the Credit Facility at July 31, 2009. The Credit Facility will expire in July 2012.

Management believes that the proceeds from the debt financing that the Company recently issued, other cash on hand, internally-generated cash flows and the funds available under its revolving Credit Facility are sufficient to support the Company's planned worldwide business expansion, debt service, capital expenditures, working capital needs and dividends for the foreseeable future.

The Company's current expectation is to generate free cash flow (cash flow from operating activities less capital expenditures) of approximately \$400,000,000 in 2009.

The following table summarizes cash flows from operating, investing and financing activities:

(in thousands)	First Half	
	2009	2008
Net cash provided by (used in):		
Operating activities	\$ 175,864	\$ (77,753)
Investing activities	(27,487)	(71,856)
Financing activities	6,494	52,206
Effect of exchange rates on cash and cash equivalents	18,287	2,905
Net increase (decrease) in cash and cash equivalents	\$ 173,158	\$ (94,498)

#### Operating Activities

The Company's net cash inflow from operating activities of \$175,864,000 in the first half of 2009 compared with an outflow of \$77,753,000 in the same period in 2008. The cash inflow in the first half of 2009 is primarily due to a decrease in inventories and lower income tax payments. The cash outflow in the first half of 2008 was primarily due to increased tax payments and inventory purchases.

Working Capital. Working capital (current assets less current liabilities) and the corresponding current ratio (current assets divided by current liabilities) were \$1,844,653,000 and 7.6 at July 31, 2009, compared with \$1,446,812,000 and 3.4 at January 31, 2009 and \$1,327,863,000 and 3.2 at July 31, 2008. The increase in the ratio from January 31, 2009 and July 31, 2008 was primarily due to a decrease in short-term borrowings as well as higher cash balances.

Accounts receivable, less allowances at July 31, 2009 were 15% lower than at January 31, 2009 and were 23% lower than at July 31, 2008 due to sales declines. Changes in foreign currency exchange rates had an insignificant effect on the change in accounts receivable balances.

Inventories, net at July 31, 2009 were 2% above July 31, 2008 due to new store openings and were 4% below balances at January 31, 2009 due to steps management has taken to reduce internal manufacturing and purchases from vendors. Changes in foreign currency exchange rates had an insignificant effect on the change in inventories, net.

#### Investing Activities

The Company's net cash outflow from investing activities of \$27,487,000 in the first half of 2009 compared with an outflow of \$71,856,000 in the first half of 2008. The decreased outflow in the current year is primarily due to lower capital expenditures. Capital expenditures were \$30,425,000 in the first half of 2009 compared with \$67,952,000 in the first half of 2008. The decrease reflected a moderated rate of store openings in the current year.

#### Financing Activities

The Company's net cash inflow from financing activities of \$6,494,000 in the first half of 2009 compared with an inflow of \$52,206,000 in the first half of 2008. The variance between 2009 and 2008 was primarily due to a decrease in net proceeds received from borrowings.

Share Repurchases. The Company suspended share repurchases during the third quarter of 2008 in order to conserve cash, and such suspension continued at the time of this filing. At July 31, 2009, there remained \$402,427,000 of authorization for future repurchases. The Company's stock repurchase program expires in January 2011. At least annually, the Company's Board of Directors reviews its policies with respect to dividends and share repurchases with a view to actual and projected earnings, cash flow and capital requirements. During the second quarter and first half of 2008, the Company repurchased \$73,664,000 and \$128,501,000 of shares outstanding.

Recent Borrowings. As discussed above, in July 2009, the Company entered into a new \$400,000,000 revolving Credit Facility. Borrowings are at nine participating banks and are at interest rates based upon local currency borrowing rates plus a margin based on the Company's leverage ratio. The weighted average interest rate at July 31, 2009 was 2.9%.

In July 2009, the Company repaid \$40,000,000 of indebtedness, which represented the current portion of its long-term borrowings.

