

# TIFFANY & Co.



# TIFFANY & CO.

727 FIFTH AVENUE  
NEW YORK NEW YORK 10022  
212 755 8000

ALESSANDRO BOGLIOLO  
CHIEF EXECUTIVE OFFICER

April 20, 2020

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Tiffany & Co. (“Tiffany” or the “Company”) on Monday, June 1, 2020. The meeting will be held at Tiffany’s corporate offices, 200 Fifth Avenue (at 23rd Street) in New York City, and will begin at 2:30 p.m.

To attend the meeting, you will need to register online. To do so, please follow the instructions in the Proxy Statement on page PS-9. When you arrive at the meeting, you will be asked to provide your registration confirmation and photo identification. We appreciate your cooperation.

Your participation in the affairs of Tiffany & Co. is important. Therefore, please vote your shares in advance regardless of whether or not you plan to attend the meeting. You can vote by accessing the internet site to vote electronically, by completing and returning the enclosed proxy card by mail or by calling the number listed on the card and following the prompts.

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We look back on fiscal 2019 as a year of progress on all of our strategic initiatives. My thoughts go first to our Tiffany teams around the world. Thanks to their dedication, professionalism and tenacity we managed to achieve so much in spite of an external environment that—with persisting protests in France and Hong Kong, rapidly changing tourist flows and, in the last month of our fiscal year, the outbreak of COVID-19—has challenged our operations. Our teams have been a precious resource to our Company, as we navigate our iconic Brand through these turbulent times.

A primary focus in 2019 was on the local consumers in our key markets. Through crafted marketing and brand messaging campaigns and curated product assortments for the local markets, we believe that this focus and attention was rewarded with growth in domestic sales in all regions, including the Chinese Mainland where we experienced strong double-digit growth for the year.

For our global store network, we continued to focus on individual markets’ luxury sensibilities. For example, we completed the enlargement of our flagship store in Shanghai, now the largest Tiffany store in Asia, in a prominent street-facing location within the Hong Kong Plaza mall. We believe that the size and location of a store matters to these luxury consumers and we are adapting our in-country network accordingly through sensible relocations. At the Shanghai flagship store, we also celebrated the opening of the first Tiffany Blue Box Café on the Chinese Mainland. We also experimented with various pop-up stores around the world and opened concept stores such as on Cat Street in Tokyo, Japan.

In other markets, we opened a new flagship store in Hong Kong at One Peking Road. As in Shanghai, the Hong Kong flagship store also houses a new Tiffany Blue Box Café. We relocated our Sydney flagship store earlier in the year. And our London flagship store on Old Bond Street was renovated to a more modern aesthetic. We also partnered on our first store in India at a prominent New Delhi luxury mall.

The transformation of our iconic flagship store on Fifth Avenue in New York City has begun, with the “Tiffany Flagship Next Door” at 6 East 57th Street, which opened as a surprise pop-up during the holidays, now housing our full flagship store product range during that renovation.

During 2019, we also focused on the elevation of our average unit retail price (“AUR”) by bringing higher price point offerings like gold and gold and diamond jewelry to the forefront of our consumers’ attention through marketing and in-store visual merchandising, all of which contributed to the approximately 10% increase in AUR for the year.

We cannot achieve our goals without achieving a steady cadence of new product introductions. In 2019, we launched Tiffany T Color, an extension of the powerhouse Tiffany T collection, which adds colorful striking stones like turquoise, tiger’s eye, mother-of-pearl, and onyx to the recognizable Tiffany T jewelry designs. Additionally, we launched a new and invigorating collection of men’s and unisex jewelry accessories. We also continued to enhance the offerings within our Home & Accessories collection including the introduction of a new Tiffany & Love fragrance pillar that includes scents for Him & Her. I personally cannot wait until we bring to market the new lineups already in our pipeline.

At Tiffany, our sustainability framework focuses on our Product, Planet and People and underpins all areas of our business from planning to sourcing to making and delivering. For example, 2019 was the first full year of our pioneering Diamond Source Initiative, which shares with our customers the provenance—region or country of origin—of all newly sourced, individually registered diamonds (0.18 carats and larger). We also launched “Tiffany & Co.—The Leader in Diamond Sustainability,” a client-facing campaign directed toward existing and potential customers who are ever more interested in sustainability when purchasing a piece of beauty. Our progress on diversity and inclusion initiatives is exemplified by the 60% representation of women in our manager and above roles and 50% representation on our Board of Directors. Additionally, for the second straight year, Tiffany has been recognized by the Human Rights Campaign Foundation as one of the “Best Places to Work for LGBTQ Equality” and received a 100% score on its Corporate Equality Index.

Tiffany has had a storied history with a legacy that can fill volumes. From its early days as a fine goods store in downtown New York City to the creation of the much-sought-after *Blue Book* to its retail presence in Paris during the Second French Empire to its acquisition of the Tiffany Diamond to its purchase of a significant portion of the French Crown Jewels at auction to its move (80 years ago) to Fifth Avenue and 57th Street to the 24-year ownership by Hoving Corp. to its celebrated inclusion in the book and film “Breakfast at Tiffany’s” to its list of memorable in house jewelry designers and gemologists as well as designer partnerships with Jean Schlumberger, Elsa Peretti and Paloma Picasso to its first taste of operating under public company rules, for the five years as a subsidiary of Avon Corporation, to its becoming an independent public company in 1987, these are the substance of a legendary American institution.

But over this 182-year history, there were the tough times as well with the American Civil War, the Great War, the Great Depression, World War II, 9/11 and the Great Recession. Through all of these, Tiffany & Co. has done what it needed to do to survive as a business, help where it can (for example, shifting manufacturing to assist in certain war efforts) and continue to succeed as a company. We will endure the challenges of the COVID-19 outbreak and recovery and continue to keep focus on our long-term strategic priorities. Charles Lewis Tiffany's original vision of high-quality work with originality of design to the widest possible audience holds true in what Tiffany & Co. has done, is doing and will continue to do in the luxury jewelry category. Makers of beauty, Creators of joy.

As I have said before, we have laid out the groundwork for the long journey to continued sustainable growth as one of the leaders in the luxury jewelry category. The success and momentum of 2019 has shown that we are on the right path. And we are proud to become a part of the LVMH family of exceptional luxury brands following the completion of the pending merger and will use the new platform to accelerate our growth and leadership in all that we do.

Sincerely,

A handwritten signature in black ink, appearing to read "Alessandro Bogliolo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alessandro Bogliolo

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# TIFFANY & CO.

727 FIFTH AVENUE  
NEW YORK NEW YORK 10022  
212 755 8000

ROGER N. FARAH  
CHAIRMAN OF THE BOARD

April 20, 2020

Dear Shareholder:

I am pleased to be addressing the shareholders of the Company for the third year. In my capacity as Chairman, I work with the rest of the Board of Directors to drive strong corporate governance practices that serve the interests of the Company and its shareholders, as detailed in the Proxy Statement section of this report.

The entire Board is pleased with the leadership of our Company and with the strategic progress being made. The Board also extends an extra thanks to the management team for the speed and agility exercised in its response to COVID-19 as well as the protests in markets like Hong Kong and France during the year, all while continuing to successfully operate this prestigious Company. We have faith in the team to not only weather the COVID-19 outbreak, but also manage the Company during the recovery period across our global markets.

I am extremely grateful for our diverse Board of current and former executives from different consumer-focused organizations that offer critical thinking and provide the Company and management with lenses of varying perspectives. Such diversity of thought has been further enhanced by our Board refreshment efforts over the past three years, during which seven new members have joined. One of our directors who joined the Board in 2017, Francesco Trapani, tendered his resignation from the Board in November to pursue other opportunities.

I know that the Board shares my excitement and support for Tiffany's continuing journey of progress and accomplishments on its strategic road map. We will be proud to transfer the ownership of this iconic brand and Company to LVMH upon the completion of the pending merger.

Thank you as always for your support.

Sincerely,

A handwritten signature in black ink that reads "Roger N. Farah". The signature is written in a cursive, flowing style.

Roger Farah

## FINANCIAL HIGHLIGHTS

<i>(in millions, except percentages, per share amounts and stores)</i>	2019	2018
Net sales:	\$ 4,424.0	\$ 4,442.1
Increase from prior year	—%	7%
On a constant-exchange-rate basis: *		
Net sales increase from prior year *	1%	6%
Comparable sales increase from prior year *	—%	4%
Net earnings:	\$ 541.1	\$ 586.4
As a percentage of net sales	12%	13%
Per diluted share	\$ 4.45	\$ 4.75
Net earnings, as adjusted: *	\$ 558.2	N/A
As a percentage of net sales *	13%	N/A
Per diluted share *	\$ 4.59	N/A
Weighted-average number of diluted common shares	121.6	123.5
Cash flow from operating activities	\$ 670.9	\$ 531.8
Free cash flow *	\$ 350.3	\$ 249.7
Total debt-to-equity ratio	31%	32%
Cash dividends paid per share	\$ 2.29	\$ 2.15
Company-operated TIFFANY & CO. stores	326	321

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

See "Item 6. Selected Financial Data" for certain items that affected 2019 and 2018 earnings.

\* See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Measures" for a reconciliation of GAAP to Non-GAAP measures.

**Tiffany & Co. Year-End Report 2019**

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 10-K**

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

**For the fiscal year ended January 31, 2020**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 1-9494

**TIFFANY & CO.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**13-3228013**

(I.R.S. Employer Identification No.)

**200 Fifth Avenue, New York, NY 10010**  
(Address of principal executive offices and zip code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value per share	TIF	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of July 31, 2019, the aggregate market value of the registrant's voting and non-voting stock held by non-affiliates of the registrant was approximately \$11,273,922,094 using the closing sales price on July 31, 2019 of \$93.92.

As of March 16, 2020, the registrant had outstanding 121,191,337 shares of its common stock, \$.01 par value per share.

**DOCUMENTS INCORPORATED BY REFERENCE.**

The following documents are incorporated by reference into this Annual Report on Form 10-K: Registrant's Proxy Statement Dated April 20, 2020 (Part III).

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The historical trends and results reported in this annual report on Form 10-K should not be considered an indication of future performance. Further, statements contained in this annual report on Form 10-K that are not statements of historical fact, including those that refer to plans, assumptions and expectations for future periods, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, each as amended. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed Merger (as defined under "Item 1. Business - Entry into Merger Agreement") and the anticipated benefits thereof. Forward-looking statements include, but are not limited to, statements that can be identified by the use of words such as 'expects,' 'projects,' 'anticipates,' 'assumes,' 'forecasts,' 'plans,' 'believes,' 'intends,' 'estimates,' 'pursues,' 'scheduled,' 'continues,' 'outlook,' 'may,' 'will,' 'can,' 'should' and variations of such words and similar expressions. Examples of forward-looking statements include, but are not limited to, statements we make regarding the Company's plans, assumptions, expectations, beliefs and objectives with respect to the proposed Merger; store openings and closings; store productivity; the renovation of the Company's New York Flagship store, including the timing and cost thereof, and the temporary relocation of its retail operations to 6 East 57th Street; product introductions; sales; sales growth; sales trends; store traffic; the Company's strategy and initiatives and the pace of execution thereon; the amount and timing of investment spending; the Company's objectives to compete in the global luxury market and to improve financial performance; retail prices; gross margin; operating margin; expenses; interest expense and financing costs; effective income tax rate; the nature, amount or scope of charges resulting from recent revisions to the U.S. tax code; net earnings and net earnings per share; share count; inventories; capital expenditures; cash flow; liquidity; currency translation; macroeconomic and geopolitical conditions; growth opportunities; litigation outcomes and recovery related thereto; amounts recovered under Company insurance policies; contributions to Company pension plans; and certain ongoing or planned real estate, product, marketing, retail, customer experience, manufacturing, supply chain, information systems development, upgrades and replacement, and other operational initiatives and strategic priorities.

These forward-looking statements are not guarantees of future results and are based upon the current views, assumptions and plans of management, and speak only as of the date on which they are made and are subject to a number of factors, risks and uncertainties, many of which are outside of our control. You should not place undue reliance on such statements. Actual results could therefore differ materially from the planned, assumed or expected results expressed in, or implied by, these forward-looking statements. While we cannot predict all of the factors that could form the basis of such differences, key factors, risks and uncertainties include, but are not limited to: the recent outbreak of the novel coronavirus, and changes in financial, business, travel and tourism, political, public health and other conditions, circumstances, requirements and practices resulting therefrom; global macroeconomic and geopolitical developments; changes in interest and foreign currency rates; changes in taxation policies and regulations (including changes effected by the recent revisions to the U.S. tax code) or changes in the guidance related to, or interpretation of, such policies and regulations; shifting tourism trends; regional instability; violence (including terrorist activities); political activities or events (including the potential for rapid and unexpected changes in government, economic and political policies, the imposition of additional duties, tariffs, taxes and other charges or other barriers to trade, including as a result of changes in diplomatic and trade relations or agreements with other countries); weather conditions that may affect local and tourist consumer spending; changes in consumer confidence, preferences and shopping patterns, as well as our ability to accurately predict and timely respond to such changes; shifts in the Company's product and geographic sales mix; variations in the cost and availability of diamonds, gemstones and precious metals; adverse publicity regarding the Company and its products, the Company's third-party vendors or the diamond or jewelry industry more generally; any non-compliance by third-party vendors and suppliers with the Company's sourcing and quality standards, codes of conduct, or contractual requirements as well as applicable laws and regulations; changes in our competitive landscape; disruptions impacting the Company's business and operations; failure to successfully implement or make changes to the Company's information systems; changes in the cost and timing estimates associated with the renovation of the Company's New York Flagship store; delays caused by third parties involved in the aforementioned renovation; any casualty, damage or destruction to the Company's New York Flagship store or 6 East 57th Street location; the Company's ability to successfully control costs and execute on, and achieve the expected benefits from, the operational initiatives and strategic priorities referenced above; conditions to the completion of the proposed Merger may not be satisfied or the regulatory approvals required for the proposed Merger may not be obtained, in each case, on the terms expected or on the anticipated schedule which contemplates closing of the acquisition in the middle of 2020; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement (as defined under "Item 1. Business – Entry into Merger Agreement") or affect the ability of the parties to recognize the benefits

of the proposed Merger; the effect of the announcement or pendency of the proposed Merger on the Company's business relationships, operating results and business generally; risks that the proposed Merger disrupts the Company's current plans and operations and potential difficulties in the Company's employee retention as a result of the proposed Merger; potential litigation that may be instituted against the Company or its directors or officers related to the proposed Merger or the Merger Agreement and any adverse outcome of any such litigation; the amount of the costs, fees, expenses and other charges related to the proposed Merger, including in the event of any unexpected delays; other risks to consummation of the proposed Merger, including the risk that the proposed Merger will not be consummated within the expected time period, or at all, which may affect the Company's business and the price of the common stock of the Registrant; and any adverse effects on the Company by other general industry, economic, business and/or competitive factors. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks. Developments relating to these and other factors may also warrant changes to the Company's operating and strategic plans, including with respect to store openings, closings and renovations, capital expenditures, information systems development, inventory management, and continuing execution on, or timing of, the aforementioned initiatives and priorities. Such consequences and changes could also cause actual results to differ materially from the expected results expressed in, or implied by, the forward-looking statements.

Additional information about potential risks and uncertainties that could affect the Company's business and financial results is included under "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report on Form 10-K for the fiscal year ended January 31, 2020, the definitive proxy statement on Schedule 14A that the Company filed on January 6, 2020, and in the Company's other filings made with the U.S. Securities and Exchange Commission ("SEC") from time to time, which are available via the SEC's website at [www.sec.gov](http://www.sec.gov). Readers of this Annual Report on Form 10-K should consider the risks, uncertainties and factors outlined above and in this Form 10-K in evaluating, and are cautioned not to place undue reliance on, the forward-looking statements contained herein. The Company undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances, except as required by applicable law or regulation.

## PART I

### Item 1. Business.

#### GENERAL HISTORY AND NARRATIVE DESCRIPTION OF BUSINESS

Tiffany & Co. (the "Registrant") is a holding company that operates through Tiffany and Company ("Tiffany") and the Registrant's other subsidiary companies (collectively, the "Company"). Charles Lewis Tiffany founded Tiffany's business in 1837. He incorporated Tiffany in New York in 1868. The Registrant acquired Tiffany in 1984 and completed the initial public offering of the Registrant's Common Stock in 1987. The Registrant, through its subsidiaries, sells jewelry and other items that it manufactures or has made by others to its specifications.

All references to years relate to fiscal years that end on January 31 of the following calendar year.

#### ENTRY INTO MERGER AGREEMENT

On November 24, 2019, the Registrant entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Registrant, LVMH Moët Hennessy – Louis Vuitton SE, a *societas Europaea* (European company) organized under the laws of France ("Parent"), Breakfast Holdings Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Holding"), and Breakfast Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of Holding ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Registrant (the "Merger"), with the Registrant continuing as the surviving company in the Merger and a wholly owned indirect subsidiary of Parent.

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Common Stock owned by the Registrant, Parent or any of their respective wholly owned subsidiaries, and shares of Common Stock owned by stockholders of the Registrant who have properly demanded and not withdrawn a demand for appraisal rights under Delaware law) will be converted into the right to receive \$135.00 in cash, without interest and less any required tax withholding.

The consummation of the proposed Merger is subject to various conditions, including, among others, customary conditions relating to (a) the adoption of the Merger Agreement by holders of a majority of the outstanding shares of the Registrant's Common Stock entitled to vote on such matter at the meeting of stockholders of the Registrant (the "Special Meeting") held to vote on the adoption of the Merger Agreement and (b) the expiration or earlier termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended, and all rules and regulations promulgated thereunder, collectively, the "HSR Act"). As previously announced, on February 3, 2020, the waiting period under the HSR Act in connection with the proposed Merger expired, and on February 4, 2020, the Company held the Special Meeting, at which the holders of shares of Common Stock issued and outstanding as of the close of business on the record date for the Special Meeting considered and voted to approve (i) the adoption of the Merger Agreement and (ii) by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the proposed Merger. The proposed Merger remains subject to satisfaction or waiver of the remaining customary closing conditions, including, among others, (A) certain non-U.S. regulatory approvals, (B) clearance by the Committee on Foreign Investment in the United States ("CFIUS"), (C) the absence of a law or order in effect that enjoins, prevents or otherwise prohibits the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement issued by a governmental entity; (D) the absence of any legal proceeding seeking to enjoin, prevent or otherwise prohibit the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement instituted by a governmental entity of competent jurisdiction; and (E) the absence of a Material Adverse Effect (as defined in the Merger Agreement). The obligation of each party to consummate the proposed Merger is also conditioned on the accuracy of the other party's representations and warranties (subject to certain materiality exceptions) and the other party's compliance, in all material respects, with its covenants and agreements under the Merger Agreement.

The Merger Agreement provides for certain customary termination rights of the Registrant and Parent, including the right of either party to terminate the Merger Agreement if the Merger is not completed on or before August 24, 2020 (the "Outside Date"), provided that the Outside Date may be extended up to an additional 90 days by either party if all conditions are satisfied other than the receipt of regulatory approvals and CFIUS clearance or absence of legal

restraints. The Merger Agreement also provides that the Registrant will be required to pay Parent a termination fee of \$575.0 million in certain circumstances.

For additional information related to the Merger Agreement, please refer to the Company's Definitive Proxy Statement on Schedule 14A (the "Definitive Proxy Statement") filed with the U.S. Securities and Exchange Commission (the "SEC") on January 6, 2020.

#### MAINTENANCE OF THE TIFFANY & CO. BRAND

The TIFFANY & CO. brand (the "Brand") is the single most important asset of Tiffany and, indirectly, of the Company. The strength of the Brand goes beyond trademark rights (see "TRADEMARKS" below) and is derived from consumer perceptions of the Brand. Management monitors the strength of the Brand through focus groups and survey research.

Management believes that consumers associate the Brand with high-quality gemstone jewelry, particularly diamond jewelry; sophisticated style and romance; excellent customer service; an elegant store and online environment; upscale store locations; "classic" product positioning; and distinctive and high-quality packaging materials (most significantly, the TIFFANY & CO. blue box). Tiffany's business plan includes expenses to maintain the strength of the Brand, such as the following:

- Maintaining its position within the high-end of the jewelry market requires Tiffany to invest significantly in diamond and gemstone inventory, as well as platinum and gold, which carry a lower overall gross margin; it also causes some consumers to view Tiffany as beyond their price range;
- To provide excellent service, stores must be well staffed with knowledgeable professionals;
- Elegant stores in the best "high street" and luxury mall locations are more expensive and difficult to secure and maintain, but reinforce the Brand's luxury connotations through association with other luxury brands;
- While the "classic" positioning of much of Tiffany's product line supports the Brand and requires sufficient display space in its stores, management's strategic priorities also include the accelerated introduction of new design collections primarily in jewelry, but also in non-jewelry products, which could result in a necessary reallocation of product display space;
- Tiffany's packaging supports consumer expectations with respect to the Brand but is expensive; and
- A significant amount of marketing across print, digital and social media, as well as public relations events are required to both reinforce the Brand's association with luxury, sophistication, style and romance, as well as to market specific products.

All of the foregoing require that management make tradeoffs between business initiatives that might generate incremental sales and earnings and Brand maintenance objectives. This is a dynamic process. To the extent that management deems that product, marketing or distribution initiatives will unduly and negatively affect the strength of the Brand, such initiatives have been and will be curtailed or modified appropriately. At the same time, Brand maintenance suppositions are regularly questioned by management to determine if any tradeoff between sales and earnings is truly worth the positive effect on the Brand. At times, management has determined, and may in the future determine, that the strength of the Brand warranted, or that it will permit, more aggressive and profitable product, marketing or distribution initiatives.

#### REPORTABLE SEGMENTS

The Company has four reportable segments: (i) Americas, (ii) Asia-Pacific, (iii) Japan and (iv) Europe. All non-reportable segments are included within Other. The Company transacts business within certain of its segments through the following channels: (i) retail, (ii) Internet, (iii) catalog, (iv) business-to-business (products drawn from the retail product line and items specially developed for the business market) and (v) wholesale distribution (merchandise sold to independent distributors for resale). The Company's segment information for the fiscal years ended January 31, 2020, 2019 and 2018 is reported in "Item 8. Financial Statements and Supplementary Data - Note Q. Segment Information."

## Americas

Sales in the Americas represented 43% of worldwide net sales in 2019, while sales in the United States ("U.S.") represented 86% of net sales in the Americas. Sales are transacted through the following channels: retail (in the U.S., Canada and Latin America), Internet and catalog (in the U.S. and Canada), business-to-business (in the U.S.) and wholesale distribution (in Latin America and the Caribbean).

Retail sales in the Americas are transacted in 124 Company-operated TIFFANY & CO. stores in (number of stores at January 31, 2020 included in parentheses): the U.S. (94), Canada (13), Mexico (10), Brazil (6) and Chile (1). Included within these totals are 14 Company-operated stores located within various department stores in Canada and Mexico. Included in the U.S. retail stores is the New York Flagship store, which represented less than 10% of worldwide net sales in 2019.

## Asia-Pacific

Sales in Asia-Pacific represented 28% of worldwide net sales in 2019, while sales in Greater China represented approximately 60% of net sales in Asia-Pacific. Sales are transacted through the following channels: retail, Internet (in Australia and China), business-to-business (in China) and wholesale distribution.

Retail sales in Asia-Pacific are transacted in 91 Company-operated TIFFANY & CO. stores in (number of stores at January 31, 2020 included in parentheses): China (34), Korea (15), Australia (11), Hong Kong (10), Taiwan (7), Singapore (5), Macau (4), Malaysia (2), Thailand (2) and New Zealand (1). Included within these totals are 35 Company-operated stores located within various department stores.

## Japan

Sales in Japan represented 15% of worldwide net sales in 2019. Sales are transacted through the following channels: retail, Internet, business-to-business and wholesale distribution.

Retail sales in Japan are transacted in 58 Company-operated TIFFANY & CO. stores. Included within this total are 53 stores located within department stores, generating approximately 75% of net sales in Japan. There are four large department store groups in Japan. The Company operates TIFFANY & CO. stores in locations controlled by these groups as follows (number of locations at January 31, 2020 included in parentheses): Isetan Mitsukoshi Ltd. (14), Takashimaya Co., Ltd. (9), J. Front Retailing Co., Ltd. (Daimaru and Matsuzakaya department stores) (8) and Seven & i Holding Co., Ltd. (Sogo and Seibu department stores) (4). The Company also operates 18 stores in other department stores.

## Europe

Sales in Europe represented 11% of worldwide net sales in 2019, while sales in the United Kingdom ("U.K.") represented approximately 40% of net sales in Europe. Sales are transacted through the following channels: retail, Internet and wholesale distribution.

Retail sales in Europe are transacted in 48 Company-operated TIFFANY & CO. stores in (number of stores at January 31, 2020 included in parentheses): the U.K. (12), Italy (9), Germany (7), France (5), Spain (3), Switzerland (3), the Netherlands (2), Russia (2), Austria (1), Belgium (1), the Czech Republic (1), Denmark (1) and Ireland (1). Included within these totals are 11 Company-operated stores located within various department stores. The Company currently operates e-commerce enabled websites within the following countries: U.K., Austria, Belgium, France, Germany, Ireland, Italy, the Netherlands and Spain.

## Other

Other consists of all non-reportable segments, including: (i) retail sales transacted in five Company-operated TIFFANY & CO. stores in the United Arab Emirates ("U.A.E.") and wholesale distribution in the Emerging Markets region; (ii) wholesale sales of diamonds (see "PRODUCT SUPPLY CHAIN – Supply of Diamonds" below); and (iii) licensing agreements.

*Licensing Agreements.* The Company receives earnings from a licensing agreement with Luxottica Group S.p.A., for the development, production and distribution of TIFFANY & CO. brand eyewear, and from a licensing agreement with Coty Inc., for the development, production and distribution of TIFFANY & CO. brand fragrance products. The earnings received from these licensing agreements represented less than 1% of worldwide net sales in 2019.

#### Retail Distribution Base

Management regularly evaluates opportunities to optimize its retail store base. This includes evaluating potential markets for new TIFFANY & CO. stores, as well as the renovation, relocation, or closure of existing stores. Considerations include the characteristics of the markets to be served, consumer demand and the proximity of other luxury brands and existing TIFFANY & CO. locations. Management recognizes that over-saturation of any market could diminish the distinctive appeal of the Brand, but believes that there are a number of opportunities remaining in new and existing markets that will meet the requirements for a TIFFANY & CO. location in the future.

The following chart details the number of TIFFANY & CO. retail locations operated by the Company since 2015:

Year:	Americas		Asia-Pacific	Japan	Europe	Emerging Markets	Total
	U.S.	Canada & Latin America					
2015	95	29	81	56	41	5	307
2016	95	30	85	55	43	5	313
2017	94	30	87	54	46	4	315
2018	93	31	90	55	47	5	321
2019	94	30	91	58	48	5	326

#### E-Commerce, Catalog and Phone Orders

The Company currently operates e-commerce enabled websites in 14 countries, as well as informational websites in several additional countries. To a lesser extent, sales are also generated through catalogs that the Company distributes in certain countries as well as orders placed via telephone in certain markets. Sales transacted on those websites, through catalogs or via telephone accounted for 7% of worldwide net sales in 2019, 2018 and 2017. Management believes that its websites serve an important marketing role in building brand awareness and attracting customers to the Company's stores. In addition, the Company offers a select assortment of its products through third party websites.

#### Products

The Company's principal product category is jewelry, which represented 92%, 92% and 91% of worldwide net sales in 2019, 2018 and 2017, respectively. The Company offers an extensive selection of TIFFANY & CO. brand jewelry at a wide range of prices. Designs are developed by employees, suppliers, independent designers and independent "named" designers (see "MATERIAL DESIGNER LICENSE" below).

The Company also sells watches, home and accessories products and fragrances, which represented, in total, 6%, 7% and 7% of worldwide net sales in 2019, 2018 and 2017, respectively. The remainder of worldwide net sales was attributable to wholesale sales of diamonds and earnings from third-party licensing agreements.

Sales by Reportable Segment of TIFFANY & CO. Jewelry by Category

	% of total Americas Sales	% of total Asia-Pacific Sales	% of total Japan Sales	% of total Europe Sales	% of total Reportable Segment Sales
<b>2019</b>					
Jewelry collections <sup>a</sup>	55%	63%	38%	60%	55%
Engagement jewelry <sup>b</sup>	21%	29%	38%	24%	26%
Designer jewelry <sup>c</sup>	14%	6%	17%	12%	12%
<b>2018</b>					
Jewelry collections <sup>a</sup>	53%	61%	37%	60%	54%
Engagement jewelry <sup>b</sup>	21%	31%	37%	23%	26%
Designer jewelry <sup>c</sup>	14%	7%	18%	12%	12%
<b>2017</b>					
Jewelry collections <sup>a</sup>	53%	59%	30%	60%	52%
Engagement jewelry <sup>b</sup>	22%	31%	39%	25%	27%
Designer jewelry <sup>c</sup>	14%	8%	22%	12%	13%

- a) This category includes jewelry in a wide range of prices within the Company's high jewelry and named jewelry collections such as Tiffany Paper Flowers<sup>®</sup>, Tiffany Victoria<sup>®</sup>, Tiffany Soleste<sup>®</sup>, Tiffany Keys, Tiffany T, Tiffany HardWear and Return to Tiffany<sup>®</sup>, among others. Jewelry in this category is primarily crafted using precious metals (platinum, gold or sterling silver) and may contain diamonds and/or other gemstones.
- b) This category includes engagement rings and wedding bands. Most jewelry in this category contains diamonds and is constructed of platinum and/or gold.
- c) This category includes only jewelry that is attributed to one of the Company's "named" designers: Elsa Peretti (see "MATERIAL DESIGNER LICENSE" below), Paloma Picasso and Jean Schlumberger. Jewelry in this category is primarily crafted using precious metals (platinum, gold or sterling silver) and may contain diamonds and/or other gemstones.

ADVERTISING, MARKETING, PUBLIC AND MEDIA RELATIONS

The Company's strategy is to invest in marketing and public relations programs designed to build awareness of the Brand, its heritage and its products, as well as to enhance the Brand's relevance and association among consumers with quality and luxury. The Company regularly advertises in newspapers and magazines, as well as through digital and social media. Public and media relations activities are also significant to the Company's business. The Company engages in a program of media activities and marketing events to maintain consumer awareness of the Brand and TIFFANY & CO. products. It also publishes its well-known *Blue Book* to showcase its high-end jewelry. In 2019, 2018 and 2017, the Company spent \$378.8 million, \$394.1 million and \$314.9 million, representing 8.6%, 8.9% and 7.6% of worldwide net sales in those respective years, on advertising, marketing and public and media relations, which include costs for media, production, catalogs, Internet, visual merchandising (in-store and window displays), marketing events and other related items.

In addition, management believes that the Brand is enhanced by philanthropic efforts, including charitable sponsorships and monetary and merchandise donations. The Company also periodically makes donations to The Tiffany & Co. Foundation, a private foundation established to support nonprofit organizations. The philanthropic efforts of this Foundation are primarily focused on environmental conservation.

## TRADEMARKS

The designations TIFFANY® and TIFFANY & CO.® are the principal trademarks of Tiffany, and also serve as tradenames. Tiffany has obtained and is the proprietor of trademark registrations for TIFFANY and TIFFANY & CO., as well as the TIFFANY BLUE BOX®, the TIFFANY BLUE BOX design, TIFFANY BLUE® and the color Tiffany Blue for a variety of product categories and services in the U.S. and in other countries.

Tiffany maintains a program to protect its trademarks and institutes legal action where necessary to prevent others either from registering or using marks which are considered to create a likelihood of confusion with the Company or its products.

Tiffany has been generally successful in such actions and management considers that the Company's worldwide rights in its principal trademarks, TIFFANY and TIFFANY & CO., are strong. However, use of the designation TIFFANY by third parties on related or unrelated goods or services, frequently transient in nature, may not come to the attention of Tiffany or may not rise to a level of concern warranting legal action.

Tiffany actively pursues those who produce or sell counterfeit TIFFANY & CO. goods through civil action and cooperation with criminal law enforcement agencies. However, counterfeit TIFFANY & CO. goods remain available in many markets because it is not possible or cost-effective to eradicate the problem. The cost of enforcement is expected to continue to rise. In recent years, there has been an increase in the availability of counterfeit goods, predominantly silver jewelry, on the Internet and in various markets by street vendors and small retailers. Tiffany pursues infringers through leads generated internally and through a network of investigators, legal counsel, law enforcement and customs authorities worldwide. The Company responds to such infringing activity by taking various actions, including sending cease and desist letters, cooperating with law enforcement in criminal prosecutions, initiating civil proceedings and participating in joint actions and anti-counterfeiting programs with other like-minded third party rights holders.

Despite the general fame of the TIFFANY and TIFFANY & CO. name and mark for the Company's products and services, Tiffany is not the sole person entitled to use the name TIFFANY in every category of use in every country of the world; for example, in some countries, third parties have registered the name TIFFANY in connection with certain product categories (including, in the U.S., the category of bedding and, in certain foreign countries, the categories of food, cosmetics, clothing, paper goods and tobacco products) under circumstances where Tiffany's rights were not sufficiently clear under local law, and/or where management concluded that Tiffany's foreseeable business interests did not warrant the expense of legal action.

## MATERIAL DESIGNER LICENSE

Since 1974, Tiffany has been the sole licensee for the intellectual property rights necessary to make and sell jewelry and other products designed by Elsa Peretti and bearing her trademarks. The designs of Ms. Peretti accounted for 7%, 8% and 9% of the Company's worldwide net sales in 2019, 2018 and 2017, respectively.

Tiffany is party to an Amended and Restated Agreement (the "Peretti Agreement") with Ms. Peretti, which largely reflects the long-standing rights and marketing and royalty obligations of the parties. Pursuant to the Peretti Agreement, Ms. Peretti grants Tiffany an exclusive license, in all of the countries in which Peretti-designed jewelry and products are currently sold, to make, have made, advertise and sell these items. Ms. Peretti continues to retain ownership of the copyrights for her designs and her trademarks and remains entitled to exercise approval and consultation rights with respect to important aspects of the promotion, display, manufacture and merchandising of the products made in accordance with her designs. Under and in accordance with the terms set forth in the Peretti Agreement, Tiffany is required to display the licensed products in stores, to devote a portion of its advertising budget to the promotion of the licensed products, to pay royalties to Ms. Peretti for the licensed products sold, to maintain total on-hand and on-order inventory of non-jewelry licensed products (such as tabletop products) at approximately \$8.0 million and to take certain actions to protect Ms. Peretti's intellectual property, including to maintain trademark registrations reasonably necessary to sell the licensed products in the markets in which the licensed products are sold by Tiffany.

The Peretti Agreement has a term that expires in 2032 and is binding upon Ms. Peretti, her heirs, estate, trustees and permitted assignees. During the term of the Peretti Agreement, Ms. Peretti may not sell, lease or otherwise dispose of her copyrights and trademarks unless the acquiring party expressly agrees with Tiffany to be bound by the

provisions of the Peretti Agreement. The Peretti Agreement is terminable by Ms. Peretti in the event of a material breach by Tiffany (subject to a cure period) or upon a change of control of Tiffany or the Company. It is terminable by Tiffany only in the event of a material breach by Ms. Peretti or following an attempt by Ms. Peretti to revoke the exclusive license (subject, in each case, to a cure period).

## PRODUCT SUPPLY CHAIN

The Company's strategic priorities include maintaining substantial control over its product supply chain through internal jewelry manufacturing and direct diamond sourcing. The Company manufactures jewelry in New York, Rhode Island and Kentucky, polishes and performs certain assembly work on jewelry in the Dominican Republic and crafts silver hollowware in Rhode Island. In total, these internal manufacturing facilities produce approximately 60% of the jewelry sold by the Company. The balance, and almost all non-jewelry items, is purchased from third parties. The Company may increase the percentage of internally-manufactured jewelry in the future, but management does not expect that the Company will ever manufacture all of its needs. Factors considered by management in its decision to use third-party manufacturers include access to or mastery of various product-making skills and technology, support for alternative capacity, product cost and the cost of capital investments. To supply its internal manufacturing facilities, the Company processes, cuts and polishes rough diamonds at its facilities outside the U.S. and sources precious metals, rough diamonds, polished diamonds and other gemstones, as well as certain fabricated components, from third parties.

*Supply of Diamonds.* The Company regularly purchases parcels of rough diamonds for polishing and further processing. The vast majority of diamonds acquired by the Company originate from Botswana, Canada, Namibia, Russia and South Africa. The Company has diamond processing operations in Belgium, Botswana, Cambodia, Mauritius and Vietnam that prepare and/or cut and polish rough diamonds for its use. The Company conducts operations in Botswana through a subsidiary in which local third parties own minority, non-controlling interests, allowing the Company to access rough diamond allocations reserved for local manufacturers. The Company maintains a relationship and has an arrangement with these local third parties; however, if circumstances warrant, the Company could seek to replace its existing local partners or operate without local partners.

The Company secures supplies of rough diamonds primarily through arrangements with diamond producers and, to a lesser extent, on the secondary market. Most of this supply comes from arrangements in which the Company accesses rough diamonds that are offered for sale (including as a sightholder), although with no contractual purchase obligation for such rough diamonds. A smaller portion of rough diamond purchases is made through agreements in which the Company is required to purchase a minimum volume of rough diamonds (anticipated to be approximately \$30.0 million in 2020). All such supply arrangements are generally at the market price prevailing at the time of purchase.

As a result of the manner in which rough diamonds are typically assorted for sale, it is occasionally necessary for the Company to knowingly purchase, as part of a larger assortment, rough diamonds that do not meet the Company's quality standards or assortment needs. The Company seeks to recover its costs related to these diamonds by selling such diamonds to third parties (generally other diamond polishers), which has the effect of modestly reducing the Company's overall gross margins. Any such sales are included in the Other non-reportable segment.

In recent years, an average of approximately 75% (by volume) of the polished diamonds used in the Company's jewelry that are 0.18 carats and larger and individually registered ("individually registered diamonds") has been produced from rough diamonds that the Company has purchased. The balance of the Company's needs for individually registered diamonds is purchased from polishers or polished-diamond dealers generally through purchase orders for fixed quantities. The Company's relationships with polishers and polished-diamond dealers may be terminated at any time by either party, but such a termination would not discharge either party's obligations under unfulfilled purchase orders accepted prior to the termination. It is the Company's intention to continue to supply the substantial majority of its needs for individually registered diamonds, as well as a majority of its needs for melee diamonds of less than 0.18 carats used in the Company's jewelry, by purchasing rough diamonds.

*Conflict Diamonds.* Media attention has been drawn to the issue of "conflict" diamonds. This term is used to refer to diamonds extracted from war-torn geographic regions and sold by rebel forces to fund insurrection. Allegations have also been made that trading in such diamonds supports terrorist activities. Management believes that it is not possible in most purchasing scenarios to distinguish diamonds produced in conflict regions from diamonds produced in other regions once they have been polished. Therefore, concerned participants in the diamond trade, including the

Company and nongovernment organizations, seek to exclude "conflict" diamonds, which represent a small fraction of the world's supply, from legitimate trade through an international system of certification and legislation known as the Kimberley Process Certification Scheme. All rough diamonds the Company buys, crossing an international border, must be accompanied by a Kimberley Process certificate and all trades of rough and polished diamonds must conform to a system of warranties that references the aforesaid scheme. It is not expected that such efforts will substantially affect the supply of diamonds. In addition, concerns over human rights abuses in Zimbabwe, Angola and the Democratic Republic of the Congo underscore that the aforementioned system has not deterred the production of diamonds in state-sanctioned mines under poor working conditions. The Company has informed its vendors that it does not intend to purchase Zimbabwean, Angolan or Congolese-produced diamonds. Accordingly, the Company has implemented the Diamond Source Warranty Protocol, which requires vendors to provide a warranty, and a qualified independent audit certificate, that loose polished diamonds were not obtained from Zimbabwean, Angolan or Congolese mines. As part of its diamond source initiative, the Company also requires its vendors to affirmatively state the region or country of origin of any polished diamonds sold to the Company that are 0.18 carats and larger and individually registered.

*Worldwide Availability and Price of Diamonds.* The availability and price of diamonds are dependent on a number of factors, including global consumer demand, the political situation in diamond-producing countries, the opening of new mines, the continuance of the prevailing supply and marketing arrangements for rough diamonds and levels of industry liquidity. In recent years, there has been substantial volatility in the prices of both rough and polished diamonds. Prices for rough diamonds do not necessarily reflect current demand for polished diamonds.

In addition, the supply and prices of rough and polished diamonds in the principal world markets have been and continue to be influenced by the Diamond Trading Company ("DTC"), an affiliate of the De Beers Group. Although the DTC's historical ability to control worldwide production has diminished due to its lower share of worldwide production and changing policies in diamond-producing countries, the DTC continues to supply a meaningful portion of the world market for rough, gem-quality diamonds and continues to impact diamond supply through its marketing and advertising initiatives. A significant portion of the diamonds that the Company purchased in 2019 had their source with the DTC.

Sustained interruption in the supply of diamonds, an overabundance of supply or a substantial change in the marketing arrangements described above could adversely affect the Company and the retail jewelry industry as a whole. Changes in the marketing and advertising spending of the DTC and its direct purchasers could affect consumer demand for diamonds.

The Company purchases conflict-free rough and polished diamonds, in highly graded color and clarity ranges. Management does not foresee a shortage of diamonds in these quality ranges in the short term but believes that, unless new mines are developed, rising demand will eventually create such a shortage and lead to higher prices.

*Synthetic and Treated Diamonds.* Synthetic diamonds (diamonds manufactured but not naturally occurring) and treated diamonds (naturally occurring diamonds subject to treatment processes, such as irradiation) are produced in growing quantities. Although significant questions remain as to the ability of producers to generate synthetic and/or treated diamonds economically within a full range of sizes and natural diamond colors, and as to consumer acceptance of these diamonds, such diamonds are becoming a larger factor in the market. Should synthetic and/or treated diamonds be offered in significant quantities, the supply of and prices for natural diamonds may be affected. The Company does not produce and does not intend to purchase or sell such diamonds.

*Purchases of Precious Metals and Other Polished Gemstones.* Precious metals and other polished gemstones used in making jewelry are purchased from a variety of sources for use in the Company's internal manufacturing operations and/or for use by third-party manufacturers contracted to supply Tiffany merchandise. The silver, gold and platinum sourced directly by the Company principally come from two sources: (i) in-ground, large-scale deposits of metals, primarily in the U.S., that meet the Company's standards for responsible mining and (ii) metals from recycled sources. While the Company may supply precious metals to a manufacturer, it cannot determine, in all circumstances, whether the finished goods provided by such manufacturer were actually produced with Company-supplied precious metals.

The Company generally enters into purchase orders for fixed quantities with precious metals and other polished gemstone vendors. Purchases are generally made at prevailing market prices, which have, with respect to precious metals, experienced substantial volatility in recent years. These relationships may be terminated at any time by

either party; such termination would not discharge either party's obligations under unfulfilled purchase orders accepted prior to the termination. The Company believes that there are numerous alternative sources for other polished gemstones and precious metals and that the loss of any single supplier would not have a material adverse effect on its operations.

*Finished Jewelry.* Finished jewelry is purchased from approximately 50 manufacturers. However, the Company does not enter into long-term supply arrangements with its finished goods vendors. The Company does enter into merchandise vendor agreements with nearly all of its finished goods vendors. The merchandise vendor agreements establish non-price terms by which the Company may purchase and by which vendors may sell finished goods to the Company. These terms include payment terms, shipping procedures, product quality requirements, merchandise specifications and vendor social responsibility requirements. The Company generally enters into purchase orders for fixed quantities of merchandise with its vendors. These relationships may be terminated at any time by either party; such termination would not discharge either party's obligations under unfulfilled purchase orders accepted prior to termination. The Company actively seeks alternative sources for its best-selling jewelry items to mitigate any potential disruptions in supply. However, due to the craftsmanship involved in a small number of designs, the Company may have difficulty finding readily available alternative suppliers for those jewelry designs in the short term.

*Watches.* The Company sells TIFFANY & CO. brand watches, which are designed, produced, marketed and distributed through certain of the Company's subsidiaries. The Company has relationships with approximately 30 component and subassembly vendors to manufacture watches. The terms of the Company's contractual relationships with these vendors are substantially similar to those described under "Finished Jewelry" above. Sales of these TIFFANY & CO. brand watches represented approximately 1% of worldwide net sales in 2019, 2018 and 2017.

