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TIFFANY & CO
Form 8-K
May 15, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 14, 2002

TIFFANY & CO.

(Exact name of Registrant as specified in its charter)

Delaware	1-9494	13-3228013
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

727 Fifth Avenue, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

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

Item 5. Other Events.

On May 14, 2002, Registrant issued the following press release reporting sales and earnings were up in the first quarter that ended April 30, 2002.

NEW YORK, May 14, 2002 - Tiffany & Co. (NYSE-TIF) reported increased sales and earnings in the three months (first quarter) ended April 30, 2002. Higher retail sales in the U.S., as well as an increased gross margin resulting from favorable

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sales mix and product sourcing efficiencies, were the primary contributors to the earnings growth.

Net sales of \$347,129,000 in the first quarter were 3 percent higher than \$336,401,000 in the prior year. On a constant exchange rate basis that excludes translation effects between foreign currencies and the U.S. dollar, net sales increased 6 percent and comparable store sales rose 1 percent. Net earnings in the first quarter increased 6 percent to \$32,709,000, or 22 cents per diluted share, compared with \$30,762,000, or 20 cents per diluted share, in the prior year. Results were consistent with the Company's guidance provided in a press release on April 25, 2002.

In Tiffany's three channels of distribution:

- o U.S. Retail sales increased 4 percent to \$165,670,000. Comparable store sales increased 2 percent, comprised of 2 percent comparable store sales growth in Tiffany's branch stores and a less-than-1 percent sales decline in Tiffany's New York flagship store. Sales growth benefited from increased numbers of transactions, but the average transaction size was lower. Sales to foreign tourists in certain markets also declined. New stores opened in the past year generated strong initial results.
- o International Retail sales rose 1 percent to \$147,638,000. On a constant exchange rate basis, however, International Retail sales increased 8 percent. On that basis, comparable retail store sales declined 1 percent in Japan (total retail sales in Japan rose 7 percent), increased 5 percent in other Asia-Pacific markets and declined 5 percent in Europe.
- o Direct Marketing sales increased 9 percent to \$33,821,000. Combined catalog/internet sales rose 37 percent and Business sales declined 11 percent.

Michael J. Kowalski, president and chief executive officer, said, "We are certainly encouraged with the improved U.S. trends during the first quarter and are pleased with the 19% increase in earnings from operations. Tiffany's reputation continues to strengthen among a growing customer base that appreciates the extraordinary designs and quality of our product offerings. We will introduce new jewelry designs and timepieces later this year which we expect will further reinforce our reputation for excellence."

He added, "Tiffany's internal initiatives are exciting and promising. However, the external environment remains unsettled with an uncertain near-term outlook. Therefore, we believe it is prudent to maintain our previous expectations that are based upon challenging U.S. and international conditions in the coming months followed by improvement

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in the second half of the year. As such, Tiffany's net earnings per diluted share expectations call for: 22-24 cents in the second quarter (compared with 24 cents in the prior year); 18-20 cents in the third quarter (compared with 16 cents); and 64-67 cents in the fourth quarter (compared with 55 cents)."

The Company will host a conference call today at 8:30 a.m. (EST) to review its first quarter results and outlook. Interested parties may listen to a broadcast on the Internet at www.shareholder.com/tiffany, www.vcall.com or www.streetevents.com.

Tiffany & Co. is the internationally renowned jeweler and specialty retailer. Sales are made primarily through company-operated TIFFANY & CO. stores and boutiques in the Americas, Asia-Pacific and Europe. Direct Marketing includes

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Tiffany's Business Sales division, catalog and Internet sales. Additional information can be found on Tiffany's Web site, www.tiffany.com, and on its shareholder information line (800) TIF-0110.

This press release contains certain "forward-looking" statements concerning expectations for sales, margins and earnings. Actual results might differ materially from those projected in the forward-looking statements. Information concerning factors that could cause actual results to differ materially are set forth in Tiffany's 2001 Annual Report and in Form 10-K, 10-Q and 8-K Reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

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TIFFANY & CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited, in thousands, except per share amounts)

	Three months ended April 30,	
	2002	2001
Net sales	\$ 347,129	\$ 336,401
Cost of sales	140,714	146,261
Gross profit	206,415	190,140
Selling, general and administrative expenses	147,849	140,919
Earnings from operations	58,566	49,221
Other expense (income), net	4,052	(2,047)
Earnings before income taxes	54,514	51,268
Provision for income taxes	21,805	20,506
Net earnings	\$ 32,709	\$ 30,762
Net earnings per share:		
Basic	\$ 0.22	\$ 0.21

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Diluted	\$	0.22	\$	0.20
		=====		=====

Weighted average number of common shares:

Basic	145,434	145,915
Diluted	150,181	151,304

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TIFFANY & CO. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands)

	April 30, 2002	January 31, 2002	
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ASSETS			
Current assets:			
Cash and cash equivalents	\$ 145,265	\$ 173,675	\$
Accounts receivable, net	100,982	98,527	
Inventories, net	653,082	611,653	
Deferred income taxes	45,796	41,170	
Prepaid expenses and other current assets	33,841	29,389	
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Total current assets	978,966	954,414	
Property, plant and equipment, net	540,384	525,585	
Deferred income taxes	5,452	4,560	
Other assets, net	145,659	145,309	
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	\$ 1,670,461	\$ 1,629,868	\$
	=====	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	\$ 41,975	\$ 40,402	\$
Current portion of long-term debt	51,500	51,500	
Obligation under capital lease	-	-	
Accounts payable and accrued liabilities	171,906	161,782	
Income taxes payable	27,743	48,997	
Merchandise and other customer credits	38,184	38,755	
	-----	-----	
Total current liabilities	331,308	341,436	
Long-term debt	181,995	179,065	
Postretirement/employment benefit obligations	31,333	29,999	
Other long-term liabilities	43,337	42,423	

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Stockholders' equity	1,082,488	1,036,945	
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	\$ 1,670,461	\$ 1,629,868	\$
	=====	=====	

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SIGNATURE

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.

BY: /s/ Patrick B. Dorsey

Patrick B. Dorsey
Senior Vice President, Secretary and
General Counsel

Date: May 14, 2002

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