In April 2009, the Company, in a private transaction with various institutional lenders, issued, at par, \$50,000,000 10% Series A Senior Notes due April 2018. The proceeds are available for general corporate purposes. The agreement requires lump sum repayments upon maturity and includes specific financial covenants and ratios and limits certain payments, investments and indebtedness, in addition to other requirements customary to such borrowings.

In March 2009, the Company repaid \$93,000,000 of its short-term borrowings.

In February 2009, the Company, in a private transaction, issued, at par, \$125,000,000 of its 10% Series A-2009 Senior Notes due February 2017 and \$125,000,000 of its 10% Series B-2009 Senior Notes due February 2019. The proceeds are available to refinance existing indebtedness and for general corporate purposes. The agreement requires lump sum repayments upon maturity and includes specific financial covenants and ratios and limits certain payments, investments and indebtedness, in addition to other requirements customary to such borrowings.

The ratio of total debt (short-term borrowings, current portion of long-term debt and long-term debt) to stockholders' equity was 45% both at July 31 and January 31, 2009, and was 36% at July 31, 2008. The increase in the ratio as of July 31, 2009 and January 31, 2009 largely reflects increased borrowings.

At July 31, 2009, the Company was in compliance with all debt covenants.

#### Contractual Obligations

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The Company's contractual cash obligations and commercial commitments at July 31, 2009 and the effects such obligations and commitments are expected to have on the Company's liquidity and cash flows in future periods have not changed significantly since January 31, 2009. Also see Recent Borrowings above.

#### Seasonality

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As a jeweler and specialty retailer, the Company's business is seasonal in nature, with the fourth quarter typically representing at least one-third of annual net sales and approximately one-half of annual net earnings. Management expects such seasonality to continue.

#### Forward-Looking Statements

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This quarterly report on Form 10-Q contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 concerning the Company's goals, plans and projections with respect to store openings, sales, retail prices, gross margin, expenses, effective tax rate, net earnings and net earnings per share, inventories, capital expenditures, cash flow and liquidity. In addition, management makes other forward-looking statements from time to time concerning objectives and expectations. One can identify these forward-looking statements by the fact that they use words such as "believes," "intends," "plans," and "expects" and other words and terms of similar meaning and expression in connection with any discussion of future operating or financial performance. One can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Such forward-looking statements are based on management's current plan and involve inherent risks, uncertainties and assumptions that could cause actual outcomes to differ materially from the current plan. The Company has included important factors in the cautionary statements included in its 2008 Annual Report on Form 10-K and in this quarterly report, particularly under "Item 1A. Risk Factors," that the Company believes could cause actual results to differ materially from any forward-looking statement.

Although the Company believes it has been prudent in its plans and assumptions, no assurance can be given that any goal or plan set forth in forward-looking statements can or will be achieved, and readers are cautioned not to place undue

reliance on such statements which speak only as of the date this quarterly report was first filed with the Securities and Exchange Commission. The Company undertakes no obligation to update any of the forward-looking information included in this document, whether as a result of new information, future events, changes in expectations or otherwise.

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PART I. Financial Information

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to market risk from fluctuations in foreign currency exchange rates, precious metal prices and interest rates, which could affect its consolidated financial position, earnings and cash flows. The Company manages its exposure to market risk through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. The Company uses derivative financial instruments as risk management tools and not for trading or speculative purposes, and does not maintain such instruments that may expose the Company to significant market risk.

Foreign Currency Risk

The Company's Japanese subsidiary satisfies nearly all of its inventory requirements by purchasing merchandise, payable in U.S. dollars, from the Company's principal subsidiary. To minimize the potentially negative effect of a significant strengthening of the U.S. dollar against the Japanese yen, the Company purchases put option contracts as hedges of forecasted purchases of merchandise over a maximum term of 12 months. The fair value of put option contracts is sensitive to changes in yen exchange rates. If the market yen exchange rate at the time of the put option contract's expiration is stronger than the contracted exchange rate, the Company allows the option to expire, limiting its loss to the cost of the put option contract.