## COMPETITION

The global jewelry industry is competitively fragmented. The Company encounters significant competition in all product categories. Some competitors specialize in just one area in which the Company is active. Many competitors have established worldwide, national or local reputations for style, quality, expertise and customer service similar to the Company and compete on the basis of that reputation. Certain other jewelers and retailers compete primarily through advertised price promotion. The Company competes on the basis of the Brand's reputation for high-quality products, customer service and distinctive merchandise and does not engage in price promotional advertising.

Competition for engagement jewelry sales is particularly and increasingly intense. The Company's retail prices for diamond jewelry reflect the rarity of the stones it offers and the rigid parameters it exercises with respect to the cut, clarity and other diamond quality factors which increase the beauty of the diamonds, but which also increase the Company's cost. The Company competes in this market by emphasizing quality.

## SEASONALITY

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

## EMPLOYEES

As of January 31, 2020, the Company employed an aggregate of approximately 14,100 full-time and part-time persons. Of those employees, approximately 5,500 are employed in the United States.

## AVAILABLE INFORMATION

The Company files annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to reports filed or furnished pursuant to Sections 13(a), 14 and 15(d) of the Securities Exchange Act of 1934, as amended. Copies of these reports and statements may be obtained, free of charge, on the Company's website at <https://investor.tiffany.com/financial-information>.

**Item 1A. Risk Factors.**

As is the case for any retailer, the Company'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 Company and/or the markets in which it operates. The following "risk factors" are specific to the Company; these risk factors affect the likelihood that the Company will achieve the objectives and expectations communicated by management. The risk factors described below are not the only ones faced by the Company and additional risks and uncertainties not presently known or that are currently deemed immaterial also may impair the Company's business operations. Management's strategies are subject to the risks described herein and may be subject to other risks that have not yet been identified.

**(i) The announcement and pendency of the proposed Merger may adversely affect the Company's business, financial condition and results of operations.**

Uncertainty about the effect of the proposed Merger on the Company's employees, customers, and other parties may have an adverse effect on the Company's business, financial condition and results of operations regardless of whether the proposed Merger is completed. These risks to the Company's business include, among others, the following, all of which may be exacerbated by a delay in the completion of the proposed Merger: (i) the impairment of the Company's ability to attract, retain, and motivate its employees; (ii) the diversion of significant management time and attention from ongoing business operations towards the completion of the proposed Merger; (iii) difficulties maintaining relationships with customers, suppliers and other business partners; (iv) delays or deferments of certain business decisions by the Company's customers, suppliers and other business partners; (v) the inability to pursue alternative business opportunities or make appropriate changes to the Company's business because the Merger Agreement requires the Company to, subject to certain exceptions, including as required by a Governmental Entity or by applicable Law (in each case as defined in the Merger Agreement), conduct its business in the ordinary course of business and to not engage in certain kinds of transactions prior to the completion of the proposed Merger without the prior written consent of Parent (such consent not to be unreasonably conditioned, withheld or delayed), even if such actions could prove beneficial; (vi) litigation relating to the proposed Merger and the costs related thereto; and (vii) the incurrence of significant costs, expenses and fees for professional services and other transaction costs in connection with the proposed Merger.

**(ii) Failure to consummate the proposed Merger within the expected time frame or at all may have a material adverse impact on the Company's business, financial condition and results of operations.**

There can be no assurance that the proposed Merger will be consummated. The consummation of the proposed Merger is subject to various conditions, including, among others, customary conditions relating to (i) the receipt of certain non-U.S. regulatory approvals; (ii) clearance by the CFIUS; (iii) the absence of a law or order in effect that enjoins, prevents or otherwise prohibits the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement issued by a governmental entity; (iv) the absence of any legal proceeding seeking to enjoin, prevent or otherwise prohibit the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement instituted by a governmental entity of competent jurisdiction; and (v) the absence of a Material Adverse Effect (as defined in the Merger Agreement). There can be no assurance that these and other conditions to closing will be satisfied in a timely manner or at all.

In connection with the proposed Merger, the Registrant and its directors were named as defendants in four lawsuits brought by purported stockholders challenging the proposed Merger and seeking various forms of injunctive relief and money damages. While the plaintiffs of these lawsuits have voluntarily dismissed their claims, the Registrant may be subject to additional future litigation challenging the proposed Merger. If any future plaintiffs are successful in obtaining an injunction prohibiting the consummation of the proposed Merger, then such injunction may prevent the Merger from becoming effective within the expected time frame or at all, either of which could have a material adverse impact on the Company's business, financial condition and results of operations.

The Merger Agreement also provides that the Merger Agreement may be terminated by the Company or Parent under certain circumstances, and in certain specified circumstances upon termination of the Merger Agreement, the Company will be required to pay Parent a termination fee of \$575.0 million. Depending on the circumstances requiring the Company to make this payment, doing so may materially adversely affect its business, financial condition and results of operations.

There can be no assurance that an adequate remedy will be available to the Company in the event of a breach of the Merger Agreement by Parent or its affiliates or that the Company will, wholly or partially, recover for any damages incurred by it in connection with the proposed Merger. A failed transaction may result in negative publicity and a negative impression of the Company among its customers or in the investment community or business community generally. Further, any disruptions to the Company's business resulting from the announcement and pendency of the proposed Merger, including any adverse changes in the Company's relationships with its customers, partners, suppliers and employees, may continue or accelerate in the event of a failed transaction. In addition, if the proposed Merger is not completed, and there are no other parties willing and able to acquire the Company at a price of \$135.00 per share or higher, on terms acceptable to the Company, the share price of the Company's Common Stock will likely decline to the extent that the current market price of the Company's Common Stock reflects an assumption that the proposed Merger will be completed. Also, the Company has incurred, and will continue to incur, significant costs, expenses, and fees for professional services and other transaction costs in connection with the proposed Merger, for which it will have received little or no benefit if the proposed Merger is not completed. Many of these fees and costs will be payable by the Company if the proposed Merger is not completed and may relate to activities that the Company would not have undertaken other than to complete the proposed Merger.

**(iii) The recent outbreak of the novel coronavirus has had a significant effect on the Company's sales results to date in fiscal 2020, and could have a significant negative impact on the Company's business, revenues, financial condition and results of operations in that year.**

An outbreak of a novel strain of coronavirus, COVID-19, was identified in Wuhan, China in December 2019 and was subsequently recognized as a pandemic by the World Health Organization on March 11, 2020. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. These actions have expanded significantly in the past several weeks and are expected to continue to expand in scope, type and impact. For example, on March 15, 2020, following an unscheduled meeting of the Federal Open Market Committee, the United States Federal Reserve reduced the target range for the federal funds rate to 0 to 0.25 percent, down from a range of 1 to 1.25 percent, in connection with the coronavirus's impact on the United States' economy.

In recent weeks, this coronavirus outbreak and the related preventative and protective actions have impacted the Company's business globally, including through store closures, reductions in operating hours and/or decreased store traffic. For example, from January 24 through March 19, 2020, management estimates that this coronavirus outbreak contributed to the loss of approximately 30 out of 54 retail trading days (accounting for the effect of individual store closures as well as reductions in store operating hours) across all of the Company's stores in the Chinese Mainland. In addition, as of March 19, 2020, the Company has temporarily closed all of its stores in the United States and Canada, and has temporarily closed nearly all of its stores across Europe and the United Kingdom. The Company has also experienced significantly reduced customer traffic from January 24 through March 19 in its stores that have been open during such period, which management believes has resulted in part from a reduction in tourism as well as restrictions on travel and limitations affecting individuals' ability to spend time in public areas. All of the foregoing developments have had a significant effect on the Company's sales results to date in its fiscal year ending January 31, 2021 ("fiscal 2020") and are expected to continue to have a significant effect on its financial results. These developments and effects are expected to continue and may also significantly affect the Company's business in other geographic areas where this coronavirus has spread and may continue to spread.

The Company's business is particularly sensitive to reductions in discretionary consumer spending. The Company cannot predict the degree to, or the time period over, which its business will be affected by this coronavirus outbreak. For example, this coronavirus outbreak could continue to impede global economic activity, leading to a further decline in discretionary spending by local customers and tourists, and resulting in additional significant effects on the Company's business, revenues, financial condition and results of operations. There are numerous uncertainties associated with this coronavirus outbreak, including the number of individuals who will become infected, whether a vaccine or cure that mitigates the effect of the virus will be synthesized, and, if so, when such vaccine or cure will be ready to be used, the extent of the protective and preventative measures that have been put in place by both governmental entities and other businesses and those that may be put in place in the future,

whether the virus's impact will be seasonal and numerous other uncertainties. The Company intends to continue to execute on its strategic plans and operational initiatives during the coronavirus outbreak. However, the aforementioned uncertainties may result in delays or modifications to these plans and initiatives.

This coronavirus outbreak has also impacted, and may continue to impact, the Company's office locations, manufacturing and servicing facilities and distribution centers, as well as those of its third party vendors, including through the effects of facility closures, reductions in operating hours, staggered shifts and other social distancing efforts, labor shortages, decreased productivity and unavailability of raw materials or components. For example, the Company has experienced reduced capacity in its manufacturing and servicing facilities in New York as a result of state-imposed temporary occupancy restrictions, as well as a government-mandated temporary closure of its diamond processing operation in Mauritius. This coronavirus outbreak may also impact distribution and logistics providers' ability to operate or increase their operating costs. These supply chain effects may negatively affect the Company's ability to meet consumer demand and may increase the Company's costs of production and distribution.

For the reasons set forth above and other reasons that may come to light if this coronavirus outbreak and any associated protective or preventative measures expand, as of the date hereof, the Company cannot reasonably estimate the impact to the Company's business, revenues, financial condition or results of operations; however, such impact could be significantly negative.

**(iv) Challenging global economic conditions and related low levels of consumer confidence over a prolonged period of time could adversely affect the Company's sales and earnings.**

As a retailer of goods which are discretionary purchases, the Company's sales results are particularly sensitive to changes in economic conditions and consumer confidence. Consumer confidence is affected by general business conditions; domestic and international political uncertainties and/or developments; changes in the market value of equity 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 Company's sales and earnings.

Certain competitors may react to such conditions by reducing retail prices and promoting such reductions; such reductions and/or inventory liquidations can have a short-term adverse effect on the Company's sales, especially given the Company's policy of not engaging in price promotional activity.

The Company has invested in and operates a significant number of stores in Greater China and anticipates continuing to do so. Any slowdown in the Chinese economy could have a negative impact on the sales and profitability of stores in Greater China as well as stores in other markets that serve Chinese tourists.

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

**(v) Sales may decline or remain flat in the Company's fourth fiscal quarter, which includes the Holiday selling season.**

The Company's business is seasonal in nature, with the fourth quarter typically representing approximately one-third of annual net sales and a higher percentage of annual net earnings. Poor sales results during the fourth quarter would have an adverse effect on annual earnings and inventories in the short term.

**(vi) The Company conducts operations globally, the risks of which could increase its costs, reduce its profits or disrupt its business.**

The Company operates globally and generates a majority of its worldwide net sales outside the United States. It also has both U.S. and foreign manufacturing operations, and relies on certain U.S. and foreign third-party vendors and suppliers. As a result, the Company is subject to the risks of doing business globally, including:

- the laws, regulations and policies of governments relating to investments, loans and operations, the costs or desirability of complying with local practices and customs and the impact of various anti-corruption and other laws affecting the activities of U.S. companies abroad;

- uncertainties from changes in U.S. or foreign taxation policies;
- compliance by third party vendors and suppliers with the Company's sourcing and quality standards, codes of conduct, or contractual requirements as well as applicable laws and regulations;
- import and export licensing requirements and regulations, as well as unforeseen changes in regulatory requirements;
- political or economic instability in foreign countries, including the potential for rapid and unexpected changes in government, economic and political policies, such as the U.K.'s recent exit from the European Union ("E.U."), as discussed below;
- political or civil unrest, including protests and other civil disruption, such as the ongoing business disruption in Hong Kong;
- acts of terrorism or the threat of international boycotts or U.S. anti-boycott legislation as a result of, for example, changes in government policies of foreign countries in response to actions taken by the U.S. government;
- the imposition of additional duties, tariffs, taxes and other charges or other barriers to trade, including as a result of changes in diplomatic and trade relations or agreements with other countries;
- challenges inherent in oversight of foreign operations, systems and controls;
- potential negative consequences from foreign governments' currency management practices;
- uncertainties as to enforcement of certain contract and other rights; and
- inventory risk exposures.

Changes in these regulatory, political, economic, or monetary policies and other factors could require the Company to significantly modify its current business practices and may adversely affect its future financial results. For example, the Company could be adversely impacted by U.S. trade policies, legislation, treaties and tariffs, including trade policies and tariffs affecting China and, the E.U., as well as retaliatory tariffs by such countries. Such tariffs and, if enacted, any further legislation or actions taken by the U.S. government that restrict trade, such as additional tariffs or trade barriers, and other protectionist or retaliatory measures taken by governments in Europe, Asia and elsewhere, could have a negative effect on the Company's ability to sell products in those markets.

Additionally, in June 2016, voters in the U.K. approved an advisory referendum to withdraw from the E.U., commonly referred to as "Brexit." On January 31, 2020, the U.K. officially terminated its membership in the E.U. pursuant to the terms of a withdrawal agreement concluded between the U.K. and E.U. Among other terms, the withdrawal agreement provides for a transition period through December 31, 2020, during which the U.K.'s existing trade relationship with the E.U. will remain in place and the U.K. will continue to follow the E.U.'s rules. Negotiations during the transition period to determine the U.K.'s future relationship with the E.U., including the terms of a future trade deal, are expected to be complex and it is not clear at this time what, if any, agreements will be reached by the current December 31, 2020 transition period deadline. Changes related to Brexit could significantly disrupt the free movement of goods, services, and people between the U.K. and the E.U., and result in potential higher costs of conducting business in Europe. Brexit could also lead to legal uncertainty and potentially divergent national laws and regulations in the U.K. and the E.U. The Company may incur additional costs and expenses as it adapts to these potentially divergent regulatory frameworks, and may face additional complexity with regard to immigration and travel rights for its employees located in the U.K. and the E.U. There may also be similar referendums or votes in other European countries in which the Company does business. The U.K.'s withdrawal from the E.U. and the uncertainty surrounding the terms of this withdrawal, as well as the impact of any similar circumstances that may arise elsewhere in Europe, could increase the Company's costs and adversely impact consumer and investor confidence.

While these factors, and the effect thereof, are difficult to predict, any one or more of them could lower the Company's revenues, increase its costs, reduce its earnings or disrupt its business.

**(vii) Revisions to the U.S. tax code, including changes in the guidance related to, or interpretation and application of, such revisions could materially affect the Company's tax obligations, provision for income taxes and effective tax rate.**

On December 22, 2017, the U.S. enacted comprehensive tax legislation, commonly referred to as the 2017 U.S. Tax Cuts and Jobs Act (the "2017 Tax Act"), which significantly affected U.S. tax law by changing how the U.S. imposes income tax on U.S. taxpayers. In particular, these changes impact the U.S. taxation of earnings in the jurisdictions in which the Company operates, the measurement of its deferred tax assets and liabilities and the tax impact in the event the Company were to repatriate the earnings of its non-U.S. subsidiaries to the U.S. The provisions of the 2017 Tax Act may be subject to further interpretation by the U.S. Treasury Department and the Internal Revenue Service, which have broad authority to issue regulations and interpretative guidance that may significantly impact how the Company will apply such provisions. Further regulatory or accounting guidance regarding the 2017 Tax Act could materially affect the Company's future financial results.

**(viii) A strengthening of the U.S. dollar against foreign currencies would negatively affect the Company's sales and profitability.**

The Company operates retail stores in more than 20 markets outside of the U.S. and, as a result, is exposed to market risk from fluctuations in foreign currency exchange rates, including, among others, the Japanese Yen, Euro, British Pound and Chinese Yuan. In 2019, sales in countries outside of the U.S. in aggregate represented a substantial portion of the Company's net sales and earnings from operations. A strengthening of the U.S. dollar against foreign currencies would require the Company to raise its retail prices in various locations outside of the U.S. in order to maintain its worldwide relative pricing structure, or reduce its profit margins. Consumers in those markets may not accept significant price increases on the Company's goods; thus, there is a risk that a strengthening of the U.S. dollar would result in reduced sales and profitability. In addition, a weakening of any foreign currency relative to other currencies may negatively affect spending by foreign tourists in the various regions where the Company operates retail stores which would adversely affect its net sales and profitability.

The reported results of operations of the Company's international subsidiaries are exposed to foreign exchange rate fluctuations as the financial results of the applicable subsidiaries are translated from the local currency into U.S. dollars during the process of financial statement consolidation. If the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency-denominated transactions would decrease consolidated net sales and profitability. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of such impacts.

**(ix) Political activities, regional instability and/or conflict, public health crises or similar events could disrupt tourist travel and local consumer spending.**

Regional and global conflicts or crises, such as military actions, terrorist activities and natural disasters, geopolitical or regulatory developments (and any related protests), public health crises and other similar events and conditions in the various regions and cities where the Company operates retail stores may negatively affect spending by both foreign tourists and local consumers. The Company's retail stores, many of which are located in major metropolitan areas globally, may in fact have close proximity to the locations of such events – for example, the Company's operations in Hong Kong have experienced significant business disruptions since the beginning of the protests in that market in 2019. The occurrence of the types of events or conditions described above, or the related effect of security measures implemented to address the possibility of such occurrences, could affect consumer traffic and/or spending in one or more of the Company's locations, which could adversely affect the Company's sales and earnings.

**(x) Changes in the Company's product or geographic sales mix could affect the Company's profitability.**

The Company sells an extensive selection of jewelry and other merchandise at a wide range of retail price points that yield different gross profit margins. Additionally, the Company's geographic regions achieve different operating profit margins due to a variety of factors including product mix, store size and occupancy costs, labor costs, retail pricing and fixed versus variable expenses. The increasing availability of, and ease of access to, retail price information across markets, primarily through the Internet, may affect consumers' decisions regarding in which geographies to shop. If the Company's sales mix were to shift toward products or geographic regions that are significantly different than the Company's plans, it could have an effect, either positively or negatively, on its expected profitability.

**(xi) Metrics the Company may report that are based on customer data it collects are subject to inherent challenges in measurement, and inaccuracies in that data or the resulting metrics could lead to decisions that adversely impact the Company's business.**

The Company regularly reviews customer sales and similar data to evaluate retail sales trends, measure its performance and make strategic decisions. The Company reviews its sales data attributed to local customers, which the Company defines as sales to customers who identify themselves as being residents of the same country as the retail store in which the applicable sale was completed, and sales attributed to foreign tourists, which the Company defines as sales to customers who identify themselves as being residents of a different country than the country of the retail store in which the applicable sale was completed, to evaluate growth and other sales trends within the Company's global customer base. These metrics are calculated using internal Company data that reflects residency information self-reported by its customers at the time of sale, or, for customers who do not self-report, that is based on certain pre-established default assumptions. While the Company believes this to be a reasonable method for collecting the applicable data, there are inherent challenges in collecting such data and measuring these aspects of its sales performance across its global customer population. For example, the default assumptions referred to above could result in a significant understatement or overstatement of sales attributed to local customers or foreign tourists. In addition, the collected data has not been validated by an independent third party, and the resulting metrics may differ from similar estimates published by third parties or from similarly titled metrics of other retailers.

Errors or inaccuracies in the Company's data or metrics could result in incomplete or inaccurate internal analyses, which may compromise the validity and reliability of conclusions the Company draws from such analyses and may further result in ineffective decision-making. For instance, such inaccuracies could result in an overstatement of sales to foreign tourists, which could lead the Company to allocate sales and marketing resources in a manner that would not result in optimal retail sales performance. If these metrics or the underlying data are used to inform management's strategies or initiatives, but reflect material errors or inaccuracies, the Company's business may be negatively affected.

**(xii) Increases in costs of diamonds, other gemstones and precious metals or reduced supply availability may adversely affect the Company's ability to produce and sell products at desired profit margins.**

Most of the Company's jewelry offerings are made with diamonds, other gemstones and/or precious metals. A significant increase in the costs or change in the supply of these commodities could adversely affect the Company's business, which is vulnerable to the risks inherent in the trade for such commodities. A substantial increase or decrease in the cost or supply of precious metals, high-quality rough and polished diamonds (within the quality grades, colors and sizes that customers demand) and/or other gemstones could affect, negatively or positively, customer demand, sales and gross profit margins. Additionally, should synthetic diamonds (diamonds manufactured but not naturally occurring) and/or treated diamonds (naturally occurring diamonds subject to treatment processes, such as irradiation) be offered in significant quantities and gain consumer acceptance, the supply of, demand for and prices for natural diamonds may be affected.

**(xiii) The Company may be unable to secure and retain sufficient space for its retail stores in prime locations, and maintaining the Company's brand image and desirability to consumers requires significant investment in store construction, maintenance and periodic renovation.**

The Company, positioned as a luxury goods retailer, has established its retail presence in choice store locations. Management regularly evaluates opportunities to optimize its retail store base, including potential markets for new TIFFANY & CO. stores, as well as the renovation and relocation of its existing stores. Maintaining the Company's brand image and desirability to consumers requires that stores be constructed and maintained in a manner consistent with that brand image. This requires significant capital investment, including for periodic renovations of existing stores. Renovations of existing stores may also result in temporary disruptions to an individual store's business. If the Company cannot secure and retain store locations on suitable terms in prime and desired luxury shopping locations, or if its investments to construct and/or renovate existing stores do not generate sufficient incremental sales and/or profitability or significantly disrupt sales and/or profitability during renovations, the Company's sales and/or earnings performance could be jeopardized.

For example, in 2018, the Company announced its plans to undertake a complete renovation of the New York Flagship store. The New York Flagship store closed in January 2020, at which time the Company began its complete renovation and temporarily moved its operations to the "Tiffany Flagship Next Door" at 6 East 57th Street. This

renovation is expected to be completed in the fourth quarter of 2021. The full renovation project will require significant capital investment and may result in business and/or consumer traffic disruptions. Significant delays or cost overruns are also possible during the construction period, which could significantly increase the cost of this renovation project and adversely impact the Company's future financial results. There can be no assurance that the results of this renovation project will appeal to the Company's customers or will increase the Company's sales or profitability.

**(xiv) The value of the TIFFANY & CO. and TIFFANY trademarks could decline due to third-party use and infringement.**

The TIFFANY & CO. and TIFFANY trademarks are assets that are essential to the competitiveness and success of the Company's business, and the Company takes appropriate action to protect them. The Company actively pursues those who produce or sell counterfeit TIFFANY & CO. goods through civil action and cooperation with criminal law enforcement agencies. However, use of the designation TIFFANY by third parties on related goods or services and the Company's failure or inability to protect against such use could adversely affect and dilute the value of the TIFFANY & CO. brand.

Notwithstanding the general success of the Company's enforcement actions, such actions have not stopped the imitation and counterfeiting of the Company's merchandise or the infringement of the trademark, and counterfeit TIFFANY & CO. goods remain available in most markets. In recent years, there has been an increase in the availability of counterfeit goods, predominantly silver jewelry, on the Internet and in various markets by street vendors and small retailers. The continued sale of counterfeit merchandise or merchandise that infringes the Company's trademarks could have an adverse effect on the TIFFANY & CO. brand by undermining the Company's reputation for quality goods and making such goods appear less desirable to consumers of luxury goods. Damage to the TIFFANY & CO. brand could result in lost sales and earnings.

**(xv) The Company's business is dependent upon the distinctive appeal of the TIFFANY & CO. brand.**

The TIFFANY & CO. brand's association with quality and luxury is integral to the success of the Company's business. The Company's expansion plans for retail, e-commerce and other direct selling operations and merchandise development, production and management support the appeal of the TIFFANY & CO. brand. 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 could result in lower sales and earnings.

In addition, adverse publicity regarding TIFFANY & CO. and its products, as well as adverse publicity in respect of, or resulting from, the Company's third-party vendors or the diamond or jewelry industries more generally, could adversely affect the Company's business. For example, the Company sources from third-party vendors certain products that, from time to time, may not, or may contain raw materials that do not, meet the Company's sourcing and quality standards as well as applicable requirements and regulations. In such instances, although the Company may have recourse against such third-party vendors, the Company may self-report to the relevant regulatory agencies, recall affected products and/or pay potential fines.

Any of the above could harm the TIFFANY & CO. brand and reputation, cause a loss of consumer confidence in the TIFFANY & CO. brand, its products and the industry, and/or negatively affect the Company's results of operations.

The considerable expansion in the use of social media in recent years has compounded the potential scope of any negative publicity.

**(xvi) Any material disruption of, or a failure to successfully implement or make changes to, information systems could negatively impact the Company's business.**

The Company is increasingly dependent on its information systems to operate its business, including in designing, manufacturing, marketing and distributing its products, as well as processing transactions, managing inventory and accounting for and reporting its results. Given the complexity of the Company's global business, it is critical that the Company maintain the uninterrupted operation of its information systems. Despite the Company's preventative efforts, its information systems may be vulnerable to damage, disruption or shutdown due to power outages, computer and telecommunications failures, computer viruses, systems failures, security breaches or natural

disasters. Damage, disruption or shutdown of the Company's information systems may require a significant investment to repair or replace them, and the Company could suffer interruptions in its operations in the interim.

In addition, in the ordinary course of business, the Company regularly evaluates and makes changes and upgrades to its information systems. The Company is in the process of executing its multi-year effort to evaluate and, where appropriate, to upgrade and/or replace certain of its information systems, including systems for global customer relationship management, order management and inventory management. These system changes and upgrades can require significant capital investments and dedication of resources. While the Company follows a disciplined methodology when evaluating and making such changes, there can be no assurances that the Company will successfully implement such changes, that such changes will be implemented without delays, that such changes will occur without disruptions to its operations or that the new or upgraded systems will achieve the desired business objectives.

Any damage, disruption or shutdown of the Company's information systems, or the failure to successfully implement new or upgraded systems, such as those referenced above, could have a direct material adverse effect on the Company's results of operations, could undermine the Company's ability to execute on its strategic and operational initiatives, and could also affect the Company's reputation, its ability to compete effectively, its relationship with customers and the TIFFANY & CO. brand, which could result in reduced sales and profitability.

**(xvii) New and existing data privacy laws and/or a significant data security breach of the Company's information systems could increase the Company's operational costs, subject the Company to claims and otherwise adversely affect its business.**

The protection of customer, employee and Company information is important to the Company, and its customers and employees expect that their personal data will be adequately protected. In addition, the regulatory environment surrounding information security and data privacy is becoming increasingly demanding, with evolving requirements in respect of personal data use and processing, including significant penalties for non-compliance, in the various jurisdictions in which the Company does business. For example, the E.U. General Data Protection Regulation that came into force in 2018, as well as the California Consumer Privacy Act that came into force on January 1, 2020, have caused, and will continue to cause, the Company to incur additional compliance costs related thereto. Although the Company has developed and implemented systems, policies, procedures and internal controls that are designed to protect personal data and Company information, prevent data loss and other security breaches, and otherwise identify, assess and analyze cybersecurity risks, such measures cannot provide absolute security. For example, the Company faces a complex and evolving threat landscape in which cybercriminals, nation-states and "hacktivists" employ a complex array of techniques designed to access personal data and other information, including the use of stolen access credentials, malware, ransomware, phishing, structured query language ("SQL") injection attacks and distributed denial-of-service attacks, which may penetrate the Company's systems despite its extensive and evolving protective information security measures. Further, the Company relies on its software and hardware providers to issue timely patches for known vulnerabilities; however, the failure of software and hardware companies to release or to timely release effective patching and the Company's reliance on patches or inability to patch software and hardware vulnerabilities, could expose it to increased risk of attack, data loss and data breach. The Company has experienced, and expects to continue to experience, attempts from cybercriminals and other third parties to gain unauthorized access to its information technology and other information systems. Although these attempts have not had a material impact on the Company to date, in the future the Company could experience attacks that could have a material adverse effect on its business, financial condition or results of operations.

Additionally, the Company's implementation of new information technology or information systems and/or increased use and reliance on web-based hosted (i.e., cloud computing) applications and systems for the storage, processing and transmission of information, including customer and employee personal data, could expose the Company, its employees and its customers to a risk of loss or misuse of such information. The Company's efforts to protect personal data and Company information may also be adversely impacted by data security or privacy breaches that occur at its third-party vendors. While the Company's contractual arrangements with such third-party vendors provide for the protection of personal data and Company information, the Company cannot control these vendors or their systems and cannot guarantee that a data security or privacy breach of their systems will not occur in the future.

A significant violation of applicable privacy laws or the occurrence of a cybersecurity incident resulting in breach of personal data or Company information could result in the temporary suspension of some or all of the Company's operating and/or information systems, damage the Company's reputation, its relationships with customers, vendors

and service providers and the TIFFANY & CO. brand and could result in lost data, lost sales, sizable fines, increased insurance premiums, substantial breach-notification and other remediation costs and lawsuits as well as adversely affect results of operations. The Company may also incur additional costs in the future related to the implementation of additional security measures to protect against new or enhanced data security and privacy threats, to comply with state, federal and international laws that may be enacted to address personal data processing risks and data security threats or to investigate or address potential or actual data security or privacy breaches.

**(xviii) The loss or a prolonged disruption in the operation of the Company's centralized distribution centers could adversely affect its business and operations.**

The Company maintains two separate distribution centers in close proximity to one another in New Jersey. Both are dedicated to warehousing merchandise; one handles worldwide store replenishment and the other processes direct-to-customer orders. Although the Company believes that it has appropriate contingency plans, unforeseen disruptions impacting one or both locations for a prolonged period of time may result in delays in the delivery of merchandise to stores or in fulfilling customer orders.

**(xix) The loss or a prolonged disruption in the operation of the Company's internal manufacturing facilities could adversely affect its business and operations.**

The Company's internal manufacturing facilities produce approximately 60% of the jewelry sold by the Company. Any prolonged disruption to their operations would require the Company to seek alternate sources of production and could have a negative effect on inventory availability and sales until such sources are established.

**(xx) If the Company is unable to effectively anticipate and respond to changes in consumer preferences and shopping patterns, or introduce new products or programs that appeal to new or existing customers, the Company's sales and profitability could be adversely affected.**

The Company's continued success depends on its ability to anticipate and respond in a timely and cost-effective manner to changes in consumer preferences for jewelry and other luxury goods, attitudes towards the global jewelry industry as a whole, as well as the manner and locations in which consumers purchase such goods. The Company recognizes that consumer tastes cannot be predicted with certainty and are subject to change, which is compounded by the expanding use of digital and social media by consumers and the speed by which information and opinions are shared. The Company's product development strategy is to introduce new design collections, primarily jewelry, and/or expand certain existing collections annually. If the Company is unable to anticipate and respond in a timely and cost-effective manner to changes in consumer preferences and shopping patterns, including the development of an engaging omnichannel experience for its customers, the Company's sales and profitability could be adversely affected.

In addition, approximately 75% of the Company's stores are located within luxury department stores and shopping malls and benefit from the ability of those locations to generate consumer traffic. A substantial decline in department store and/or mall traffic may negatively impact the Company's ability to maintain or increase its sales in existing stores, as well as its ability to open new stores.

**(xxi) Environmental and climate changes could affect the Company's business.**

The Company operates retail stores in more than 20 markets and has both domestic and foreign manufacturing operations that are susceptible to the risks associated with climate change. Such risks include those related to the physical impacts of climate change, such as more frequent and severe weather events and/or long term shifts in climate patterns, and risks related to the transition to a lower-carbon economy, such as reputational, market and/or regulatory risks. Climate change and climate events could result in social, cultural and economic disruptions in these areas, including supply chain disruptions, the disruption of local infrastructure and transportation systems that could limit the ability of the Company's employees and/or its customers to access the Company's stores or manufacturing locations, damage to such stores or locations or reductions in material availability and quality. These events could also compound adverse economic conditions and impact consumer confidence and discretionary spending. Despite the fact that the Company is pursuing numerous initiatives to reduce its environmental footprint, including efforts related to energy efficiency, renewable energy use and carbon offsets, there remains the risk that insufficient global cooperation could lead to increased negative impacts from climate change. While the Company has an ongoing

program for reviewing its vulnerability to the impacts of severe weather events and other risks associated with climate change, these events could nonetheless negatively affect the Company's business and operations.

**Item 1B. Unresolved Staff Comments.**

None

**Item 2. Properties.**

The Company leases its various store premises (other than the New York Flagship store, which is owned by the Company) under arrangements that generally range from 3 to 10 years. The following table provides information on the number of locations and square footage of Company-operated TIFFANY & CO. stores as of January 31, 2020:

	Total Stores	Total Gross Retail Square Footage	Gross Retail Square Footage Range	Average Gross Retail Square Footage
Americas*:				
New York Flagship	1	45,500	45,500	45,500
Other stores	123	690,000	1,100-17,600	5,600
Asia-Pacific	91	282,400	700-13,400	3,100
Japan:				
Tokyo Ginza	1	13,300	13,300	13,300
Other stores	57	149,000	700-7,500	2,600
Europe:				
London Old Bond Street	1	22,400	22,400	22,400
Other stores	47	165,700	400-18,200	3,500
Emerging Markets	5	9,200	400-3,600	1,800
<b>Total</b>	<b>326</b>	<b>1,377,500</b>	<b>400-45,500</b>	<b>4,200</b>

\* The total gross retail square footage for the New York Flagship is through its closure for renovation in January 2020, and Other stores does not include the total gross retail square footage for the Tiffany Flagship Next Door.

Excluded from the store count and square footage amounts above are pop-up stores (stores with lease terms of 24 months or less).

**NEW YORK FLAGSHIP STORE**

The Company owns the building, but not the air rights above the building, housing its New York Flagship store at 727 Fifth Avenue, which was designed to be a retail store for Tiffany and is well located for this function. In 2018, the Company announced its plans to undertake a complete renovation of the New York Flagship store. The New York Flagship store closed in January 2020, at which time the Company began its complete renovation and temporarily moved its operations to the "Tiffany Flagship Next Door" at 6 East 57th Street. This renovation is expected to be completed in the fourth quarter of 2021. Sales in this store represented less than 10% of worldwide net sales in 2019, 2018 and 2017.

**RETAIL SERVICE CENTER**

The Company's Retail Service Center ("RSC"), located in Parsippany, New Jersey, comprises approximately 370,000 square feet. Approximately half of the building is devoted to office and information technology operations and half to warehousing, shipping, receiving, merchandise processing and other distribution functions. The RSC receives merchandise and replenishes retail stores. The Company has a 20-year lease for this facility, which expires in 2025, and has two 10-year renewal options.

## CUSTOMER FULFILLMENT CENTER

The Company owns the Customer Fulfillment Center ("CFC") in Whippany, New Jersey and leases the land on which the facility resides. The CFC is approximately 266,000 square feet and is primarily used for warehousing merchandise and processing direct-to-customer orders. The land lease expires in 2032 and the Company has the right to renew the lease for an additional 20-year term.

## MANUFACTURING AND DESIGN FACILITIES

The Company owns and operates jewelry manufacturing facilities in Cumberland, Rhode Island and Lexington, Kentucky, leases a jewelry manufacturing facility in Pelham, New York, leases a facility in the Dominican Republic which performs certain functions such as jewelry polishing and assembly and leases a facility containing its Jewelry Design and Innovation Workshop in New York, New York. Lease expiration dates range from 2023 to 2029. The owned and leased facilities total approximately 244,000 square feet.

The Company leases a facility in Belgium and owns facilities in Botswana, Cambodia, Mauritius and Vietnam (although the land in Botswana, Cambodia and Vietnam is leased) that prepare, cut and/or polish rough diamonds for use by Tiffany. These facilities total approximately 277,000 square feet and the lease expiration dates range from 2020 to 2062.

### Item 3. Legal Proceedings.

*Litigation Matters.* The Company is from time to time involved in routine litigation incidental to the conduct of its business, including proceedings to protect its trademark rights, litigation with parties claiming infringement of patents and other intellectual property rights by the Company, litigation instituted by persons alleged to have been injured upon premises under the Company's control and litigation with present and former employees and customers. Although litigation with present and former employees is routine and incidental to the conduct of the Company's business, as well as for any business employing significant numbers of employees, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for actions such as those claiming discrimination on the basis of age, gender, race, religion, disability or other legally-protected characteristic or for termination of employment that is wrongful or in violation of implied contracts. However, the Company believes that all such litigation currently pending to which it is a party or to which its properties are subject will be resolved without any material adverse effect on the Company's financial position, earnings or cash flows.

*Merger-related Litigation.* As previously disclosed, on December 30, 2019 and January 3, 2020, purported stockholders of the Registrant filed complaints against the Registrant and the members of the Board of Directors of the Registrant in the United States District Court for the Southern District of New York and in the United States District Court for the District of Delaware, captioned *Stein v. Tiffany & Co., et al.*, Case No. 1:19-cv-11926 (S.D.N.Y.), and *Thompson v. Tiffany & Co., et al.*, Case No. 1:20-cv-00009 (D. Del.), respectively. The complaints alleged that a preliminary version of the proxy statement that the Registrant filed with the SEC on December 18, 2019 was materially incomplete, false or misleading in certain respects. On January 8, 2020, two additional complaints were filed against the Registrant and the members of the Board of Directors of the Registrant in the United States District Court for the Southern District of New York by purported stockholders of the Registrant, captioned *Federman v. Tiffany & Co., et al.*, Case No. 1:20-cv-00159 (S.D.N.Y.), and *Daka v. Tiffany & Co., et al.*, Case No. 1:20-cv-00170 (S.D.N.Y.), respectively. The complaints alleged that the Definitive Proxy Statement was materially incomplete, false or misleading in certain respects. Each of the four aforementioned *Stein*, *Thompson*, *Federman* and *Daka* actions purported to seek injunctive relief and money damages. The plaintiffs in all of the *Stein*, *Thompson*, *Federman* and *Daka* actions have since voluntarily dismissed their actions.

*Gain Contingency.* On February 14, 2013, Tiffany and Company and Tiffany (NJ) LLC (collectively, the "Tiffany plaintiffs") initiated a lawsuit against Costco Wholesale Corp. ("Costco") for trademark infringement, false designation of origin and unfair competition, trademark dilution and trademark counterfeiting (the "Costco Litigation"). The Tiffany plaintiffs sought injunctive relief, monetary recovery and statutory damages on account of Costco's use of "Tiffany" on signs in the jewelry cases at Costco stores used to describe certain diamond engagement rings that were not manufactured by Tiffany. Costco filed a counterclaim arguing that the TIFFANY trademark was a generic term for multi-pronged ring settings and seeking to have the trademark invalidated, modified or partially canceled in that respect. On September 8, 2015, the U.S. District Court for the Southern District of New York (the "Court") granted

the Tiffany plaintiffs' motion for summary judgment of liability in its entirety, dismissing Costco's genericism counterclaim and finding that Costco was liable for trademark infringement, trademark counterfeiting and unfair competition under New York law in its use of "Tiffany" on the above-referenced signs. On September 29, 2016, a civil jury rendered its verdict, finding that Costco's profits on the sale of the infringing rings should be awarded at \$5.5 million, and further finding that an award of punitive damages was warranted. On October 5, 2016, the jury awarded \$8.25 million in punitive damages. The aggregate award of \$13.75 million was not final, as it was subject to post-verdict motion practice and ultimately to adjustment by the Court. On August 14, 2017, the Court issued its ruling, finding that the Tiffany plaintiffs are entitled to recover (i) \$11.1 million in respect of Costco's profits on the sale of the infringing rings (which amount is three times the amount of such profits, as determined by the Court), (ii) prejudgment interest on such amount (calculated at the applicable statutory rate) from February 15, 2013 through August 14, 2017, (iii) an additional \$8.25 million in punitive damages, and (iv) Tiffany's reasonable attorneys' fees, and, on August 24, 2017, the Court entered judgment in the amount of \$21.0 million in favor of the Tiffany plaintiffs (reflecting items (i) through (iii) above). On February 7, 2019, the Court awarded the Tiffany plaintiffs \$5.9 million in respect of the aforementioned attorneys' fees and costs, bringing the total judgment to \$26.9 million. The Court has denied a motion made by Costco for a new trial; however, Costco has also filed an appeal from the judgment before the Second Circuit Court of Appeals. A three-judge panel presided over an appellate hearing on January 23, 2020, and that panel's decision is pending. As the Tiffany plaintiffs may not enforce the Court's judgment during the appeals process, the Company has not recorded any amount in its consolidated financial statements related to this gain contingency as of January 31, 2020. The Company expects that this matter will not ultimately be resolved until, at the earliest, a future date during the Company's fiscal year ending January 31, 2021.

**Item 4. Mine Safety Disclosures.**

Not Applicable.

**PART II**

**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

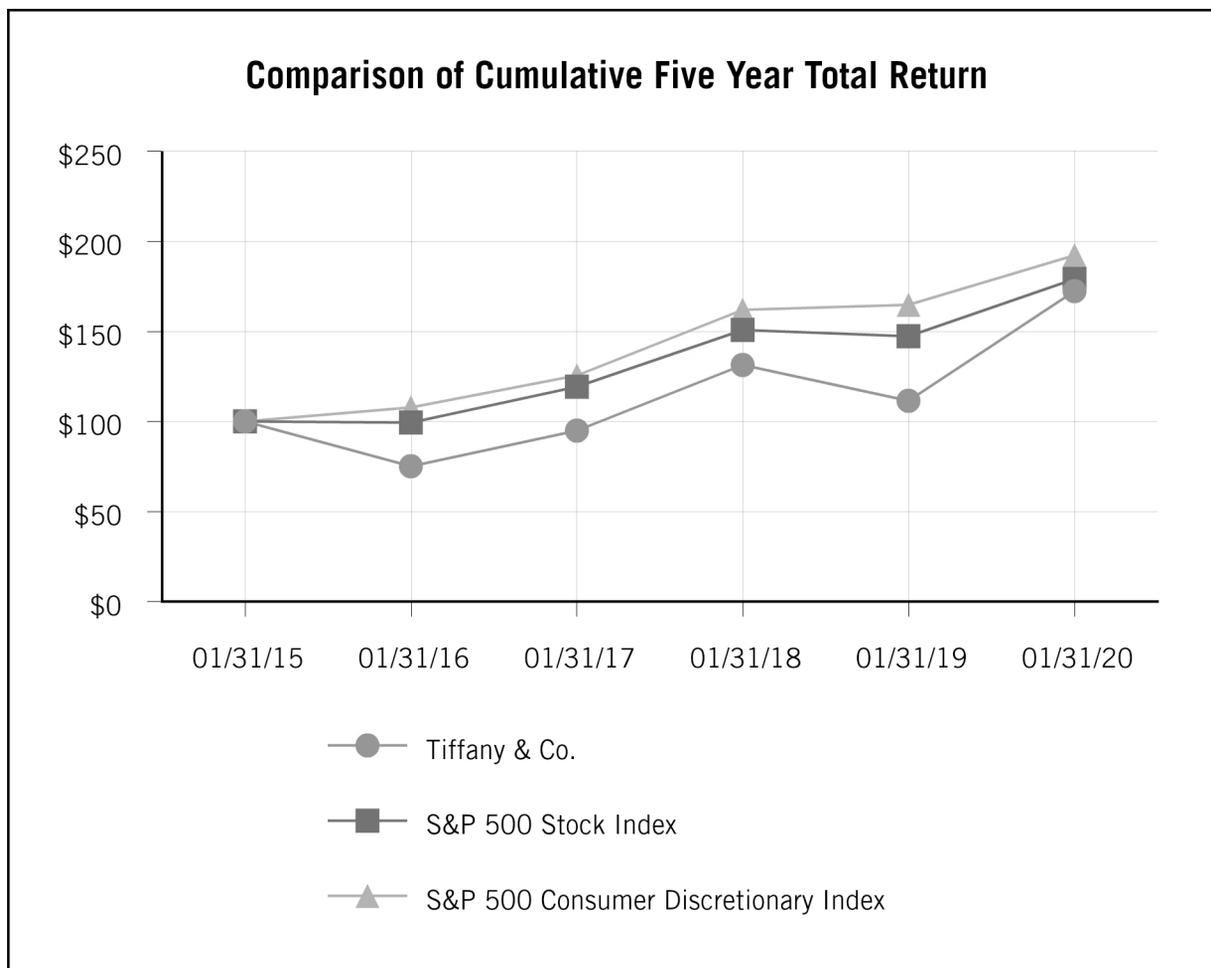
In calculating the aggregate market value of the voting stock held by non-affiliates of the Company shown on the cover page of this Annual Report on Form 10-K, 761,162 shares of Common Stock beneficially owned by the executive officers and directors of the Company (exclusive of shares which may be acquired on exercise of stock options) were excluded, on the assumption that certain of those persons could be considered "affiliates" under the provisions of Rule 405 promulgated under the Securities Act of 1933, as amended.

The Company's Common Stock is traded on the New York Stock Exchange under the symbol "TIF". On March 16, 2020, the high and low selling prices quoted on such exchange were \$126.42 and \$115.09. On March 16, 2020, there were 13,106 holders of record of the Company's Common Stock.

The following graph compares changes in the cumulative total shareholder return on the Company's Common Stock for the previous five fiscal years to returns for the same five-year period on (i) the Standard & Poor's 500 Stock Index and (ii) the Standard & Poor's 500 Consumer Discretionary Index. Cumulative shareholder return is defined as changes in the closing price of the stock and such indices, plus the reinvestment of any dividends paid. The graph assumes an investment of \$100 on January 31, 2015 in the Company's Common Stock and in each of the two indices, as well as the reinvestment of any subsequent dividends. The increase in the cumulative shareholder return on the Company's Common Stock for the year ended January 31, 2020 primarily reflects the acquisition price of \$135.00 per share of Common Stock related to the proposed Merger. See "Item 1. Business - Entry into Merger Agreement" for additional information regarding the proposed Merger.

Total returns are based on market capitalization; indices are weighted at the beginning of each period for which a return is indicated. The stock performance shown in the graph is not intended to forecast or to be indicative of future performance.

FORM 10-K



	1/31/15	1/31/16	1/31/17	1/31/18	1/31/19	1/31/20
Tiffany & Co.	\$ 100.00	\$ 75.10	\$ 94.93	\$ 131.35	\$ 111.54	\$ 172.32
S&P 500 Stock Index	100.00	99.33	119.24	150.73	147.24	179.17
S&P 500 Consumer Discretionary Index	100.00	107.77	125.53	161.93	164.71	192.26

#### Dividends

It is the Company's policy to pay a quarterly dividend on its Common Stock, subject to declaration by its Board of Directors. In 2018, a dividend of \$0.50 per share of Common Stock was paid on April 10, 2018. On May 24, 2018, the Company announced a 10% increase in its regular quarterly dividend rate to a new rate of \$0.55 per share of Common Stock, which was paid on July 10, 2018, October 10, 2018 and January 10, 2019.

A dividend of \$0.55 per share of Common Stock was paid on April 10, 2019. On June 4, 2019, the Company announced a 5% increase in its regular quarterly dividend rate to a new rate of \$0.58 per share of Common Stock, which was paid on July 10, 2019, October 10, 2019 and January 10, 2020.

#### Issuer Purchases of Equity Securities

In May 2018, the Registrant's Board of Directors approved a new share repurchase program (the "2018 Program"). The 2018 Program, which became effective June 1, 2018 and expires on January 31, 2022, authorizes the Company to repurchase up to \$1.0 billion of its Common Stock through open market transactions, including through Rule 10b5-1 plans and one or more accelerated share repurchase ("ASR") or other structured repurchase transactions, and/or privately negotiated transactions. As of January 31, 2020, \$471.6 million remained available under the 2018 Program; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, the Company may not repurchase its Common Stock other than in connection with the forfeiture provisions of Company equity awards or the cashless exercise or tax withholding provisions of such Company equity awards, in each case, granted under the Company's stock-based compensation plans. Accordingly, the Company did not repurchase any shares of its Common Stock during the fourth quarter of 2019 pursuant to the 2018 Program, and does not expect to repurchase any shares of its Common Stock in connection with the 2018 Program prior to the Merger or earlier termination of the Merger Agreement.

## Item 6. Selected Financial Data.

The following table sets forth selected financial data, certain of which have been derived from the Company's consolidated financial statements for fiscal years 2015-2019, which ended on January 31 of the following calendar year:

<i>(in millions, except per share amounts, percentages, ratios, stores and employees)</i>	2019 <sup>b, c</sup>	2018 <sup>c</sup>	2017 <sup>d</sup>	2016 <sup>e</sup>	2015 <sup>f</sup>
<b>EARNINGS DATA</b>					
Net sales	\$ 4,424.0	\$ 4,442.1	\$ 4,169.8	\$ 4,001.8	\$ 4,104.9
Gross profit	2,761.9	2,811.0	2,610.7	2,499.0	2,505.2
Selling, general & administrative expenses	2,029.3	2,020.7	1,801.3	1,752.6	1,706.1
Earnings from operations	732.6	790.3	809.4	746.4	799.1
Net earnings	541.1	586.4	370.1	446.1	463.9
Net earnings per diluted share	4.45	4.75	2.96	3.55	3.59
Weighted-average number of diluted common shares	121.6	123.5	125.1	125.5	129.1
<b>BALANCE SHEET AND CASH FLOW DATA</b>					
Total assets <sup>a</sup>	\$ 6,660.1	\$ 5,333.0	\$ 5,468.1	\$ 5,097.6	\$ 5,121.6
Cash and cash equivalents	874.7	792.6	970.7	928.0	843.6
Inventories, net	2,463.9	2,428.0	2,253.5	2,157.6	2,225.0
Short-term borrowings and long-term debt (including current portion)	1,032.0	996.8	1,003.5	1,107.1	1,095.8
Stockholders' equity	3,335.4	3,130.9	3,248.2	3,028.4	2,929.5
Working capital <sup>a</sup>	2,905.1	3,041.4	3,258.5	2,940.8	2,778.5
Cash flows from operating activities	670.9	531.8	932.2	705.7	817.4
Capital expenditures	320.6	282.1	239.3	222.8	252.7
Stockholders' equity per share	27.53	25.77	26.10	24.33	23.10
Cash dividends paid per share	2.29	2.15	1.95	1.75	1.58
<b>RATIO ANALYSIS AND OTHER DATA</b>					
As a percentage of net sales:					
Gross profit	62.4%	63.3%	62.6%	62.4%	61.0%
Selling, general & administrative expenses	45.9%	45.5%	43.2%	43.8%	41.6%
Earnings from operations	16.6%	17.8%	19.4%	18.7%	19.5%
Net earnings	12.2%	13.2%	8.9%	11.1%	11.3%
Capital expenditures	7.2%	6.4%	5.7%	5.6%	6.2%
Return on average assets <sup>a</sup>	9.0%	10.9%	7.0%	8.7%	9.0%
Return on average stockholders' equity	16.7%	18.4%	11.8%	15.0%	16.1%
Total debt-to-equity ratio	30.9%	31.8%	30.9%	36.6%	37.4%
Dividends as a percentage of net earnings	51.1%	45.0%	65.5%	49.0%	43.8%
Company-operated TIFFANY & CO. stores	326	321	315	313	307
Number of employees	14,100	14,200	13,100	11,900	12,200

## NOTES TO SELECTED FINANCIAL DATA

- a. In connection with the adoption of *ASC 842 – Leases* on February 1, 2019, the Company established a lease liability and corresponding right-of-use asset on the Consolidated Balance Sheet. The following amounts are recorded on the Consolidated Balance Sheet for operating leases as of January 31, 2020: (i) Operating lease right-of-use asset of \$1.1 billion; (ii) Current portion of operating lease liabilities of \$202.8 million and (iii) Long-term portion of operating lease liabilities of \$1.0 billion. See "Item 8. Financial Statements and Supplementary Data - Note C. Summary of Significant Accounting Policies and Note K. Leases" for additional information.
- b. Financial information and ratios for 2019 include \$21.2 million of pre-tax expense (\$17.1 million after tax expense, or \$0.14 per diluted share) related to the proposed Merger. See "Item 8. Financial Statements and Supplementary Data - Note B. Entry into Merger Agreement" for additional information.
- c. Financial information and ratios for 2019 and 2018 reflect a lower effective income tax rate, primarily resulting from the 2017 U.S. Tax Cuts and Jobs Act. See "Item 8. Financial Statements and Supplementary Data - Note P. Income Taxes" for additional information.
- d. Financial information and ratios for 2017 include \$146.2 million, or \$1.17 per diluted share, of net tax expense related to the enactment of the 2017 U.S. Tax Cuts and Jobs Act. See "Item 8. Financial Statements and Supplementary Data - Note P. Income Taxes" for additional information.
- e. Financial information and ratios for 2016 include the following amounts, totaling \$38.0 million of pre-tax expense (\$24.0 million after tax expense, or \$0.19 per diluted share):
- \$25.4 million of pre-tax expense (\$16.0 million after tax expense, or \$0.13 per diluted share) associated with an asset impairment charge related to software costs capitalized in connection with the development of a finished goods inventory management and merchandising information system; and
  - \$12.6 million of pre-tax expense (\$8.0 million after tax expense, or \$0.06 per diluted share) associated with impairment charges related to financing arrangements with diamond mining and exploration companies.
- f. Financial information and ratios for 2015 include the following amounts, totaling \$46.7 million of pre-tax expense (\$29.9 million after tax expense, or \$0.24 per diluted share):
- \$37.9 million of pre-tax expense (\$24.3 million after tax expense, or \$0.19 per diluted share) associated with impairment charges related to a financing arrangement with Koidu Limited, a diamond mining and exploration company; and
  - \$8.8 million of pre-tax expense (\$5.6 million after tax expense, or \$0.05 per diluted share) associated with severance related to staffing reductions and subleasing of certain office space for which only a portion of the Company's future rent obligations would be recovered.

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and related notes. All references to years relate to fiscal years which ended on January 31 of the following calendar year.

### ENTRY INTO MERGER AGREEMENT

On November 24, 2019, Tiffany & Co. (the "Registrant") entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Registrant, LVMH Moët Hennessy - Louis Vuitton SE, a *societas Europaea* (European company) organized under the laws of France ("Parent"), Breakfast Holdings Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Holding"), and Breakfast Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of Holding ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Registrant (the "Merger"), with the Registrant continuing as the surviving company in the Merger and a wholly owned indirect subsidiary of Parent.

For additional information related to the Merger Agreement, please refer to the Registrant's Definitive Proxy Statement on Schedule 14A filed with the U.S. Securities and Exchange Commission (the "SEC") on January 6, 2020 and "Item 1. Business – Entry into Merger Agreement."

### KEY STRATEGIC PRIORITIES

The Company's key strategic priorities are to:

- Amplify an evolved brand message.

The Brand is the single most important asset of Tiffany and, indirectly, of the Company. Management intends to increasingly invest in and evolve marketing and public relations programs through a variety of media designed to build awareness of the Brand, its heritage and its products, as well as to enhance the Brand's association with quality and luxury by consumers.

- Renew the Company's product offerings and enhance in-store presentations.

The Company's product development strategy is to accelerate the introduction of new design collections, primarily in jewelry, but also in non-jewelry products, and/or expand certain existing collections annually, all of which are intended to appeal to existing and new customers.

To ensure a superior shopping experience, the Company is focused on enhancing the design of its stores, as well as the creative visual presentation of its merchandise, to provide an engaging luxury experience in both its new and existing stores.

- Deliver an exciting omnichannel customer experience.

Management intends to continue to expand and optimize its global store base by evaluating potential markets for new TIFFANY & CO. stores, as well as through the renovation, relocation, or closing of existing stores. Management will also continue to pursue opportunities to grow sales through its e-commerce websites and utilize the websites to drive store traffic. In addition, the Company employs highly qualified sales and customer service professionals and is focused on developing effective omnichannel relationships with its customers.

- Strengthen the Company's competitive position and lead in key markets.

The global jewelry industry is competitively fragmented. While the Company enjoys a strong reputation and large customer base, it encounters significant competition in all product categories and geographies. By focusing on enhanced marketing communications, product development and optimization of its store base and digital capabilities, the Company's objective is to be an industry leader in key markets.

- Cultivate a more efficient operating model.

The Company is focused on improving its business operations through new systems, more effective processes and cost restraint, to drive margin growth. This includes realizing greater efficiencies in its product supply chain and other operations, and enhancing its global procurement capabilities. The Company has developed a substantial product supply infrastructure for the procurement and processing of diamonds and the manufacturing of jewelry. This infrastructure is intended to ensure adequate product supply and favorable product costs while adhering to the Company's quality and ethical standards.

- Inspire an aligned and agile organization to win.

The Company's success depends upon its people and their effective execution of the Company's strategic priorities. The Company's management strives to motivate and develop employees with the core competencies and adaptability needed to achieve its objectives.

By pursuing these key strategic priorities, management is committed to the following long-term financial objectives:

- To achieve sustainable sales growth.

Management's objective is to generate mid-single-digit percentage worldwide sales increases, primarily through comparable sales growth, as well as through modest store square footage growth.

- To increase retail productivity and profitability.

Management is focused on increasing the frequency of store and website visits and the percentage of store and website visitors who make a purchase, as well as optimizing utilization of store square footage, and growing sales, average price per unit sold and sales per square foot.

- To achieve improved operating margins, through both improved gross margins and efficient expense management.

Management's long-term objective is to improve gross margins, including through controlling product input costs, realizing greater efficiencies in its product supply chain and adjusting retail prices when appropriate. Additionally, management is focused on efficient selling, general and administrative expense management, thereby generating sales leverage on fixed costs. These efforts are collectively intended to generate a higher rate of operating earnings growth relative to sales growth, and management targets an improvement in operating margin of 50 basis points per year over the long term.

- To improve inventory and other asset productivity and cash flow.

Management's long-term objective is to maintain inventory growth at a rate less than sales growth, with greater focus on efficiencies in product sourcing and manufacturing as well as optimizing store inventory levels, all of which is intended to contribute to improvements in cash flow and return on assets.

- To maintain a capital structure that provides financial strength and the ability to invest in strategic initiatives.

## 2019 SUMMARY

- Worldwide net sales were approximately unchanged compared to the prior year. Comparable sales decreased 1% from the prior year. On a constant-exchange-rate basis (see "Non-GAAP Measures" below), worldwide net sales increased 1% and comparable sales were approximately unchanged.
- The Company added a net of five TIFFANY & CO. stores (opening four in Japan, two in the Americas, two in Asia-Pacific and one in Europe, while closing two stores in the Americas, one store in Asia-Pacific and one store in Japan) and relocated or renovated 18 existing stores. Gross retail square footage increased 3%, net.

- Earnings from operations as a percentage of net sales ("operating margin") decreased 120 basis points, which included the impact of costs recorded in 2019 related to the proposed Merger, as described below under "Non-GAAP Measures." Excluding these costs, operating margin decreased 80 basis points due to a decrease in gross margin.
- The Company's effective income tax rate increased to 21.6% in 2019 from 21.1% in 2018.
- Net earnings decreased to \$541.1 million, or \$4.45 per diluted share, in 2019 from \$586.4 million, or \$4.75 per diluted share, in 2018. Net earnings in 2019 included the impact of costs related to the proposed Merger, as described below under "Non-GAAP Measures." Excluding these costs, net earnings decreased to \$558.2 million, or \$4.59 per diluted share.
- Inventories, net did not change significantly from 2018.
- Cash flow from operating activities was \$670.9 million in 2019, compared with \$531.8 million in 2018. Free cash flow (see "Non-GAAP Measures") was \$350.3 million in 2019, compared with \$249.7 million in 2018.
- The Company returned capital to shareholders by paying regular quarterly dividends (which were increased 5% effective July 2019 to \$0.58 per share, or an annualized rate of \$2.32 per share) and by repurchasing 1.8 million shares of its Common Stock for \$163.4 million.

#### NOVEL CORONAVIRUS

As discussed under "Item 1A. Risk Factors," an outbreak of a novel strain of the coronavirus, COVID-19, was recently identified in China and has subsequently been recognized as a pandemic by the World Health Organization. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Management expects that these actions could have a negative impact on local and tourist spending around the world. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. These actions have expanded significantly in the past several weeks and are expected to continue to expand. Given the uncertainty regarding the spread of this coronavirus, the related financial impact cannot be reasonably estimated at this time, although the aforementioned actions and related impacts are expected to continue and may also significantly affect the Company's business in other geographic areas in which the coronavirus has spread and may continue to spread. The Company intends to continue to execute on its strategic plans and operational initiatives during the coronavirus outbreak. However, the uncertainties associated with the protective and preventative measures being put in place or recommended by both governmental entities and other businesses, among other uncertainties, may result in delays or modifications to these plans and initiatives.

As a result, this coronavirus outbreak has had a significant effect on the Company's sales results to date in fiscal 2020 and is expected to continue to have a significant effect on its financial results during the current fiscal year. For example, from January 24 through March 19, 2020, management estimates that this coronavirus outbreak contributed to the loss of approximately 30 out of 54 retail trading days (accounting for the effect of individual store closures as well as reductions in store operating hours) across all of the Company's stores in the Chinese Mainland. In addition, as of March 19, 2020, the Company has temporarily closed all of its stores in the United States and Canada, and has temporarily closed nearly all of its stores across Europe and the United Kingdom. The Company has also experienced significantly reduced customer traffic from January 24 through March 19 in its stores that have been open during such period, which management believes has resulted in part from a reduction in tourism as well as restrictions on travel and limitations affecting individuals' ability to spend time in public areas, with attendant sales declines to date in fiscal 2020 in those stores.

## RESULTS OF OPERATIONS

See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2019 for a comparative discussion of the Company's operating results and financial condition for its fiscal years ended January 31, 2019 and 2018.

### Non-GAAP Measures

The Company reports information in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). Internally, management also monitors and measures its performance using certain sales and earnings measures that include or exclude amounts, or are subject to adjustments that have the effect of including or excluding amounts, from the most directly comparable GAAP measure ("non-GAAP financial measures"). The Company presents such non-GAAP financial measures in reporting its financial results to provide investors with useful supplemental information that will allow them to evaluate the Company's operating results using the same measures that management uses to monitor and measure its performance. The Company's management does not, nor does it suggest that investors should, consider non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. These non-GAAP financial measures presented here may not be comparable to similarly-titled measures used by other companies.

*Net Sales.* The Company's reported net sales reflect either a translation-related benefit from strengthening foreign currencies or a detriment from a strengthening U.S. dollar. Internally, management monitors and measures its sales performance on a non-GAAP basis that eliminates the positive or negative effects that result from translating sales made outside the U.S. into U.S. dollars ("constant-exchange-rate basis"). Sales on a constant-exchange-rate basis are calculated by taking the current year's sales in local currencies and translating them into U.S. dollars using the prior year's foreign currency exchange rates. Management believes this constant-exchange-rate basis provides a useful supplemental basis for the assessment of sales performance and of comparability between reporting periods. The following table reconciles the sales percentage increases (decreases) from the GAAP to the non-GAAP basis versus the previous year.

	2019			2018		
	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis
<b>Net Sales:</b>						
Worldwide	— %	(1)%	1%	7%	1%	6%
Americas	(2)	—	(2)	5	—	5
Asia-Pacific	2	(3)	5	13	—	13
Japan	1	1	—	8	2	6
Europe	(1)	(3)	2	3	1	2
Other	(2)	—	(2)	(20)	—	(20)
<b>Comparable Sales:</b>						
Worldwide	(1)%	(1)%	—%	4%	—%	4%
Americas	(2)	—	(2)	5	—	5
Asia-Pacific	(1)	(4)	3	5	—	5
Japan	—	1	(1)	7	2	5
Europe	(1)	(3)	2	(2)	1	(3)
Other	(9)	—	(9)	(15)	—	(15)

	2019			2018		
	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis
<b>Jewelry sales by product category:</b>						
Jewelry collections	2%	(1)%	3%	11%	—%	11%
Engagement jewelry	(2)	(2)	—	4	—	4
Designer jewelry	(6)	(1)	(5)	(1)	—	(1)

*Statements of Earnings.* Internally, management monitors and measures its earnings performance excluding certain items listed below. Management believes excluding such items provides a useful supplemental basis for the assessment of the Company's results relative to the corresponding period in the prior year. The following tables reconcile certain GAAP amounts to non-GAAP amounts:

<i>(in millions, except per share amounts)</i>	GAAP	Charges related to the proposed Merger <sup>a</sup>	Non-GAAP
<b>Year Ended January 31, 2020</b>			
Gross Profit	\$ 2,761.9	\$ 1.0	\$ 2,762.9
As a % of sales	62.4%	0.1 %	62.5%
Selling, general & administrative expenses	2,029.3	(20.2)	2,009.1
As a % of sales	45.9%	(0.5)%	45.4%
Earnings from operations	732.6	\$ 21.2	753.8
As a % of sales	16.6%	0.4 %	17.0%
Provision for income taxes	149.2	\$ 4.1	153.3
Effective income tax rate	21.6%	(0.1)	21.5%
Net earnings	541.1	17.1	558.2
Diluted earnings per share	4.45	0.14	4.59

<sup>a</sup> Costs recorded in 2019 related to the proposed Merger. See "Item 8. Financial Statements and Supplementary Data - Note B. Entry into Merger Agreement" for additional information.

*Free Cash Flow.* Internally, management monitors its cash flow on a non-GAAP basis. Free cash flow is calculated by deducting capital expenditures from net cash provided by operating activities. The ability to generate free cash flow demonstrates how much cash the Company has available for discretionary and non-discretionary purposes after deduction of capital expenditures. The Company's operations require regular capital expenditures for the opening, renovation and expansion of stores and distribution and manufacturing facilities as well as ongoing investments in information technology. Management believes this provides a useful supplemental basis for assessing the Company's operating cash flows. The following table reconciles GAAP net cash provided by operating activities to non-GAAP free cash flow:

<i>(in millions)</i>	2019	2018	2017
Net cash provided by operating activities <sup>a</sup>	\$ 670.9	\$ 531.8	\$ 932.2
Less: Capital expenditures <sup>a</sup>	(320.6)	(282.1)	(239.3)
Free cash flow	\$ 350.3	\$ 249.7	\$ 692.9

<sup>a</sup> See "Liquidity and Capital Resources" below for further information on the Company's cash flows.

## Comparable Sales

Comparable sales include sales transacted in Company-operated stores open for more than 12 months. Sales from e-commerce sites are included in comparable sales for those sites that have been operating for more than 12 months. Sales for relocated stores are included in comparable sales if the relocation occurs within the same geographical market. In all markets, the results of a store in which the square footage has been expanded or reduced remain in the comparable sales base.

## Net Sales

The Company generates sales through its retail, Internet, wholesale, business-to-business and catalog channels (see "Item 1. Business - Reportable Segments").

Net sales by segment were as follows:

<i>(in millions)</i>	2019	% of Total Net Sales	2018	% of Total Net Sales	2017	% of Total Net Sales	2019 vs 2018 % Change in Net Sales	2018 vs 2017 % Change in Net Sales
Americas	\$ 1,924.0	43%	\$ 1,960.3	44%	\$ 1,870.9	45%	(2)%	5%
Asia-Pacific	1,258.2	28	1,239.0	28	1,095.0	26	2	13
Japan	649.8	15	643.0	15	596.3	14	1	8
Europe	498.3	11	504.4	11	489.0	12	(1)	3
Other	93.7	2	95.4	2	118.6	3	(2)	(20)
	<u>\$ 4,424.0</u>		<u>\$ 4,442.1</u>		<u>\$ 4,169.8</u>		<u>— %</u>	<u>7%</u>

*Net Sales — 2019 compared with 2018.* In 2019, worldwide net sales were approximately unchanged compared to 2018. On a constant-exchange-rate basis, worldwide sales increased 1%.

In 2019, jewelry sales represented 92% of worldwide net sales. Jewelry sales by product category were as follows:

<i>(in millions)</i>	2019	2018	\$ Change	% Change
Jewelry collections	\$ 2,420.2	\$ 2,374.3	\$ 45.9	2%
Engagement jewelry	1,139.5	1,157.4	(17.9)	(2)
Designer jewelry	514.1	544.5	(30.4)	(6)

The increase in net sales in the Jewelry collections category was driven primarily by the Tiffany T collection and High jewelry, partially offset by softness in other collections, while net sales in the Engagement jewelry and Designer jewelry categories reflected decreases across the categories.

Changes in net sales by reportable segment were as follows:

<i>(in millions)</i>	Comparable Sales	Non-comparable Sales	Wholesale/ Other	Total
Americas	\$ (39.4)	\$ 3.4	\$ (0.3)	\$ (36.3)
Asia-Pacific	(5.7)	0.6	24.3	19.2
Japan	2.4	4.7	(0.3)	6.8
Europe	(6.9)	2.3	(1.5)	(6.1)

In 2019, jewelry sales represented 89%, 98%, 93% and 96% of total net sales in the Americas, Asia-Pacific, Japan and Europe, respectively. Changes in jewelry sales relative to the prior year were as follows:

	Average Price per Unit Sold		Number of Units Sold
	As Reported	Impact of Currency Translation	
Change in Jewelry Sales			
Americas	10%	—%	(12)%
Asia-Pacific	8	(3)	(7)
Japan	3	1	(4)
Europe	10	(3)	(10)

Management believes the changes in average price per jewelry unit sold and the number of jewelry units sold include the effect of the Company's strategy of increasing average price per unit sold by growing sales of High jewelry and other gold and diamond jewelry within the Jewelry collections category at a faster rate than sales within the Engagement jewelry category and silver jewelry within the Jewelry collections category.

*Americas.* In 2019, total net sales decreased \$36.3 million, or 2%, which included comparable sales decreasing \$39.4 million, or 2%. Sales decreased across most of the region, which management attributed to lower spending by foreign tourists. On a constant-exchange-rate basis, total net sales and comparable sales decreased 2%.

Management attributed the increase in the average price per jewelry unit sold to a shift in sales mix to gold jewelry and High jewelry within the Jewelry collections category. The decrease in the number of jewelry units sold reflected decreases in all product categories.

*Asia-Pacific.* In 2019, total net sales increased \$19.2 million, or 2%, which included comparable sales decreasing \$5.7 million, or 1%. Total sales growth reflected increased wholesale sales and business sales. Additionally, total sales growth reflected double-digit sales growth in the Chinese Mainland, which was partially offset by a decrease in net sales in Hong Kong of 30%, which management attributed to significant disruptions that began earlier in 2019. Sales performance was mixed in other markets in the region. Management attributed these sales results to higher spending by local customers, partially offset by lower spending by foreign tourists. On a constant-exchange-rate basis, total net sales increased 5% and comparable sales increased 3%.

Management attributed the increase in the average price per jewelry unit sold to a shift in sales mix to High jewelry and gold jewelry within the Jewelry collections category. The decrease in the number of jewelry units sold reflected decreases in all product categories.

*Japan.* In 2019, total net sales increased \$6.8 million, or 1%, and comparable sales were largely unchanged from the prior year. On a constant-exchange-rate basis, total net sales were largely unchanged and comparable sales decreased 1%.

Management attributed the increase in the average price per jewelry unit sold to a shift in sales mix to gold jewelry within the Jewelry collections category and to Engagement jewelry. The decrease in the number of jewelry units sold primarily reflected a decrease in the Jewelry collections and Designer jewelry categories, partly offset by an increase in the Engagement jewelry category.

*Europe.* In 2019, total net sales decreased \$6.1 million, or 1%, which included comparable sales decreasing \$6.9 million, or 1%. Management attributed the decrease in total net sales to the effect of foreign currency translation. On a constant-exchange-rate basis, total net sales and comparable sales increased 2%. Management attributed these sales results to modest changes in spending by local customers and foreign tourists.

Management attributed the increase in the average price per jewelry unit sold to a shift in sales mix to gold jewelry within the Jewelry collections category. The decrease in the number of jewelry units sold reflected decreases in the Jewelry collections and Designer jewelry categories.

*Other.* In 2019, total net sales decreased \$1.7 million, or 2%, primarily due to a decrease in wholesale sales of diamonds and lower comparable sales.

*Store Data.* In 2019, the Company increased gross retail square footage by 3%, net, through store openings, closings and relocations. The Company opened 9 stores and closed four: opening four in Japan, two in Asia-Pacific (in China), two in the Americas (in the U.S.), and one in Europe (in the U.K.), while closing two stores in the Americas (one each in the U.S. and Latin America), one store in Asia-Pacific (in China) and one store in Japan. In addition, the Company relocated or renovated 18 existing stores.

Sales per gross square foot generated by all company-operated stores were approximately \$2,700 in 2019 and \$2,800 in 2018.

Excluded from the store counts and sales per gross square foot amounts above are pop-up stores (stores with lease terms of 24 months or less).

	Gross Margin		
<i>(in millions)</i>	2019	2018	2017
As reported:			
Gross profit	\$ 2,761.9	\$ 2,811.0	\$ 2,610.7
Gross profit as a percentage of net sales	62.4%	63.3%	62.6%
On a Non-GAAP basis*:			
Gross profit	\$ 2,762.9		
Gross profit as a percentage of net sales	62.5%		

\*See "Non-GAAP Measures" above for additional information.

Gross margin (gross profit as a percentage of net sales) decreased 90 basis points in 2019, partly reflecting a shift in sales mix toward higher price point jewelry, as well as sales deleverage on operating expenses. Additionally, the prior year period included the impact of an \$8.5 million charge recorded in the third quarter of 2018 related to the bankruptcy filing of a metal refiner to which the Company entrusted precious scrap metal.

Management periodically reviews and adjusts its retail prices when appropriate to address product input cost increases, specific market conditions and changes in foreign currencies/U.S. dollar relationships. Its long-term strategy is to continue that approach, although significant increases in product input costs or weakening foreign currencies can affect gross margin negatively over the short-term until management makes necessary price adjustments. Among the market conditions that management considers are consumer demand for the product category involved, which may be influenced by consumer confidence and competitive pricing conditions. Management uses derivative instruments to mitigate certain foreign exchange and precious metal price exposures (see "Item 8. Financial Statements and Supplementary Data – Note I. Hedging Instruments"). Management adjusted retail prices in both 2019 and 2018 across most geographic regions and product categories, some of which were intended to mitigate the impact of foreign currency fluctuations.

## Selling, General and Administrative Expenses

<i>(in millions)</i>	2019	2018	2017
As reported:			
SG&A expenses	\$ 2,029.3	\$ 2,020.7	\$ 1,801.3
SG&A expenses as a percentage of net sales ("SG&A expense ratio")	45.9%	45.5%	43.2%
On a Non-GAAP basis*:			
SG&A expenses	\$ 2,009.1		
SG&A expense ratio	45.4%		

\*See "Non-GAAP Measures" above for additional information.

SG&A expenses did not change significantly in 2019, which included certain costs related to the proposed Merger (see "Non-GAAP Measures" for further details). In addition to those costs, SG&A expenses in 2019 reflected decreased labor and incentive compensation costs, decreased marketing costs and decreased professional services costs, largely offset by increased store occupancy and depreciation expenses.

Excluding the 2019 items noted in "Non-GAAP Measures", SG&A expenses in 2019 decreased \$11.6 million, or 1%, compared to 2018.

There was no significant effect on SG&A expense changes from foreign currency translation. SG&A expenses as a percentage of net sales increased 40 basis points compared to 2018. SG&A expenses as a percentage of net sales decreased 10 basis points when excluding the aforementioned costs related to the proposed Merger (see "Non-GAAP Measures").

The Company's SG&A expenses are largely fixed or controllable in nature (including, but not limited to, marketing costs, employees' salaries and benefits, fixed store rent and depreciation expenses), with the total of such costs representing approximately 80 - 85% of total SG&A expenses, and the remainder comprised of variable items (including, but not limited to, variable store rent, sales commissions and fees paid to credit card companies).

## Earnings from Operations

<i>(in millions)</i>	2019	2018	2017
As reported:			
Earnings from operations	\$ 732.6	\$ 790.3	\$ 809.4
Operating margin	16.6%	17.8%	19.4%
On a Non-GAAP basis*:			
Earnings from operations	\$ 753.8		
Operating margin	17.0%		

\*See "Non-GAAP Measures" above for additional information.

Earnings from operations decreased \$57.7 million, or 7%, in 2019 and operating margin decreased 120 basis points, which included the impact of costs related to the proposed Merger (see "Non-GAAP Measures"), as well as a decrease in gross margin. Excluding these costs, operating margin decreased 80 basis points.

Results by segment were as follows:

<i>(in millions)</i>	2019	% of Net Sales	2018	% of Net Sales	2017	% of Net Sales
Earnings from operations*:						
Americas	\$ 382.2	19.9 %	\$ 386.7	19.7 %	\$ 399.0	21.3 %
Asia-Pacific	254.3	20.2	311.5	25.1	287.7	26.3
Japan	229.7	35.4	237.2	36.9	209.3	35.1
Europe	83.1	16.7	86.2	17.1	90.4	18.5
Other	11.3	12.1	(6.4)	(6.7)	3.6	3.0
	960.6		1,015.2		990.0	
Unallocated corporate expenses	(206.8)	(4.7)%	(224.9)	(5.1)%	(180.6)	(4.3)%
Earnings from operations before other operating expenses	753.8	17.0 %	790.3	17.8 %	809.4	19.4 %
Other operating expenses	(21.2)		—		—	
Earnings from operations	\$ 732.6	16.6 %	\$ 790.3	17.8 %	\$ 809.4	19.4 %

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

On a segment basis, the ratio of earnings from operations to each segment's net sales in 2019 compared with 2018 was as follows:

- Americas – the ratio increased 20 basis points due to a decrease in the SG&A expense ratio, primarily resulting from decreased labor and incentive compensation costs and decreased marketing spending, largely offset by a decrease in gross margin;
- Asia-Pacific – the ratio decreased 490 basis points due to sales deleverage on operating expenses largely attributed to business disruptions in Hong Kong, with store-related expenses in Asia Pacific growing at a higher rate than net sales, and a decrease in gross margin;
- Japan – the ratio decreased 150 basis points primarily due to sales deleverage on operating expenses; and
- Europe – the ratio decreased 40 basis points due to a decrease in gross margin, largely offset by a decrease in the SG&A expense ratio attributable to a decrease in marketing spending.

Unallocated corporate expenses include costs related to administrative support functions which the Company does not allocate to its segments. Such unallocated costs include those for centralized information technology, finance, legal and human resources departments. Unallocated corporate expenses decreased by \$18.1 million, or 8%, in 2019, due to decreased labor and incentive compensation costs. Additionally, the prior year period included the impact of an \$8.5 million charge recorded in the third quarter of 2018 related to the bankruptcy filing of a metal refiner to which the Company entrusted precious scrap metal.

The 2019 amount included in other operating expenses in the table above reflects \$21.2 million for costs incurred related to the proposed Merger (see "Item 8. Financial Statements and Supplementary Data - Note B. Entry into Merger Agreement").

#### Interest Expense and Financing Costs

Interest expense and financing costs decreased \$1.2 million, or 3%, in 2019.

## Other Expense, Net

Other expense, net includes the non-service cost components of net periodic benefit cost, interest income and gains/losses on investment activities and foreign currency transactions. Other expense, net decreased \$3.3 million, or 46%, in 2019.

## Provision for Income Taxes

The effective income tax rate was 21.6% in 2019 compared with 21.1% in 2018.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity needs have been, and are expected to remain, primarily a function of its ongoing, seasonal and expansion-related working capital requirements and capital expenditure needs. Over the long term, the Company manages its cash and capital structure to maintain a strong financial position that provides flexibility to pursue strategic priorities. Management regularly assesses its working capital needs, capital expenditure requirements, debt service, dividend payouts and future investments. Management believes that cash on hand, internally generated cash flows and the funds available under its revolving credit facilities are sufficient to support the Company's liquidity and capital requirements for the foreseeable future.

At January 31, 2020, the Company's cash and cash equivalents totaled \$874.7 million, of which approximately 30% was held in locations outside the U.S. where the Company has determined to maintain its assertion to indefinitely reinvest undistributed earnings to support its continued expansion and investments in such foreign locations. To the extent the Company were to repatriate such funds, it may incur withholding taxes, state income taxes and the tax expense or benefit associated with foreign currency gains or losses. The Company believes it has sufficient sources of cash in the U.S. to fund its U.S. operations without the need to repatriate those funds held outside the U.S. See "Item 8. Financial Statements and Supplementary Data - Note P. Income Taxes" for additional information. In addition, the Company had Short-term investments of \$22.7 million at January 31, 2020.

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

<i>(in millions)</i>	2019	2018	2017
Net cash provided by (used in):			
Operating activities	\$ 670.9	\$ 531.8	\$ 932.2
Investing activities	(279.3)	(29.9)	(481.1)
Financing activities	(307.9)	(674.3)	(421.1)
Effect of exchange rate changes on cash and cash equivalents	(1.6)	(5.7)	12.7
Net increase (decrease) in cash and cash equivalents	\$ 82.1	\$ (178.1)	\$ 42.7

## Operating Activities

The Company had net cash inflows from operating activities of \$670.9 million in 2019 and \$531.8 million in 2018. The increase in 2019 compared to 2018 primarily reflected decreases in inventory purchases, partly offset by a decrease in earnings.

*Working Capital.* Working capital (current assets less current liabilities) decreased to \$2.9 billion at January 31, 2020 from \$3.0 billion at January 31, 2019. The decrease in 2019 compared with 2018 included an increase in current liabilities (which reflects the adoption of ASC 842 – Leases in the current period, which established the Current portion of operating lease liabilities on the Consolidated Balance Sheet).

Accounts receivable, net at January 31, 2020 decreased 2% from January 31, 2019. Currency translation had no significant effect on the change compared to the prior year.

Inventories, net at January 31, 2020 did not change significantly from January 31, 2019. Currency translation had no significant effect on the change compared to the prior year.

Accounts payable and accrued liabilities at January 31, 2020 were 5% higher than at January 31, 2019, which primarily reflected an increase in accounts payable for store-related expenditures and professional services.

### Investing Activities

The Company had net cash outflows from investing activities of \$279.3 million in 2019 and \$29.9 million in 2018. The increase in net cash outflows in 2019 compared to 2018 was driven by net cash flows resulting from purchases and sales of marketable securities and short-term investments and an increase in capital expenditures in 2019.

*Marketable Securities and Short-Term Investments.* The Company invests a portion of its cash in marketable securities and short-term investments. The Company had \$37.0 million of net sales of marketable securities and short-term investments during 2019, compared with \$240.0 million in 2018.

*Capital Expenditures.* Capital expenditures are typically related to the opening, renovation and/or relocation of stores (which represented approximately 55% and 60% of capital expenditures in 2019 and 2018, respectively), as well as distribution and manufacturing facilities and ongoing investments in information technology. Capital expenditures were \$320.6 million in 2019 and \$282.1 million in 2018, representing 7% and 6% of worldwide net sales in 2019 and 2018, respectively.

The Company's New York Flagship store closed in January 2020, at which time the Company began its complete renovation and temporarily moved its operations to the "Tiffany Flagship Next Door" at 6 East 57th Street. The renovation of the New York Flagship store is expected to lower diluted earnings per share by approximately \$0.10 - \$0.12 in fiscal years 2020 and 2021, due to the incremental costs associated with the adjacent space, and is expected to be completed in the fourth quarter of 2021.

### Financing Activities

The Company had net cash outflows from financing activities of \$307.9 million in 2019 and \$674.3 million in 2018.

*Borrowings.* The Company had net proceeds from (repayments of) borrowings as follows:

<i>(in millions)</i>	2019	2018	2017
Short-term borrowings:			
Proceeds from (repayments of) credit facility borrowings, net	\$ 1.5	\$ (18.4)	\$ (67.8)
Proceeds from other credit facility borrowings	133.1	49.3	39.2
Repayments of other credit facility borrowings	(96.1)	(32.0)	(96.1)
Net proceeds from (repayments of) total borrowings	<u>\$ 38.5</u>	<u>\$ (1.1)</u>	<u>\$ (124.7)</u>

*Credit Facilities.* On October 25, 2018, the Registrant, along with certain of its subsidiaries designated as borrowers thereunder, entered into a five-year multi-bank, multi-currency committed unsecured revolving credit facility, including a letter of credit subfacility, consisting of basic commitments in an amount up to \$750.0 million (which commitments may be increased, subject to certain conditions and limitations, at the request of the Registrant) (the "Credit Facility"). The Credit Facility replaced the Registrant's previously existing \$375.0 million four-year unsecured revolving credit facility and \$375.0 million five-year unsecured revolving credit facility, which were each terminated and repaid in connection with the Registrant's entry into the Credit Facility.

The Credit Facility matures in 2023, provided that such maturity may be extended for one or two additional one-year periods at any time with the consent of the applicable lenders, as further described in the agreement governing such facility.

*Commercial Paper.* In August 2017, the Registrant and one of its wholly owned subsidiaries established a commercial paper program (the "Commercial Paper Program") for the issuance of commercial paper in the form of short-term promissory notes in an aggregate principal amount not to exceed \$750.0 million. Borrowings under the Commercial Paper Program may be used for general corporate purposes. The aggregate amount of borrowings that the Company is currently authorized to have outstanding under the Commercial Paper Program and the Registrant's

Credit Facility is \$750.0 million. The Registrant guarantees the obligations of its wholly owned subsidiary under the Commercial Paper Program. Maturities of commercial paper notes may vary, but cannot exceed 397 days from the date of issuance. Notes issued under the Commercial Paper Program rank equally with the Registrant's present and future unsecured and unsubordinated indebtedness.

*Other Credit Facilities. Tiffany-Shanghai Credit Agreement.* In June 2019, the Registrant's indirect, wholly owned subsidiary, Tiffany & Co. (Shanghai) Commercial Company Limited ("Tiffany-Shanghai"), entered into a three-year multi-bank revolving credit agreement (the "Tiffany-Shanghai Credit Agreement"). The Tiffany-Shanghai Credit Agreement has an aggregate borrowing limit of RMB 408.0 million (\$59.0 million at January 31, 2020), which may be increased to the RMB equivalent of \$100.0 million, subject to certain conditions and limitations, at the request of Tiffany-Shanghai. The Tiffany-Shanghai Credit Agreement, which matures in July 2022, was made available to refinance amounts outstanding under Tiffany-Shanghai's previously existing RMB 990.0 million three-year multi-bank revolving credit agreement (the "2016 Agreement"), which expired pursuant to its terms on July 11, 2019, as well as for Tiffany-Shanghai's ongoing general working capital requirements. The participating lenders make loans, upon Tiffany-Shanghai's request, for periods of up to 12 months at the applicable interest rates equal to 95% of the applicable rate as announced by the People's Bank of China (provided, that if such announced rate is below zero, the applicable interest rate shall be deemed to be zero). In June 2019, in connection with the Tiffany-Shanghai Credit Agreement, the Registrant entered into a Guaranty Agreement by and between the Registrant and the facility agent under the Tiffany-Shanghai Credit Agreement (the "Guaranty"). At January 31, 2020, there was \$33.0 million available to be borrowed under the Tiffany-Shanghai Credit Agreement and \$26.0 million was outstanding.

The weighted-average interest rate for borrowings outstanding under all of the Company's credit facilities was 4.7% at January 31, 2020 and 3.7% at January 31, 2019.

The ratio of total debt (short-term borrowings and long-term debt) to stockholders' equity was 31% at January 31, 2020 and 32% at January 31, 2019.

At January 31, 2020, the Company was in compliance with all debt covenants.

Once consummated, the proposed Merger may result in certain of the Company's outstanding indebtedness becoming due, and the Company will need to comply with certain covenants of the agreements governing its outstanding indebtedness relating to the proposed Merger. Under the terms of the Merger Agreement, if reasonably requested by Parent, the Company must use its commercially reasonable efforts to, among other things, take actions required to facilitate repayment of the Company's outstanding indebtedness.

For additional information regarding all of the Company's credit facilities, senior note issuances and other outstanding indebtedness, including the impact of the proposed Merger on the covenants in respect thereof, see "Item 8. Financial Statements and Supplementary Data - Note H. Debt."

*Share Repurchases.* In May 2018, the Registrant's Board of Directors approved a new share repurchase program (the "2018 Program"). The 2018 Program, which became effective June 1, 2018 and expires on January 31, 2022, authorizes the Company to repurchase up to \$1.0 billion of its Common Stock through open market transactions, including through Rule 10b5-1 plans and one or more accelerated share repurchase ("ASR") or other structured repurchase transactions, and/or privately negotiated transactions. As of January 31, 2020, \$471.6 million remained available under the 2018 Program; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, the Company may not repurchase its Common Stock other than in connection with the forfeiture provisions of Company equity awards or the cashless exercise or tax withholding provisions of such Company equity awards, in each case, granted under the Company's stock-based compensation plans. Accordingly, the Company does not expect to repurchase any shares of its Common Stock in connection with the 2018 Program prior to the consummation of the proposed Merger or earlier termination of the Merger Agreement.