The Company also uses foreign exchange forward contracts to offset the foreign currency exchange risks associated with foreign currency-denominated liabilities and intercompany transactions between entities with differing functional currencies. Gains or losses on these foreign exchange forward contracts substantially offset losses or gains on the liabilities and transactions being hedged. The term of all outstanding foreign exchange forward contracts as of July 31, 2009 ranged from one to seven months.

Precious Metal Price Risk

The Company periodically hedges a portion of its forecasted purchases of precious metals for use in its internal manufacturing operations in order to minimize the effect of volatility in precious metals prices. The Company may use a combination of call and put option contracts in net-zero-cost collar arrangements ("precious metal collars") or forward contracts. For precious metal collars, if the price of the precious metal at the time of the expiration of the precious metal collar is within the call and put price, the precious metal collar would expire at no cost to the Company. The maximum term over which the Company is hedging its exposure to the variability of future cash flows for all forecasted transactions is 12 months.

Interest Rate Risk

In the second quarter of 2009, the Company entered into interest rate swap agreements to effectively convert certain fixed rate debt obligations to floating rate obligations. Additionally, since the fair value of the Company's fixed rate long-term debt is sensitive to interest rate changes, the interest rate swap agreements serve as a hedge to changes in the fair value of these debt instruments. The Company is hedging its exposure to changes in interest rates over the remaining maturities of the debt agreements being hedged.

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PART I. Financial Information  
Item 4. Controls and Procedures

Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), the Registrant's chief executive officer and chief financial officer concluded that, as of the end of the period covered by this report, the Registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Registrant in the reports that it files or submits under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

In the ordinary course of business, the Registrant reviews its system of internal control over financial reporting and makes changes to its systems and processes to improve controls and increase efficiency, while ensuring that the Registrant maintains an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes.

The Registrant's chief executive officer and chief financial officer have determined that there have been no changes in the Registrant's internal control over financial reporting during the period covered by this report identified in connection with the evaluation described above that have materially affected, or are reasonably likely to materially affect, Registrant's internal control over financial reporting.

The Registrant's management, including its chief executive officer and chief financial officer, necessarily applied their judgment in assessing the costs and benefits of such controls and procedures. By their nature, such controls and procedures cannot provide absolute certainty, but can provide reasonable assurance regarding management's control objectives. Our chief executive officer and our chief financial officer have concluded that the Registrant's disclosure controls and procedures are (i) designed to provide such reasonable assurance and (ii) are effective at that reasonable assurance level.

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PART II. Other Information  
Item 1A. Risk Factors

As is the case for any retailer, the Registrant's success in achieving its objectives and expectations is dependent upon general economic conditions, competitive conditions and consumer attitudes. However, certain factors are specific to the Registrant and/or the markets in which it operates. The following "risk factors" are specific to the Registrant; these risk factors affect the likelihood that the Registrant will achieve the financial objectives and expectations communicated by management:

(i) Risk: that a continuation or worsening of challenging global economic conditions and related low levels of consumer confidence over a prolonged period of time could adversely affect the Registrant's sales.

As a retailer of goods which are discretionary purchases, the Registrant's sales results are particularly sensitive to changes in economic conditions and consumer confidence. Consumer confidence is affected by general business conditions; changes in the market value of securities and real estate; inflation; interest rates and the availability of consumer credit; tax rates; and expectations of future economic conditions and employment prospects.

Consumer spending for discretionary goods generally declines during times of falling consumer confidence, which negatively affects the Registrant's earnings because of its cost base and inventory investment.

Many of the Registrant's competitors may continue to react to falling consumer confidence by reducing their retail prices; such reductions and/or inventory liquidations can have a short-term adverse effect on the Registrant's sales.

In addition, some observers believe that the short-term attractiveness of "luxury" goods may have waned in certain markets, thus reducing demand. This could adversely affect the Registrant's sales and margins.