During 2018, the Company entered into ASR agreements with two third-party financial institutions to repurchase an aggregate of \$250.0 million of its Common Stock. The ASR agreements were entered into under the 2018 Program. Pursuant to the ASR agreements, the Company made an aggregate payment of \$250.0 million from available cash on hand in exchange for an initial delivery of 1,529,286 shares of its Common Stock. Final settlement of the ASR agreements was completed in July 2018, pursuant to which the Company received an additional 353,112 shares of its Common Stock. In total, 1,882,398 shares of the Company's Common Stock were repurchased under these ASR agreements at an average cost per share of \$132.81 over the term of the agreements.

The Company's share repurchase activity was as follows:

<i>(in millions, except per share amounts)</i>	2019		2018		2017
Cost of repurchases	\$	163.4	\$	421.4	\$ 99.2
Shares repurchased and retired		1.8		3.5	1.0
Average cost per share	\$	91.15	\$	121.28	\$ 94.86

*Proceeds from exercised stock options.* The Company's proceeds from exercised stock options were \$108.4 million and \$23.1 million in 2019 and 2018, respectively.

*Dividends.* The cash dividend on the Company's Common Stock was increased once in each of 2019 and 2018. The Company's Board of Directors declared quarterly dividends which totaled \$2.29 and \$2.15 per common share in 2019 and 2018, respectively, with cash dividends paid of \$276.3 million and \$263.8 million in those respective years. The dividend payout ratio (dividends as a percentage of net earnings) was 51% and 45% in 2019 and 2018, respectively. Dividends as a percentage of adjusted net earnings (see "Non-GAAP Measures") were 49% in 2019.

#### Contractual Cash Obligations and Commercial Commitments

The following is a summary of the Company's contractual cash obligations at January 31, 2020:

<i>(in millions)</i>	Total	2020	2021-2022	2023-2024	Thereafter
<b>Recorded contractual obligations:</b>					
Operating leases <sup>a</sup>	\$ 1,403.6	\$ 245.1	\$ 466.3	\$ 323.7	\$ 368.5
Short-term borrowings	147.9	147.9	—	—	—
Long-term debt <sup>b</sup>	891.9	—	50.0	250.0	591.9
<b>Unrecorded contractual obligations:</b>					
Inventory purchase obligations <sup>c</sup>	229.8	229.8	—	—	—
Interest on debt <sup>d</sup>	557.4	35.9	70.7	67.4	383.4
Other contractual obligations <sup>e</sup>	152.1	97.3	44.9	6.2	3.7
	<b>\$ 3,382.7</b>	<b>\$ 756.0</b>	<b>\$ 631.9</b>	<b>\$ 647.3</b>	<b>\$ 1,347.5</b>

- a) Includes the minimum rental commitments under non-cancelable operating leases primarily for retail stores, offices, warehouses and distribution facilities (includes imputed interest of \$192.4 million, which is not reflected within operating lease liabilities on the Consolidated Balance Sheet as of January 31, 2020). See "Item 8. Financial Statements and Supplementary Data - Note K. Leases" for a discussion of the Company's operating leases.
- b) Amounts exclude any unamortized discount or premium.
- c) The Company will, from time to time, enter into arrangements to purchase rough diamonds that contain minimum purchase obligations. Inventory purchase obligations associated with these agreements have been estimated at approximately \$30.0 million for 2020 and are included in this table. Purchases beyond 2020 that are contingent upon mine production have been excluded as they cannot be reasonably estimated.
- d) Excludes interest payments on amounts outstanding under available lines of credit, as the outstanding amounts fluctuate based on the Company's working capital needs.
- e) Consists primarily of technology licensing and service contracts, fixed royalty commitments, construction-in-progress and packaging supplies.

The summary above does not include the following items:

- Cash contributions to the Company's pension plan and cash payments for other postretirement obligations. The Company funds its U.S. pension plan's trust in accordance with regulatory limits to provide for current service and for the unfunded benefit obligation over a reasonable period and for current service benefit

accruals. To the extent that these requirements are fully covered by assets in the Qualified Plan (as defined under "Item 8. Financial Statements and Supplementary Data – Note O. Employee Benefit Plans"), the Company may elect not to make any contribution in a particular year. No cash contribution was required in 2019 and none is required in 2020 to meet the minimum funding requirements of the Employee Retirement Income Security Act. However, the Company periodically evaluates whether to make discretionary cash contributions to the Qualified Plan and made voluntary cash contributions of \$30.0 million in 2019 and \$11.8 million in 2018. The Company does not currently expect to make any contributions to the Qualified Plan in 2020.

- Unrecognized tax benefits of \$19.7 million and accrued interest and penalties of \$2.9 million at January 31, 2020. The final outcome of tax uncertainties is dependent upon various matters including tax examinations, interpretation of the applicable tax laws or expiration of statutes of limitations. The Company believes that its tax positions comply with applicable tax law and that it has adequately provided for these matters. However, the examinations may result in proposed assessments where the ultimate resolution may result in the Company owing additional taxes.

The following is a summary of the Company's outstanding borrowings and available capacity under its credit facilities at January 31, 2020:

<i>(in millions)</i>	Total Capacity	Borrowings Outstanding	Letters of Credit Issued	Available Capacity
Five-year revolving credit facility <sup>a, b</sup>	\$ 750.0	\$ 13.8	\$ 3.6	\$ 732.6
Other credit facilities <sup>c</sup>	247.9	134.1	—	113.8
	<u>\$ 997.9</u>	<u>\$ 147.9</u>	<u>\$ 3.6</u>	<u>\$ 846.4</u>

- a) Matures in 2023.
- b) The aggregate amount of borrowings that the Company is currently authorized to have outstanding under the Commercial Paper Program and the Credit Facility is \$750.0 million. As of January 31, 2020, there were no borrowings outstanding under the Commercial Paper Program.
- c) Maturities through 2022.

In addition, the Company has other available letters of credit and financial guarantees of \$73.7 million, of which \$48.5 million was outstanding at January 31, 2020. Of those available letters of credit and financial guarantees, \$46.5 million expires within one year.

#### Seasonality

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

#### Critical Accounting Estimates

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. Actual results could differ from those estimates and the differences could be material. Periodically, the Company reviews all significant estimates and assumptions affecting the financial statements and records any necessary adjustments.

The development and selection of critical accounting estimates and the related disclosures below have been reviewed with the Audit Committee of the Company's Board of Directors. The following critical accounting policies that rely on assumptions and estimates were used in the preparation of the Company's consolidated financial statements.

*Inventory.* The Company writes down its inventory for discontinued and slow-moving products. This write-down is equal to the difference between the cost of inventory and its net realizable value, and is based on assumptions about future demand and market conditions. Net realizable value is the estimated selling prices in the ordinary course of

business, less reasonably predictable costs of completion, disposal and transportation. The Company has not made any material changes in the accounting methodology used to establish its reserve for discontinued and slow-moving products during the past three years. At January 31, 2020, a 10% change in the reserve for discontinued and slow-moving products would have resulted in a change of \$8.1 million in inventory and cost of sales.

*Property, plant and equipment and intangible assets and key money.* The Company reviews its property, plant and equipment and intangible assets and key money for impairment when management determines that the carrying value of such assets may not be recoverable due to events or changes in circumstances. Recoverability of these assets is evaluated by comparing the carrying value of the asset with estimated future undiscounted cash flows. If the comparisons indicate that the value of the asset is not recoverable, an impairment loss is calculated as the difference between the carrying value and the fair value of the asset and the loss is recognized during that period. The Company did not record any significant impairment charges in 2019 or 2018.

*Goodwill.* The Company performs its annual impairment evaluation of goodwill during the fourth quarter of its fiscal year, or when circumstances otherwise indicate an evaluation should be performed. A qualitative assessment is first performed for each reporting unit to determine whether it is more-likely-than-not that the fair value of the reporting unit is less than its carrying value. If it is concluded that this is the case, a quantitative evaluation is performed and an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value during that period. The 2019 and 2018 evaluations resulted in no impairment charges.

*Income taxes.* The Company is subject to income taxes in U.S. federal and state, as well as foreign, jurisdictions. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. Significant judgments, interpretations and estimates are required in determining consolidated income tax expense. The Company's income tax expense, deferred tax assets and liabilities and reserves for uncertain tax positions reflect management's best assessment of estimated current and future taxes to be paid.

Foreign and domestic tax authorities periodically audit the Company's income tax returns. These audits often examine and test the factual and legal basis for positions the Company has taken in its tax filings with respect to its tax liabilities, including the timing and amount of income and deductions and the allocation of income among various tax jurisdictions ("tax filing positions"). Management believes that its tax filing positions are reasonable and legally supportable. However, in specific cases, various tax authorities may take a contrary position. In evaluating the exposures associated with the Company's various tax filing positions, management records reserves using a more likely-than-not recognition threshold for tax benefits related to the income tax positions taken or expected to be taken. Earnings could be affected to the extent the Company prevails in matters for which reserves have been established or is required to pay amounts in excess of established reserves. At January 31, 2020, total unrecognized tax benefits were \$19.7 million. As of January 31, 2020, unrecognized tax benefits are not expected to change materially in the next 12 months. Future developments may result in a change in this assessment.

In evaluating the Company's likelihood to recover its deferred tax assets within the jurisdiction from which they arise, management considers all available evidence. The Company records valuation allowances when management determines it is more likely than not that deferred tax assets will not be realized in the future.

Following the enactment of the U.S. Tax Cuts and Jobs Act (the "2017 Tax Act") on December 22, 2017, the SEC issued SAB 118 to address the application of U.S. GAAP in situations when a registrant did not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act. Specifically, SAB 118 provided a measurement period for companies to evaluate the impacts of the 2017 Tax Act on their financial statements. This measurement period began in the reporting period that included the enactment date and ended when an entity obtained, prepared and analyzed the information that was needed in order to complete the accounting requirements, but could not exceed one year. The Company adopted the provisions of SAB 118 with respect to the impact of the 2017 Tax Act on its 2017 consolidated financial statements.

Consistent with SAB 118, the Company calculated and recorded reasonable estimates in its 2017 consolidated financial statements for the impact of the one-time transition tax via a mandatory deemed repatriation of post-1986 undistributed foreign earnings and profits (the "Transition Tax") and the remeasurement of its deferred tax assets and deferred tax liabilities. The Company also adopted the provisions of SAB 118 as it related to the assertion of the indefinite reinvestment of foreign earnings and profits. The charges recorded during the fourth quarter of 2017

associated with the Transition Tax and the remeasurement of the Company's deferred tax assets and deferred tax liabilities, as a result of applying the 2017 Tax Act, represented provisional amounts for which the Company's analysis was incomplete but reasonable estimates could be determined. Further, the impact of the 2017 Tax Act on the Company's assertion to indefinitely reinvest foreign earnings and profits was incomplete, as the Company continued to analyze the relevant provisions of the 2017 Tax Act and related accounting guidance.

During 2018, as permitted by SAB 118, the Company completed its analyses under the 2017 Tax Act, including those related to: (i) the provisional estimate recorded during 2017 for the Transition Tax; (ii) the provisional estimate recorded during 2017 to remeasure the Company's deferred tax assets and liabilities; and (iii) the Company's assertion to indefinitely reinvest undistributed foreign earnings and profits.

As a result of completing these analyses, during 2018, the Company: (i) recorded tax benefits totaling \$12.6 million to adjust the provisional estimate recorded in 2017 to remeasure the Company's deferred tax assets and liabilities; (ii) recorded tax benefits totaling \$3.3 million to adjust the provisional estimate recorded in 2017 for the Transition Tax; and (iii) determined to maintain its assertion to indefinitely reinvest undistributed foreign earnings and profits.

For additional information, see "Item 8. Financial Statements and Supplementary Data - Note P. Income Taxes."

*Employee benefit plans.* The Company maintains several pension and retirement plans and provides certain postretirement healthcare and life insurance benefits for retired employees. The Company makes certain assumptions that affect the underlying estimates related to pension and other postretirement costs. Significant changes in interest rates, the market value of securities and projected healthcare costs would require the Company to revise key assumptions and could result in a higher or lower charge to earnings.

The Company used a discount rate of 4.25% to determine 2019 expense for its U.S. Qualified Plan, 4.50% for its postretirement plans and 4.25% for its Excess Plan/SRIP (as defined under "Item 8. Financial Statements and Supplementary Data – Note O. Employee Benefit Plans"). Holding all other assumptions constant, a 0.5% increase in the discount rates would have decreased 2019 pension and postretirement expenses by \$6.3 million and \$0.8 million, respectively. A decrease of 0.5% in the discount rates would have increased the 2019 pension and postretirement expenses by \$7.1 million and \$0.4 million, respectively. The discount rate is subject to change each year, consistent with changes in the yield on applicable high-quality, long-term corporate bonds. Management selects a discount rate at which pension and postretirement benefits could be effectively settled based on (i) an analysis of expected benefit payments attributable to current employment service and (ii) appropriate yields related to such cash flows.

The Company used an expected long-term rate of return on pension plan assets of 7.00% to determine its 2019 pension expense. Holding all other assumptions constant, a 0.5% change in the long-term rate of return would have changed the 2019 pension expense by \$2.5 million. The expected long-term rate of return on pension plan assets is selected by taking into account the average rate of return expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. More specifically, consideration is given to the expected rates of return (including reinvestment asset return rates) based upon the plan's current asset mix, investment strategy and the historical performance of plan assets.

For postretirement benefit measurement purposes, a 6.50% annual rate of increase in the per capita cost of covered health care was assumed for 2020. The rate was assumed to decrease gradually to 4.75% by 2023 and remain at that level thereafter. A one-percentage-point change in the assumed health-care cost trend rate would not have a significant effect on the Company's accumulated postretirement benefit obligation for the year ended January 31, 2020 or aggregate service and interest cost components of the 2019 postretirement expense.

#### NEW ACCOUNTING STANDARDS

See "Item 8. Financial Statements and Supplementary Data - Note C. Summary of Significant Accounting Policies."

#### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## Item 7A. 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.

### Foreign Currency Risk

The Company uses foreign exchange forward contracts to offset a portion of the foreign currency exchange risks associated with foreign currency-denominated liabilities, intercompany transactions and forecasted purchases of merchandise between entities with differing functional currencies. The maximum term of the Company's outstanding foreign exchange forward contracts as of January 31, 2020 is 12 months. At January 31, 2020 and 2019, the aggregate fair value of the Company's outstanding foreign exchange forwards was a net asset of \$1.4 million and a net liability of \$2.1 million, respectively.

The Company entered into cross-currency swaps to hedge the foreign currency exchange risk associated with Japanese yen-denominated and Euro-denominated intercompany loans. These cross-currency swaps are designated and accounted for as cash flow hedges. As of January 31, 2020, the notional amounts of cross-currency swaps accounted for as cash flow hedges and the respective maturity dates were as follows:

Cross-Currency Swap		Notional Amount	
Effective Date	Maturity Date	(in millions)	(in millions)
July 2016	October 2024	¥ 10,620.0	\$ 100.0
March 2017	April 2027	¥ 11,000.0	96.1
May 2017	April 2027	¥ 5,634.5	50.0
August 2019	August 2026	€ 21.1	23.6

At January 31, 2020 and 2019, the aggregate fair value of the Company's outstanding cross-currency swaps was a net asset of \$1.0 million and a net liability of \$19.9 million, respectively.

At January 31, 2020, for all of the contracts and swaps noted above, a 10% decrease in the hedged foreign currency exchange rates from the prevailing market rates would have resulted in a liability with a fair value of approximately \$91.3 million.

### 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 manage the effect of volatility in precious metal 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. 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 of the Company's outstanding precious metal forward contracts and collars as of January 31, 2020 is 18 months. At January 31, 2020 and 2019, the aggregate fair value of the Company's outstanding precious metal derivative instruments was a net asset of \$12.8 million and \$2.5 million, respectively. At January 31, 2020, a 10% decrease in precious metal prices from the prevailing market rates would have resulted in a liability with a fair value of approximately \$4.1 million.

## Item 8. Financial Statements and Supplementary Data.

### Report of Independent Registered Public Accounting Firm

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

#### ***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Tiffany & Co. and its subsidiaries (the "Company") as of January 31, 2020 and 2019, and the related consolidated statements of earnings, of comprehensive earnings, of stockholders' equity and of cash flows for each of the three years in the period ended January 31, 2020, including the related notes and financial statement schedule listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

#### ***Change in Accounting Principle***

As discussed in Note C to the consolidated financial statements, the Company changed the manner in which it accounts for leases as of February 1, 2019.

#### ***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

## ***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## ***Critical Audit Matters***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Income Taxes*

As described in Notes C and P to the consolidated financial statements, the Company recorded a provision for income taxes of \$149 million for the year ended January 31, 2020. As disclosed by management, the calculation of the Company's tax liabilities involves uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. Significant judgments, interpretations and estimates are required by management in determining consolidated income tax expense. The Company's income tax expense, deferred tax assets and liabilities and reserves for uncertain tax positions reflect management's best assessment of estimated current and future taxes to be paid.

The principal considerations for our determination that performing procedures relating to accounting for income taxes is a critical audit matter are there was significant judgment by management when evaluating complex tax laws and regulations in a multitude of jurisdictions. This in turn led to a high degree of auditor judgment, subjectivity, and effort in evaluating the Company's accounting for complex tax laws and regulations in a multitude of jurisdictions, including deferred tax assets and liabilities and management's assessment of the estimated current and future taxes to be paid. Professionals with specialized skill and knowledge were used to assist in evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to accounting for income taxes, including evaluation of permanent and temporary differences within jurisdictions, the rate reconciliation and the provision to tax return reconciliation. Professionals with specialized skill and knowledge were used to assist in (i) evaluating the provision for income taxes, including the reasonableness of management's judgments and estimates in the application of tax laws and regulations in certain jurisdictions; (ii) testing the current and deferred income tax provision, including evaluation of permanent and temporary differences within certain jurisdictions and management's assessment of the technical merits of the differences; (iii) performing procedures over the Company's rate reconciliation; and (iv) testing the reconciliation of the provision to the tax returns.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
March 20, 2020

We have served as the Company's auditor since 1984.

**CONSOLIDATED BALANCE SHEETS**

	January 31,	
<i>(in millions, except per share amounts)</i>	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 874.7	\$ 792.6
Short-term investments	22.7	62.7
Accounts receivable, net	240.0	245.4
Inventories, net	2,463.9	2,428.0
Prepaid expenses and other current assets	274.2	230.8
Total current assets	3,875.5	3,759.5
Operating lease right-of-use assets	1,102.7	—
Property, plant and equipment, net	1,098.8	1,026.7
Deferred income taxes	225.2	215.8
Other assets, net	357.9	331.0
	<u>\$ 6,660.1</u>	<u>\$ 5,333.0</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 147.9	\$ 113.4
Accounts payable and accrued liabilities	541.5	513.4
Current portion of operating lease liabilities	202.8	—
Income taxes payable	16.4	21.4
Merchandise credits and deferred revenue	61.8	69.9
Total current liabilities	970.4	718.1
Long-term debt	884.1	883.4
Pension/postretirement benefit obligations	374.5	312.4
Deferred gains on sale-leasebacks	—	31.1
Long-term portion of operating lease liabilities	1,008.4	—
Other long-term liabilities	87.3	257.1
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, \$0.01 par value; authorized 2.0 shares, none issued and outstanding	—	—
Common Stock, \$0.01 par value; authorized 240.0 shares, issued and outstanding 121.2 and 121.5	1.2	1.2
Additional paid-in capital	1,387.3	1,275.4
Retained earnings	2,207.6	2,045.6
Accumulated other comprehensive loss, net of tax	(273.2)	(204.8)
Total Tiffany & Co. stockholders' equity	3,322.9	3,117.4
Non-controlling interests	12.5	13.5
Total stockholders' equity	3,335.4	3,130.9
	<u>\$ 6,660.1</u>	<u>\$ 5,333.0</u>

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF EARNINGS

	Years Ended January 31,		
	2020	2019	2018
<i>(in millions, except per share amounts)</i>			
Net sales	\$ 4,424.0	\$ 4,442.1	\$ 4,169.8
Cost of sales	1,662.1	1,631.1	1,559.1
Gross profit	2,761.9	2,811.0	2,610.7
Selling, general and administrative expenses	2,029.3	2,020.7	1,801.3
Earnings from operations	732.6	790.3	809.4
Interest expense and financing costs	38.5	39.7	42.0
Other expense, net	3.8	7.1	6.9
Earnings from operations before income taxes	690.3	743.5	760.5
Provision for income taxes	149.2	157.1	390.4
Net earnings	\$ 541.1	\$ 586.4	\$ 370.1
Net earnings per share:			
Basic	\$ 4.47	\$ 4.77	\$ 2.97
Diluted	\$ 4.45	\$ 4.75	\$ 2.96
Weighted-average number of common shares:			
Basic	121.1	122.9	124.5
Diluted	121.6	123.5	125.1
<i>See notes to consolidated financial statements.</i>			

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS**

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Net earnings	\$ 541.1	\$ 586.4	\$ 370.1
Other comprehensive (loss) earnings, net of tax			
Foreign currency translation adjustments	(22.4)	(60.2)	95.7
Unrealized loss on marketable securities	—	—	(2.6)
Unrealized gain (loss) on hedging instruments	34.7	(1.6)	(6.8)
Unrealized (loss) gain on benefit plans	(54.7)	(6.8)	31.9
Total other comprehensive (loss) earnings, net of tax	(42.4)	(68.6)	118.2
Comprehensive earnings	\$ 498.7	\$ 517.8	\$ 488.3

*See notes to consolidated financial statements.*

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**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

<i>(in millions)</i>	Total Stockholders' Equity	Retained Earnings	Accumulated Other Comprehensive Loss	Common Stock		Additional Paid-In Capital	Non- Controlling Interests
				Shares	Amount		
Balance at January 31, 2017	\$ 3,028.4	\$ 2,078.3	\$ (256.2)	124.5	\$ 1.2	\$ 1,190.2	\$ 14.9
Exercise of stock options and vesting of restricted stock units ("RSUs")	54.6	—	—	1.1	—	54.6	—
Shares withheld related to net share settlement of share-based compensation	(8.6)	—	—	(0.1)	—	(8.6)	—
Share-based compensation expense	28.2	—	—	—	—	28.2	—
Purchase and retirement of Common Stock	(99.2)	(90.8)	—	(1.0)	—	(8.4)	—
Cash dividends on Common Stock	(242.6)	(242.6)	—	—	—	—	—
Accrued dividends on share-based awards	(0.8)	(0.8)	—	—	—	—	—
Other comprehensive earnings, net of tax	118.2	—	118.2	—	—	—	—
Net earnings	370.1	370.1	—	—	—	—	—
Non-controlling interests	(0.1)	—	—	—	—	—	(0.1)
Balance at January 31, 2018	3,248.2	2,114.2	(138.0)	124.5	1.2	1,256.0	14.8
Exercise of stock options and vesting of RSUs	23.1	—	—	0.6	—	23.1	—
Shares withheld related to net share settlement of share-based compensation	(8.6)	—	—	(0.1)	—	(8.6)	—
Share-based compensation expense	34.1	—	—	—	—	34.1	—
Purchase and retirement of Common Stock	(421.4)	(392.1)	—	(3.5)	—	(29.3)	—
Cash dividends on Common Stock	(263.8)	(263.8)	—	—	—	—	—
Accrued dividends on share-based awards	(1.1)	(1.2)	—	—	—	0.1	—
Cumulative effect adjustment from adoption of new accounting standards	3.9	2.1	1.8	—	—	—	—
Other comprehensive loss, net of tax	(68.6)	—	(68.6)	—	—	—	—
Net earnings	586.4	586.4	—	—	—	—	—
Non-controlling interests	(1.3)	—	—	—	—	—	(1.3)
Balance at January 31, 2019	3,130.9	2,045.6	(204.8)	121.5	1.2	1,275.4	13.5
Exercise of stock options and vesting of RSUs	108.4	—	—	1.6	—	108.4	—
Shares withheld related to net share settlement of share-based compensation	(15.2)	—	—	(0.1)	—	(15.2)	—
Share-based compensation expense	33.4	—	—	—	—	33.4	—
Purchase and retirement of Common Stock	(163.4)	(148.0)	—	(1.8)	—	(15.4)	—
Cash dividends on Common Stock	(276.3)	(276.3)	—	—	—	—	—
Accrued dividends on share-based awards	(1.9)	(2.6)	—	—	—	0.7	—
Cumulative effect adjustment from adoption of new accounting standards	21.8	47.8	(26.0)	—	—	—	—
Other comprehensive loss, net of tax	(42.4)	—	(42.4)	—	—	—	—
Net earnings	541.1	541.1	—	—	—	—	—
Non-controlling interests	(1.0)	—	—	—	—	—	(1.0)
Balance at January 31, 2020	\$ 3,335.4	\$ 2,207.6	\$ (273.2)	121.2	\$ 1.2	\$ 1,387.3	\$ 12.5

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Years Ended January 31,		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net earnings	\$ 541.1	\$ 586.4	\$ 370.1
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	259.7	229.0	206.9
Amortization of gain on sale-leasebacks	—	(8.4)	(8.2)
Provision for inventories	21.6	54.4	28.9
Deferred income taxes	6.6	(21.3)	96.8
Provision for pension/postretirement benefits	29.4	35.7	35.0
Share-based compensation expense	33.2	34.1	28.0
Loan impairment charges	—	—	3.0
Asset impairment charges	—	—	10.0
(Gains) losses on sales of marketable securities	(2.6)	2.3	(3.5)
Changes in assets and liabilities:			
Accounts receivable	3.7	(30.8)	7.0
Inventories	(72.7)	(270.5)	(52.9)
Prepaid expenses and other current assets	(36.3)	(11.3)	(28.8)
Other assets, net	(35.6)	(22.2)	(3.7)
Accounts payable and accrued liabilities	33.0	53.7	98.8
Income taxes payable	(90.9)	(104.6)	149.7
Merchandise credits and deferred revenue	(7.3)	(1.0)	6.2
Other long-term liabilities	(12.0)	6.3	(11.1)
Net cash provided by operating activities	670.9	531.8	932.2
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of marketable securities and short-term investments	(53.0)	(154.1)	(598.0)
Proceeds from sales of marketable securities and short-term investments	90.0	394.1	351.4
Capital expenditures	(320.6)	(282.1)	(239.3)
Other, net	4.3	12.2	4.8
Net cash used in investing activities	(279.3)	(29.9)	(481.1)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from (repayment of) credit facility borrowings, net	1.5	(18.4)	(67.8)
Proceeds from other credit facility borrowings	133.1	49.3	39.2
Repayment of other credit facility borrowings	(96.1)	(32.0)	(96.1)
Repurchase of Common Stock	(163.4)	(421.4)	(99.2)
Proceeds from exercised stock options	108.4	23.1	54.6
Payments related to tax withholding for share-based payment arrangements	(15.1)	(8.6)	(8.7)
Cash dividends on Common Stock	(276.3)	(263.8)	(242.6)
Distribution to non-controlling interest	—	(0.3)	(0.5)
Financing fees	—	(2.2)	—
Net cash used in financing activities	(307.9)	(674.3)	(421.1)
Effect of exchange rate changes on cash and cash equivalents	(1.6)	(5.7)	12.7
Net increase (decrease) in cash and cash equivalents	82.1	(178.1)	42.7
Cash and cash equivalents at beginning of year	792.6	970.7	928.0
Cash and cash equivalents at end of year	\$ 874.7	\$ 792.6	\$ 970.7
<i>See notes to consolidated financial statements.</i>			

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### A. NATURE OF BUSINESS

Tiffany & Co. (the "Registrant") is a holding company that operates through Tiffany and Company ("Tiffany") and the Registrant's other subsidiary companies (collectively, the "Company"). The Registrant, through its subsidiaries, designs and manufactures products and operates TIFFANY & CO. retail stores worldwide, and also sells its products through Internet, catalog, business-to-business and wholesale distribution. The Company's principal merchandise offering is jewelry (representing 92% of worldwide net sales in 2019); it also sells watches, home and accessories products and fragrances.

The Company's reportable segments are as follows:

- Americas includes sales in Company-operated TIFFANY & CO. stores in the United States, Canada and Latin America, as well as sales of TIFFANY & CO. products in certain markets through Internet, catalog, business-to-business and wholesale operations;
- Asia-Pacific includes sales in Company-operated TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through Internet, business-to-business and wholesale operations;
- Japan includes sales in Company-operated TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products through Internet, business-to-business and wholesale operations;
- Europe includes sales in Company-operated TIFFANY & CO. stores, as well as sales of TIFFANY & CO. products in certain markets through Internet and wholesale operations; and
- Other consists of all non-reportable segments. Other includes the Emerging Markets region, which includes sales in Company-operated TIFFANY & CO. stores and wholesale operations in the Middle East. In addition, Other includes wholesale sales of diamonds as well as earnings from third-party licensing agreements.

### B. ENTRY INTO MERGER AGREEMENT

On November 24, 2019, the Registrant entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Registrant, LVMH Moët Hennessy - Louis Vuitton SE, a *societas Europaea* (European company) organized under the laws of France ("Parent"), Breakfast Holdings Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Holding"), and Breakfast Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of Holding ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Registrant (the "Merger"), with the Registrant continuing as the surviving company in the Merger and a wholly owned indirect subsidiary of Parent.

Subject to the terms and conditions set forth in the Merger Agreement, at the effective time of the Merger (the "Effective Time"), each share of Common Stock issued and outstanding immediately prior to the Effective Time (other than shares of Common Stock owned by the Registrant, Parent or any of their respective wholly owned subsidiaries, and shares of Common Stock owned by stockholders of the Registrant who have properly demanded and not withdrawn a demand for appraisal rights under Delaware law) will be converted into the right to receive \$135.00 in cash, without interest and less any required tax withholding.

The consummation of the proposed Merger is subject to various conditions, including, among others, customary conditions relating to (a) the adoption of the Merger Agreement by holders of a majority of the outstanding shares of the Registrant's Common Stock entitled to vote on such matter at the meeting of stockholders of the Registrant (the "Special Meeting") held to vote on the adoption of the Merger Agreement and (b) the expiration or earlier termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended, and all rules and regulations promulgated thereunder, collectively, the "HSR Act"). As previously announced, on February 3, 2020, the waiting period under the HSR Act in connection with the proposed Merger expired, and on February 4, 2020, the Company held the Special Meeting, at which the holders of shares of Common Stock issued and outstanding as of the close of business on the record date for the Special Meeting considered and voted to approve

(i) the adoption of the Merger Agreement and (ii) by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the proposed Merger. The proposed Merger remains subject to satisfaction or waiver of the remaining customary closing conditions, including, among others, (A) certain non-U.S. regulatory approvals, (B) clearance by the Committee on Foreign Investment in the United States ("CFIUS"), (C) the absence of a law or order in effect that enjoins, prevents or otherwise prohibits the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement issued by a governmental entity; (D) the absence of any legal proceeding seeking to enjoin, prevent or otherwise prohibit the consummation of the proposed Merger or any other transactions contemplated under the Merger Agreement instituted by a governmental entity of competent jurisdiction; and (E) the absence of a Material Adverse Effect (as defined in the Merger Agreement). The obligation of each party to consummate the proposed Merger is also conditioned on the accuracy of the other party's representations and warranties (subject to certain materiality exceptions) and the other party's compliance, in all material respects, with its covenants and agreements under the Merger Agreement.

The Merger Agreement provides for certain customary termination rights of the Registrant and Parent, including the right of either party to terminate the Merger Agreement if the Merger is not completed on or before August 24, 2020 (the "Outside Date"), provided that the Outside Date may be extended up to an additional 90 days by either party if all conditions are satisfied other than the receipt of regulatory approvals and CFIUS clearance or absence of legal restraints. The Merger Agreement also provides that the Registrant will be required to pay Parent a termination fee of \$575.0 million in certain circumstances.

During the three months ended January 31, 2020, the Company incurred expenses of \$21.2 million related to the proposed Merger for professional fees and incentive compensation costs.

### **C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Fiscal Year

The Company's fiscal year ends on January 31 of the following calendar year. All references to years relate to fiscal years rather than calendar years.

#### Basis of Reporting

The accompanying consolidated financial statements include the accounts of Tiffany & Co. 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 (VIEs), if the Company has the power to significantly direct the activities of a VIE, as well as the obligation to absorb significant losses of or the right to receive significant benefits from the VIE. Intercompany accounts, transactions and profits have been eliminated in consolidation. The equity method of accounting is used for investments in which the Company has significant influence, but not a controlling interest.

#### Use of Estimates

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"); these principles require management to make certain estimates and assumptions that affect amounts reported and disclosed in the consolidated financial statements and related notes to the consolidated financial statements. Actual results could differ from these estimates and the differences could be material. Periodically, the Company reviews all significant estimates and assumptions affecting the consolidated financial statements relative to current conditions and records the effect of any necessary adjustments.

#### Cash and Cash Equivalents

Cash and cash equivalents are stated at cost plus accrued interest, which approximates fair value. Cash equivalents include highly liquid investments with an original maturity of three months or less and consist of time deposits and/or money market fund investments with a number of U.S. and non-U.S. financial institutions with high credit ratings. The Company's policy restricts the amount invested with any one financial institution.

## Short-Term Investments

The Company's short-term investments consist of time deposits and are carried at fair value. At the time of purchase, management determines the appropriate classification of these investments and reevaluates such designation as of each balance sheet date.

## Receivables and Financing Arrangements

*Receivables.* The Company's Accounts receivable, net primarily consists of amounts due from Credit Receivables (defined below), department store operators that host TIFFANY & CO. boutiques in their stores, third-party credit card issuers and wholesale customers. The Company maintains an allowance for doubtful accounts for estimated losses associated with outstanding accounts receivable. The allowance is determined based on a combination of factors including, but not limited to, the length of time that the receivables are past due, management's knowledge of the customer, economic and market conditions and historical write-off experiences.

For the receivables associated with Tiffany & Co. credit cards ("Credit Card Receivables"), management uses various indicators to determine whether to extend credit to customers and the amount of credit. Such indicators include reviewing prior experience with the customer, including sales and collection history, and using applicants' credit reports and scores provided by credit rating agencies. Certain customers may be granted payment terms which permit purchases above a minimum amount to be paid for in equal monthly installments over a period not to exceed 12 months (together with Credit Card Receivables, "Credit Receivables"). Credit Receivables require minimum balance payments. An account is classified as overdue if a minimum balance payment has not been received within the allotted timeframe (generally 30 days), after which internal collection efforts commence. In order for the account to return to current status, full payment on all past due amounts must be received by the Company. For all Credit Receivables, once all internal collection efforts have been exhausted and management has reviewed the account, the account balance is written off and may be sent for external collection or legal action. At January 31, 2020 and 2019, the carrying amount of Credit Receivables (recorded in Accounts receivable, net) was \$98.5 million and \$87.0 million, respectively, of which 97% and 98% was considered current. Finance charges earned on Credit Receivables accounts were not significant.

At January 31, 2020, accounts receivable allowances totaled \$33.0 million compared to \$31.5 million at January 31, 2019.

## Inventories

Inventories are valued at the lower of cost or net realizable value using the average cost method, except for certain diamond and gemstone jewelry, which uses the specific identification method.

## Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	39 years
Machinery and equipment	5-15 years
Office equipment	3-8 years
Software	5-10 years
Furniture and fixtures	3-10 years

Leasehold improvements and building improvements are amortized over the shorter of their estimated useful lives (primarily ranging from 8-10 years) or the related lease terms or building life, respectively. Maintenance and repair costs are charged to earnings while expenditures for major renewals and improvements are capitalized. Upon the disposition of property, plant and equipment, the accumulated depreciation is deducted from the original cost and any gain or loss is reflected in current earnings.

The Company capitalizes interest on borrowings during the active construction period of major capital projects. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. The Company's capitalized interest costs were not significant in 2019, 2018 or 2017.

#### Information Systems Development Costs

Eligible costs incurred during the development stage of information systems projects are capitalized and amortized over the estimated useful life of the related project. Eligible costs include those related to the purchase, development, and installation of the related software. Costs incurred prior to the development stage, as well as costs for maintenance, data conversion, training, and other general and administrative costs, are expensed as incurred. Costs that are capitalized are included in Property, plant and equipment, net in Construction-in-progress while in the development stage and in Software once placed into service.

Capitalized software costs are subject to the Company's accounting policy related to the review of long-lived assets for impairment. See "Impairment of Long-Lived Assets" below for further details.

#### Intangible Assets and Key Money

Intangible assets, consisting of product rights and trademarks, are recorded at cost and are amortized on a straight-line basis over their estimated useful lives, which range from 15 to 20 years. Intangible assets are reviewed for impairment in accordance with the Company's policy for impairment of long-lived assets (see "Impairment of Long-Lived Assets" below).

Key money is the amount of funds paid to a landlord or tenant to acquire the rights of tenancy under a commercial property lease for a certain property. Key money represents the "right to lease" with an automatic right of renewal. This right can be subsequently sold by the Company or can be recovered should the landlord refuse to allow the automatic right of renewal to be exercised. Key money is amortized over the estimated useful life, 39 years.

The following table summarizes intangible assets and key money, included in Other assets, net:

<i>(in millions)</i>	January 31, 2020		January 31, 2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Product rights	\$ 48.9	\$ (18.4)	\$ 48.9	\$ (16.0)
Key money	32.2	(6.3)	34.1	(6.0)
Trademarks	2.5	(2.5)	2.5	(2.5)
	<u>\$ 83.6</u>	<u>\$ (27.2)</u>	<u>\$ 85.5</u>	<u>\$ (24.5)</u>

Amortization of intangible assets and key money was \$3.3 million for year ended January 31, 2020 and \$3.4 million for the years ended January 31, 2019 and 2018. Amortization expense is estimated to be \$3.2 million in each of the next five years.

## Goodwill

Goodwill represents the excess of cost over fair value of net assets acquired in a business combination. Goodwill is evaluated for impairment annually in the fourth quarter, or when events or changes in circumstances indicate that the value of goodwill may be impaired. A qualitative assessment is first performed for each reporting unit to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, a quantitative evaluation is performed and an impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value during that period. Goodwill, included in Other assets, net, consisted of the following by reportable segment:

<i>(in millions)</i>	Americas		Asia-Pacific		Japan		Europe		Other		Total
January 31, 2018	\$	12.2	\$	0.3	\$	1.0	\$	1.1	\$	24.5	\$ 39.1
Translation		(0.1)		—		—		—		(0.3)	(0.4)
January 31, 2019		12.1		0.3		1.0		1.1		24.2	38.7
Translation		(0.1)		—		(0.1)		—		(0.1)	(0.3)
January 31, 2020	\$	12.0	\$	0.3	\$	0.9	\$	1.1	\$	24.1	\$ 38.4

The Company recorded no impairment charges related to goodwill in 2019, 2018 or 2017.

### Impairment of Long-Lived Assets

The Company reviews its long-lived assets (such as property, plant and equipment) other than goodwill for impairment when management determines that the carrying value of such assets may not be recoverable due to events or changes in circumstances. Recoverability of long-lived assets is evaluated by comparing the carrying value of the asset with its estimated future undiscounted cash flows. If the comparisons indicate that the value of the asset is not recoverable, an impairment loss is calculated as the difference between the carrying value and the fair value of the asset and the loss is recognized during that period. There were no significant impairment charges related to long-lived assets during 2019 or 2018. In 2017, the Company recorded aggregate impairment charges of \$10.0 million within Selling, general and administrative expenses related to property, plant and equipment.

### Leases

The Company leases certain office, distribution, retail and manufacturing facilities, land and equipment. Retail store leases may require the payment of minimum rentals and contingent rent based on a percentage of sales exceeding a stipulated amount. The lease agreements, which expire at various dates through 2062, are subject, in many cases, to renewal options and provide for the payment of taxes, insurance and maintenance. Certain leases contain escalation clauses resulting from the pass through of increases in operating costs, property taxes and the effect on costs from changes in consumer price indices.

The Company determines its lease payments based on predetermined rent escalations (including escalations based on consumer price indices), rent-free periods and other incentives. The Company recognizes rent expense on a straight-line basis over the related terms of such leases, beginning from when the Company takes possession of the leased facility. Variable rents, including contingent rent based on a percentage of sales and adjustments to consumer price indices, are recorded in the period such amounts and adjustments are determined. Lease terms include renewal options when exercise of such options is reasonably certain and within the control of the Company. There is generally no readily determinable discount rate implicit in the Company's leases. Accordingly, the Company uses its incremental borrowing rate for a term that corresponds to the applicable lease term in order to measure its lease liabilities.

The amounts of the Company's right-of-use asset and current and non-current lease liabilities are presented separately on the Consolidated Balance Sheet as of January 31, 2020. Substantially all of the Company's leases are operating leases as of January 31, 2020. The Company records lease expense within Cost of sales for leases of manufacturing facilities and within Selling, general and administrative expenses for all other leases.

## Hedging Instruments

The Company uses derivative financial instruments to mitigate a portion of its foreign currency, precious metal price and interest rate exposures. Derivative instruments are recorded on the Consolidated Balance Sheet at their fair values, as either assets or liabilities, with an offset to current or other comprehensive earnings, depending on whether a derivative is designated as part of an effective hedge transaction and, if it is, the type of hedge transaction.

## Marketable Securities

The Company's marketable securities primarily consist of investments in mutual funds and are recorded within Other assets, net, at fair value with realized and unrealized gains and losses recorded in earnings. Marketable securities are held for an indefinite period of time, but may be sold in the future as changes in market conditions or economic factors occur. The fair value of marketable securities is determined based on prevailing market prices.

## Merchandise Credits and Deferred Revenue

Merchandise credits and deferred revenue primarily represent outstanding gift cards sold to customers and outstanding credits issued to customers for returned merchandise. All such outstanding items may be tendered for future merchandise purchases. A gift card liability is established when the gift card is sold. A merchandise credit liability is established when a merchandise credit is issued to a customer for a returned item and the original sale is reversed. These liabilities are relieved when revenue is recognized for transactions in which a merchandise credit or gift card is used as a form of payment.

If merchandise credits or gift cards are not redeemed over an extended period of time (for example, approximately three to five years in the U.S.), the value associated with the merchandise credits or gift cards may be subject to remittance to the applicable jurisdiction in accordance with unclaimed property laws. The Company determines the amount of breakage income to be recognized on gift cards and merchandise credits using historical experience to estimate amounts that will ultimately not be redeemed. The Company recognizes such breakage income in proportion to redemption rates of the overall population of gift cards and merchandise credits.

In 2019, the Company recognized net sales of approximately \$33.0 million related to the Merchandise credits and deferred revenue balance that existed at January 31, 2019.

## Revenue Recognition

The following table disaggregates the Company's net sales by major source:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Net sales*:			
Jewelry collections	\$ 2,420.2	\$ 2,374.3	\$ 2,146.6
Engagement jewelry	1,139.5	1,157.4	1,111.9
Designer jewelry	514.1	544.5	551.2
All other	350.2	365.9	360.1
	<u>\$ 4,424.0</u>	<u>\$ 4,442.1</u>	<u>\$ 4,169.8</u>

\*Certain reclassifications within the jewelry categories have been made to the prior year amounts to conform to the current year category presentation.

The Company's performance obligations consist primarily of transferring control of merchandise to customers. Sales are recognized upon transfer of control, which occurs when merchandise is taken in an "over-the-counter" transaction or upon receipt by a customer in a shipped transaction, such as through the Internet and catalog channels. Sales are reported net of returns, sales tax and other similar taxes. The Company excludes from the measurement of the transaction price all taxes assessed by a governmental authority and collected by the entity from a customer.

Shipping and handling fees billed to customers are recognized in net sales when control of the underlying merchandise is transferred to the customer. The related shipping and handling charges incurred by the Company represent fulfillment activities and are included in Cost of sales.

The Company maintains a reserve for potential product returns and records (as a reduction to sales and cost of sales) its provision for estimated product returns, which is determined based on historical experience.

As a practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component when management expects, at contract inception, that the period between the transfer of a product to a customer and when the customer pays for that product is one year or less.

Additionally, outside of the U.S., the Company operates certain TIFFANY & CO. stores within various department stores. Sales transacted at these store locations are recognized upon transfer of control, which occurs when merchandise is taken in an "over-the-counter" transaction. The Company and these department store operators have distinct responsibilities and risks in the operation of such TIFFANY & CO. stores. The Company (i) owns and manages the merchandise; (ii) establishes retail prices; (iii) has merchandising, marketing and display responsibilities; and (iv) in almost all locations provides retail staff and bears the risk of inventory loss. The department store operators (i) provide and maintain store facilities; (ii) in almost all locations assume retail credit and certain other risks; and (iii) act for the Company in the sale of merchandise. In return for their services and use of their facilities, the department store operators retain a portion of net retail sales made in TIFFANY & CO. stores which is recorded as rent expense within Selling, general and administrative expenses.

#### Cost of Sales

Cost of sales includes costs to internally manufacture merchandise (primarily metals, gemstones, labor and overhead), costs related to the purchase of merchandise from third-parties, inbound freight, purchasing and receiving, inspection, warehousing, internal transfers and other costs associated with distribution and merchandising. Cost of sales also includes royalty fees paid to outside designers and customer shipping and handling charges.

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

SG&A expenses include costs associated with the selling and marketing of products as well as administrative expenses. The types of expenses associated with these functions are store operating expenses (such as labor, rent and utilities), advertising and other corporate level administrative expenses.

#### Advertising, Marketing, Public and Media Relations Costs

Advertising, marketing, public and media relations costs include media, production, catalogs, Internet, marketing events, visual merchandising costs (in-store and window displays) and other related costs. In 2019, 2018 and 2017, these costs totaled \$378.8 million, \$394.1 million and \$314.9 million, respectively, representing 8.6%, 8.9% and 7.6% of worldwide net sales, respectively. Media and production costs for print and digital advertising are expensed as incurred, while catalog costs are expensed upon first distribution.

#### Pre-Opening Costs

Costs associated with the opening of new retail stores are expensed in the period incurred.

#### Stock-Based Compensation

New, modified and unvested share-based payment transactions with employees, such as stock options and restricted stock units, are measured at fair value and recognized as compensation expense over the requisite service period. Compensation expense recognized reflects an estimate of the number of awards expected to vest and incorporates an estimate of award forfeitures based on actual experience. Compensation expense is recognized on a straight-line basis over the requisite service period, which is generally the vesting period required to obtain full vesting.

## Merchandise Design Activities

Merchandise design activities consist of conceptual formulation and design of possible products and creation of pre-production prototypes and molds. Costs associated with these activities are expensed as incurred.

## Foreign Currency

The functional currency of most of the Company's foreign subsidiaries and branches is the applicable local currency. Assets and liabilities are translated into U.S. dollars using the current exchange rates in effect at the balance sheet date, while revenues and expenses are translated at the average exchange rates during the period. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive loss, net of tax within stockholders' equity. The Company also recognizes gains and losses associated with transactions that are denominated in foreign currencies. The Company recorded net losses resulting from foreign currency transactions of \$4.6 million, \$5.3 million and \$5.3 million within Other expense, net in 2019, 2018 and 2017, respectively.

## Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are recognized by applying statutory tax rates in effect in the years in which the differences between the financial reporting and tax filing bases of existing assets and liabilities are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent management believes these assets will more likely than not be realized. In making such determination, the Company considers all available evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial results. In the event management were to determine that the Company would be able to realize its deferred income tax assets in the future in excess of their net recorded amounts, the Company would make an adjustment to the valuation allowance, which would reduce the provision for income taxes.

In evaluating the exposures associated with the Company's various tax filing positions, management records reserves using a more-likely-than-not recognition threshold for income tax positions taken or expected to be taken.

The Registrant, its U.S. subsidiaries and the foreign branches of its U.S. subsidiaries file a consolidated Federal income tax return.

## Earnings Per Share ("EPS")

Basic 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:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Net earnings for basic and diluted EPS	\$ 541.1	\$ 586.4	\$ 370.1
Weighted-average shares for basic EPS	121.1	122.9	124.5
Incremental shares based upon the assumed exercise of stock options and unvested restricted stock units	0.5	0.6	0.6
Weighted-average shares for diluted EPS	121.6	123.5	125.1

For the years ended January 31, 2020, 2019 and 2018, there were 1.3 million, 0.7 million and 0.6 million stock options and restricted stock units excluded from the computations of earnings per diluted share due to their antidilutive effect, respectively.

#### New Accounting Standards

In June 2016, the FASB issued ASU 2016-13 – *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 amends the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in more timely recognition of losses. The new standard applies to financial assets measured at amortized cost basis, including receivables that result from revenue transactions and held-to-maturity debt securities. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, and early adoption was permitted for fiscal years beginning after December 15, 2018. The Company's allowances for doubtful accounts have historically not been significant and management does not expect the adoption of this ASU will have a significant impact on its consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15 – *Intangibles – Goodwill and Other – Internal-Use Software: Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. ASU 2018-15 aligns the requirements for capitalizing implementation costs in such cloud computing arrangements with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 and early adoption was permitted. Entities can choose to adopt the new guidance prospectively or retrospectively. The Company does not expect that the adoption of ASU 2018-15 will have a significant impact on its consolidated financial statements. However, the impact of adopting this ASU will ultimately depend on the composition of the Company's cloud computing software arrangements under development at that time.

In December 2019, the FASB issued ASU 2019-12 – *Income Taxes (ASC 740): Simplifying the Accounting for Income Taxes*. This guidance simplifies the approach for intraperiod tax allocations, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This guidance also clarifies and simplifies other areas of ASC 740. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the impact of this ASU on the consolidated financial statements.

#### Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02 – *Leases (ASC 842)*, which was amended in January 2018 and requires an entity that leases assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Leases are classified as either financing or operating with the applicable classification determining the pattern of expense recognition in the statement of earnings.

The Company adopted this ASU on February 1, 2019 by applying its provisions prospectively and recognizing a cumulative-effect adjustment to the opening balance of retained earnings as of February 1, 2019. The Company also elected the package of practical expedients permitted under the transition guidance, which provided that an entity need not reassess: (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, and (iii) initial direct costs for any existing leases. The Company also elected to not reassess lease terms using hindsight and to combine lease and non-lease components for new leases subsequent to February 1, 2019. Additionally, the Company used its incremental borrowing rate for a term that corresponded to lease terms remaining as of February 1, 2019 to measure its lease liabilities as of that date.

The adoption of ASU 2016-02 resulted in the following impacts to the Company's Consolidated Balance Sheet as of February 1, 2019:

- The establishment of a lease liability of approximately \$1.2 billion and a corresponding right-of-use asset;
- The reclassification of existing balances in respect of unamortized lease incentives and lease straight-line liabilities from Other long-term liabilities to Operating lease right-of-use assets; and
- The reclassification of \$31.1 million of deferred gains on sale-leasebacks, and related deferred tax assets of \$9.5 million, to opening retained earnings.

In August 2017, the FASB issued ASU 2017-12 – *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities*, which expanded and refined hedge accounting for both financial and non-financial risk components, aligned the recognition and presentation of the effects of hedging instruments and hedged items in the financial statements, and included certain targeted improvements to ease the application of previous guidance related to the assessment of hedge effectiveness. This ASU was effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2018, with early adoption permitted. The amendments in this ASU were required to be applied on a modified retrospective basis, while presentation and disclosure requirements set forth under this ASU are required prospectively after the date of adoption. Management adopted this ASU on February 1, 2019. The adoption of this ASU did not have any impact on the consolidated financial statements. The disclosures required by this ASU are included in "Note I. Hedging Instruments."

In February 2018, the FASB issued ASU 2018-02 – *Income Statement – Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allowed for the reclassification from accumulated other comprehensive income ("AOCI") to retained earnings for the tax effects on deferred tax items included within AOCI (referred to in the ASU as "stranded tax effects") resulting from the reduction of the U.S. federal statutory income tax rate to 21% from 35% that was effected by the 2017 U.S. Tax Cuts and Jobs Act. ASU 2018-02 was effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. Management adopted this ASU on February 1, 2019. The adoption of ASU 2018-02 resulted in a reclassification of \$26.2 million from AOCI to retained earnings, and had no impact on the Company's results of operations, financial position or cash flows.

#### D. SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Interest, net of interest capitalization	\$ 40.8	\$ 40.6	\$ 41.5
Income taxes	\$ 232.8	\$ 291.4	\$ 156.2

Supplemental noncash investing and financing activities:

<i>(in millions)</i>	January 31,		
	2020	2019	2018
Accrued capital expenditures	\$ 26.1	\$ 11.0	\$ 20.1

#### E. INVENTORIES

<i>(in millions)</i>	January 31,	
	2020	2019
Finished goods	\$ 1,532.5	\$ 1,484.3
Raw materials	776.8	781.8
Work-in-process	154.6	161.9
Inventories, net	\$ 2,463.9	\$ 2,428.0

**F. PROPERTY, PLANT AND EQUIPMENT**

<i>(in millions)</i>	January 31,	
	2020	2019
Land	\$ 41.7	\$ 41.8
Buildings	122.3	122.6
Leasehold and building improvements	1,489.9	1,378.1
Office equipment	300.1	286.0
Software	506.0	452.2
Furniture and fixtures	333.1	315.0
Machinery and equipment	208.2	197.8
Construction-in-progress	158.0	98.7
	<u>3,159.3</u>	<u>2,892.2</u>
Accumulated depreciation and amortization	(2,060.5)	(1,865.5)
	<u>\$ 1,098.8</u>	<u>\$ 1,026.7</u>

Depreciation and amortization expense for the years ended January 31, 2020, 2019 and 2018 was \$253.8 million, \$223.6 million and \$200.8 million, respectively.

**G. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

<i>(in millions)</i>	January 31,	
	2020	2019
Accounts payable - trade	\$ 261.3	\$ 217.1
Accrued compensation and commissions	90.8	120.9
Other	189.4	175.4
	<u>\$ 541.5</u>	<u>\$ 513.4</u>

## H. DEBT

<i>(in millions)</i>	January 31,	
	2020	2019
Short-term borrowings:		
Credit Facilities	\$ 13.8	\$ 13.5
Other credit facilities	134.1	99.9
	\$ 147.9	\$ 113.4
Long-term debt:		
Unsecured Senior Notes:		
2012 4.40% Series B Notes, due July 2042 <sup>a</sup>	\$ 250.0	\$ 250.0
2014 3.80% Senior Notes, due October 2024 <sup>b, c</sup>	250.0	250.0
2014 4.90% Senior Notes, due October 2044 <sup>b, c</sup>	300.0	300.0
2016 0.78% Senior Notes, due August 2026 <sup>b, d</sup>	91.9	91.8
	891.9	891.8
Less: unamortized discounts and debt issuance costs	(7.8)	(8.4)
	\$ 884.1	\$ 883.4

<sup>a</sup> The agreements governing these Senior Notes require repayments of \$50.0 million in aggregate every five years beginning in July 2022.

<sup>b</sup> These agreements require lump sum repayments upon maturity.

<sup>c</sup> These Senior Notes were issued at a discount, which will be amortized until the debt maturity.

<sup>d</sup> These Senior Notes were issued at par, ¥10.0 billion.

### Credit Facilities

On October 25, 2018, the Registrant, along with certain of its subsidiaries designated as borrowers thereunder, entered into a five-year multi-bank, multi-currency committed unsecured revolving credit facility, including a letter of credit subfacility, consisting of basic commitments in an amount up to \$750.0 million (which commitments may be increased, subject to certain conditions and limitations, at the request of the Registrant) ("Credit Facility"). The Credit Facility replaced the Registrant's previously existing \$375.0 million four-year unsecured revolving credit facility and \$375.0 million five-year unsecured revolving credit facility, which were each terminated and repaid in connection with the Registrant's entry into the Credit Facility.

Borrowings under the Credit Facility bear interest at a rate per annum equal to, at the option of the Registrant, (1) LIBOR (or other applicable or successor reference rate) for the relevant currency plus an applicable margin based upon the more favorable to the Registrant of (i) a leverage financial metric of the Registrant and (ii) the Registrant's debt rating for long-term unsecured senior, non-credit enhanced debt, or (2) an alternate base rate equal to the highest of (i) the federal funds effective rate plus 0.50%, (ii) MUFG Bank, Ltd.'s prime rate and (iii) one-month LIBOR plus 1.00%, plus an applicable margin based upon the more favorable to the Registrant of (x) a leverage financial metric of the Registrant and (y) the Registrant's debt rating for long-term unsecured senior, non-credit enhanced debt.

The Credit Facility also requires payment to the lenders of a facility fee on the amount of the lenders' commitments under the credit facility from time to time at rates based upon the more favorable to the Registrant of (1) a leverage financial metric of the Registrant and (2) the Registrant's debt rating for long-term unsecured senior, non-credit enhanced debt. Voluntary prepayments of the loans and voluntary reductions of the unutilized portion of the commitments under the Credit Facility are permissible without penalty, subject to certain conditions pertaining to minimum notice and minimum reduction amounts.

The Credit Facility is available for working capital and other corporate purposes.

The Credit Facility matures in 2023, provided that such maturity may be extended for one or two additional one-year periods at any time with the consent of the applicable lenders, as further described in the agreement governing such facility.

At January 31, 2020, there were \$13.8 million of borrowings outstanding, \$3.6 million of letters of credit issued and \$732.6 million available for borrowing under the Credit Facility. At January 31, 2019, there were \$13.5 million of borrowings outstanding, \$6.1 million of letters of credit issued and \$730.4 million available for borrowing under the previously existing revolving credit facilities. The weighted-average interest rate for borrowings outstanding was 0.90% at January 31, 2020 and 1.05% at January 31, 2019.

#### Commercial Paper

In August 2017, the Registrant and one of its wholly owned subsidiaries established a commercial paper program (the "Commercial Paper Program") for the issuance of commercial paper in the form of short-term promissory notes in an aggregate principal amount not to exceed \$750.0 million. Borrowings under the Commercial Paper Program may be used for general corporate purposes. The aggregate amount of borrowings that the Company is currently authorized to have outstanding under the Commercial Paper Program and the Registrant's Credit Facility is \$750.0 million. The Registrant guarantees the obligations of its wholly owned subsidiary under the Commercial Paper Program. Maturities of commercial paper notes may vary, but cannot exceed 397 days from the date of issuance. Notes issued under the Commercial Paper Program rank equally with the Registrant's present and future unsecured and unsubordinated indebtedness. As of January 31, 2020 and 2019, there were no borrowings outstanding under the Commercial Paper Program.

#### Other Credit Facilities

*Tiffany-Shanghai Credit Agreement.* In June 2019, the Registrant's indirect, wholly owned subsidiary, Tiffany & Co. (Shanghai) Commercial Company Limited ("Tiffany-Shanghai"), entered into a three-year multi-bank revolving credit agreement (the "Tiffany-Shanghai Credit Agreement"). The Tiffany-Shanghai Credit Agreement has an aggregate borrowing limit of RMB 408.0 million (\$59.0 million at January 31, 2020), which may be increased to the RMB equivalent of \$100.0 million, subject to certain conditions and limitations, at the request of Tiffany-Shanghai. The Tiffany-Shanghai Credit Agreement, which matures in July 2022, was made available to refinance amounts outstanding under Tiffany-Shanghai's previously existing RMB 990.0 million three-year multi-bank revolving credit agreement (the "2016 Agreement"), which expired pursuant to its terms on July 11, 2019, as well as for Tiffany-Shanghai's ongoing general working capital requirements. The participating lenders will make loans, upon Tiffany-Shanghai's request, for periods of up to 12 months at the applicable interest rates equal to 95% of the applicable rate as announced by the People's Bank of China (provided, that if such announced rate is below zero, the applicable interest rate shall be deemed to be zero). In connection with the Tiffany-Shanghai Credit Agreement, in June 2019, the Registrant entered into a Guaranty Agreement by and between the Registrant and the facility agent under the Tiffany-Shanghai Credit Agreement (the "Guaranty"). At January 31, 2020, there was \$33.0 million available to be borrowed under the Tiffany-Shanghai Credit Agreement and \$26.1 million was outstanding at a weighted-average interest rate of 4.13%.

*Other.* The Company has various other revolving credit facilities, primarily in Japan and China. At January 31, 2020, the facilities totaled \$188.8 million and \$108.0 million was outstanding at a weighted-average interest rate of 5.36%. At January 31, 2019, the facilities totaled \$135.6 million and \$73.1 million was outstanding at a weighted-average interest rate of 3.93%.

#### Debt Covenants

The agreement governing the Credit Facility includes a specific financial covenant, as well as other covenants that limit the ability of the Company to incur certain subsidiary indebtedness, incur liens and engage in mergers, consolidations and sales of all or substantially all of its and its subsidiaries' assets, in addition to other requirements. The agreement governing the Credit Facility also includes certain "Events of Default" (as defined in the agreement governing the Credit Facility) customary to such borrowings, including a "Change of Control" (as defined in the agreement governing the Credit Facility) of the Registrant, such as the proposed Merger.

The Tiffany-Shanghai Credit Agreement includes certain covenants that limit Tiffany-Shanghai's ability to incur liens and incur certain indebtedness, and the Guaranty requires maintenance by the Registrant of a specific leverage ratio. The Tiffany Shanghai Credit Agreement also includes certain other requirements and "Events of Default" (as defined in the Tiffany-Shanghai Credit Agreement) customary to such borrowings, including the Registrant's shares ceasing to be listed on New York Stock Exchange for 14 consecutive trading days, such as following the proposed Merger.

The indenture governing the 2014 3.80% Senior Notes and 2014 4.90% Senior Notes, as amended and supplemented in respect of each such series of Notes (the "Indenture"), contains covenants that, among other things, limit the ability of the Registrant and its subsidiaries under certain circumstances to create liens and impose conditions on the Registrant's ability to engage in mergers, consolidations and sales of all or substantially all of its or its subsidiaries' assets. The Indenture also contains certain "Events of Default" (as defined in the Indenture) customary for indentures of this type. The Indenture does not contain any specific financial covenants.

The agreements governing the 2012 4.40% Series B Senior Notes and the Yen Notes require maintenance of a specific financial covenant and limit certain changes to indebtedness of the Registrant and its subsidiaries and the general nature of the business, in addition to other requirements customary to such borrowings.

At January 31, 2020, the Company was in compliance with all debt covenants. In the event of any default of payment or performance obligations extending beyond applicable cure periods as set forth in the agreements governing the Company's applicable debt instruments, such agreements may be terminated or payment of the applicable debt may be accelerated. Further, each of the Credit Facility, the Tiffany-Shanghai Credit Agreement, the agreements governing the 2012 4.40% Series B Senior Notes and the Yen Notes, and certain other loan agreements contain cross default provisions permitting the termination and acceleration of the loans, or acceleration of the notes, as the case may be, in the event that certain of the Company's other debt obligations are terminated or accelerated prior to their maturity.

Once consummated, the proposed Merger may result in certain of the Company's outstanding indebtedness becoming due, and the Company will need to comply with certain covenants of the agreements governing its outstanding indebtedness relating to the proposed Merger. Under the terms of the Merger Agreement, if reasonably requested by Parent, the Company must use its commercially reasonable efforts to, among other things, take actions required to facilitate repayment of the Company's outstanding indebtedness.

#### Long-Term Debt Maturities

Aggregate maturities of long-term debt as of January 31, 2020 are as follows:

Years Ending January 31,		Amount <sup>a</sup> (in millions)
2021	\$	—
2022		—
2023		50.0
2024		—
2025		250.0
Thereafter		591.9
	\$	<u>891.9</u>

<sup>a</sup> Amounts exclude any unamortized discount or premium.

#### Letters of Credit

The Company has available letters of credit and financial guarantees of \$73.7 million, of which \$48.5 million was outstanding at January 31, 2020. Of those available letters of credit and financial guarantees, \$46.5 million expires within one year. These amounts do not include letters of credit issued under the Credit Facility.

## I. HEDGING INSTRUMENTS

### Background Information

The Company uses derivative financial instruments, including interest rate swaps, cross-currency swaps, forward contracts and net-zero-cost collar arrangements (combination of call and put option contracts) to mitigate a portion of its exposures to changes in interest rates, foreign currency exchange rates and precious metal prices.

*Derivative Instruments Designated as Hedging Instruments.* If a derivative instrument meets certain hedge accounting criteria, it is recorded on the Consolidated Balance Sheet at its fair value, as either an asset or a liability, with an offset to current or other comprehensive earnings, depending on whether the hedge is designated as one of the following on the date it is entered into:

- 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, 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.
- 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 changes in fair value of derivatives is reported as other comprehensive income ("OCI") and is recognized in current earnings in the period or periods during which the hedged transaction affects current earnings.

The Company formally documents the nature of 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 identified, and it must be probable that each forecasted transaction will occur. If it were deemed probable that the forecasted transaction would not 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.

*Derivative Instruments Not Designated as Hedging Instruments.* Derivative instruments which do not meet the criteria to be designated as a hedge are recorded on the Consolidated Balance Sheet at their fair values, as either assets or liabilities, with an offset to current earnings. The gains or losses on undesignated foreign exchange forward contracts substantially offset foreign exchange losses or gains on the underlying liabilities or transactions being hedged.

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

### Types of Derivative Instruments

Interest Rate Swaps – In 2012, the Company entered into forward-starting interest rate swaps to hedge the impact of interest rate volatility on future interest payments associated with the anticipated incurrence of \$250.0 million of debt which was incurred in July 2012. The Company accounted for the forward-starting interest rate swaps as cash flow hedges. The Company settled the interest rate swaps in 2012 and recorded a loss within accumulated other comprehensive loss. As of January 31, 2020, \$16.1 million remains recorded as a loss in accumulated other comprehensive loss, which is being amortized over the term of the 2042 Notes to which the interest rate swaps related.

In 2014, the Company entered into forward-starting interest rate swaps to hedge the impact of interest rate volatility on future interest payments associated with the anticipated incurrence of long-term debt which was incurred in September 2014. The Company accounted for the forward-starting interest rate swaps as cash flow hedges. The Company settled the interest rate swaps in 2014 and recorded a loss within accumulated other comprehensive loss. As of January 31, 2020, \$3.3 million remains recorded as a loss in accumulated other comprehensive loss, which is being amortized over the terms of the respective 2024 Notes or 2044 Notes to which the interest rate swaps related.

Cross-currency Swaps – In 2016, 2017 and 2019, the Company entered into cross-currency swaps to hedge the foreign currency exchange risk associated with Japanese yen-denominated and Euro-denominated intercompany loans. These cross-currency swaps are designated and accounted for as cash flow hedges. As of January 31, 2020, the notional amounts of cross-currency swaps accounted for as cash flow hedges and the respective maturity dates were as follows:

Cross-Currency Swap	Effective Date	Maturity Date	Notional Amount	
			(in millions)	(in millions)
	July 2016	October 2024	¥ 10,620.0	\$ 100.0
	March 2017	April 2027	¥ 11,000.0	\$ 96.1
	May 2017	April 2027	¥ 5,634.5	\$ 50.0
	August 2019	August 2026	€ 21.1	\$ 23.6

Foreign Exchange Forward Contracts – The Company uses foreign exchange forward contracts to offset a portion of the foreign currency exchange risks associated with foreign currency-denominated liabilities, intercompany transactions and forecasted purchases of merchandise between entities with differing functional currencies. The Company assesses hedge effectiveness based on the total changes in the foreign exchange forward contracts' cash flows. 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.

As of January 31, 2020, the notional amounts of foreign exchange forward contracts were as follows:

(in millions)	Notional Amount		USD Equivalent
<b>Derivatives designated as hedging instruments:</b>			
Japanese yen	¥	19,917.3	\$ 187.4
British pound	£	13.2	17.1
<b>Derivatives not designated as hedging instruments:</b>			
U.S. dollar	\$	130.0	\$ 130.0
Euro	€	6.8	7.6
Australian dollar	AU\$	23.2	15.7
Czech koruna	CZK	142.7	6.1
Japanese yen	¥	2,320.5	21.2
New Zealand dollar	NZ\$	10.2	6.8
Singapore dollar	S\$	20.9	15.2
Chinese renminbi	CNY	361.2	51.6
Canadian dollar	CAD	15.9	12.2
Danish kroner	DKK	52.6	7.8
Korean won	KRW	29,019.0	24.8

The maximum term of the Company's outstanding foreign exchange forward contracts as of January 31, 2020 is 12 months.

Precious Metal Collars and 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 manage the effect of volatility in precious metal prices. The Company may use either 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 expires 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 and forward contracts' cash flows. As of January 31, 2020, the maximum term over which

the Company is hedging its exposure to the variability of future cash flows for all forecasted precious metals transactions is 18 months. As of January 31, 2020, there were precious metal derivative instruments outstanding for approximately 29,000 ounces of platinum, 557,000 ounces of silver and 84,000 ounces of gold.

Information on the location and amounts of derivative gains and losses in the consolidated financial statements is as follows:

<i>(in millions)</i>	Year Ended January 31, 2020			
	Cost of sales	Interest expense and financing costs	Other expense, net	Other comprehensive loss, net of tax
Reported amounts of financial statement line items in which effects of cash flow hedges are recorded	\$ 1,662.1	\$ 38.5	\$ 3.8	\$ (42.4)
<b>Derivatives in Cash Flow Hedging Relationships:</b>				
Foreign exchange forward contracts				
Pre-tax gain recognized in OCI	—	—	—	5.4
Pre-tax gain reclassified from accumulated OCI into earnings	(4.1)	—	—	4.1
Precious metal collars				
Pre-tax gain reclassified from accumulated OCI into earnings	(0.3)	—	—	0.3
Precious metal forward contracts				
Pre-tax gain recognized in OCI	—	—	—	18.1
Pre-tax loss reclassified from accumulated OCI into earnings	2.8	—	—	(2.8)
Cross-currency swaps				
Pre-tax gain recognized in OCI	—	—	—	27.0
Pre-tax gain reclassified from accumulated OCI into earnings	—	(6.1)	(0.1)	6.2
Forward-starting interest rate swaps				
Pre-tax loss reclassified from accumulated OCI into earnings	—	1.3	—	(1.3)

Year Ended January 31, 2019

<i>(in millions)</i>	Cost of sales	Interest expense and financing costs	Other expense, net	Other comprehensive loss, net of tax
Reported amounts of financial statement line items in which effects of cash flow hedges are recorded	\$ 1,631.1	\$ 39.7	\$ 7.1	\$ (68.6)
<b>Derivatives in Cash Flow Hedging Relationships:</b>				
Foreign exchange forward contracts				
Pre-tax gain recognized in OCI	—	—	—	5.8
Pre-tax gain reclassified from accumulated OCI into earnings	(2.6)	—	—	2.6
Precious metal collars				
Pre-tax gain reclassified from accumulated OCI into earnings	(0.6)	—	—	0.6
Precious metal forward contracts				
Pre-tax loss recognized in OCI	—	—	—	(7.2)
Pre-tax loss reclassified from accumulated OCI into earnings	1.0	—	—	(1.0)
Cross-currency swaps				
Pre-tax gain recognized in OCI	—	—	—	0.3
Pre-tax gain reclassified from accumulated OCI into earnings	—	—	(0.4)	0.4
Forward-starting interest rate swaps				
Pre-tax loss reclassified from accumulated OCI into earnings	—	1.4	—	(1.4)

The pre-tax gains or losses on derivatives not designated as hedging instruments were not significant for the years ended January 31, 2020 and 2019 and were included in Other expense, net. The Company expects approximately \$6.7 million of net pre-tax derivative gains included in accumulated other comprehensive loss at January 31, 2020 will be reclassified into earnings within the next 12 months. The actual amount reclassified 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 Consolidated Balance Sheet, see "Note J. 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 (an investment grade credit rating at the time of the agreement) and limits 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.

## J. 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 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, which are considered to be most reliable.

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, which require the most judgment.

The Company's derivative instruments are considered Level 2 instruments for the purpose of determining fair value. The Company's foreign exchange forward contracts, as well as its put option contracts and cross-currency swaps, are primarily valued using the appropriate foreign exchange spot rates. The Company's precious metal forward contracts and collars are primarily valued using the relevant precious metal spot rate. For further information on the Company's hedging instruments and program, see "Note I. Hedging Instruments."

Financial assets and liabilities carried at fair value at January 31, 2020 are classified in the table below in one of the three categories described above:

<i>(in millions)</i>	Estimated Fair Value			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Time deposits <sup>a</sup>	\$ 22.7	\$ —	\$ —	\$ 22.7
Marketable securities <sup>b</sup>	39.3	—	—	39.3
<b>Derivatives designated as hedging instruments:</b>				
Precious metal forward contracts <sup>c</sup>	—	13.0	—	13.0
Foreign exchange forward contracts <sup>c</sup>	—	2.7	—	2.7
Cross-currency swaps <sup>c</sup>	—	2.9	—	2.9
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange forward contracts <sup>c</sup>	—	2.1	—	2.1
<b>Total financial assets</b>	<b>\$ 62.0</b>	<b>\$ 20.7</b>	<b>\$ —</b>	<b>\$ 82.7</b>

<i>(in millions)</i>	Estimated Fair Value			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Financial liabilities</b>				
<b>Derivatives designated as hedging instruments:</b>				
Precious metal forward contracts <sup>d</sup>	\$ —	\$ 0.2	\$ —	\$ 0.2
Foreign exchange forward contracts <sup>d</sup>	—	0.5	—	0.5
Cross-currency swaps <sup>d</sup>	—	1.9	—	1.9
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange forward contracts <sup>d</sup>	—	2.9	—	2.9
<b>Total financial liabilities</b>	<b>\$ —</b>	<b>\$ 5.5</b>	<b>\$ —</b>	<b>\$ 5.5</b>

Financial assets and liabilities carried at fair value at January 31, 2019 are classified in the table below in one of the three categories described above:

<i>(in millions)</i>	Estimated Fair Value			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Financial assets</b>				
Time deposits <sup>a</sup>	\$ 62.7	\$ —	\$ —	\$ 62.7
Marketable securities <sup>b</sup>	36.3	—	—	\$ 36.3
<b>Derivatives designated as hedging instruments:</b>				
Precious metal forward contracts <sup>c</sup>	—	5.2	—	5.2
Foreign exchange forward contracts <sup>c</sup>	—	1.8	—	1.8
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange forward contracts <sup>c</sup>	—	0.9	—	0.9
<b>Total financial assets</b>	<b>\$ 99.0</b>	<b>\$ 7.9</b>	<b>\$ —</b>	<b>\$ 106.9</b>

<i>(in millions)</i>	Estimated Fair Value			Total Fair Value
	Level 1	Level 2	Level 3	
<b>Financial liabilities</b>				
<b>Derivatives designated as hedging instruments:</b>				
Precious metal forward contracts <sup>d</sup>	\$ —	\$ 2.7	\$ —	\$ 2.7
Foreign exchange forward contracts <sup>d</sup>	—	2.1	—	2.1
Cross-currency swaps <sup>d</sup>	—	19.9	—	19.9
<b>Derivatives not designated as hedging instruments:</b>				
Foreign exchange forward contracts <sup>d</sup>	—	2.7	—	2.7
<b>Total financial liabilities</b>	<b>\$ —</b>	<b>\$ 27.4</b>	<b>\$ —</b>	<b>\$ 27.4</b>

<sup>a</sup> Included within Short-term investments.

<sup>b</sup> Included within Other assets, net.

<sup>c</sup> Included within Prepaid expenses and other current assets or Other assets, net based on the maturity of the contract.

<sup>d</sup> Included within Accounts payable and accrued liabilities or Other long-term liabilities based on the maturity of the contract.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to the short-term maturities of these assets and liabilities and as such are measured using Level 1 inputs. The fair value of debt with variable interest rates approximates carrying value and is measured using Level 2 inputs. The fair value of debt with fixed interest rates was determined using the quoted market prices of debt instruments with similar terms and maturities, which are considered Level 2 inputs. The total carrying value of short-term borrowings and long-term debt was approximately \$1.0 billion at January 31, 2020 and 2019 and the corresponding fair value was approximately \$1.2 billion at January 31, 2020 and \$1.0 billion at January 31, 2019.

## K. LEASES

Amounts recognized in the Consolidated Statement of Earnings were as follows:

<i>(in millions)</i>	Year Ended January 31, 2020	
Fixed operating lease expense	\$	313.8
Variable operating lease expense		156.4
Sublease income		(5.3)
Net lease expense	\$	464.9

The weighted average remaining lease term was seven years and the weighted average discount rate was 3.8% for all of the Company's operating leases as of January 31, 2020.

The following table provides supplemental cash flow information related to the Company's operating leases:

<i>(in millions)</i>	Year Ended January 31, 2020	
Cash outflows from operating activities attributable to operating leases	\$	314.1
Right-of-use assets obtained in exchange for operating leases liabilities		312.4

The following table reconciles the undiscounted cash flows expected to be paid in each of the next five fiscal years and thereafter to the operating lease liability recorded on the Consolidated Balance Sheet for operating leases existing as of January 31, 2020.

Years ending January 31,	Minimum Lease Payments as of January 31, 2020 <i>(in millions)</i>	
2021	\$	245.1
2022		255.2
2023		211.1
2024		178.9
2025		144.8
Thereafter		368.5
Total minimum lease payments		1,403.6
Less: amount of total minimum lease payments representing interest		(192.4)
Present value of future total minimum lease payments		1,211.2
Less: current portion of operating lease liabilities		(202.8)
Long-term portion of operating lease liabilities	\$	1,008.4

As of January 31, 2020, there were nine executed agreements in respect of store relocations, new stores, office space and other facilities without commencement dates, which had total commitments of \$88.7 million.

As previously disclosed in "Note J. Commitments and Contingencies" to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended January 31, 2019, under previous lease accounting, future minimum lease payments for operating leases having an initial or remaining non-cancelable lease term in excess of one year were as follows:

Years ending January 31,	Minimum Lease Payments as of January 31, 2019 <i>(in millions)</i>	
2020	\$	292.8
2021		239.2
2022		212.8
2023		177.4
2024		146.8
Thereafter		438.0
Total minimum lease payments	<u>\$</u>	<u>1,507.0</u>

The Company entered into sale-leaseback arrangements for its Retail Service Center, a distribution and administrative office facility in New Jersey, in 2005 and for the TIFFANY & CO. stores in Tokyo's Ginza shopping district and on London's Old Bond Street in 2007. These sale-leaseback arrangements resulted in total deferred gains of \$144.5 million, which were amortized in SG&A expenses over periods ranging from 15 to 20 years. As of January 31, 2019, \$31.1 million of these deferred gains remained on the Company's Consolidated Balance Sheet and were reclassified to opening retained earnings in the first quarter of 2019 in accordance with ASU 2016-02 (see "Note C. Summary of Significant Accounting Policies – New Accounting Standards" for additional information).

Rent expense for the Company's operating leases consisted of the following:

<i>(in millions)</i>	Years Ended January 31,	
	2019	2018
Minimum rent for retail locations	\$ 225.1	\$ 206.6
Contingent rent based on sales	167.9	151.6
Office, distribution and manufacturing facilities and equipment	43.8	44.8
Gains on sale-leaseback arrangements	(8.4)	(8.2)
Sublease income	(5.2)	(4.5)
	<u>\$ 423.2</u>	<u>\$ 390.3</u>

## L. COMMITMENTS AND CONTINGENCIES

### Diamond Sourcing Activities

The Company has agreements with various diamond producers to purchase a minimum volume of rough diamonds at prevailing fair market prices. Under those agreements, management anticipates that it will purchase approximately \$30.0 million of rough diamonds in 2020. The Company also regularly purchases rough and polished diamonds from other suppliers, although it has no contractual obligations to do so. Purchases beyond 2020 under the aforementioned agreements cannot be reasonably estimated.

### Contractual Cash Obligations and Contingent Funding Commitments

At January 31, 2020, the Company's contractual cash obligations and contingent funding commitments were for inventory purchases of \$229.8 million (which includes the \$30.0 million obligation discussed in Diamond Sourcing Activities above), as well as for other contractual obligations of \$152.1 million (primarily for construction-in-

progress, technology licensing and service contracts, advertising and media agreements and fixed royalty commitments).

## Litigation

*Litigation Matters.* The Company is from time to time involved in routine litigation incidental to the conduct of its business, including proceedings to protect its trademark rights, litigation with parties claiming infringement of patents and other intellectual property rights by the Company, litigation instituted by persons alleged to have been injured upon premises under the Company's control and litigation with present and former employees and customers. Although litigation with present and former employees is routine and incidental to the conduct of the Company's business, as well as for any business employing significant numbers of employees, such litigation can result in large monetary awards when a civil jury is allowed to determine compensatory and/or punitive damages for actions such as those claiming discrimination on the basis of age, gender, race, religion, disability or other legally-protected characteristic or for termination of employment that is wrongful or in violation of implied contracts. However, the Company believes that all such litigation currently pending to which it is a party or to which its properties are subject will be resolved without any material adverse effect on the Company's financial position, earnings or cash flows.

*Gain Contingency.* On February 14, 2013, Tiffany and Company and Tiffany (NJ) LLC (collectively, the "Tiffany plaintiffs") initiated a lawsuit against Costco Wholesale Corp. ("Costco") for trademark infringement, false designation of origin and unfair competition, trademark dilution and trademark counterfeiting (the "Costco Litigation"). The Tiffany plaintiffs sought injunctive relief, monetary recovery and statutory damages on account of Costco's use of "Tiffany" on signs in the jewelry cases at Costco stores used to describe certain diamond engagement rings that were not manufactured by Tiffany. Costco filed a counterclaim arguing that the TIFFANY trademark was a generic term for multi-pronged ring settings and seeking to have the trademark invalidated, modified or partially canceled in that respect. On September 8, 2015, the U.S. District Court for the Southern District of New York (the "Court") granted the Tiffany plaintiffs' motion for summary judgment of liability in its entirety, dismissing Costco's genericism counterclaim and finding that Costco was liable for trademark infringement, trademark counterfeiting and unfair competition under New York law in its use of "Tiffany" on the above-referenced signs. On September 29, 2016, a civil jury rendered its verdict, finding that Costco's profits on the sale of the infringing rings should be awarded at \$5.5 million, and further finding that an award of punitive damages was warranted. On October 5, 2016, the jury awarded \$8.25 million in punitive damages. The aggregate award of \$13.75 million was not final, as it was subject to post-verdict motion practice and ultimately to adjustment by the Court. On August 14, 2017, the Court issued its ruling, finding that the Tiffany plaintiffs are entitled to recover (i) \$11.1 million in respect of Costco's profits on the sale of the infringing rings (which amount is three times the amount of such profits, as determined by the Court); (ii) prejudgment interest on such amount (calculated at the applicable statutory rate) from February 15, 2013 through August 14, 2017; (iii) an additional \$8.25 million in punitive damages; and (iv) Tiffany's reasonable attorneys' fees, and, on August 24, 2017, the Court entered judgment in the amount of \$21.0 million in favor of the Tiffany plaintiffs (reflecting items (i) through (iii) above). On February 7, 2019, the Court awarded the Tiffany plaintiffs \$5.9 million in respect of the aforementioned attorneys' fees and costs, bringing the total judgment to \$26.9 million. The Court has denied a motion made by Costco for a new trial; however, Costco has also filed an appeal from the judgment before the Second Circuit Court of Appeals. A three-judge panel presided over an appellate hearing on January 23, 2020, and that panel's decision is pending. As the Tiffany plaintiffs may not enforce the Court's judgment during the appeals process, the Company has not recorded any amount in its consolidated financial statements related to this gain contingency as of January 31, 2020. The Company expects that this matter will not ultimately be resolved until, at the earliest, a future date during the Company's fiscal year ending January 31, 2021.

## Environmental Matter

In 2005, the U.S. Environmental Protection Agency ("EPA") designated a 17-mile stretch of the Passaic River (the "River") part of the Diamond Alkali "Superfund" site. This designation resulted from the detection of hazardous substances emanating from the site, which was previously home to the Diamond Shamrock Corporation, a manufacturer of pesticides and herbicides. Under the Superfund law, the EPA will negotiate with potentially responsible parties to agree on remediation approaches and may also enter into settlement agreements pursuant to an allocation process.

The Company, which operated a silverware manufacturing facility near a tributary of the River from approximately 1897 to 1985, is one of more than 300 parties (the "Potentially Responsible Parties") designated in litigation as potentially responsible parties with respect to the River. The EPA issued general notice letters to 125 of these

parties. The Company, along with approximately 70 other Potentially Responsible Parties (collectively, the "Cooperating Parties Group" or "CPG") voluntarily entered into an Administrative Settlement Agreement and Order on Consent ("AOC") with the EPA in May 2007 to perform a Remedial Investigation/Feasibility Study (the "RI/FS") of the lower 17 miles of the River. In June 2012, most of the CPG voluntarily entered into a second AOC related to focused remediation actions at Mile 10.9 of the River. The actions under the Mile 10.9 AOC are complete (except for continued monitoring), the Remedial Investigation ("RI") portion of the RI/FS was submitted to the EPA on February 19, 2015, and the Feasibility Study ("FS") portion of the RI/FS was submitted to the EPA on April 30, 2015. The Company nonetheless remained in the CPG until October 24, 2017. The Company has accrued for its financial obligations under both AOCs, which have not been material to its financial position or results of operations in previous financial periods or on a cumulative basis.

The FS presented and evaluated three options for remediating the lower 17 miles of the River, including the approach recommended by the EPA in its Focused Feasibility Study discussed below, as well as a fourth option of taking no action, and recommended an approach for a targeted remediation of the entire 17-mile stretch of the River. The estimated cost of the approach recommended by the CPG in the FS is approximately \$483.0 million. The RI and FS are being reviewed by the EPA and other governmental agencies and stakeholders. Ultimately, the Company expects that the EPA will identify and negotiate with any or all of the potentially responsible parties regarding any remediation action that may be necessary, and issue a Record of Decision with a proposed approach to remediating the entire lower 17-mile stretch of the River.

Separately, on April 11, 2014, the EPA issued a proposed plan for remediating the lower eight miles of the River, which is supported by a Focused Feasibility Study (the "FFS"). The FFS evaluated three remediation options, as well as a fourth option of taking no action. Following a public review and comment period and the EPA's review of comments received, the EPA issued a Record of Decision on March 4, 2016 that set forth a remediation plan for the lower eight miles of the River (the "RoD Remediation"). The RoD Remediation is estimated by the EPA to cost \$1.38 billion. The Record of Decision did not identify any party or parties as being responsible for the design of the remediation or for the remediation itself. The EPA did note that it estimates the design of the necessary remediation activities will take three to four years, with the remediation to follow, which is estimated to take an additional six years to complete.

On March 31, 2016, the EPA issued a letter to approximately 100 companies (including the Company) (collectively, the "notified companies") notifying them of potential liability for the RoD Remediation and of the EPA's planned approach to addressing the cost of the RoD Remediation, which included the possibility of a de-minimis cash-out settlement (the "settlement option") for certain parties. In April of 2016, the Company notified the EPA of its interest in pursuing the settlement option, and accordingly recorded an immaterial liability representing its best estimate of its minimum liability for the RoD Remediation, which was based on the amount of a potential de-minimis settlement. On March 30, 2017, the EPA issued offers related to the settlement option to 20 parties; while the Company was not one of the parties receiving such an offer, the EPA indicated at that time that the settlement option might be made available to additional parties beyond those notified on March 30, 2017. On October 24, 2019, the EPA informed certain of the notified parties (including the Company) that the early settlement option would not be made available to them at that time.

In the absence of a viable settlement option with the EPA, the Company is unable to determine its participation in the overall RoD Remediation, if any, relative to the other potentially responsible parties, or the allocation of the estimated cost thereof among the potentially responsible parties, until such time as the EPA reaches an agreement with any potentially responsible party or parties to fund the RoD Remediation (or pursues legal or administrative action to require any potentially responsible party or parties to perform, or pay for, the RoD Remediation). With respect to the RI/FS (which is distinct from the RoD Remediation), until a Record of Decision is issued with respect to the RI/FS, neither the ultimate remedial approach for the remaining upper nine miles of the relevant 17-mile stretch of the River and its cost, nor the Company's participation, if any, relative to the other potentially responsible parties in this approach and cost, can be determined.