Uncertainty surrounding the current global economic environment makes it more difficult for the Registrant to forecast operating results. The Registrant's forecasts employ the use of estimates and assumptions. Actual results could differ from forecasts, and those differences could be material.

(ii) Risk: that sales will decline or remain flat in the Registrant's fourth fiscal quarter, which includes the holiday selling season.

The Registrant's business is seasonal in nature, with the fourth quarter typically representing at least one-third of annual net sales and approximately one-half of annual net earnings. Poor sales results during the Registrant's fourth quarter will have a material adverse effect on the Registrant's sales and profits.

(iii) Risk: that regional instability and conflict will disrupt tourist travel.

Unsettled regional and global conflicts or crises which result in military, terrorist or other conditions creating disruptions or disincentives to, or changes in the pattern, practice or frequency of tourist travel to the various regions where the Registrant operates retail stores could adversely affect the Registrant's sales and profits.

(iv) Risk: that foreign currencies will weaken against the U.S. dollar and require the Registrant to raise prices or shrink profit margins in locations outside of the U.S.

The Registrant operates retail stores and boutiques in various countries outside of the U.S. and, as a result, is exposed to market risk from fluctuations in foreign currency exchange rates. The Registrant's sales in those countries represented 46% of its net sales, of which Japan represented 19% of net sales, in Fiscal 2008. A substantial weakening of foreign currencies against the U.S. dollar would require the Registrant to raise its retail prices or reduce its profit margins in various locations outside of the U.S. Consumers in those markets may not accept significant price increases on the Registrant's goods; thus, there is a risk that a substantial weakening of foreign currencies will result in reduced sales or profit margins.

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(v) Risk: that the current volatile global economy may have a material adverse effect on the Company's liquidity and capital resources.

U.S. and global credit and equity markets have recently undergone significant disruption, making it difficult for many businesses to obtain financing on acceptable terms. A prolonged downturn in the economy, extending further than those included in management's projections, could have an effect on the Registrant's cost of borrowing, could diminish its ability to service or maintain existing financing, and could make it more difficult for the Registrant to obtain additional financing or to refinance existing long-term obligations. In addition, increased disruption in the markets could lead to the failure of financial institutions. If any of the banks participating in the Registrant's revolving credit facility were to declare bankruptcy, the Registrant would no longer have access to those committed funds.

Further deterioration in the stock market could continue to negatively impact the valuation of pension plan assets and result in increased minimum funding requirements.

(vi) Risk: that the Registrant will be unable to continue to offer merchandise designed by Elsa Peretti.

The Registrant's long-standing right to sell the jewelry designs of Elsa

Peretti and use her trademark is responsible for a substantial portion of the Registrant's revenues. Merchandise designed by Ms. Peretti accounted for 11% of Fiscal 2008 net sales. Tiffany has an exclusive license arrangement with Ms. Peretti; this arrangement is subject to royalty payments as well as other requirements. The license may be terminated by Tiffany or Ms. Peretti on six months notice, even in the case where no default has occurred. Also, no agreement has been made for the continued sale of the designs or use of the trademarks ELSA PERETTI following the death of Ms. Peretti. Loss of this license would materially adversely affect the Registrant's business through lost sales and profits.

(vii) Risk: that changes in prices of diamonds and precious metals or reduced supply availability might adversely affect the Registrant's ability to produce and sell products at desired profit margins.

Most of the Registrant's jewelry and non-jewelry offerings are made with diamonds, gemstones and/or precious metals. A significant change in the prices of these commodities could adversely affect the Registrant's business, which is vulnerable to the risks inherent in the trade for such commodities. A substantial increase in the price of raw materials and/or high-quality rough and polished diamonds within the quality grades, colors and sizes that customers demand could lead to decreased customer demand and lost sales and/or reduced gross profit margins. Conversely, a decrease in the prices of raw materials could have a disruptive effect, negatively or positively, on sales demand and short-term margins.