In October 2016, the EPA announced that it entered into a legal agreement with Occidental Chemical Corporation ("OCC"), pursuant to which OCC agreed to spend \$165.0 million to perform the engineering and design work required in advance of the clean-up contemplated by the RoD Remediation. OCC has waived any rights to collect contribution from the Company (the "Waiver") for certain costs, including those associated with such engineering and design work, incurred by OCC through July 14, 2016. However, on June 29, 2018, OCC filed a lawsuit in the United States District Court for the District of New Jersey against Tiffany and Company and 119 other companies (the "defendant

companies") seeking to have the defendant companies reimburse OCC for certain response costs incurred by OCC in connection with its and its predecessors' remediation work relating to the River, other than those costs subject to the Waiver. OCC is also seeking a declaratory judgment to hold the defendant companies liable for their alleged shares of future response costs, including costs related to the RoD Remediation. The suit does not quantify damages sought, and the Company is unable to determine at this time whether, or to what extent, the OCC lawsuit will impact the cost allocation described in the immediately preceding paragraph or will otherwise result in any liabilities for the Company.

Given the uncertainties described above, the Company's liability, if any, beyond that already recorded for its obligation under the 2007 AOC and the Mile 10.9 AOC, cannot be determined at this time. However, the Company does not expect that its ultimate liability related to the relevant 17-mile stretch of the River will be material to its financial position, in light of the number of companies that have previously been identified as Potentially Responsible Parties (i.e., the more than 300 parties that were initially designated in litigation as potentially responsible parties), which includes, but goes well beyond those approximately 70 CPG member companies that participated in the 2007 AOC and the Mile 10.9 AOC, and the Company's relative participation in the costs related to the 2007 AOC and Mile 10.9 AOC. It is nonetheless possible that any resulting liability when the uncertainties discussed above are resolved could be material to the Company's results of operations or cash flows in the period in which such uncertainties are resolved.

#### Other

In the normal course of business, the Company entrusts precious scrap metals generated through its internal manufacturing operations to metal refiners. In November 2018, one such refiner filed for relief under chapter 11 of the U.S. Bankruptcy Code. As a result, the Company recognized a charge of \$8.5 million during the three months ended October 31, 2018, which represented the carrying value of such precious scrap metals entrusted to the refiner, net of expected insurance recoveries.

During 2018, the Company received an offer of AUD \$48.0 million as compensation for the previous acquisition of the premises containing one of its leased retail stores and an administrative office in Sydney, Australia under compulsory acquisition laws in Australia. The Company did not accept the offer of compensation and has filed an appeal of the compensation amount with the Land and Environment Court in Australia. In accordance with local law, the Company received an advance payment of 90% (\$31.1 million, based on foreign currency exchange rates on the date of receipt) of the offered compensation during the fourth quarter of 2018. The appeal process is inherently uncertain and the Land and Environment Court will make an independent assessment of the amount of compensation in this matter, which may require the Company to repay all or a portion of the advance payment. Therefore, the Company cannot currently determine an amount, or any minimum amount, it ultimately expects to realize in connection with this matter. Accordingly, the Company did not recognize any gain in the accompanying Consolidated Statement of Earnings for the year ended January 31, 2020 or 2019. Instead, the Company recognized the advance payment within Cash and cash equivalents and as a liability within Accounts payable and accrued liabilities as of January 31, 2019. The Company classified \$19.2 million of the advance payment within operating cash flows and \$11.9 million within investing cash flows on the Consolidated Statement of Cash Flows for the year ended January 31, 2019, with such classification determined by the nature of the underlying components of the cash receipt.

## M. STOCKHOLDERS' EQUITY

### Accumulated Other Comprehensive Loss

<i>(in millions)</i>	January 31,	
	2020	2019
Accumulated other comprehensive loss, net of tax:		
Foreign currency translation adjustments	\$ (130.4)	\$ (108.2)
Deferred hedging gain (loss)	5.4	(24.5)
Net unrealized loss on benefit plans	(148.2)	(72.1)
	<u>\$ (273.2)</u>	<u>\$ (204.8)</u>

Additions to and reclassifications out of accumulated other comprehensive earnings (loss) were as follows:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Foreign currency translation adjustments	\$ (21.3)	\$ (62.9)	\$ 97.9
Income tax (expense) benefit	(1.1)	2.7	(2.2)
Foreign currency translation adjustments, net of tax	(22.4)	(60.2)	95.7
Unrealized gain on marketable securities	—	—	0.2
Reclassification for gain included in net earnings	—	—	(3.5)
Income tax benefit	—	—	0.7
Unrealized loss on marketable securities, net of tax	—	—	(2.6)
Unrealized gain (loss) on hedging instruments	50.5	(1.1)	(21.0)
Reclassification adjustment for (gain) loss included in net earnings <sup>a</sup>	(6.5)	(1.2)	13.0
Income tax (expense) benefit	(9.3)	0.7	1.2
Unrealized gain (loss) on hedging instruments, net of tax	34.7	(1.6)	(6.8)
Net actuarial (loss) gain	(82.0)	(24.2)	30.6
Amortization of net loss included in net earnings <sup>b</sup>	11.2	15.1	13.3
Amortization of prior service credit included in net earnings <sup>b</sup>	(0.5)	(0.6)	(0.5)
Income tax benefit (expense)	16.6	2.9	(11.5)
Net unrealized (loss) gain on benefit plans, net of tax	(54.7)	(6.8)	31.9
Total other comprehensive (loss) earnings, net of tax	<u>\$ (42.4)</u>	<u>\$ (68.6)</u>	<u>\$ 118.2</u>

<sup>a</sup> These (gains) losses are reclassified into Interest expense and financing costs and Cost of sales (see "Note I. Hedging Instruments" for additional details).

<sup>b</sup> These losses (gains) are included in the computation of net periodic benefit cost (see "Note O. Employee Benefit Plans" for additional details) and are reclassified into Other expense, net.

### Stock Repurchase Program

In May 2018, the Registrant's Board of Directors approved a new share repurchase program (the "2018 Program"). The 2018 Program, which became effective June 1, 2018 and expires on January 31, 2022, authorizes the Company to repurchase up to \$1.0 billion of its Common Stock through open market transactions, including through Rule 10b5-1 plans and one or more accelerated share repurchase ("ASR") or other structured repurchase transactions, and/or privately negotiated transactions. The 2018 Program replaced the Company's previous share repurchase program approved in January 2016, under which the Company was authorized to repurchase up to

\$500.0 million of its Common Stock. As of January 31, 2020, \$471.6 million remained available under the 2018 Program; however, pursuant to the terms of the Merger Agreement, and subject to certain limited exceptions, the Company may not repurchase its Common Stock other than in connection with the forfeiture provisions of Company equity awards or the cashless exercise or tax withholding provisions of such Company equity awards, in each case, granted under the Company's stock-based compensation plans.

During 2018, the Company entered into ASR agreements with two third-party financial institutions to repurchase an aggregate of \$250.0 million of its Common Stock. The ASR agreements were entered into under the 2018 Program. Pursuant to the ASR agreements, the Company made an aggregate payment of \$250.0 million from available cash on hand in exchange for an initial delivery of 1,529,286 shares of its Common Stock. Final settlement of the ASR agreements was completed in July 2018, pursuant to which the Company received an additional 353,112 shares of its Common Stock. In total, 1,882,398 shares of the Company's Common Stock were repurchased under these ASR agreements at an average cost per share of \$132.81 over the term of the agreements.

The Company's share repurchase activity was as follows:

<i>(in millions, except per share amounts)</i>	Years Ended January 31,		
	2020	2019	2018
Cost of repurchases	\$ 163.4	\$ 421.4	\$ 99.2
Shares repurchased and retired	1.8	3.5	1.0
Average cost per share	\$ 91.15	\$ 121.28	\$ 94.86

#### Cash Dividends

The Company's Board of Directors declared quarterly dividends which, on an annual basis, totaled \$2.29, \$2.15 and \$1.95 per share of Common Stock in 2019, 2018 and 2017, respectively.

On February 20, 2020, the Company's Board of Directors declared a quarterly dividend of \$0.58 per share of Common Stock. This dividend will be paid on April 10, 2020 to stockholders of record on March 20, 2020.

#### Cumulative Effect Adjustment From Adoption of New Accounting Standards

The amounts presented within this line item on the Consolidated Statements of Stockholders' Equity represent the effects of the Company's adoption, on a modified retrospective basis, of ASU 2016-02 - *Leases* and ASU 2018-02 - *Income Statement - Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (each as discussed in "Note C. Summary of Significant Accounting Policies") for the year ended January 31, 2020, and ASU 2014-09 - *Revenue from Contracts with Customers* and ASU 2016-01 - *Recognition and Measurement of Financial Assets and Financial Liabilities* for the year ended January 31, 2019.

## N. STOCK COMPENSATION PLANS

The Company has two stock compensation plans under which awards may be made: the Employee Incentive Plan and the Directors Equity Compensation Plan, both of which were approved by the Company's stockholders. No award may be made under the Employee Incentive Plan after May 22, 2024 or under the Directors Equity Compensation Plan after May 25, 2027.

Under the Employee Incentive Plan, the maximum number of common shares authorized for issuance is 8.7 million. Awards may be made to employees of the Company in the form of stock options, stock appreciation rights, shares of stock (or rights to receive shares of stock) and cash. Awards made in the form of non-qualified stock options, tax-qualified incentive stock options or stock appreciation rights have a maximum term of 10 years from the grant date and may not be granted for an exercise price below fair market value.

The Company has granted time-vesting restricted stock units ("RSUs"), performance-based restricted stock units ("PSUs") and stock options under the Employee Incentive Plan. Stock options and RSUs typically vest in increments of 25% per year over four years. PSUs vest at the end of a three-year period. PSU grant terms provide that vesting is

contingent on the Company's performance against objectives established by the Compensation Committee of the Company's Board of Directors. The PSUs and RSUs require no payment from the employee. PSU and RSU payouts are in shares of Company stock at vesting (aside from fractional dividend equivalents, which are settled in cash). Compensation expense is recognized using the fair market value of the award at the date of grant and recorded ratably over the vesting period. However, PSU compensation expense may be adjusted over the vesting period based on interim estimates of performance against the established objectives. Award holders are not entitled to receive dividends or dividend equivalents on PSUs or RSUs granted prior to January 2017 or on unvested stock options. PSUs and RSUs granted in or after January 2017 accrue dividend equivalents that may only be paid or delivered upon vesting of the underlying stock units.

Under the Directors Equity Compensation Plan, the maximum number of shares of Common Stock authorized for issuance is 1.0 million (subject to adjustment); awards may be made to non-employee directors of the Company in the form of stock options or shares of stock but may not exceed \$750,000 of total compensation (including without limitation, non-equity compensation and the grant-date fair value of options or stock awards, or any combination of options and stock awards) that may be awarded to any one participant in any single fiscal year of the Company in connection with his or her service as a member of the Board of Directors; provided, however, that this limitation shall not apply to a non-executive chairperson of the Board of Directors. Awards made in the form of stock options may have a maximum term of 10 years from the grant date and may not be granted for an exercise price below fair market value. Director options vest immediately. Director RSUs vest at the end of a one-year period.

The Company uses newly issued shares to satisfy stock option exercises and the vesting of PSUs and RSUs.

The fair value of each option award is estimated on the grant date using a Black-Scholes option valuation model and compensation expense is recognized ratably over the vesting period. The valuation model uses the assumptions noted in the following table. Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate the expected term of the option that represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the expected term of the option is based on the U.S. Treasury yield curve in effect at the grant date.

	Years Ended January 31,		
	2020	2019	2018
Dividend yield	2.2%	2.2%	1.8%
Expected volatility	24.6%	24.2%	22.0%
Risk-free interest rate	2.1%	2.5%	2.2%
Expected term in years	4	4	5

A summary of the Company's stock option activity is presented below:

	Number of Shares (in millions)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in millions)
Outstanding at January 31, 2019	2.4	\$ 89.84	8.33	\$ 11.3
Granted	0.1	94.68		
Exercised	(1.3)	88.40		
Forfeited/canceled	—	97.13		
Outstanding at January 31, 2020	1.2	\$ 91.53	7.64	\$ 52.8
Exercisable at January 31, 2020	0.4	\$ 88.09	6.27	\$ 18.4

The weighted-average grant-date fair value of options granted for the years ended January 31, 2020, 2019 and 2018 was \$16.57, \$16.97 and \$18.33, respectively. The total intrinsic value (market value on date of exercise less

grant price) of options exercised during the years ended January 31, 2020, 2019 and 2018 was \$52.8 million, \$16.3 million and \$31.2 million, respectively.

A summary of the Company's RSU activity is presented below:

	Number of Shares (in millions)	Weighted-Average Grant-Date Fair Value
Non-vested at January 31, 2019	0.6	\$ 88.49
Granted	0.5	117.12
Vested	(0.3)	86.84
Forfeited	(0.1)	94.86
Non-vested at January 31, 2020	0.7	\$ 108.28

A summary of the Company's PSU activity is presented below:

	Number of Shares (in millions)	Weighted-Average Grant-Date Fair Value
Non-vested at January 31, 2019	0.5	\$ 85.30
Granted	0.1	134.12
Vested	(0.1)	63.05
Forfeited/canceled	—	57.08
Non-vested at January 31, 2020	0.5	\$ 102.46

The weighted-average grant-date fair value of RSUs granted for the years ended January 31, 2019 and 2018 was \$103.40 and \$91.96, respectively. The weighted-average grant-date fair value of PSUs granted for the years ended January 31, 2019 and 2018 was \$85.26 and \$108.99, respectively. The total fair value of RSUs vested during the years ended January 31, 2020, 2019 and 2018 was \$28.1 million, \$24.3 million and \$22.2 million, respectively. The total fair value of PSUs vested during the years ended January 31, 2020, 2019 and 2018 was \$9.8 million, \$2.7 million and \$3.4 million, respectively.

As of January 31, 2020, there was \$94.7 million of total unrecognized compensation expense related to non-vested share-based compensation arrangements granted under the Employee Incentive Plan and Directors Equity Compensation Plan. The expense is expected to be recognized over a weighted-average period of 3.0 years.

Total compensation cost for stock-based compensation awards recognized in income and the related income tax benefit was \$33.2 million and \$6.5 million for the year ended January 31, 2020, \$34.1 million and \$6.8 million for the year ended January 31, 2019 and \$28.0 million and \$8.5 million for the year ended January 31, 2018. Total stock-based compensation cost capitalized in inventory was not significant.

## 0. EMPLOYEE BENEFIT PLANS

### Pensions and Other Postretirement Benefits

The Company maintains the following pension plans: a noncontributory defined benefit pension plan qualified in accordance with the Internal Revenue Service Code ("Qualified Plan") covering substantially all U.S. employees hired before January 1, 2006, a non-qualified unfunded retirement income plan ("Excess Plan") covering certain U.S. employees hired before January 1, 2006 and affected by Internal Revenue Service Code compensation limits, a non-qualified unfunded Supplemental Retirement Income Plan ("SRIP") covering certain executive officers of the Company hired before January 1, 2006 and noncontributory defined benefit pension plans in certain of its international locations ("Other Plans").

Qualified Plan benefits are based on (i) average compensation in the highest paid five years of the last 10 years of employment ("average final compensation") and (ii) the number of years of service. The normal retirement age under the Qualified Plan is age 65; however, participants who retire with at least 10 years of service may elect to receive reduced retirement benefits starting at age 55. The Company funds the Qualified Plan's trust in accordance with regulatory limits to provide for current service and for the unfunded benefit obligation over a reasonable period and for current service benefit accruals. To the extent that these requirements are fully covered by assets in the Qualified Plan, the Company may elect not to make any contribution in a particular year. No cash contribution was required in 2018 and none is required in 2019 to meet the minimum funding requirements of the Employee Retirement Income Security Act. However, the Company periodically evaluates whether to make discretionary cash contributions to the Qualified Plan and made voluntary cash contributions of \$30.0 million in 2019, \$11.8 million in 2018 and \$15.0 million in 2017. The Company does not currently expect to make any contributions to the Qualified Plan in 2020.

The Qualified Plan, Excess Plan and SRIP exclude all employees hired on or after January 1, 2006. Instead, employees hired on or after January 1, 2006 are eligible to receive a defined contribution retirement benefit under the Employee Profit Sharing and Retirement Savings ("EPSRS") Plan (see "Employee Profit Sharing and Retirement Savings Plan" below). Employees hired before January 1, 2006 continue to be eligible for and accrue benefits under the Qualified Plan.

The Excess Plan uses the same retirement benefit formula set forth in the Qualified Plan, but includes earnings that are excluded under the Qualified Plan due to Internal Revenue Service Code qualified pension plan limitations. Benefits payable under the Qualified Plan offset benefits payable under the Excess Plan. Employees vested under the Qualified Plan are vested under the Excess Plan; however, benefits under the Excess Plan are subject to forfeiture if employment is terminated for cause and, for those who leave the Company prior to age 65, if they fail to execute and adhere to noncompetition and confidentiality covenants. Under the Excess Plan, participants who retire with at least 10 years of service may elect to receive reduced retirement benefits starting at age 55.

The SRIP supplements the Qualified Plan, Excess Plan and Social Security by providing additional payments upon a participant's retirement. SRIP benefits are determined by a percentage of average final compensation; this percentage increases as specified service plateaus are achieved. Benefits payable under the Qualified Plan, Excess Plan and Social Security offset benefits payable under the SRIP. Under the SRIP, benefits vest when a participant both (i) attains age 55 while employed by the Company and (ii) has provided at least 10 years of service. In certain limited circumstances, early vesting can occur due to a change in control. Benefits under the SRIP are forfeited if benefits under the Excess Plan are forfeited.

Benefits for the Other Plans are typically based on monthly eligible compensation and the number of years of service. Benefits are typically payable in a lump sum upon retirement, termination, resignation or death if the participant has completed the requisite service period.

The Company accounts for pension expense using the projected unit credit actuarial method for financial reporting purposes. The actuarial present value of the benefit obligation is calculated based on the expected date of separation or retirement of the Company's eligible employees.

The Company provides certain health-care and life insurance benefits ("Other Postretirement Benefits") for certain retired employees and accrues the cost of providing these benefits throughout the employees' active service period until they attain full eligibility for those benefits. Substantially all of the Company's U.S. full-time employees hired on or before March 31, 2012 may become eligible for these benefits if they reach normal or early retirement age while working for the Company. The cost of providing postretirement health-care benefits is shared by the retiree and the Company, with retiree contributions evaluated annually and adjusted in order to maintain the Company/retiree cost-sharing target ratio. The life insurance benefits are noncontributory. The Company's employee and retiree health-care benefits are administered by an insurance company, and premiums on life insurance are based on prior years' claims experience.

## Obligations and Funded Status

The following tables provide a reconciliation of benefit obligations, plan assets and funded status of the pension and other postretirement benefit plans as of the measurement date:

<i>(in millions)</i>	Years Ended January 31,			
	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
<b>Change in benefit obligation:</b>				
Projected benefit obligation at beginning of year	\$ 795.0	\$ 795.6	\$ 76.1	\$ 78.5
Service cost	17.0	17.9	2.6	3.0
Interest cost	32.5	30.7	3.3	3.0
Participants' contributions	—	—	1.3	1.3
MMA retiree drug subsidy	—	—	0.1	0.1
Actuarial loss (gain)	139.8	(22.4)	15.4	(7.0)
Benefits paid	(28.2)	(26.8)	(2.7)	(2.8)
Projected benefit obligation at end of year	956.1	795.0	96.1	76.1
<b>Change in plan assets:</b>				
Fair value of plan assets at beginning of year	549.7	578.1	—	—
Actual return on plan assets	109.9	(20.1)	—	—
Employer contributions	37.3	18.5	1.3	1.4
Participants' contributions	—	—	1.3	1.3
MMA retiree drug subsidy	—	—	0.1	0.1
Benefits paid	(28.2)	(26.8)	(2.7)	(2.8)
Fair value of plan assets at end of year	668.7	549.7	—	—
Funded status at end of year	\$ (287.4)	\$ (245.3)	\$ (96.1)	\$ (76.1)

Actuarial losses in 2019 reflect decreases in the discount rates for all plans.

The following tables provide additional information regarding the Company's pension plans' projected benefit obligations and assets (included in pension benefits in the table above) and accumulated benefit obligation:

<i>(in millions)</i>	January 31, 2020			
	Qualified	Excess/SRIP	Other	Total
Projected benefit obligation	\$ 800.3	\$ 127.8	\$ 28.0	\$ 956.1
Fair value of plan assets	668.7	—	—	668.7
Funded status	\$ (131.6)	\$ (127.8)	\$ (28.0)	\$ (287.4)
Accumulated benefit obligation	\$ 722.1	\$ 110.6	\$ 22.8	\$ 855.5

January 31, 2019

<i>(in millions)</i>	Qualified	Excess/SRIP	Other	Total
Projected benefit obligation	\$ 658.5	\$ 109.4	\$ 27.1	\$ 795.0
Fair value of plan assets	549.7	—	—	549.7
Funded status	\$ (108.8)	\$ (109.4)	\$ (27.1)	\$ (245.3)
Accumulated benefit obligation	\$ 598.8	\$ 94.0	\$ 22.2	\$ 715.0

At January 31, 2020, the Company had a current liability of \$9.0 million and a non-current liability of \$374.5 million for pension and other postretirement benefits. At January 31, 2019, the Company had a current liability of \$9.0 million and a non-current liability of \$312.4 million for pension and other postretirement benefits.

Pre-tax amounts recognized in accumulated other comprehensive loss consisted of:

<i>(in millions)</i>	January 31,			
	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Net actuarial loss (gain)	\$ 188.0	\$ 132.7	\$ 9.7	\$ (5.8)
Prior service cost (credit)	0.4	0.5	(0.4)	(1.0)
Total before tax	\$ 188.4	\$ 133.2	\$ 9.3	\$ (6.8)

Components of Net Periodic Benefit Cost and  
Other Amounts Recognized in Other Comprehensive Earnings

<i>(in millions)</i>	Years Ended January 31,					
	Pension Benefits			Other Postretirement Benefits		
	2020	2019	2018	2020	2019	2018
Service cost	\$ 17.0	\$ 17.9	\$ 17.3	\$ 2.6	\$ 3.0	\$ 2.8
Interest cost	32.5	30.7	32.0	3.3	3.0	3.0
Expected return on plan assets	(36.7)	(33.4)	(32.9)	—	—	—
Amortization of prior service cost (credit)	0.1	0.1	0.2	(0.6)	(0.7)	(0.7)
Amortization of net loss (gain)	11.3	15.0	13.2	(0.1)	0.1	0.1
Net periodic benefit cost	24.2	30.3	29.8	5.2	5.4	5.2
Net actuarial loss (gain)	66.6	31.2	(32.1)	15.4	(7.0)	1.5
Recognized actuarial (loss) gain	(11.3)	(15.0)	(13.2)	0.1	(0.1)	(0.1)
Recognized prior service (cost) credit	(0.1)	(0.1)	(0.2)	0.6	0.7	0.7
Total recognized in other comprehensive earnings	55.2	16.1	(45.5)	16.1	(6.4)	2.1
Total recognized in net periodic benefit cost and other comprehensive earnings	\$ 79.4	\$ 46.4	\$ (15.7)	\$ 21.3	\$ (1.0)	\$ 7.3

The non-service cost components of the net periodic benefit cost are included within Other expense, net on the Consolidated Statements of Earnings.

## Assumptions

Weighted-average assumptions used to determine benefit obligations:

	January 31,	
	2020	2019
Discount rate:		
Qualified Plan	3.25%	4.25%
Excess Plan/SRIP	3.00%	4.25%
Other Plans	0.76%	0.81%
Other Postretirement Benefits	3.25%	4.50%
Rate of increase in compensation:		
Qualified Plan	3.00%	3.00%
Excess Plan	4.25%	4.25%
SRIP	6.50%	6.50%
Other Plans	2.56%	2.56%

Weighted-average assumptions used to determine net periodic benefit cost:

	Years Ended January 31,		
	2020	2019	2018
Discount rate:			
Qualified Plan	4.25%	4.00%	4.25%
Excess Plan/SRIP	4.25%	3.75%	4.25%
Other Plans	1.32%	1.54%	1.49%
Other Postretirement Benefits	4.50%	4.00%	4.25%
Expected return on plan assets	7.00%	7.00%	7.00%
Rate of increase in compensation:			
Qualified Plan	3.00%	3.00%	3.00%
Excess Plan	4.25%	4.25%	4.25%
SRIP	6.50%	6.50%	6.50%
Other Plans	2.66%	1.41%	1.38%

The expected long-term rate of return on Qualified Plan assets is selected by taking into account the average rate of return expected on the funds invested or to be invested to provide for benefits included in the projected benefit obligation. More specifically, consideration is given to the expected rates of return (including reinvestment asset return rates) based upon the plan's current asset mix, investment strategy and the historical performance of plan assets.

For postretirement benefit measurement purposes, a 6.50% annual rate of increase in the per capita cost of covered health care was assumed for 2020. This rate was assumed to decrease gradually to 4.75% by 2023 and remain at that level thereafter.

## Plan Assets

The Company's investment objectives related to the Qualified Plan's assets are the preservation of principal and balancing the management of interest rate risk associated with the duration of the plan's liabilities with the achievement of a reasonable rate of return over time. The Qualified Plan's assets are allocated based on an

expectation that equity securities will outperform debt securities over the long term, but that as the plan's funded status (assets relative to liabilities) increases, the amount of assets allocated to fixed income securities which match the interest rate risk profile of the plan's liabilities will increase. The Company's target asset allocation based on its funded status as of January 31, 2020 is as follows: approximately 50% in equity securities; approximately 35% in fixed income securities; and approximately 15% in other securities. The Company attempts to mitigate investment risk by rebalancing the asset allocation periodically.

The fair value of the Qualified Plan's assets at January 31, 2020 and 2019 by asset category is as follows:

<i>(in millions)</i>	Fair Value at January 31, 2020	Fair Value Measurements Using Inputs Considered as*		
		Level 1	Level 2	Level 3
Equity securities:				
U.S. equity securities	\$ 53.0	\$ 53.0	\$ —	\$ —
Mutual funds	119.5	119.5	—	—
Fixed income securities:				
Government bonds	100.5	99.3	1.2	—
Corporate bonds	139.9	—	139.9	—
Other types of investments:				
Cash and cash equivalents	2.5	2.5	—	—
Mutual funds	73.9	61.8	12.1	—
Net assets in fair value hierarchy	489.3	336.1	153.2	—
Investments at NAV practical expedient <sup>a</sup>	179.4			
Plan assets at fair value	\$ 668.7	\$ 336.1	\$ 153.2	\$ —

<i>(in millions)</i>	Fair Value at January 31, 2019	Fair Value Measurements Using Inputs Considered as*		
		Level 1	Level 2	Level 3
Equity securities:				
U.S. equity securities	\$ 63.4	\$ 63.4	\$ —	\$ —
Mutual fund	38.7	38.7	—	—
Fixed income securities:				
Government bonds	80.8	79.6	1.2	—
Corporate bonds	122.7	—	122.7	—
Other types of investments:				
Cash and cash equivalents	2.7	2.7	—	—
Mutual funds	52.0	52.0	—	—
Net assets in fair value hierarchy	360.3	236.4	123.9	—
Investments at NAV practical expedient <sup>a</sup>	189.4			
Plan assets at fair value	\$ 549.7	\$ 236.4	\$ 123.9	\$ —

\* See "Note J. Fair Value of Financial Instruments" for a description of the levels of inputs.

<sup>a</sup> In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value ("NAV") per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the Qualified Plan's fair value of plan assets at the end of each respective year.

## Valuation Techniques

*Investments within the fair value hierarchy.* Securities traded on the national securities exchange (certain government bonds) are valued at the last reported sales price or closing price on the last business day of the fiscal year. Investments traded in the over-the-counter market and listed securities for which no sales were reported (certain government bonds, corporate bonds and mortgage obligations) are valued at the last reported bid price. Certain fixed income investments are held in separately managed accounts and those investments are valued using the underlying securities in the accounts.

Investments in mutual funds are stated at fair value as determined by quoted market prices based on the NAV of shares held by the Qualified Plan at year-end. Investments in U.S. equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

*Investments measured at NAV.* This category consists of common/collective trusts and limited partnerships.

Common/collective trusts include investments in U.S. and international large, middle and small capitalization equities. Investments in common/collective trusts are stated at estimated fair value, which represents the NAV of shares held by the Qualified Plan as reported by the investment advisor. The NAV is based on the value of the underlying assets owned by the common/collective trust, minus its liabilities and then divided by the number of shares outstanding. The NAV is used as a practical expedient to estimate fair value.

The Qualified Plan maintains investments in limited partnerships that are valued at estimated fair value based on financial information received from the investment advisor and/or general partner. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares outstanding. The NAV is used as a practical expedient to estimate fair value.

## Benefit Payments

The Company estimates the following future benefit payments:

Years Ending January 31,	Pension Benefits (in millions)	Other Postretirement Benefits (in millions)
2021	\$ 29.3	\$ 2.0
2022	30.4	2.1
2023	31.1	2.2
2024	32.6	2.4
2025	33.9	2.5
2026-2030	197.5	16.1

## Employee Profit Sharing and Retirement Savings ("EPSRS") Plan

The Company maintains an EPSRS Plan that covers substantially all U.S.-based employees. Under the profit-sharing feature of the EPSRS Plan, the Company made contributions, in the form of newly issued Company Common Stock through 2014, to the employees' accounts based on the achievement of certain targeted earnings objectives established by, or as otherwise determined by, the Company's Board of Directors. Beginning in 2015, these contributions were made in cash. The EPSRS Plan provides a retirement savings feature, a profit sharing feature and a defined contribution retirement benefit ("DCRB"). The DCRB is provided to eligible employees hired on or after January 1, 2006. Contributions related to the retirement savings feature and profit sharing feature for a particular plan year are made the following year.

Under the retirement savings feature of the EPSRS Plan, employees who meet certain eligibility requirements may participate by contributing up to 50% of their annual compensation, not to exceed Internal Revenue Service limits, and the Company may provide a matching cash contribution of 50% of each participant's contributions, with a maximum matching contribution of 3% of each participant's total compensation. The Company recorded expense of \$9.2 million, \$8.6 million and \$8.2 million in 2019, 2018 and 2017, respectively, related to the retirement savings feature of the EPSRS Plan.

Under the profit-sharing feature of the EPSRS Plan, contributions are made in cash and are allocated within the respective participant's account based on investment elections made under the EPSRS Plan. If the participant has made no election, the contribution will be invested in the appropriate default target fund as determined by each participant's date of birth. Under the retirement savings portion of the EPSRS Plan, employees may invest their contributions and the related matching contribution to their accounts in a similar manner. Under both the profit-sharing and retirement savings features, employees may elect to invest a portion of the contributions to their accounts in Company stock. At January 31, 2020, investments in Company stock represented 19% of total EPSRS Plan assets. The Company recorded expense of \$4.9 million and \$3.9 million in 2018 and 2017, respectively, related to the profit sharing feature of the EPSRS Plan and did not record any such expense in 2019.

Under the DCRB, the Company makes contributions each year to each employee's account at a rate based upon age and years of service. These contributions are deposited into individual accounts in each employee's name to be invested in a manner similar to the profit-sharing and retirement savings portions of the EPSRS Plan (except that DCRB contributions may not be invested in Company stock). The Company recorded expense of \$7.2 million, \$4.7 million and \$5.2 million in 2019, 2018 and 2017, respectively, related to the DCRB.

#### Deferred Compensation Plan

The Company has a non-qualified deferred compensation plan for directors, executives and certain management employees, whereby eligible participants may defer a portion of their compensation for payment at specified future dates, upon retirement, death or termination of employment. This plan also provides for an excess defined contribution retirement benefit ("Excess DC benefit") for certain eligible executives and management employees, hired on or after January 1, 2006. The Excess DC benefit is credited to the eligible employee's account, based on the compensation paid to the employee in excess of the IRS limits for contributions under the DCRB Plan. Under the plan, the deferred compensation is adjusted to reflect performance, whether positive or negative, of selected investment options chosen by each participant during the deferral period. The amounts accrued under the plans were \$27.6 million and \$22.6 million at January 31, 2020 and 2019, respectively, and are reflected in Other long-term liabilities. The Company does not promise or guarantee any rate of return on amounts deferred.

## P. INCOME TAXES

#### U.S. Federal Income Tax Reform

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "2017 Tax Act") was enacted in the U.S. This enactment resulted in a number of significant changes to U.S. federal income tax law for U.S. taxpayers. Changes in tax law are accounted for in the period of enactment. As such, the Company's 2017 consolidated financial statements reflected the estimated immediate tax effect of the 2017 Tax Act. The 2017 Tax Act contains a number of key provisions, including, among other items:

- The reduction of the statutory U.S. federal corporate income tax rate from 35.0% to 21.0% effective January 1, 2018;
- A one-time transition tax via a mandatory deemed repatriation of post-1986 undistributed foreign earnings and profits (the "Transition Tax");
- A deduction for Foreign Derived Intangible Income ("FDII") for tax years beginning after December 31, 2017;
- A tax on global intangible low-taxed income ("GILTI") for tax years beginning after December 31, 2017;
- A limitation on net interest expense deductions to 30% of adjusted taxable income for tax years beginning after December 31, 2017;
- Broader limitations on the deductibility of compensation of certain highly compensated employees;
- The ability to elect to accelerate tax depreciation on certain qualified assets;
- A territorial tax system providing a 100% dividends received deduction on certain qualified dividends from foreign subsidiaries for tax years beginning after December 31, 2017;
- The Base Erosion and Anti-Abuse Tax ("BEAT") for tax years beginning after December 31, 2017; and
- Changes in the application of the U.S. foreign tax credit regulations for tax years beginning after December 31, 2017.

Additionally, on December 22, 2017, the SEC issued SAB 118 to address the application of U.S. GAAP in situations when a registrant did not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the 2017 Tax Act. Specifically, SAB 118 provided a measurement period for companies to evaluate the impacts of the 2017 Tax Act on their financial statements. This measurement period began in the reporting period that included the enactment date and ended when an entity obtained, prepared and analyzed the information that was needed in order to complete the accounting requirements, but could not exceed one year. The Company adopted the provisions of SAB 118 with respect to the impact of the 2017 Tax Act on its 2017 consolidated financial statements.

During the year ended January 31, 2018, the Company recorded an estimated net tax expense of \$146.2 million as a result of the effects of the 2017 Tax Act. The tax effects recorded included:

- Estimated tax expense of \$94.8 million for the impact of the reduction in the U.S. statutory tax rate on the Company's deferred tax assets and liabilities;
- Estimated tax expense of \$56.0 million for the Transition Tax; and
- A tax benefit of \$4.6 million resulting from the effect of the 21% statutory income tax rate for the month of January 2018 on the Company's annual statutory income tax rate for the year ended January 31, 2018. Because the Company's fiscal year ended on January 31, 2018, the Company's statutory income tax rate for fiscal 2017 was 33.8% rather than 35.0%.

Consistent with SAB 118, the Company calculated and recorded reasonable estimates for the impact of the Transition Tax and the remeasurement of its deferred tax assets and deferred tax liabilities, as set forth above. The Company also adopted the provisions of SAB 118 as it related to the assertion of the indefinite reinvestment of foreign earnings and profits. The charges associated with the Transition Tax and the remeasurement of the Company's deferred tax assets and deferred tax liabilities, as a result of applying the 2017 Tax Act, represented provisional amounts for which the Company's analysis was incomplete but reasonable estimates could be determined and were recorded during the fourth quarter of 2017. Further, the impact of the 2017 Tax Act on the Company's assertion to indefinitely reinvest foreign earnings was incomplete as the Company was analyzing the relevant provisions of the 2017 Tax Act and related accounting guidance.

During the year ended January 31, 2019, as permitted by SAB 118, the Company completed its analyses under the 2017 Tax Act, including those related to: (i) the provisional estimate recorded during the year ended January 31, 2018 for the Transition Tax; (ii) the provisional estimate recorded during the year ended January 31, 2018 to remeasure the Company's deferred tax assets and liabilities; and (iii) the Company's assertion to indefinitely reinvest undistributed foreign earnings and profits.

As a result of completing these analyses, during the year ended January 31, 2019, the Company: (i) recorded tax benefits totaling \$12.6 million to adjust the provisional estimate recorded in the year ended January 31, 2018 to remeasure the Company's deferred tax assets and liabilities; (ii) recorded tax benefits totaling \$3.3 million to adjust the provisional estimate recorded in the year ended January 31, 2018 for the Transition Tax; and (iii) determined to maintain its assertion to indefinitely reinvest undistributed foreign earnings and profits.

The Company continues to maintain its assertion to indefinitely reinvest undistributed foreign earnings and profits, which amounted to approximately \$1.0 billion as of January 31, 2020.

Upon distribution of those foreign earnings and profits in the form of dividends or otherwise, the Company would be subject to U.S. state and local taxes, taxes on foreign currency gains and withholding taxes payable in various jurisdictions, which may be partially offset by foreign tax credits. Determination of the amount of the unrecognized deferred tax liability is not practicable because of the complexities associated with its hypothetical calculation.

The Company expects to continue to account for the tax on GILTI as a period cost and therefore has not adjusted any of the deferred tax assets and liabilities of its foreign subsidiaries in connection with the 2017 Tax Act.

## Income Taxes

Earnings from operations before income taxes consisted of the following:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
United States	\$ 520.1	\$ 584.5	\$ 597.1
Foreign	170.2	159.0	163.4
	<u>\$ 690.3</u>	<u>\$ 743.5</u>	<u>\$ 760.5</u>

Components of the provision for income taxes were as follows:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
<b>Current:</b>			
Federal	\$ 79.7	\$ 112.5	\$ 227.9
State	11.7	18.2	16.7
Foreign	51.2	47.7	49.0
	<u>142.6</u>	<u>178.4</u>	<u>293.6</u>
<b>Deferred:</b>			
Federal	10.9	(23.2)	94.1
State	0.6	(2.0)	1.1
Foreign	(4.9)	3.9	1.6
	<u>6.6</u>	<u>(21.3)</u>	<u>96.8</u>
	<u>\$ 149.2</u>	<u>\$ 157.1</u>	<u>\$ 390.4</u>

Reconciliations of the provision for income taxes at the statutory Federal income tax rate to the Company's effective income tax rate were as follows:

	Years Ended January 31,		
	2020	2019	2018
Statutory Federal income tax rate	21.0%	21.0%	33.8%
State income taxes, net of Federal benefit	1.4	1.5	1.5
Foreign losses with no tax benefit	—	—	0.2
Effect of Foreign Operations	1.8	1.1	(1.4)
Net change in uncertain tax positions	1.1	(0.4)	0.2
Domestic manufacturing deduction	—	—	(1.8)
Foreign Derived Intangible Income deduction	(4.0)	(2.6)	—
Impact of the 2017 Tax Act	—	1.3	19.8
Other	0.3	(0.8)	(1.0)
	<u>21.6%</u>	<u>21.1%</u>	<u>51.3%</u>

Deferred tax assets (liabilities) consisted of the following:

<i>(in millions)</i>	January 31,	
	2020	2019
Deferred tax assets:		
Operating lease liabilities	\$ 293.7	\$ —
Pension/postretirement benefits	101.9	82.1
Accrued expenses	21.7	31.3
Share-based compensation	5.7	7.9
Depreciation and amortization	54.7	18.1
Foreign and state net operating losses	6.5	7.0
Sale-leasebacks	—	13.1
Inventory	33.3	42.5
Unearned income	7.9	7.2
Other	22.2	28.8
	<u>547.6</u>	<u>238.0</u>
Valuation allowance	(10.9)	(8.5)
	<u>536.7</u>	<u>229.5</u>
Deferred tax liabilities:		
Operating lease right-of-use assets	(301.2)	—
Foreign tax credit and other tax liabilities	(12.3)	(21.5)
Net deferred tax asset	<u>\$ 223.2</u>	<u>\$ 208.0</u>

The Company has recorded a valuation allowance against certain deferred tax assets related to foreign net operating loss carryforwards where management has determined it is more likely than not that deferred tax assets will not be realized in the future. The overall valuation allowance relates to tax loss carryforwards and temporary differences for which no benefit is expected to be realized. Tax loss carryforwards of \$21.8 million exist in certain foreign jurisdictions. Whereas some of these tax loss carryforwards do not have an expiration date, others expire at various times from 2020 through 2036.

The following table reconciles the unrecognized tax benefits:

<i>(in millions)</i>	Years ended January 31,		
	2020	2019	2018
Unrecognized tax benefits at beginning of year	\$ 17.3	\$ 10.1	\$ 7.2
Gross increases – tax positions in prior period	6.3	8.0	3.2
Gross decreases – tax positions in prior period	(0.7)	—	(0.9)
Gross increases – tax positions in current period	1.9	1.3	0.6
Settlements	(5.2)	—	—
Lapse of statute of limitations	0.1	(2.1)	—
Unrecognized tax benefits at end of year	<u>\$ 19.7</u>	<u>\$ 17.3</u>	<u>\$ 10.1</u>

The amount of tax benefits included in the balance of unrecognized tax benefits at January 31, 2020 that, if recognized, would affect the effective income tax rate was \$18.5 million.

The Company recognizes expense for interest and penalties related to unrecognized tax benefits within the provision for income taxes. The Company recognized a benefit of \$1.3 million in 2019, a benefit of \$6.2 million in 2018 and

expense of \$2.0 million in 2017 for interest and penalties. Accrued interest and penalties, which amounted to \$2.9 million and \$4.2 million at January 31, 2020 and 2019, respectively, is included within Accounts payable and accrued liabilities and Other long-term liabilities on the Consolidated Balance Sheets.

The Company conducts business globally and, as a result, is subject to taxation in the U.S. and various state and foreign jurisdictions. As a matter of course, tax authorities regularly audit the Company. The Company's tax filings are currently being examined by a number of tax authorities, both in the U.S. and in foreign jurisdictions. Ongoing audits where subsidiaries have a material presence include New York City (tax years 2011–2015) and New York State (tax years 2012–2018). Tax years from 2010–present are open to examination in the U.S. Federal jurisdiction and 2006–present are open in various state, local and foreign jurisdictions. As part of these audits, the Company engages in discussions with taxing authorities regarding tax positions. As of January 31, 2020, unrecognized tax benefits are not expected to change materially in the next 12 months. Future developments may result in a change in this assessment.

## Q. SEGMENT INFORMATION

Net sales by geographic area are presented by attributing revenues from external customers on the basis of the country in which the merchandise is sold. In deciding how to allocate resources and assess performance, the Company's Chief Operating Decision Maker regularly evaluates the performance of its reportable segments on the basis of net sales and earnings from operations, after the elimination of inter-segment sales and transfers. The accounting policies of the reportable segments are the same as those described in "Note C. Summary of Significant Accounting Policies."

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

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Net sales:			
Americas	\$ 1,924.0	\$ 1,960.3	\$ 1,870.9
Asia-Pacific	1,258.2	1,239.0	1,095.0
Japan	649.8	643.0	596.3
Europe	498.3	504.4	489.0
Total reportable segments	4,330.3	4,346.7	4,051.2
Other	93.7	95.4	118.6
	<u>\$ 4,424.0</u>	<u>\$ 4,442.1</u>	<u>\$ 4,169.8</u>
Earnings from operations*:			
Americas	\$ 382.2	\$ 386.7	\$ 399.0
Asia-Pacific	254.3	311.5	287.7
Japan	229.7	237.2	209.3
Europe	83.1	86.2	90.4
Total reportable segments	949.3	1,021.6	986.4
Other	11.3	(6.4)	3.6
	<u>\$ 960.6</u>	<u>\$ 1,015.2</u>	<u>\$ 990.0</u>

\* Represents earnings from operations before (i) unallocated corporate expenses, (ii) Interest expense and financing costs and Other expense, net, and (iii) other operating expenses.

The Company's Chief Operating Decision Maker does not evaluate the performance of the Company's assets on a segment basis for internal management reporting and, therefore, such information is not presented. The following table sets forth a reconciliation of the segments' earnings from operations to the Company's consolidated earnings from operations before income taxes:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Earnings from operations for segments	\$ 960.6	\$ 1,015.2	\$ 990.0
Unallocated corporate expenses	(206.8)	(224.9)	(180.6)
Interest expense and financing costs and Other expense, net	(42.3)	(46.8)	(48.9)
Other operating expenses	(21.2)	—	—
Earnings from operations before income taxes	\$ 690.3	\$ 743.5	\$ 760.5

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

Other operating expenses in the year ended January 31, 2020 represent charges related to the proposed Merger. See "Note B. Entry into Merger Agreement" for additional details.