Acquiring diamonds for the engagement business has, at times, been difficult because of supply limitations; Tiffany may not be able to maintain a comprehensive selection of diamonds in each retail location due to the broad assortment of sizes, colors, clarity grades and cuts demanded by customers. A substantial increase or decrease in the supply of raw materials and/or high-quality rough and polished diamonds within the quality grades, colors and sizes that customers demand could lead to decreased customer demand and lost sales and/or reduced gross profit margins.

If trade relationships between the Registrant and one or more of its significant vendors were disrupted, the Registrant's sales could be adversely affected in the short-term until alternative supply arrangements could be established.

(viii) Risk: that the value of the TIFFANY & CO. trademark will decline due to the sale of counterfeit merchandise by infringers.

The TIFFANY & CO. trademark is an asset which is essential to the competitiveness and success of the Registrant's business and the Registrant takes appropriate action to protect it. Tiffany actively pursues those who produce or sell counterfeit TIFFANY & CO. goods through civil action and cooperation with criminal law enforcement agencies. However, the Registrant's enforcement actions have not stopped the imitation and counterfeit of the Registrant's merchandise or the infringement of the trademark, and counterfeit TIFFANY & CO. goods remain available in many markets. In recent years, there has been an increase in the availability of counterfeit goods, predominantly silver jewelry, in various markets by street vendors and small retailers, as well as on the Internet. The continued sale of counterfeit merchandise could have an adverse effect on the TIFFANY & CO. brand by undermining Tiffany's reputation for quality goods and making such goods appear less desirable to consumers of luxury goods. Damage to the brand would result in lost sales and profits.

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(ix) Risk: that the Registrant will be unable to lease sufficient space for its retail stores in prime locations.

The Registrant, positioned as a luxury goods retailer, has established its retail presence in choice store locations. If the Registrant cannot secure and retain locations on suitable terms in prime and desired luxury shopping locations, its expansion plans, sales and profits will be jeopardized. In addition, if any other high-end retailers were to close locations adjacent to or near the Company's stores, it could affect the appeal of that shopping center and reduce overall customer traffic.

In Japan, many of the retail locations are located in department stores. TIFFANY & CO. boutiques located in department stores in Japan represented 79% of

net sales in Japan and 15% of consolidated net sales in Fiscal 2008. In recent years, the Japanese department store industry has, in general, suffered declining sales and there is a risk that such financial difficulties will force further consolidations or store closings. Should one or more Japanese department store operators elect or be required to close one or more stores now housing a TIFFANY & CO. boutique, the Registrant's sales and profits would be reduced while alternative premises were being obtained. The Registrant's commercial relationships with department stores in Japan, and their abilities to continue as leading department store operators, have been and will continue to be substantial factors in the Registrant's continued success in Japan.

(x) Risk: that the Registrant's business is dependent upon the distinctive appeal of the TIFFANY & CO. brand.

The TIFFANY & CO. brand's association with quality, luxury and exclusivity is integral to the success of the Registrant's business. The Registrant's expansion plans for retail and direct selling operations and merchandise development, production and management support the brand's appeal. Consequently, poor maintenance, promotion and positioning of the TIFFANY & CO. brand, as well as market over-saturation, may adversely affect the business by diminishing the distinctive appeal of the TIFFANY & CO. brand and tarnishing its image. This would result in lower sales and profits.

PART II. Other Information

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table contains the Company's stock repurchases of equity securities in the second quarter of Fiscal 2009:

Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares, (or Units) that May Yet Be Purchased Under the Plans or Programs
May 1, 2009 to May 31, 2009	--	--	--	\$402,427,000
June 1, 2009 to June 30, 2009	--	--	--	\$402,427,000
July 1, 2009 to July 31, 2009	--	--	--	\$402,427,000
TOTAL	--	--	--	\$402,427,000

In March 2005, the Company's Board of Directors approved a stock repurchase program ("2005 Program") that authorized the repurchase of up to \$400,000,000 of the Company's Common Stock through March 2007 by means of open market or private transactions. In August 2006, the Company's Board of Directors extended the expiration date of the Company's 2005 Program to December 2009, and authorized the repurchase of up to an additional \$700,000,000 of the Company's Common Stock. In January 2008, the Company's Board of Directors extended the expiration date of the program to January 2011 and authorized the repurchase of up to an additional \$500,000,000 of the Company's Common Stock.