Sales to unaffiliated customers by geographic area were as follows:

<i>(in millions)</i>	Years Ended January 31,		
	2020	2019	2018
Net sales:			
United States	\$ 1,796.9	\$ 1,837.5	\$ 1,739.0
Japan	649.8	643.0	596.3
Other countries	1,977.3	1,961.6	1,834.5
	\$ 4,424.0	\$ 4,442.1	\$ 4,169.8

Net sales information for classes of similar products is presented in "Note C. Summary of Significant Accounting Policies."

Long-lived assets by geographic area were as follows:

<i>(in millions)</i>	January 31,	
	2020	2019
Long-lived assets:		
United States	\$ 819.6	\$ 762.9
Japan	17.9	18.9
Other countries	324.8	306.1
	\$ 1,162.3	\$ 1,087.9

**R. QUARTERLY FINANCIAL DATA (UNAUDITED)**

<i>(in millions, except per share amounts)</i>	2019 Quarters Ended			
	April 30	July 31	October 31	January 31 <sup>a</sup>
Net sales	\$ 1,003.1	\$ 1,048.5	\$ 1,014.6	\$ 1,357.8
Gross profit	619.2	657.7	625.7	859.3
Earnings from operations	160.9	184.3	118.5	268.9
Net earnings	125.2	136.3	78.4	201.2
Net earnings per share:				
Basic	\$ 1.03	\$ 1.13	\$ 0.65	\$ 1.67
Diluted	\$ 1.03	\$ 1.12	\$ 0.65	\$ 1.66

<i>(in millions, except per share amounts)</i>	2018 Quarters Ended			
	April 30	July 31	October 31	January 31
Net sales	\$ 1,033.2	\$ 1,075.9	\$ 1,012.4	\$ 1,320.6
Gross profit	650.9	688.8	629.3	842.0
Earnings from operations	204.3	191.2	126.4	268.4
Net earnings	142.3	144.7	94.9	204.5
Net earnings per share:				
Basic	\$ 1.14	\$ 1.17	\$ 0.78	\$ 1.68
Diluted	\$ 1.14	\$ 1.17	\$ 0.77	\$ 1.67

<sup>a</sup> Net earnings included \$21.2 million of pre-tax expense (\$17.1 million after tax expense, or \$0.14 per diluted share) for expenses incurred related to the proposed Merger (see "Note B. Entry into Merger Agreement") for the quarter ended January 31, 2020.

Basic and diluted earnings per share are computed independently for each quarter presented. Accordingly, the sum of the quarterly earnings per share may not agree with the calculated full year earnings per share.

**S. SUBSEQUENT EVENT**

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. This coronavirus outbreak has severely restricted the level of economic activity around the world. In response to this coronavirus outbreak, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. Temporary closures of businesses have been ordered and numerous other businesses have temporarily closed voluntarily. Further, individuals' ability to travel has been curtailed through mandated travel restrictions and may be further limited through additional voluntary or mandated closures of travel-related businesses. This coronavirus outbreak has had a significant effect on the Company's sales results to date in fiscal 2020. For example, as of March 19, 2020, the Company has temporarily closed all of its stores in the United States and Canada, and has temporarily closed nearly all of its stores across Europe and the United Kingdom. Given the uncertainty regarding the spread of this coronavirus, the related financial impact cannot be reasonably estimated at this time.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None

**Item 9A. Controls and Procedures.**

DISCLOSURE CONTROLS AND PROCEDURES

Based on their evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), the Registrant's principal executive officer and principal 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, as amended, 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 principal executive officer and principal 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 activities such as implementing new, more efficient systems and automating manual processes.

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

The Registrant's management, including its principal executive officer and principal 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 principal executive officer and our principal financial officer have concluded that the Registrant's disclosure controls and procedures are (i) designed to provide such reasonable assurance and (ii) effective at that reasonable assurance level.

## Report of Management

*Management's Responsibility for Financial Information.* The Company's consolidated financial statements were prepared by management, who are responsible for their integrity and objectivity. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and, as such, include amounts based on management's best estimates and judgments.

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

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their report is shown on page K-47. The Audit Committee of the Board of Directors, which is composed solely of independent directors, reviewed and discussed with the Company's management and the independent registered public accounting firm, as appropriate, specific accounting, financial reporting and internal control matters. Both the independent registered public accounting firm and the internal auditors have full and free access to the Audit Committee. Each year the Audit Committee selects the firm that is to perform audit services for the Company.

*Management's Report on Internal Control over Financial Reporting.* Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management conducted an evaluation of the effectiveness of internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission in *Internal Control - Integrated Framework* issued in 2013. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on this evaluation, management concluded that internal control over financial reporting was effective as of January 31, 2020 based on criteria in *Internal Control - Integrated Framework* issued by the COSO. The effectiveness of the Company's internal control over financial reporting as of January 31, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is shown on page K-47.

/s/ Alessandro Bogliolo  
Chief Executive Officer

/s/ Mark J. Erceg  
Executive Vice President and Chief Financial Officer

### **Item 9B. Other Information.**

None

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance.**

Incorporated by reference from the sections titled "Executive Officers of the Company," "Item 1. Election of the Board," and "Board of Directors and Corporate Governance" in Registrant's Proxy Statement dated April 20, 2020.

#### CODE OF ETHICS AND OTHER CORPORATE GOVERNANCE DISCLOSURES

Registrant has adopted a Code of Business and Ethical Conduct for its Directors, Chief Executive Officer, Chief Financial Officer and all other officers of the Registrant. A copy of this Code is posted on the corporate governance section of the Registrant's website, <https://investor.tiffany.com/index.php/corporate-governance>; go to "Code of Conduct."

See Registrant's Proxy Statement dated April 20, 2020, for additional information within the section titled "Business Conduct Policy and Code of Ethics."

### **Item 11. Executive Compensation.**

Incorporated by reference from the sections titled "Board of Directors and Corporate Governance" and "Compensation of the CEO and Other Executive Officers" in Registrant's Proxy Statement dated April 20, 2020.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Incorporated by reference from the sections titled "Ownership of the Company" and "Compensation of the CEO and Other Executive Officers" in Registrant's Proxy Statement dated April 20, 2020.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

Incorporated by reference from the sections titled "Board of Directors and Corporate Governance" and "Transactions with Related Persons" in Registrant's Proxy Statement dated April 20, 2020.

### **Item 14. Principal Accounting Fees and Services.**

Incorporated by reference from the section titled "Relationship with Independent Registered Public Accounting Firm" in Registrant's Proxy Statement dated April 20, 2020.

## **PART IV**

### **Item 15. Exhibits, Financial Statement Schedules.**

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

#### 1. Financial Statements

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets as of January 31, 2020 and 2019.

Consolidated Statements of Earnings for the years ended January 31, 2020, 2019 and 2018.

Consolidated Statements of Comprehensive Earnings for the years ended January 31, 2020, 2019 and 2018.

Consolidated Statements of Stockholders' Equity for the years ended January 31, 2020, 2019 and 2018.

Consolidated Statements of Cash Flows for the years ended January 31, 2020, 2019 and 2018.

Notes to Consolidated Financial Statements.

#### 2. Financial Statement Schedules

The following financial statement schedule should be read in conjunction with the Consolidated Financial Statements:

Schedule II - Valuation and Qualifying Accounts and Reserves for the years ended January 31, 2020, 2019 and 2018.

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

#### 3. Exhibits

The information called for by this item is incorporated herein by reference to the Exhibit Index in this report.

### **Item 16. Form 10-K Summary.**

Not Applicable.

## EXHIBIT INDEX

Exhibit Table (numbered in accordance with Item 601 of Regulation S-K)

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of November 24, 2019, by and among Registrant, LVMH Moët Hennessy - Louis Vuitton SE, Breakfast Holdings Acquisition Corp. and Breakfast Acquisition Corp. Incorporated by reference from Exhibit 2.1 to Registrant's Report on Form 8-K dated November 25, 2019.
3.1	Restated Certificate of Incorporation of Registrant. Incorporated by reference from Exhibit 3.1 filed with Registrant's Report on Form 8-K dated May 16, 1996, as amended by the Certificate of Amendment of Certificate of Incorporation dated May 20, 1999. Incorporated by reference from Exhibit 3.1 filed with Registrant's Report on Form 10-Q for the Fiscal Quarter ended July 31, 1999.
3.1a	Amendment to Certificate of Incorporation of Registrant dated May 18, 2000. Incorporated by reference from Exhibit 3.1b filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2001.
3.2	Restated By-laws of Registrant, as last amended November 24, 2019.
4.5	Indenture, dated September 25, 2014, between Registrant, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee. Incorporated by reference from Exhibit 4.5 filed with Registrant's Report on Form 8-K dated September 26, 2014.
4.6	Supplemental Indenture No. 1, dated September 25, 2014, among Registrant, as issuer, certain subsidiaries of Registrant, as guarantors thereto, and The Bank of New York Mellon Trust Company, N.A., as trustee. Incorporated by reference from Exhibit 4.6 filed with Registrant's Report on Form 8-K dated September 26, 2014.
4.7	Supplemental Indenture No. 2, dated September 25, 2014, among Registrant, as issuer, certain subsidiaries of Registrant, as guarantors thereto, and The Bank of New York Mellon Trust Company, N.A., as trustee. Incorporated by reference from Exhibit 4.7 filed with Registrant's Report on Form 8-K dated September 26, 2014.
4.8	Description of Registrant's Common Stock.
4.9	Upon the request of the Securities and Exchange Commission, Registrant will furnish a copy of all instruments defining the rights of holders of all other long-term debt of Registrant.
10.1	Amended and Restated Agreement, dated as of December 27, 2012, by and between Tiffany and Company and Elsa Peretti. Incorporated by reference from Exhibit 10.123 filed with Registrant's Report on Form 8-K dated January 2, 2013.
10.2	Ground Lease between Tiffany and Company and River Park Business Center, Inc., dated November 29, 2000. Incorporated by reference from Exhibit 10.145 filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2005.
10.2a	First Addendum to the Ground Lease between Tiffany and Company and River Park Business Center, Inc., dated November 29, 2000. Incorporated by reference from Exhibit 10.145a filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2005.
10.3	Lease Agreement made as of September 28, 2005 between CLF Sylvan Way LLC and Tiffany and Company, and form of Registrant's guaranty of such lease. Incorporated by reference from Exhibit 10.149 filed with Registrant's Report on Form 8-K dated September 23, 2005.

Exhibit No.	Description
10.4	Five Year Credit Agreement dated as of October 25, 2018 by and among Registrant and each other Subsidiary of Registrant that is a Borrower and is a signatory thereto and MUFG Bank Ltd., as Administrative Agent, and various lenders party thereto. Incorporated by reference from Exhibit 10.43 filed with Registrant's Report on Form 8-K dated October 31, 2018.
10.5	Amended and Restated Note Purchase and Private Shelf Agreement dated as of July 25, 2012 by and among Registrant and various institutional note purchasers with respect to Registrant's \$100 million principal amount of 9.05% Series A Senior Notes due December 23, 2015, \$150 million principal amount of 4.40% Series B-P Senior Notes due July 25, 2042 and private shelf facility. Incorporated by reference from Exhibit 10.155 filed with Registrant's Report on Form 8-K dated July 27, 2012.
10.5a	Amendment dated as of January 14, 2014 to the Amended and Restated Note Purchase and Private Shelf Agreement (see Exhibit 10.5 above) by and among Registrant, and various institutional note purchasers. Incorporated by reference from Exhibit 10.157 filed with Registrant's Report on Form 8-K dated January 17, 2014.
10.6	Amended and Restated Note Purchase and Private Shelf Agreement dated as of July 25, 2012 by and among Registrant and various institutional note purchasers with respect to Registrant's \$50 million principal amount of 10.0% Series A Senior Notes due April 9, 2018, \$100 million principal amount of 4.40% Series B-M Senior Notes due July 25, 2042 and up to \$50 million private shelf facility. Incorporated by reference from Exhibit 10.159 filed with Registrant's Report on Form 8-K dated July 27, 2012.
10.6a	Amendment dated as of January 14, 2014 to the Amended and Restated Note Purchase and Private Shelf Agreement, dated as of July 25, 2012 (see Exhibit 10.6 above), by and among Registrant and various institutional note purchasers. Incorporated by reference from Exhibit 10.161 filed with Registrant's Report on Form 8-K dated January 17, 2014.
10.7	Note Purchase Agreement dated as of August 26, 2016 by and between Registrant and the institutional note purchasers with respect to Registrant's ¥ 10,000,000,000 principal amount of 0.78% Senior Notes due August 26, 2026. Incorporated by reference from Exhibit 10.37 filed with Registrant's Report on Form 8-K dated September 1, 2016.
14.1	Code of Business and Ethical Conduct. Incorporated by reference from Exhibit 14.1 filed with Registrant's Report on Form 8-K dated September 27, 2017.
21.1	Subsidiaries of Registrant.
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm.
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.

Exhibit No.	Description
101	The following financial information from Registrant's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC, formatted in Inline Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Earnings; (iii) the Consolidated Statements of Comprehensive Earnings; (iv) the Consolidated Statements of Stockholders' Equity; (v) the Consolidated Statements of Cash Flows; (vi) the Notes to the Consolidated Financial Statements; and (vii) Schedule II - Valuation and Qualifying Accounts and Reserves.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

#### Executive Compensation Plans and Arrangements

Exhibit No.	Description
10.8	Form of Indemnity Agreement, approved by the Board of Directors on March 15, 2018 for use with directors, officers and certain other employees of the Registrant or its subsidiaries. Incorporated by reference from Exhibit 10.13 filed with Registrant's Report on Form 10-Q for the Fiscal Quarter ended April 30, 2018.
10.9	Tiffany and Company Executive Deferral Plan originally made effective October 1, 1989, as amended and restated effective October 17, 2019. Incorporated by reference from Exhibit 10.38 filed with Registrant's Report on Form 8-K dated October 22, 2019.
10.10	Registrant's Amended and Restated Retirement Plan for Non-Employee Directors originally made effective January 1, 1989, as amended through January 21, 1999. Incorporated by reference from Exhibit 10.108 filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 1999.
10.11	1994 Tiffany and Company Supplemental Retirement Income Plan, Amended and Restated as of March 17, 2016. Incorporated by reference from Exhibit 10.21 filed with Registrant's Report on Form 8-K dated March 22, 2016.
10.12	Summary of Executive Long Term Disability Plan available to executive officers. Incorporated by reference from Exhibit 10.24 filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2013.
10.12a	Group Long Term Disability Insurance Policy issued by First Unum Life Insurance, Policy No. 533717 001. Incorporated by reference from Exhibit 10.24a filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2013.
10.12b	Individual Disability Insurance Policy issued by Provident Life and Casualty Insurance Company. Incorporated by reference from Exhibit 10.24b filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2013.
10.12c	Individual Disability Insurance Policy issued by Lloyd's of London. Incorporated by reference from Exhibit 10.24c filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2013.
10.13	Summary of arrangements for the payment of premiums on life insurance policies owned by executive officers. Incorporated by reference from Exhibit 10.137 filed with Registrant's Report on Form 8-K dated February 2, 2009.

Exhibit No.	Description
10.14	2004 Tiffany and Company Un-funded Retirement Income Plan to Recognize Compensation in Excess of Internal Revenue Code Limits, Amended and Restated as of November 16, 2017. Incorporated by reference from Exhibit 10.22 filed with Registrant's Report on Form 8-K dated November 21, 2017.
10.15	Registrant's 2008 Directors Equity Compensation Plan. Incorporated by reference from Exhibit 4.3a filed with Registrant's Report on Form 8-K dated March 23, 2009.
10.15a	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2008 Directors Equity Compensation Plan. Incorporated by reference from Exhibit 10.30a filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2013.
10.15b	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2008 Directors Equity Compensation Plan, effective May 26, 2016. Incorporated by reference from Exhibit 10.28c filed with Registrant's Report on Form 8-K dated June 2, 2016.
10.15c	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2008 Directors Equity Compensation Plan, effective March 16, 2017. Incorporated by reference from Exhibit 10.25d filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31 2017.
10.16	Registrant's 2017 Directors Equity Compensation Plan. Incorporated by reference from Exhibit 10.38 filed with Registrant's Report on Form 8-K dated June 1, 2017.
10.16a	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2017 Directors Equity Compensation Plan, effective November 16, 2017. Incorporated by reference from Exhibit 10.38a filed with Registrant's Report on Form 8-K dated November 21, 2017.
10.16b	Terms of Restricted Stock Unit Grant under Registrant's 2017 Directors Equity Compensation Plan, effective November 16, 2017. Incorporated by reference from Exhibit 10.38b filed with Registrant's Report on Form 8-K dated November 21, 2017.
10.17	Registrant's 2014 Employee Incentive Plan, amended and restated as of March 16, 2016. Incorporated by reference from Exhibit 10.29 filed with Registrant's Report on Form 8-K dated March 22, 2016.
10.17a	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan. Incorporated by reference from Exhibit 10.31a filed with Registrant's Report on Form 8-K dated July 18, 2014.
10.17b	Terms of Time-Vesting Restricted Stock Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan. Incorporated by reference from Exhibit 10.31d filed with Registrant's Report on Form 8-K dated July 18, 2014.
10.17c	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, as revised March 16, 2016. Incorporated by reference from Exhibit 10.29g filed with Registrant's Report on Form 8-K dated March 22, 2016.
10.17d	Terms of Tranche-Vesting Restricted Stock Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised March 16, 2016. Incorporated by reference from Exhibit 10.29j filed with Registrant's Report on Form 8-K dated March 22, 2016.

Exhibit No.	Description
10.17e	Form of Cash Incentive Award Agreement for executive officers as adopted on January 19, 2017 under Registrant's 2014 Employee Incentive Plan. Incorporated by reference from Exhibit 10.29l filed with Registrant's Report on Form 8-K dated January 25, 2017.
10.17f	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, as revised January 19, 2017. Incorporated by reference from Exhibit 10.29n filed with Registrant's Report on Form 8-K dated January 25, 2017.
10.17g	Terms of Performance-Based Restricted Stock Unit Grant (Non-Transferable) to executive officers under Registrant's 2014 Employee Incentive Plan, as revised January 19, 2017. Incorporated by reference from Exhibit 10.29o filed with Registrant's Report on Form 8-K dated January 25, 2017.
10.17h	Terms of Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised January 19, 2017. Incorporated by reference from Exhibit 10.29p filed with Registrant's Report on Form 8-K dated January 25, 2017.
10.17i	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, approved March 16, 2017. Incorporated by reference from Exhibit 10.25q filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2018.
10.17j	Terms of Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, approved March 16, 2017. Incorporated by reference from Exhibit 10.25r filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2018.
10.17k	Terms of Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised January 17, 2018. Incorporated by reference from Exhibit 10.26q filed with Registrant's Report on Form 8-K dated January 19, 2018.
10.17l	Terms of Performance-Based Restricted Stock Unit Grant (Non-Transferable) to executive officers under Registrant's 2014 Employee Incentive Plan, as revised January 17, 2018. Incorporated by reference from Exhibit 10.26r filed with Registrant's Report on Form 8-K dated January 19, 2018.
10.17m	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, as revised January 17, 2018. Incorporated by reference from Exhibit 10.26s filed with Registrant's Report on Form 8-K dated January 19, 2018.
10.17n	Terms of Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised September 20, 2018. Incorporated by reference from Exhibit 10.25v filed with Registrant's Report on Form 8-K dated September 26, 2018.
10.17o	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, as revised September 20, 2018. Incorporated by reference from Exhibit 10.25w filed with Registrant's Report on Form 8-K dated September 26, 2018.
10.17p	Terms of Performance-Based Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as amended January 17, 2019. Incorporated by reference from Exhibit 10.25x filed with Registrant's Report on Form 8-K dated January 24, 2019.

Exhibit No.	Description
10.17q	Terms of Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised October 16, 2019. Incorporated by reference from Exhibit 10.24s filed with Registrant's Report on Form 8-K dated October 22, 2019.
10.17r	Terms of Performance-Based Restricted Stock Unit Grant (Non-Transferable) under Registrant's 2014 Employee Incentive Plan, as revised October 16, 2019. Incorporated by reference from Exhibit 10.24t filed with Registrant's Report on Form 8-K dated October 22, 2019.
10.17s	Terms of Stock Option Award (Transferable Non-Qualified Option) under Registrant's 2014 Employee Incentive Plan, as revised October 16, 2019. Incorporated by reference from Exhibit 10.24u filed with Registrant's Report on Form 8-K dated October 22, 2019.
10.17t	Form of Non-Competition and Confidentiality Covenants, as revised October 16, 2019. Incorporated by reference from Exhibit 10.24v filed with Registrant's Report on Form 8-K dated October 22, 2019.
10.18	Employment offer letter, dated as of September 7, 2016, between Mark J. Erceg and Tiffany and Company. Incorporated by reference from Exhibit 10.29 filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2017.
10.19	Employment offer letter, dated as of June 15, 2015, between Philippe Galtie and Tiffany and Company. Incorporated by reference from Exhibit 10.32 filed with Registrant's Annual Report on Form 10-K for the Fiscal Year ended January 31, 2017.
10.20	Employment offer letter, dated as of July 12, 2017, by and among Alessandro Bogliolo, Registrant and Tiffany and Company. Incorporated by reference from Exhibit 10.39 filed with Registrant's Report on Form 8-K dated July 12, 2017.
10.21	Employment offer letter, dated as of October 11, 2019, between Daniella Vitale and Tiffany and Company.
10.22	Share Ownership Policy for Executive Officers and Directors, amended and restated effective June 4, 2019. Incorporated by reference from Exhibit 10.35 filed with Registrant's Report on Form 8-K dated June 7, 2019.
10.23	Form of Retention Agreement with Registrant and Tiffany and Company, adopted September 20, 2018. Incorporated by reference from Exhibit 10.40 filed with Registrant's Report on Form 8-K dated September 26, 2018.
10.24	Tiffany & Co. Executive Severance Plan, as amended October 16, 2019. Incorporated by reference from Exhibit 10.37 filed with the Registrant's Report on Form 8-K dated October 22, 2019.
10.25	Tiffany & Co. Director Compensation Deferral Plan, amended and restated effective June 4, 2019. Incorporated by reference from Exhibit 10.35 filed with Registrant's Report on Form 8-K dated June 7, 2019.
10.26	Form of Special Bonus Agreement for executive officers, effective December 13, 2019.
10.27	Form of Non-Competition and Confidentiality Covenants for executive officers, effective December 13, 2019.

Exhibit No.	Description
10.28	Corporate Governance Principles, amended and restated effective December 3, 2019. Incorporated by reference from Exhibit 10.39 filed with Registrant's Report on Form 8-K dated December 5, 2019.

## SIGNATURES

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

Date: March 20, 2020

**TIFFANY & CO.**

(Registrant)

By: /s/ Alessandro Bogliolo

Alessandro Bogliolo

Chief Executive Officer

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

By: /s/ Alessandro Bogliolo  
Alessandro Bogliolo  
Chief Executive Officer  
(Principal Executive Officer) (Director)

By: /s/ Mark J. Erceg  
Mark J. Erceg  
Executive Vice President,  
Chief Financial Officer  
(Principal Financial Officer)

By: /s/ Michael Rinaldo  
Michael Rinaldo  
Vice President, Controller  
(Principal Accounting Officer)

By: /s/ Rose Marie Bravo  
Rose Marie Bravo  
Director

By: /s/ Hafize Gaye Erkan  
Hafize Gaye Erkan  
Director

By: /s/ Roger N. Farah  
Roger N. Farah  
Director

By: /s/ Jane Hertzmark Hudis  
Jane Hertzmark Hudis  
Director

By: /s/ Abby F. Kohnstamm  
Abby F. Kohnstamm  
Director

By: /s/ James E. Lillie  
James E. Lillie  
Director

By: /s/ William A. Shutzer  
William A. Shutzer  
Director

By: /s/ Robert S. Singer  
Robert S. Singer  
Director

By: /s/ Annie Young - Scrivner  
Annie Young - Scrivner  
Director

March 20, 2020

**Tiffany & Co. and Subsidiaries**  
**Schedule II - Valuation and Qualifying Accounts and Reserves**  
(in millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
Year Ended January 31, 2020:					
Reserves deducted from assets:					
Accounts receivable allowances:					
Doubtful accounts	\$ 1.6	\$ 3.7	\$ —	\$ 3.4 <sup>a</sup>	\$ 1.9
Sales returns	17.5	4.1	—	4.4 <sup>b</sup>	17.2
Allowance for inventory liquidation and obsolescence	81.5	21.6	—	22.5 <sup>c</sup>	80.6
Allowance for inventory shrinkage	1.3	3.3	—	3.2 <sup>d</sup>	1.4
Deferred tax valuation allowance	8.5	3.2	—	0.8 <sup>e</sup>	10.9

a) Uncollectible accounts written off.

b) Adjustment related to sales returns previously provided for.

c) Liquidation of inventory previously written down to net realizable value.

d) Physical inventory losses.

e) Reversal of deferred tax valuation allowance and recognition of deferred tax asset.

FORM 10-K

**Tiffany & Co. and Subsidiaries**  
**Schedule II - Valuation and Qualifying Accounts and Reserves**  
(in millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year Ended January 31, 2019:					
Reserves deducted from assets:					
Accounts receivable allowances:					
Doubtful accounts	\$ 2.2	\$ 4.1	\$ —	\$ 4.7 <sup>a</sup>	\$ 1.6
Sales returns	15.0	12.6	—	10.1 <sup>b</sup>	17.5
Allowance for inventory liquidation and obsolescence	75.0	31.9	—	25.4 <sup>c</sup>	81.5
Allowance for inventory shrinkage	0.7	1.7	—	1.1 <sup>d</sup>	1.3
Deferred tax valuation allowance	9.6	0.2	—	1.3 <sup>e</sup>	8.5

a) Uncollectible accounts written off.

b) Adjustment related to sales returns previously provided for.

c) Liquidation of inventory previously written down to net realizable value.

d) Physical inventory losses.

e) Reversal of deferred tax valuation allowance and utilization of deferred tax loss carryforward.

**Tiffany & Co. and Subsidiaries**  
**Schedule II - Valuation and Qualifying Accounts and Reserves**  
(in millions)

Column A	Column B	Column C		Column D	Column E
Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to costs and expenses	Charged to other accounts		
Year Ended January 31, 2018:					
Reserves deducted from assets:					
Accounts receivable allowances:					
Doubtful accounts	\$ 1.9	\$ 3.3	\$ —	\$ 3.0 <sup>a</sup>	\$ 2.2
Sales returns	9.6	7.5	—	2.1 <sup>b</sup>	15.0
Allowance for inventory liquidation and obsolescence	65.4	28.9	—	19.3 <sup>c</sup>	75.0
Allowance for inventory shrinkage	1.0	1.1	—	1.4 <sup>d</sup>	0.7
Deferred tax valuation allowance	24.1	2.3	—	16.8 <sup>e</sup>	9.6

a) Uncollectible accounts written off.

b) Adjustment related to sales returns previously provided for.

c) Liquidation of inventory previously written down to net realizable value.

d) Physical inventory losses.

e) Reversal of deferred tax valuation allowance and utilization of deferred tax loss carryforward.

FORM 10-K

**2020 Annual Meeting of Shareholders**  
**PROXY STATEMENT**

**TIFFANY & Co.**

## PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information you should consider. You should read the entire Proxy Statement carefully before voting.

### ANNUAL MEETING OF SHAREHOLDERS

<b>Date</b>	Monday, June 1, 2020
<b>Time</b>	2:30 p.m.
<b>Place</b>	200 Fifth Avenue New York, New York
<b>Record Date</b>	April 2, 2020
<b>Voting</b>	Shareholders as of the record date are entitled to vote.  Each share of common stock of Tiffany & Co., a Delaware corporation (the "Company"), has one vote.
<b>Admission</b>	Attendance at the 2020 Annual Meeting will be limited to those persons who were shareholders, or held Company stock through a broker, bank or other nominee, at the close of business on the record date.  Pre-registration is required to attend the 2020 Annual Meeting. Registration confirmation and photo identification are also required for admission.  Shareholders of record will have the opportunity to vote by ballot at the 2020 Annual Meeting.  Beneficial owners of shares held in street name must contact their broker before the 2020 Annual Meeting to obtain a legal proxy and bring the legal proxy with them to the meeting.

### MATTERS TO BE VOTED ON AT THE 2020 ANNUAL MEETING

There are three matters scheduled to be voted on at the 2020 Annual Meeting:

Matter	Board Recommended Vote	Required Vote	Broker Discretionary Vote Allowed
<b>Item No. 1: Election of the Board;</b>	"FOR" the election of all 10 nominees for director	Majority of votes cast "for" or "against" the nominee	No
<b>Item No. 2: Ratification of the selection of the independent registered public accounting firm to audit our Fiscal 2020 financial statements; and</b>	"FOR"	Majority of shares present and entitled to vote	Yes
<b>Item No. 3: Approval, on an advisory basis, of the compensation of the Company's named executive officers as disclosed in this Proxy Statement ("Say on Pay").</b>	"FOR"	Majority of shares present and entitled to vote	No

## ELECTION OF THE BOARD

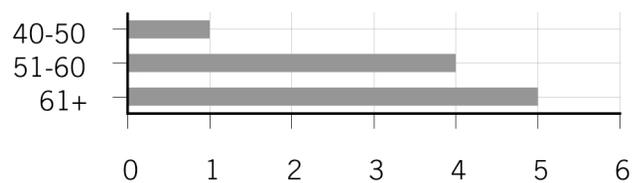
The following table provides summary information about each director nominee. Each director is elected annually by a majority of votes cast "for" or "against" his or her candidacy. See "Item 1. Election of the Board" at PS-17 for more information.

Name	Age	Director Since	Principal Occupation	Independent	Audit Committee	Compensation Committee & Stock Option Sub-Committee	Corporate Social Responsibility Committee	Dividend Committee	Finance Committee	Nominating/Corporate Governance Committee	Other Public Company Boards
Alessandro Bogliolo	55	2017	Chief Executive Officer ("CEO") of Tiffany & Co.				✓	✓			0
Rose Marie Bravo	69	1997	Retired CEO of Burberry Limited	✓		Chair				✓	1
Hafize Gaye Erkan	41	2019	President of First Republic Bank	✓	✓						1
Roger N. Farah	67	2017	Chairman of the Board of Tiffany & Co.; Former Co-CEO of Tory Burch LLC	✓		✓	✓			Chair	2
Jane Hertzmark Hudis	60	2019	Group President of The Estée Lauder Companies Inc.	✓							0
Abby F. Kohnstamm	66	2001	Retired Executive Vice President and Chief Marketing Officer at Pitney Bowes Inc.	✓		✓	✓			✓	0
James E. Lillie	58	2017	Vice Chairman of Mariposa Capital	✓	✓		Chair		✓		2
William A. Shutzer	73	1984	Senior Advisor of Evercore Partners						Chair		0
Robert S. Singer	68	2012	Consultant for IDG Capital	✓	Chair				✓		2
Annie Young-Scrivner	51	2018	CEO of Godiva Chocolatier	✓		✓	✓		✓		1

### Gender



### Age



### Tenure



Each director who served on the Company's Board of Directors (the "Board") as of March 20, 2020 attended at least 81% of the aggregate number of meetings of the Board and those committees on which he or she served during the period from February 1, 2019 to January 31, 2020 ("Fiscal 2019").

## AUDITORS

The Audit Committee has appointed, and the Board has ratified the appointment of, PricewaterhouseCoopers LLP ("PwC") as the independent registered public accounting firm to audit the Company's consolidated financial statements for the period from February 1, 2020 to January 31, 2021 ("Fiscal 2020"). As a matter of good corporate governance, we are asking you to ratify this selection.

See "Item 2. Ratification of the Selection of the Independent Registered Public Accounting Firm to Audit Our Fiscal 2020 Financial Statements" at PS-35 and "Relationship with Independent Registered Public Accounting Firm" at PS-37 for more information.

## EXECUTIVE COMPENSATION MATTERS

See "Item 1. Election of the Board" at PS-17 and "Compensation of the CEO and Other Executive Officers" at PS-39 for more information.

## LVMH MERGER AGREEMENT

On November 24, 2019, the Company entered into an Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), by and among the Company, LVMH Moët Hennessy-Louis Vuitton SE, a *societas Europaea* (European company) organized under the laws of France ("Parent"), Breakfast Holdings Acquisition Corp., a Delaware corporation and an indirect wholly owned subsidiary of Parent ("Holding"), and Breakfast Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of Holding ("Merger Sub"). Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company (the "Merger"), with the Company continuing as the surviving corporation in the Merger and an indirect wholly owned subsidiary of Parent. For additional information concerning the Merger Agreement, see "Item 1. Business - Entry into Merger Agreement" in the Company's Annual Report on Form 10-K for Fiscal 2019. For information concerning the treatment of outstanding equity awards under the Merger Agreement, see "LVMH Merger Agreement" below at PS-40.

## BUSINESS HIGHLIGHTS

Key highlights of Fiscal 2019 performance were as follows:

- Sales:** Worldwide net sales were approximately unchanged compared to the prior year. Comparable sales decreased 1% from the prior year. On a constant-exchange-rate basis (see Appendix I at PS-93), worldwide net sales increased 1% and comparable sales were approximately unchanged.
- Profitability:** Net earnings decreased to \$541.1 million, or \$4.45 per diluted share, in Fiscal 2019 from \$586.4 million, or \$4.75 per diluted share, in the Company's fiscal year ended January 31, 2019 ("Fiscal 2018"). Net earnings in Fiscal 2019 included the impact of costs related to the proposed Merger, as described in Appendix I at PS-93. Excluding these charges, net earnings decreased to \$558.2 million, or \$4.59 per diluted share.
- Store Expansion:** The Company added a net of five TIFFANY & CO. stores (opening four in Japan, two in the Americas, two in Asia-Pacific and one in Europe, while closing two stores in the Americas, one store in Asia-Pacific and one store in Japan) and relocated or renovated 18 existing stores. Gross retail square footage increased 3%, net.
- Cash Flow:** Cash flow from operating activities was \$670.9 million in Fiscal 2019, compared with \$531.8 million in Fiscal 2018. Free cash flow (see Appendix I at PS-93) was \$350.3 million in Fiscal 2019, compared with \$249.7 million in Fiscal 2018.
- Returning Capital to Shareholders:** The Company returned capital to shareholders by paying regular quarterly dividends (which were increased 5% effective July 2019 to \$0.58 per share, or an annualized rate of \$2.32 per share) and by repurchasing 1.8 million shares of its common stock for \$163.4 million.

## EXECUTIVE COMPENSATION HIGHLIGHTS

The Board's continued commitment to pay for performance, and other leading compensation practices, was demonstrated in Fiscal 2019 by the following highlights:

- A significant portion of the compensation payable to the CEO and other named executive officers is tied to the Company's financial performance and/or the performance of the stock price (53.2% for the CEO and 46.6% for the other named executive officers, on average), with emphasis on long-term incentives.
- Short-term and long-term incentive awards granted in January 2020 are payable contingent on key performance measures: operating earnings, growth in annual net sales on a constant-exchange-rate basis that excludes the effect of translating foreign-currency-denominated sales into U.S. dollars ("Constant Currency Sales Growth," see Appendix I at PS-93), net earnings per diluted share, and operating cash flow.
- Short-term incentive awards for Fiscal 2019 were paid out to the named executive officers at levels ranging from 52.8% to 74.8% of target, based on achievement of operating earnings and Constant Currency Sales Growth goals for the year relative to target and individual performance factors.
- Incentive-based compensation (such as cash incentive awards and performance-based restricted stock units ("PSUs"), but excluding stock options and time-vesting restricted stock units ("RSUs")) is subject to recoupment in the event of an accounting restatement due to material noncompliance with financial reporting requirements.
- Executive officers are expected under the Company's share ownership policy to hold shares of common stock worth five times their annual base salary for the CEO and two to three times their annual base salary for other named executive officers.
- The Compensation Committee of the Board periodically retains an independent compensation consultant to advise on the executive compensation program and related policies and practices.

## 2021 ANNUAL MEETING

If you wish to nominate a candidate for election as a director to be included in the Company's Proxy Statement for our 2021 Annual Meeting, we must receive notice of such nomination no earlier than November 21, 2020 and no later than December 21, 2020. If you wish to submit a proposal of other business to be included in the Company's Proxy Statement for our 2021 Annual Meeting, we must receive such proposal no later than December 21, 2020. Proposals should be sent to the Company at 200 Fifth Avenue, New York, New York 10010 to the attention of the Corporate Secretary (Legal Department).

If you wish to nominate a candidate for election as a director at an annual meeting or propose other business for consideration at an annual meeting, but do not intend for such nomination or proposal to be included in the Company's Proxy Statement for the 2021 Annual Meeting, written notice complying with the requirements set forth in our By-laws generally must be delivered to the Company at 200 Fifth Avenue, New York, New York 10010 to the attention of the Corporate Secretary (Legal Department), not later than 90 days, and not earlier than 120 days, prior to the first anniversary of the preceding year's annual meeting. Accordingly, a shareholder nomination or proposal intended to be considered at the 2021 Annual Meeting, but not intended to be included in the Company's Proxy Statement, must be received by the Company no earlier than February 1, 2021 and no later than March 3, 2021.

Except as required by applicable law, the Company will consider only proposals that are received by the Company within the applicable time frames set forth above, and that meet the applicable requirements of the Securities and Exchange Commission (the "SEC") and our By-laws.

## QUESTIONS YOU MAY HAVE REGARDING THIS PROXY STATEMENT

### WHAT IS THE PURPOSE OF THIS PROXY STATEMENT AND THE ACCOMPANYING MATERIAL?

This Proxy Statement and accompanying material, including the form of proxy, have been sent to you on behalf of the Company by order of the Board.

This Proxy Statement was first sent to the Company's shareholders on or about April 20, 2020, in connection with the 2020 Annual Meeting of the shareholders of the Company to be held on Monday, June 1, 2020, at 2:30 p.m. at 200 Fifth Avenue, New York, New York.

As part of the precautions taken by the Company regarding the recent outbreak of the novel coronavirus, COVID-19, the Company is planning for the possibility that the 2020 Annual Meeting may be held by means of remote communication. If the Company decides to take this step, it will announce the decision to do so in advance, and details on how to participate and inspect a list of shareholders of record will be issued by press release, posted on the Company's website, and filed with the SEC. Please monitor the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking on "Investors" and then selecting "News & Events" for updated information.

You are entitled to vote at our 2020 Annual Meeting because you were a shareholder, or held Company stock through a broker, bank or other nominee, at the close of business on April 2, 2020, the record date for this year's Annual Meeting. That is why you were sent this Proxy Statement and accompanying material.

### WHAT INFORMATION IS CONTAINED IN THIS PROXY STATEMENT AND THE ACCOMPANYING MATERIAL?

The information included in this Proxy Statement relates to the proposals to be considered and voted on at the 2020 Annual Meeting, the voting process, the compensation of our directors and most highly compensated executive officers, and other required information. This Proxy Statement is accompanied by our Annual Report on Form 10-K, which contains financial and other information about our business during Fiscal 2019.

### WHY DID I RECEIVE A NOTICE REGARDING THE INTERNET AVAILABILITY OF THIS PROXY STATEMENT AND THE ACCOMPANYING MATERIAL INSTEAD OF A PAPER COPY OF THE PROXY MATERIALS?

As is the practice of many other companies, the Company is now providing proxy materials by a "notice and access" process. As a shareholder, you will receive a written notice of proxy, by postal service or e-mail, with instructions on how to access the proxy materials. This enables the Company to reduce the cost of paper, printing and postage and to substantially reduce paper use in order to benefit our environment. Those shareholders who wish to receive a paper report may request one. In some instances, shareholders will receive a proxy card and paper report automatically.

### HOW CAN I REQUEST AND RECEIVE A PAPER OR E-MAIL COPY OF THE PROXY MATERIALS?

To receive a paper or e-mail copy of the proxy materials, please visit or contact:

- 1) By Internet: [www.proxyvote.com](http://www.proxyvote.com)
- 2) By Telephone: 1-800-579-1639
- 3) By E-Mail\*: [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com)

\* If requesting materials by e-mail, please send a blank e-mail with the 16-Digit Control Number (located on the Notice of Proxy) in the subject line. Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor.

**Please make the request as instructed above on or before May 18, 2020 to facilitate timely delivery.**

You may also find important information about the Company, with its principal executive offices at 200 Fifth Avenue, New York, New York 10010, on our website at [www.tiffany.com](http://www.tiffany.com). By clicking "Investors" on that website, you will find additional information concerning some of the subjects addressed in this document.

**Important Notice Regarding Internet Availability of Proxy Materials for the Shareholder Meeting To Be Held on June 1, 2020**

The Proxy Statement and Annual Report on Form 10-K are available to shareholders at [www.proxyvote.com](http://www.proxyvote.com)

**WHAT MATTERS WILL BE VOTED ON AT THE 2020 ANNUAL MEETING?**

There are three matters scheduled to be voted on at the 2020 Annual Meeting:

<b>Item No. 1: Election of the Board;</b>
<b>Item No. 2: Ratification of the selection of the independent registered public accounting firm to audit our Fiscal 2020 financial statements; and</b>
<b>Item No. 3: Approval, on an advisory basis, of the compensation of the Company's named executive officers as disclosed in this Proxy Statement ("Say on Pay").</b>

In addition, such other business as may properly come before the 2020 Annual Meeting or any adjournment or postponement thereof may be voted on.

**DOES THE BOARD OF DIRECTORS RECOMMEND VOTING IN FAVOR OF THE PROPOSALS?**

The Board recommends a vote "FOR" each of the nominees for director set forth in Item 1 and the proposals set forth in Items 2 and 3.

**WHAT SHARES CAN I VOTE?**

You may vote all of the shares of the Company's common stock that you owned at the close of business on April 2, 2020, the record date.

**HOW MANY VOTES DO I HAVE?**

Each share of the Company's common stock has one vote. The number of shares, or votes, that you have at the 2020 Annual Meeting is indicated on the enclosed proxy card or notice.

**HOW DO I VOTE MY SHARES?**

You can vote your shares at the 2020 Annual Meeting either by submitting your vote or instruction prior to the meeting, or by attending the meeting and voting in person.

Voting instructions, whether voting is in person or by proxy, vary depending on whether you are a shareholder of record (also known as a "registered shareholder") or a beneficial owner of shares held in street name:

*Shareholder of Record:* If your shares are registered directly in your name with the Company's transfer agent, Computershare, you are considered the shareholder of record with respect to those shares. Instructions for how to vote your shares are set forth below.

*Beneficial Owner of Shares Held in Street Name:* If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, or if your shares are held in the Tiffany and Company Employee Profit Sharing and Retirement Savings Plan (the "401K Plan"), then you are the "beneficial owner" of shares held in "street name." The organization holding, or trustee of, your account is considered the shareholder of record for purposes of voting at the 2020 Annual Meeting. As a beneficial owner, you have the right to instruct that organization or trustee on how to vote the shares held in your account. Those instructions are contained in the "voting instruction form" sent to you and are summarized below.

**HOW DO I VOTE MY SHARES BEFORE THE 2020 ANNUAL MEETING IF I AM A SHAREHOLDER OF RECORD?**

You can vote by proxy by having one or more individuals who will be at the 2020 Annual Meeting vote your shares for you. These individuals are called "proxies," and using them to cast your ballot at the 2020 Annual Meeting is called voting "by proxy."

Proxies will extend to, and be voted at, any adjournment or postponement of the 2020 Annual Meeting.

If you vote by proxy, you will have designated three officers of the Company to act as your proxies at the 2020 Annual Meeting. One of them will then vote your shares at the 2020 Annual Meeting in accordance with the instructions you have given them on the proxy card or by telephone or the Internet with respect to each of the proposals presented in this Proxy Statement.

While we know of no other matters to be acted upon at the 2020 Annual Meeting, it is possible that other matters may be presented at the meeting. If that happens and you have signed and not revoked a proxy, your proxy will vote on such other matters in accordance with his or her best judgment.

A shareholder of record may vote by proxy any of the following ways:

- *Via the Internet.* You may vote by proxy via the Internet by following the instructions provided in the notice or proxy card; have your notice or proxy card in hand as you will be prompted to enter your control number.
- *Via Telephone.* You may vote by proxy via telephone by following the instructions provided in the proxy card; have your notice or proxy card in hand as you will be prompted to enter your control number.
- *By Mail.* You may vote by proxy by filling out the proxy card and returning it in the envelope provided.