During the third quarter of 2008, the Company announced that its Board of Directors had suspended share repurchases, and no repurchases were made during the fourth quarter of 2008 or in the first half of 2009 in order to preserve cash. Such suspension continued as of the date this quarterly report on Form 10-Q was first filed with the Securities and Exchange Commission. At July 31, 2009, there remained \$402,427,000 of authorization for future repurchases.

## PART II. OTHER INFORMATION

## ITEM 4. Submission of Matters to a Vote of Security Holders.

At Registrant's Annual Meeting of Stockholders held on May 21, 2009 each of the nominees listed below was elected a director of Registrant to hold office until the next annual meeting of the stockholders and until his or her successor has been elected and qualified. All directors are elected at each annual meeting. Tabulated with the name of each of the nominees elected is the number of Common shares cast for and against each nominee and the number of Common shares abstaining to vote for each nominee. There were no broker non-votes with respect to the election of directors.

Nominee	Voted For	Voted Against	Number of Shares Abstaining
Michael J. Kowalski	103,316,020	2,331,708	139,641
Rose Marie Bravo	103,493,338	2,152,075	141,956
Gary E. Costley	103,782,828	1,848,392	156,149
Lawrence K. Fish	102,601,093	3,056,930	129,346
Abby F. Kohnstamm	102,541,390	3,112,815	133,164
Charles K. Marquis	103,724,545	1,918,748	144,076
Peter W. May	103,905,831	1,736,647	144,891
J. Thomas Presby	97,325,713	8,313,674	147,982
William A. Shutzer	103,850,723	1,792,407	144,239

At such meeting, the stockholders approved the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm to examine the Company's fiscal 2009 financial statements. With respect to such appointment, 103,535,438 shares were voted to approve, 2,067,633 were voted against, and 184,298 shares abstained from voting. There were no broker non-votes with respect to the approval of the appointment of PricewaterhouseCoopers LLP.

Also at such meeting, the stockholders approved an amendment to the Tiffany & Co. 2005 Employee Incentive Plan. With respect to such approval, 77,007,666 shares voted to approve, 17,266,104 shares voted against, and 133,036 shares abstained from voting. There were 11,380,563 broker non-votes that were discarded for purposes of determining the quorum and voting with respect to the approval of the amendment to the Tiffany & Co. 2005 Employee Incentive Plan.

- ITEM 6. Exhibits
- (a) Exhibits:
- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
  - 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
  - 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements 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: September 1, 2009

By: /s/ James N. Fernandez

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James N. Fernandez  
Executive Vice President and  
Chief Financial Officer  
(principal financial officer)

Exhibit Index

- 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Section

302 of the Sarbanes-Oxley Act of 2002.

- 32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

## CERTIFICATION

I, Michael J. Kowalski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tiffany & Co.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 1, 2009

/s/ Michael J. Kowalski

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Chairman and Chief Executive Officer  
(principal executive officer)

## CERTIFICATION

I, James N. Fernandez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tiffany & Co.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
  - d) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 1, 2009

/s/ James N. Fernandez

Executive Vice President and Chief Financial  
Officer (principal financial officer)



CERTIFICATION

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Tiffany & Co. (the "Company") on Form 10-Q for the period ended July 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Kowalski, as Chairman of the Board of Directors and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 1, 2009

/s/ Michael J. Kowalski

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Michael J. Kowalski  
Chairman and Chief Executive Officer  
(principal executive officer)

CERTIFICATION

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Tiffany & Co. (the "Company") on Form 10-Q for the period ended July 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James N. Fernandez, as Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 1, 2009

/s/ James N. Fernandez

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James N. Fernandez  
Executive Vice President and  
Chief Financial Officer  
(principal financial officer)