**CAN I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY?**

If you decide to vote by proxy (whether by Internet, telephone or mail), you can revoke – that is, change or cancel – your vote at any time before your proxy casts his or her vote at the 2020 Annual Meeting. Revoking your vote by proxy may be accomplished in one of three ways:

- You can send an executed, later-dated proxy card to the Corporate Secretary of the Company, call in different instructions, or provide different instructions through the Internet voting site; or
- You can notify the Corporate Secretary of the Company in writing that you wish to revoke your proxy; or
- You can attend the 2020 Annual Meeting and vote in person.

**HOW DO I VOTE MY SHARES BEFORE THE 2020 ANNUAL MEETING IF I AM A BENEFICIAL OWNER OF SHARES HELD IN STREET NAME?**

You may instruct your broker or the 401K Plan's trustee, as applicable, how to vote on your behalf in any of the following ways:

- *Via the Internet.* You may instruct your broker or the 401K Plan's trustee, as applicable, as to your vote via the Internet by visiting [www.proxyvote.com](http://www.proxyvote.com) and entering the control number found in the notice or voting instruction form sent to you.
- *Via Telephone.* You may instruct your broker or the 401K Plan's trustee, as applicable, as to your vote by calling the toll-free number found in your voting instruction form and entering the control number found in the notice or voting instruction form sent to you.
- *By Mail.* You may instruct your broker or the 401K Plan's trustee, as applicable, as to your vote by mail by filling out the voting instruction form provided to you and returning it in the envelope provided.

Shares held in a broker's name may be voted by the broker, but only in accordance with the rules of the New York Stock Exchange. For more details, see "WHAT IS A BROKER NON-VOTE?" immediately below.

Shares held in the 401K Plan will be voted by the 401K Plan's trustee in accordance with specific instructions given by 401K Plan participants to whose accounts such shares have been allocated.

### **WHAT IS A BROKER NON-VOTE?**

Shares held in a broker's name may be voted by the broker, but only in accordance with the rules of the New York Stock Exchange. Under those rules, your broker must follow your instructions. If you do not provide instructions to your broker, your broker may vote your shares based on its own judgment or it may withhold a vote. Whether your broker is permitted to vote or withhold its vote is determined by the New York Stock Exchange rules and depends on the proposal being voted upon. With respect to voting on the election of the Board and Say on Pay, your broker will be required to withhold its vote unless you provide instructions on those matters.

If your broker withholds its vote, that is called a "broker non-vote." As stated below, broker non-votes are counted as present for a quorum, but will have no effect on any of the proposals set forth herein. See "WHAT CONSTITUTES A QUORUM?" and "WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?" below.

### **CAN I CHANGE THE INSTRUCTION TO MY BROKER OR THE 401K PLAN TRUSTEE?**

You may vote in person at the 2020 Annual Meeting, or you may change your instruction to your broker or the 401K Plan trustee, as applicable, by submitting a subsequent instruction through one of the means set forth above under "HOW DO I VOTE MY SHARES BEFORE THE 2020 ANNUAL MEETING IF I AM A BENEFICIAL OWNER OF SHARES HELD IN STREET NAME?"

### **HOW WILL MY SHARES BE VOTED IN THE ABSENCE OF INSTRUCTIONS?**

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

- **FOR** the election of all 10 nominees for director named in this Proxy Statement;
- **FOR** the ratification of the selection of PwC as the independent registered public accounting firm to audit our Fiscal 2020 financial statements; and
- **FOR** approval of the compensation provided to the Company's named executive officers in Fiscal 2019.

Shares held in a broker's name for which no instructions are received may be voted by the broker, but only in accordance with the rules of the New York Stock Exchange. For more details, see "WHAT IS A BROKER NON-VOTE?" above. Any shares held in the 401K Plan for which no instructions are received will be voted in the same proportion as those shares for which instructions are received.

### **DO I NEED TO ATTEND THE 2020 ANNUAL MEETING?**

No. You may authorize your shares to be voted by following the instructions presented in the notice, proxy card or voting instruction form.

### **IF I WISH TO ATTEND THE 2020 ANNUAL MEETING AND VOTE IN PERSON, WHAT DO I NEED TO DO?**

To attend the 2020 Annual Meeting, you will need to pre-register as instructed on your notice or proxy card and print out the registration confirmation. You will be required to show the registration confirmation as well as photo identification to enter the 2020 Annual Meeting. To vote in person at the 2020 Annual Meeting:

- *For shareholders of record*, you will have the opportunity to vote by ballot at the meeting.
- *For beneficial owners of shares held in street name*, contact your broker or the 401K Plan trustee before the 2020 Annual Meeting to obtain a legal proxy, and bring the legal proxy with you to the meeting. To submit a vote by ballot at the meeting, you will be required to show the legal proxy as well as photo identification.

## WHAT CONSTITUTES A QUORUM?

A "quorum" is the minimum number of shares that must be present at the 2020 Annual Meeting for a valid vote. For the 2020 Annual Meeting, a majority of shares issued and outstanding on the record date and entitled to vote at the Annual Meeting must be present.

The number of shares issued and outstanding at the close of business on April 2, 2020, the record date, was 121,335,094. Therefore, 60,667,548 shares must be present at the 2020 Annual Meeting for a quorum to be established.

To determine if there is a quorum, we consider a share "present" if:

- The shareholder who owns the share is present in person at the 2020 Annual Meeting, whether or not he or she chooses to cast a ballot on any proposal; or
- The shareholder is represented by proxy at the 2020 Annual Meeting, including, for any beneficial owner of shares held in street name, by the organization holding, or trustee of, such shareholder's account.

If a shareholder is represented by proxy at the 2020 Annual Meeting as described above, his or her shares are deemed present for purposes of a quorum, even if:

- The shareholder withholds his or her vote or marks "abstain" for one or more proposals; or
- There is a "broker non-vote" on one or more proposals.

## WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL?

Each nominee for director shall be elected by a majority of the votes cast "for" or "against" the nominee at the 2020 Annual Meeting. That means that the number of shares voted "for" a nominee must exceed the number of shares voted "against" that nominee. To vote "for" or "against" any of the nominees named in this Proxy Statement, you can so mark your proxy card or ballot or, if you vote via telephone or Internet, so indicate by telephone or electronically.

You may abstain on the vote for any nominee but your abstention will not have any effect on the outcome of the election of directors. A broker non-vote has the same effect as an abstention: neither will have any effect on the outcome of the election of directors. To abstain on the vote on any or all of the nominees named in this Proxy Statement, you can so mark your proxy card or ballot or, if you vote via telephone or Internet, so indicate by telephone or electronically.

The proposal to ratify the selection of PwC as the independent registered public accounting firm to audit our consolidated financial statements for Fiscal 2020 will be decided by the affirmative vote of the majority of shares present in person or represented by proxy at the 2020 Annual Meeting and entitled to vote on the matter. That means that the proposal will pass if more than half of those shares present in person or represented by proxy at the 2020 Annual Meeting and entitled to vote on the matter vote "for" the proposal. Therefore, if you "abstain" from voting—in other words, you indicate "abstain" on the proxy card, by telephone or by Internet—it will have the same effect as an "against" vote.

The advisory proposal to approve the compensation of our named executive officers will be decided by the affirmative vote of the majority of shares present in person or represented by proxy at the 2020 Annual Meeting and entitled to vote on the matter. That means that the advisory proposal will be approved if more than half of those shares present in person or represented by proxy at the 2020 Annual Meeting and entitled to vote on the matter vote "for" the proposal. Therefore, if you abstain from voting, it will have the same effect as an "against" vote. Broker non-votes on this proposal will have no effect.

## WHAT HAPPENS IF A DIRECTOR NOMINEE DOES NOT RECEIVE A MAJORITY OF THE VOTES CAST?

In the event that any of the current directors standing for re-election does not receive a majority of "for" votes of the votes cast "for" or "against" his or her candidacy, such person would continue to serve as a director until he or she is succeeded by another qualified director or until his or her earlier resignation or removal from office. Each of the directors standing for re-election has tendered a resignation letter to the Nominating/Corporate Governance Committee to be considered in the event that he or she does not receive such a majority vote. Under the Corporate Governance Principles adopted by the Board, the Nominating/Corporate Governance Committee will make a

recommendation to the Board on whether to accept or reject such resignation or whether other action should be taken.

#### **HOW ARE PROXIES SOLICITED?**

The Company has hired the firm of Georgeson LLC to assist in the solicitation of proxies on behalf of the Board. Georgeson LLC has agreed to perform this service for a fee of not more than \$8,500, plus out-of-pocket expenses.

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

Proxies may be solicited by mail, in person, by facsimile, by telephone or by e-mail. In addition, we will pay for any costs incurred by brokerage houses and others for forwarding proxy materials to beneficial owners.

#### **WHO WILL COUNT THE VOTES?**

All votes will be tabulated by American Election Services, LLC, the inspector of elections appointed for the 2020 Annual Meeting.

#### **WHERE CAN I FIND THE VOTING RESULTS OF THE 2020 ANNUAL MEETING?**

The Company will announce preliminary voting results at the 2020 Annual Meeting and publish final results in a Form 8-K filed with the SEC within four business days after the 2020 Annual Meeting.

## OWNERSHIP OF THE COMPANY

### SHAREHOLDERS WHO OWN AT LEAST FIVE PERCENT OF THE COMPANY

The following table shows all persons who were known to us to be "beneficial owners" of at least five percent of Company stock as of March 20, 2020, at which time there were 121,234,719 shares of Company common stock issued and outstanding. Except as specified below, each person or entity below has the sole voting and investment power with respect to the shares of Company common stock listed next to their name. Footnote (a) below provides a brief explanation of what is meant by the term "beneficial ownership." This table is based upon reports filed with the SEC. Copies of these reports are publicly available from the SEC. All of the reports included a certification to the effect that the shares were not acquired and were not being held for the purpose of or with the effect of changing or influencing the control of the Company and were not acquired and were not being held in connection with or as a participant in any transaction having that purpose or effect.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (a)	Percentage of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, Pennsylvania 19355	13,340,783 (b)	11.00%
Qatar Investment Authority Ooredoo Tower Diplomatic Area Street, West Bay P.O. Box 23224, Doha, State of Qatar	11,822,436 (c)	9.75%
BlackRock, Inc. 55 East 52nd Street New York, New York 10055	7,847,227 (d)	6.47%

a) "Beneficial ownership" is a term broadly defined by the SEC and includes more than the typical form of stock ownership, that is, stock held in the person's name. The term also includes circumstances where a person has the right to acquire stock within 60 days or has or shares the power to vote the stock or to sell it. Accordingly, some of the shares reported as beneficially owned in this table may actually be held by other persons or organizations. Those other persons and organizations are described in the reports filed with the SEC.

b) The Vanguard Group reported such beneficial ownership to the SEC on its Schedule 13G/A as of February 12, 2020 and stated that, as an investment advisor, it beneficially owned the number of shares referred to above. This Schedule stated that it had sole power to vote 163,873 shares of the Company's common stock, shared power to vote 32,216 shares, sole power to dispose or direct the disposition of 13,155,426 shares, and shared power to dispose or direct the disposition of 185,357 shares.

c) Qatar Investment Authority, a citizen of Qatar, reported such beneficial ownership to the SEC on its Schedule 13G/A as of September 14, 2017 and stated that it had sole voting and disposition power with respect to all such shares.

d) Blackrock, Inc. reported such beneficial ownership to the SEC on its Schedule 13G/A as of February 6, 2020 and stated that, as a parent holding company of the subsidiaries identified in that Schedule, it beneficially owned the number of shares referred to above. This Schedule stated that Blackrock, Inc. had sole power to vote 6,600,308 shares of the Company's common stock and sole power to dispose or direct the disposition of 7,847,227 shares.

## OWNERSHIP BY DIRECTORS/DIRECTOR NOMINEES AND EXECUTIVE OFFICERS

The following table shows the number of shares of the Company's common stock beneficially owned as of March 20, 2020 by: each of the Company's directors/director nominees on such date; the principal executive officer and the principal financial officer during Fiscal 2019; the three next most highly compensated executive officers of the Company as of the end of Fiscal 2019; and the directors and executive officers on March 20, 2020 (see "Executive Officers of the Company" at PS-15) as a group. In the notes to the table below, "Vested Stock Options" refer to stock options that are exercisable as of March 20, 2020 or will become exercisable within 60 days of that date.

Name	Amount and Nature of Beneficial Ownership	Percentage of Class <sup>a</sup>
<b>Directors/Director Nominees</b>		
Alessandro Bogliolo (CEO)	39,372	*
Rose Marie Bravo	42,233 b	*
Hafize Gaye Erkan	4,951 c	*
Roger N. Farah	44,633 d	*
Jane Hertzmark Hudis	4,951 e	*
Abby F. Kohnstamm	55,056 f	*
James E. Lillie	37,815 g	*
William A. Shutzer	354,913 h	*
Robert S. Singer	40,062 i	*
Annie Young-Scrivner	8,287 j	*
<b>Executive Officers</b>		
Mark J. Erceg (CFO)	143,114 k	*
Philippe Galtie	36,609	*
Leigh M. Harlan	37,033 l	*
Daniella Vitale	—	*
All executive officers and directors as a group (17 persons):	896,726 m	*

- a) An asterisk (\*) is used to indicate less than 1% of the class outstanding.
- b) Includes 38,233 shares issuable upon the exercise of Vested Stock Options.
- c) Includes 4,951 shares issuable upon the exercise of Vested Stock Options.
- d) Includes 24,633 shares issuable upon the exercise of Vested Stock Options and 10,000 shares held in a family trust.
- e) Includes 4,951 shares issuable upon the exercise of Vested Stock Options.
- f) Includes 34,373 shares issuable upon the exercise of Vested Stock Options.
- g) Includes 15,026 shares issuable upon the exercise of Vested Stock Options.
- h) Includes 38,233 shares issuable upon the exercise of Vested Stock Options; 107,250 shares held by KJC Ltd. of which Mr. Shutzer is the sole general partner and of which three of his adult children are limited partners; and 32,210 shares held in trust for one adult child of which trust Mr. Shutzer's wife is sole trustee. Mr. Shutzer disclaims beneficial ownership of Company shares held by KJC Ltd. and shares held in the aforementioned trust.
- i) Includes 31,896 shares issuable upon the exercise of Vested Stock Options.
- j) Includes 8,277 shares issuable upon the exercise of Vested Stock Options.
- k) Includes 73,914 shares issuable upon the exercise of Vested Stock Options.
- l) Includes 12 shares held in Ms. Harlan's account under the 401K Plan.

m) Includes 274,487 shares issuable upon the exercise of Vested Stock Options; 2,719 shares held in accounts under the 401K Plan; and three shares held in the Tiffany Employee Stock Purchase Plan.

See "Equity Ownership by Executive Officers," beginning at PS-59 for a discussion of the Company's share ownership policy.

## EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are:

Name	Age	Position	Year Joined Tiffany
Alessandro Bogliolo	55	Chief Executive Officer	2017
Mark J. Erceg	51	Executive Vice President–Chief Financial Officer	2016
Philippe Galtie	59	Executive Vice President–Global Sales	2015
Daniella Vitale	58	Executive Vice President–Chief Brand Officer	2019
Andrea C. Davey	51	Senior Vice President–Global Marketing	2013
Leigh M. Harlan	43	Senior Vice President–Secretary & General Counsel	2012
Andrew W. Hart	52	Senior Vice President–Diamond & Jewelry Supply	1999
Gretchen Koback-Pursel	47	Senior Vice President–Chief Human Resources Officer	1997

*Alessandro Bogliolo.* Mr. Bogliolo joined Tiffany in October 2017 as CEO, and was concurrently appointed as a director of Tiffany & Co. Prior to joining Tiffany, Mr. Bogliolo served as CEO of Diesel SpA, a global apparel and accessories company, from 2013 to 2017. Previously, he was Chief Operating Officer, North America, at Sephora USA Inc. from 2012 to 2013. Mr. Bogliolo also spent 16 years at Bulgari SpA from 1996 to 2012, serving in various management roles, including as Chief Operating Officer and Executive Vice President, Jewelry, Watches & Accessories.

*Mark J. Erceg.* Mr. Erceg joined Tiffany in October 2016 as Executive Vice President–Chief Financial Officer. Prior to joining Tiffany, Mr. Erceg held the role of Executive Vice President and Chief Financial Officer for Canadian Pacific Railway Limited, a transcontinental railway, from 2015 to 2016, and for Masonite International Corporation, a global manufacturer of commercial and residential doors, from 2010 to 2015. Previously, Mr. Erceg held finance, market strategy, customer response, general management and global investor relations positions at The Procter & Gamble Company during his tenure there from 1992 to 2010.

*Philippe Galtie.* Mr. Galtie joined Tiffany in August 2015 as Senior Vice President–International, with responsibility for all sales channels in the Company's Asia-Pacific, Europe, Japan and Emerging Markets regions, as well as oversight of global store development and global sales operations. In 2016, Mr. Galtie assumed responsibility for global customer and omnichannel management, and in 2017 he also assumed responsibility for global customer and sales service, as well as the Company's Americas region. Following these changes, he was responsible for sales channels in every region, as well as global store planning, global sales operations, global customer and omnichannel management and global customer and sales service. Mr. Galtie was promoted to Executive Vice President–Global Sales effective February 1, 2018. Prior to joining Tiffany, Mr. Galtie held the role of International Retail Director at Cartier since 2011, where he was responsible for oversight of retail and client strategy, client relations and services, operations, store design and merchandising.

*Daniella Vitale.* Ms. Vitale joined Tiffany on December 1, 2019 as Executive Vice President–Chief Brand Officer, with responsibility for overseeing the global strategic initiatives of the Company's Merchandising and Marketing divisions. Prior to joining Tiffany, Ms. Vitale held roles of increasing responsibility at Barney's New York, which filed for protection under Chapter 11 of the U.S. Bankruptcy Code in August 2019 and was acquired by Authentic Brands Group in October 2019. During her employment at Barney's New York, Ms. Vitale served as Chief Executive Officer from February 2017 through October 2019, Chief Operating Officer from 2013 to 2017, and Chief Merchandising Officer and Executive Vice President–Digital from 2010 to 2013.

*Andrea C. Davey.* Ms. Davey joined Tiffany in 2013 as Vice President–Marketing for Northern America, and in 2014 was named Vice President–Global Marketing, with responsibility for marketing brand management, marketing production and consumer insights. In 2016, Ms. Davey was named Divisional Vice President–Jewelry Collections, where she was responsible for overseeing the management of Tiffany's various jewelry collections. She was promoted to Senior Vice President–Global Marketing effective February 1, 2018. Prior to joining Tiffany, Ms. Davey held

marketing and brand management positions of increasing responsibility at The Procter & Gamble Company from 1996 to 2013.

*Leigh M. Harlan.* Ms. Harlan joined Tiffany in 2012 as Associate General Counsel. In 2014, she was promoted to Senior Vice President–Secretary & General Counsel, with responsibility for the Company's worldwide legal affairs. In 2017, Ms. Harlan's responsibilities were expanded to include global compliance. Prior to joining Tiffany, Ms. Harlan was an attorney at the law firm of Cravath, Swaine & Moore LLP, where she practiced corporate, transactional and finance law, from 2005 to 2012.

*Andrew W. Hart.* Mr. Hart joined Tiffany in 1999 as Director–Materials Management and advanced through positions of increasing management responsibility. In 2012, he was promoted to Senior Vice President–Diamonds and Gemstones, with responsibility for the Company's global diamond and gemstone supply chain. In 2013, Mr. Hart assumed responsibility for jewelry manufacturing, and in 2018 he also assumed responsibility for watch manufacturing. His current title is Senior Vice President–Diamond & Jewelry Supply.

*Gretchen Koback-Pursel.* Ms. Koback-Pursel joined Tiffany in 1997 as a Human Resources Representative and advanced through positions of increasing management responsibility. In 2012, Ms. Koback-Pursel was promoted to Vice President–Global Human Resources, serving as the primary human resources business partner for the Tiffany & Co. executive team and the Company's creative and operational corporate groups. She was promoted to Senior Vice President–Chief Human Resources Officer in June 2017.

## ITEM 1. ELECTION OF THE BOARD

Each year, the Company elects directors at an annual meeting of its shareholders. Pursuant to the Company's By-laws, directors are required to be less than age 74 when elected or appointed, unless the Board waives that provision with respect to an individual director whose continued service is deemed uniquely important to the Company.

At the 2020 Annual Meeting, 10 directors will be elected. Each of them will serve until he or she is succeeded by another qualified director or until his or her earlier resignation or removal from office. Pursuant to the terms of the Merger Agreement, each of the Company's then-current directors will be required to resign from the Board immediately prior to the effective time of the Merger.

It is not anticipated that any of this year's nominees will be unable to serve as a director but, if that should occur before the 2020 Annual Meeting, the Board may either propose another nominee or reduce the number of directors to be elected. If another nominee is proposed, you or your proxy will have the right to vote for that person at the 2020 Annual Meeting.

*Why the Nominees Were Chosen to Serve.* Each of the 10 nominees for director was recommended for nomination by the Nominating/Corporate Governance Committee and nominated by the full Board to stand for election by the shareholders. All nominees have previously been elected as directors by the Company's shareholders.

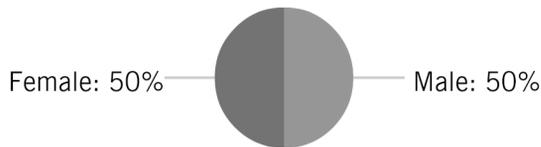
In February 2017, JANA Partners LLC ("JANA") and the Company entered into a Cooperation Agreement (the "Cooperation Agreement"), pursuant to which the Company agreed that, subject to the conditions set forth therein, the Board would appoint (i) Roger N. Farah, James E. Lillie and Francesco Trapani to the Board and (ii) Mr. Trapani to the Nominating/Corporate Governance Committee and the then-existing Search Committee, in each case no later than 10 business days after the date of the Cooperation Agreement. Mr. Farah, Mr. Lillie and Mr. Trapani were subsequently appointed to the aforementioned positions in March 2017. Pursuant to the Cooperation Agreement, the Company also agreed that, subject to the conditions set forth therein, the Board would nominate each of Mr. Farah, Mr. Lillie and Mr. Trapani for election to the Board at the Company's 2017 Annual Meeting. Mr. Farah, Mr. Lillie and Mr. Trapani were so nominated, and were each subsequently elected as directors by the Company's shareholders at the 2017 Annual Meeting. Mr. Farah, Mr. Lillie and Mr. Trapani were also included, at the determination of the Board and with the subsequent agreement of JANA, on the Company's slate of directors for the 2018 and 2019 Annual Meetings and were elected at each of those meetings. Pursuant to the Cooperation Agreement and a separate cooperation agreement, entered into in February 2017 between the Company and Mr. Trapani (the "Trapani Cooperation Agreement"), JANA and Mr. Trapani were each committed to be independent of each other following the date of such agreements. On November 26, 2019, Mr. Trapani resigned from the Board with immediate effect in order to pursue other opportunities.

The foregoing summary of the Cooperation Agreement and Trapani Cooperation Agreement is not complete and is subject to, and is qualified by reference to, the full text of the Cooperation Agreement and Trapani Cooperation Agreement, which are filed as Exhibits 10.37 and 10.38, respectively, to the Company's Current Report on Form 8-K filed with the SEC on February 21, 2017.

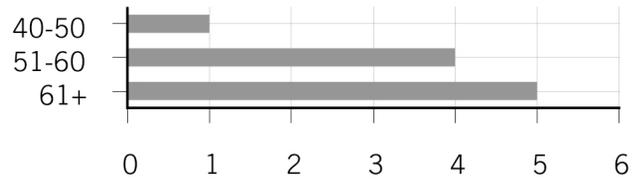
The following chart summarizes the balance of skills, experience and qualifications that each director nominee brings to the Board. The fact that a particular skill, experience or qualification is not designated does not mean that the nominees do not also possess that specific skill, experience or qualification. Each of the director nominees has many diverse skills, but the chart below highlights those skills that are most noteworthy for each such nominee.

	Luxury Retail Experience	Brand Management	Global Management	Strategic Planning	Accounting/ Finance	CEO/CFD Experience	Product Development/ Merchandising	Digital and Marketing	Other Public Company Board(s) (Last five years)
Alessandro Bogliolo	✓	✓	✓	✓		✓	✓	✓	
Rose Marie Bravo	✓	✓	✓			✓	✓		✓
Hafize Gaye Erkan		✓		✓	✓				✓
Roger N. Farah	✓	✓	✓			✓	✓	✓	✓
Jane Hertzmark Hudis	✓	✓	✓	✓			✓	✓	
Abby F. Kohnstamm		✓	✓	✓				✓	
James E. Lillie			✓	✓	✓	✓	✓		✓
William A. Shutzer				✓	✓				✓
Robert S. Singer	✓	✓	✓		✓	✓			✓
Annie Young-Scrivner		✓	✓	✓		✓		✓	✓

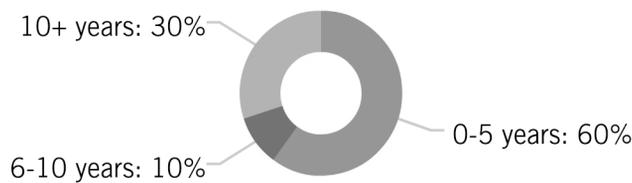
### Gender



### Age



### Tenure



Information concerning each of the nominees of the Board, including a description of the specific experience, qualifications and key skills of each such nominee, is set forth below:

**Alessandro Bogliolo**

Mr. Bogliolo, 55, became a director of Tiffany & Co. in October 2017, concurrently with the commencement of his employment as CEO. Prior to joining Tiffany, Mr. Bogliolo served as CEO of Diesel SpA, a global apparel and accessories company, from 2013 to 2017. Previously, he was Chief Operating Officer, North America, at Sephora USA Inc. from 2012 to 2013. Mr. Bogliolo also spent 16 years at Bulgari SpA from 1996 to 2012, serving in various management roles, including as Chief Operating Officer and Executive Vice President, Jewelry, Watches & Accessories.

**Key Skills:** retail and luxury brand management, product development, merchandising, marketing, global management and strategic planning.

**Rose Marie Bravo**

Ms. Bravo, CBE, 69, became a director of Tiffany & Co. in 1997. Ms. Bravo previously served as CEO of Burberry Limited from 1997 until 2006 and as President of Saks Fifth Avenue from 1992 to 1997. Prior to Saks, Ms. Bravo held a series of merchandising positions at Macy's, culminating in the Chairman & CEO role at I. Magnin, which was a division of R. H. Macy & Co. Ms. Bravo serves on the Board of Directors of The Estée Lauder Companies Inc. She also served on the Board of Directors of the following public company during the past five years: Williams-Sonoma, Inc.

**Key Skills:** retail and brand management, global management, merchandising and product development.

**Hafize Gaye Erkan**

Ms. Erkan, 41, is the President of First Republic Bank ("First Republic"). Ms. Erkan also became a member of the Board of Directors of First Republic in 2019. Prior to becoming President in 2017, she served as Chief Investment Officer and Chief Deposit Officer of First Republic from January 2016 to May 2017, as Chief Investment Officer from September to December 2015 and as Chief Investment Officer and Co-Chief Risk Officer from June 2014 to August 2015. Prior to First Republic, she held the position of Managing Director and Head of Financial Institutions Group Strategies at Goldman Sachs, where she worked in roles of increasing responsibility for nearly a decade, advising boards and executive management of large U.S. banks and insurance companies. Ms. Erkan holds a B.Sc. from Bogazici University (Turkey) and a Ph.D. from Princeton University.

**Key Skills:** finance, strategic planning, risk management, brand management, data and analytics and strategic transactions.

**Roger N. Farah**

Mr. Farah, 67, became a director of Tiffany & Co. in March 2017 and was elected Chairman of the Board in October 2017. He served as the Co-CEO of Tory Burch LLC from 2014 to March 2017, when he transitioned to the role of Executive Director, which he held through December 2017. He also served as a member of the Board of Directors of Tory Burch LLC from 2014 to 2017. Mr. Farah served as President and Chief Operating Officer of Ralph Lauren Corporation from 2000 to 2013 and as Executive Vice Chairman from November 2013 to May 2014. He was a member of the Board of Directors of Ralph Lauren Corporation from 2000 to 2014. Prior to joining Ralph Lauren Corporation, he served as Chairman of the Board and CEO of Venator Group, Inc. (now Foot Locker, Inc.), as President and Chief Operating Officer of R.H. Macy & Co., Inc. and as Chairman and CEO of Federated Merchandising Services. Mr. Farah currently serves on the Board of Directors of The Progressive Corporation and CVS Health Corporation. He also served on the Board of Directors of the following public companies during the past five years: Aetna, Inc. (which was acquired by CVS Health Corporation in November 2018) and Metro Bank PLC. Mr. Farah holds a B.S. in Economics from the University of Pennsylvania, Wharton School of Business.

**Key Skills:** luxury brand management, global management, marketing and product development.

**Jane Hertzmark Hudis**

Ms. Hertzmark Hudis, 60, is the Group President of The Estée Lauder Companies Inc. ("Estée Lauder"). In this role, in which she has served since January 2015, she is responsible for leading the company's Estée Lauder, La Mer, Bobbi Brown, AERIN, Darphin, Origins, Aveda, Bumble and bumble, Dr. Jart+ and Do The Right Thing brands globally. From 2009 to 2014, Ms. Hertzmark Hudis served as the Global President of the Estée Lauder brand. Since joining Estée Lauder in 1986, she has served in management positions of increasing responsibility, including as President of Origins and President of BeautyBank, a brand innovation think tank she co-founded in 2003. Ms. Hertzmark Hudis serves as a director of the Fashion Institute of Technology ("FIT") Foundation as well as a member of FIT's executive committee of the cosmetics and fragrance marketing and management graduate program. She holds a B.A. from Vassar College and an M.B.A. from Columbia Business School.

**Key Skills:** retail and brand management, global management, strategic planning, product innovation and digital marketing.

**Abby F. Kohnstamm**

Ms. Kohnstamm, 66, became a director of Tiffany & Co. in 2001. Ms. Kohnstamm previously served as the Executive Vice President and Chief Marketing Officer at Pitney Bowes Inc. ("Pitney Bowes") from 2013 until her retirement in July 2018. In this role, she managed Pitney Bowes's worldwide marketing and communications, pitneybowes.com, as well as citizenship and philanthropy for Pitney Bowes. Before joining Pitney Bowes, Ms. Kohnstamm was the President and founder of Abby F. Kohnstamm & Associates, Inc., a marketing and consulting firm. Prior to establishing her company in 2006, Ms. Kohnstamm served as Senior Vice President, Marketing (Chief Marketing Officer) of IBM Corporation from 1993 through 2005. In that capacity, she had overall responsibility for all aspects of marketing and corporate philanthropy across IBM on a global basis. Before joining IBM, Ms. Kohnstamm held a number of senior marketing positions at American Express from 1979 through 1993. Ms. Kohnstamm is a member of the Board of Directors of the Roundabout Theatre Company and Sanctuary for Families, as well as Trustee Emeritus of Tufts University. She holds a B.A. from Tufts University, an M.A. in Education from New York University and an M.B.A. from New York University Stern School of Business.

**Key Skills:** brand management, global management, strategic planning, digital marketing and e-commerce.

**James E. Lillie**

Mr. Lillie, 58, became a director of Tiffany & Co. in March 2017. He is the Vice Chairman of Mariposa Capital, a private investment office. Prior to April 2019, he served as a consultant for Newell Brands, which acquired Jarden Corporation in April 2016. He held senior positions at Jarden Corporation from 2003 through the aforementioned acquisition of the company, including as President and Chief Operating Officer and, beginning in 2011, CEO. He also served as a member of the Board of Directors of Jarden Corporation from 2011 until the aforementioned acquisition. Prior to joining Jarden Corporation, Mr. Lillie served as Executive Vice President of Operations at Moore Corporation Limited and held several senior level management positions at portfolio companies of Kohlberg, Kravis, Roberts & Company. Mr. Lillie serves on the Board of Directors of APi Group Corporation (formerly J2 Acquisition Limited) and Nomad Foods Limited, and previously served on the Board of Directors of Radio Prisa in Spain and the US-China Business Council. Mr. Lillie holds a B.A. from the University of Wisconsin.

**Key Skills:** global management, strategic planning, finance, product innovation and business process optimization.

**William A. Shutzer**

Mr. Shutzer, 73, became a director of Tiffany & Co. in 1984. He has been a Senior Advisor of Evercore Partners, a financial advisory and private equity firm, since 2004. He previously served as a Managing Director of Lehman Brothers from 2000 through 2003, a Partner in Thomas Weisel Partners LLC, a merchant banking firm, from 1999 through 2000, as Executive Vice President of ING Baring Furman Selz LLC from 1998 through 1999, President of Furman Selz Inc. from 1995 through 1997 and as a Managing Director of Lehman Brothers and its predecessors from 1978 through 1994. Mr. Shutzer serves on the Board of Directors of ExamWorks Group, Inc. and Evercore Trust Company.

**Key Skills:** finance, investor relations and strategic planning.

**Robert S. Singer**

Mr. Singer, 68, became a director of Tiffany & Co. in 2012. He has been a consultant for IDG Capital, a private equity firm, since November 2018, and previously served as CEO of Barilla Holding S.p.A, a major Italian food company, from 2006 to 2009. From 2004 to 2005, Mr. Singer served as President and Chief Operating Officer of Abercrombie & Fitch Co., an American clothing retailer. Prior to joining Abercrombie, Mr. Singer served as Chief Financial Officer of Gucci Group NV, a leading luxury goods company, from 1995 to 2004. From 1987 to 1995, Mr. Singer was a Partner at Coopers & Lybrand. Mr. Singer served on the Board of Directors of Benetton S.p.A. from 2006 to 2010, and on the Board of Directors of Fairmont Hotels & Resorts, Inc. from 2003 to 2006. Mr. Singer currently serves on the Board of Directors of Coty Inc. and Keurig Dr. Pepper Inc., and served on the Board of Directors of the following public companies during the past five years: Mead Johnson Nutrition Company and Jimmy Choo PLC. Mr. Singer also currently serves on the Board of Directors of several non-public companies.

**Key Skills:** accounting, global retail, financial and general management of luxury brands.

**Annie Young-Scrivner**

Ms. Young-Scrivner, 51, became a director of Tiffany & Co. in May 2018. She is the CEO of Godiva Chocolatier ("Godiva"). Prior to joining Godiva in August 2017, Ms. Young-Scrivner held senior positions at Starbucks Corporation ("Starbucks") beginning in 2009, including as Global Chief Marketing Officer & President of Tazo Tea from 2009 to 2012, President of Starbucks Canada from 2012 to 2014, President, Teavana & Executive Vice President of Global Tea from 2014 to 2015, and Executive Vice President, Global Digital & Loyalty Development from 2015 until her departure in April 2017. Prior to joining Starbucks, Ms. Young-Scrivner held senior leadership positions at PepsiCo, Inc. in sales, marketing and general management, including her role as Region President of PepsiCo Foods Greater China from 2006 to 2008. Ms. Young-Scrivner holds a B.A. from the Foster School of Business, University of Washington and an Executive M.B.A. from the Carlson School of Business, University of Minnesota. Ms. Young-Scrivner currently serves on the Board of Directors of Yum! Brands, Inc., and served on the Board of Directors of the following public company during the past five years: Macy's Inc.

**Key Skills:** omnichannel brand management, digital marketing, global management, consumer insights and data analytics, and strategic planning.

In the event that any of the current directors standing for re-election does not receive a majority of "for" votes of the votes cast "for" or "against" his or her candidacy, such person would continue to serve as a director until he or she is succeeded by another qualified director or until his or her earlier resignation or removal from office. Each such director standing for re-election has tendered a resignation letter to the Nominating/Corporate Governance Committee to be considered in the event that he or she does not receive such a majority vote. Under the Corporate Governance Principles adopted by the Board, the Nominating/Corporate Governance Committee will make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken. Please refer to Section 1.h of our Corporate Governance Principles for further information about the procedure that would be followed in the event of such an election result. The Corporate Governance Principles may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking on "Investors" and then selecting "Corporate Governance."

**THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF ALL 10 NOMINEES FOR DIRECTOR.**

## BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE HIGHLIGHTS

The Company and its Board are committed to maintaining strong corporate governance practices that serve the interests of the Company and its shareholders. The Board recognizes that the Company's corporate governance practices must continually evolve, and the Board monitors developments in governance best practices to ensure that the Company continues to effectively represent the interests of its shareholders. The Board has adopted several corporate governance practices in support of this commitment, including:

- **Independent Chairman**—Roger N. Farah, an independent director, has served as Chairman of the Board since October 2017;
- **Annual election of directors;**
- **Majority voting standard for director elections**—each director must be elected by a majority of votes cast, not a plurality;
- **Director resignation policy**—each of the directors standing for re-election has tendered a resignation letter to the Nominating/Corporate Governance Committee to be considered in the event that he or she does not receive a majority of "for" votes of the votes cast "for" or "against" his or her candidacy. The Nominating/Corporate Governance Committee will then make a recommendation to the Board on whether to accept or reject the resignation or whether other action should be taken;
- **Director independence**—8 of the Company's 10 directors up for election are independent;
- **Proxy access by-law**—adopted by the Board during the Company's fiscal year ended January 31, 2018 ("Fiscal 2017");
- **Director overboarding policy**—directors may not serve on a total of more than five public company boards, and no director who is serving as CEO of a public company or who is otherwise employed full time may serve on a total of more than three public company boards (in each case, including the Board);
- **Resignation on job change or new directorship**—a director must submit a letter of resignation to the Nominating/Corporate Governance Committee on a change in employment, upon accepting a directorship with another public company (or any other organization that would require a significant time commitment) or, in the case of a director who is a Company employee, upon retirement or other termination of his or her active employment with the Company. The Nominating/Corporate Governance Committee may then accept or decline such resignation;
- **Annual self-evaluation**—the Company's non-management directors participate in an annual assessment and evaluation of the workings and efficiency of the Board and each of the committees on which they serve, the results of which are discussed by the full Board;
- **Long-standing policies governing business and ethical conduct;**
- **Commitment to corporate social responsibility;** and
- **Leading compensation practices**—see "Corporate Governance Best Practices" at PS-45.

### THE BOARD, IN GENERAL

The Board is currently composed of 10 members. The Board can fill vacancies and newly created directorships, as well as amend the Company's By-laws to provide for a greater or lesser number of directors.

Under the Company's Corporate Governance Principles, directors may not serve on a total of more than five public company boards. In addition, no director who is serving as the CEO of a public company, or who is otherwise employed full time, may serve on more than three public company boards. Service on the Board is included in each of those totals.

### THE ROLE OF THE BOARD IN CORPORATE GOVERNANCE

The Board plays several important roles in the governance of the Company, as set out in the Company's Corporate Governance Principles. The Corporate Governance Principles may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking on "Investors" and then selecting "Corporate Governance." The responsibilities of the Board include:

- Review and approval of the annual operating plan prepared by management;

- Monitoring of performance in comparison to the annual operating plan;
- Review and approval of the Company's multi-year strategic plan prepared by management;
- Consideration of topics of relevance to the Company's ability to carry out its strategic plan;
- Selection and evaluation of, and determination of whether to retain or replace, the Company's CEO;
- Participation in succession planning for the Company's other executive officers;
- Review and approval of delegations of authority by which management carries out the day-to-day operations of the Company and its subsidiaries;
- Review of management's enterprise risk assessment;
- Review and, if appropriate, modification of Board committee charters;
- Review and approval of the Company's policies or programs with respect to payment of dividends and the repurchase of common stock; and
- Review and approval of other significant actions by the Company.

### **BOARD LEADERSHIP STRUCTURE**

Pursuant to the Company's Corporate Governance Principles, it is the responsibility of the Board to determine whether the offices of Chairman of the Board and CEO shall be held by one person or by separate persons, and to further determine whether the person holding the office of Chairman of the Board shall be "independent." In determining which director is elected to serve as Chairman of the Board, the Board broadly considers all relevant facts and circumstances, as well as candidates' business experience, specific areas of expertise and skill set, including their ability to effectively moderate discussions during Board meetings and their responsiveness to the Board's suggestions for agenda items and information to be provided by management to the Board.

Roger N. Farah, an independent director, has served as the non-executive Chairman of the Board since 2017. The Board continues to believe that having an independent, non-executive Chairman is in the best interest of the Company and its shareholders. In particular, the Board believes that a clear division of responsibilities between the leadership of the Board and the Company's CEO, Alessandro Bogliolo, will best enable Mr. Bogliolo to focus his time and attention on managing the Company, and allow Mr. Farah to dedicate his efforts to Board governance matters and to leading the Board in its fundamental role of providing oversight and guidance regarding the business, operations and strategy of the Company. The Board also believes the non-executive Chairman role is important to provide additional independent oversight of the Company's management, including enhanced accountability of the Company's CEO to the Board, and to serve in an advisory capacity to the CEO. In addition, the existence of an independent, non-executive Chairman facilitates communication among the Company's other directors, or between any of them, as well as communication between shareholders and the Company's independent and other non-management directors.

In electing Mr. Farah as the Company's non-executive Chairman, the Board considered Mr. Farah's extensive experience as an executive in the luxury retail industry, believing his in-depth understanding of the industry, consumer behavior and the competitive environment in which the Company operates to be invaluable in advising the Company's CEO and in guiding the Board through key matters within its purview, including the strategic planning process. Additionally, the Board focused on Mr. Farah's service as a director and an executive of multiple U.S. public companies with global operations, noting that such experience has enabled him to develop knowledge of public company governance, compensation, investor relations, regulatory and reporting matters. Based on the considerations above, as well as the expertise Mr. Farah has demonstrated and the insights he has provided during his tenure on the Board to date, the Board continues to believe that he is the appropriate individual to serve as the Company's non-executive Chairman.

As non-executive Chairman of the Board, Mr. Farah works closely with the CEO, providing advice to Mr. Bogliolo on operational, strategic, organizational and executive management matters. In this capacity, he facilitates communications between the directors and the Company's management. Mr. Farah also approves the schedule of Board meetings, sets the agenda for each Board meeting, after consideration of any items submitted for inclusion by the other directors and Company management, and consults with management regarding the materials to be presented to the Board to ensure such materials are responsive to the Board's requests and needs. As non-executive Chairman, Mr. Farah presides over meetings of the Board as well as meetings of the non-management and independent directors, and has the authority to call such meetings. Both in and outside of Board meetings, Mr. Farah facilitates communication among the directors. Consistent with this role, and his position as the chair of the

Nominating/Corporate Governance Committee, Mr. Farah leads the annual evaluation of the performance of the Board and its committees and provides oversight with respect to the Board's compliance with corporate governance requirements and best practices.

The Board, with the assistance of the Nominating/Corporate Governance Committee, will reassess the appropriateness of the existing leadership structure as warranted, including following changes in management, in Board composition or in the nature, scope or complexity of the Company's operations.

### **EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS**

Non-management directors meet regularly in executive session without the participation of management directors or executive officers. This encourages open discussion. In addition, at least once per year the independent directors meet separately in executive session.

### **SHAREHOLDER ENGAGEMENT AND COMMUNICATION WITH NON-MANAGEMENT DIRECTORS**

The Company's Board and management are strongly committed to proactive and ongoing communications with current, potential and former shareholders. The Company's approach to shareholder engagement revolves around providing informative, candid, credible and consistent communications to shareholders, as well as soliciting their feedback. The Company's CEO, Chief Financial Officer ("CFO") and Vice President–Treasurer and Investor Relations, regularly communicate with Company shareholders through one-on-one and group meetings and in conferences in an effort to remain informed regarding shareholder perspectives on strategic, operational and governance matters (including with respect to executive compensation) and to address any questions or concerns from shareholders. The Company's Board and management may also undertake enhanced shareholder outreach in response to specific feedback conveyed by Company shareholders.

Through the foregoing shareholder engagement practices, the Company's management serves as a liaison between shareholders and the Board. However, shareholders and other interested persons may also contact the Board directly by sending written communications to the entire Board or to any of the non-management directors by addressing their concerns to Roger N. Farah, Chairman of the Board, at the following address: Corporate Secretary (Legal Department), Tiffany & Co., 200 Fifth Avenue, New York, New York 10010. All communications will be compiled by the Corporate Secretary and submitted to the Board or an individual director, as appropriate, on a periodic basis.

### **INDEPENDENT DIRECTORS CONSTITUTE A MAJORITY OF THE BOARD**

The Board has affirmatively determined that each of the following directors and director nominees is "independent" under the listing standards of the New York Stock Exchange in that none of them has a material relationship with the Company (directly or as a partner, shareholder or officer of any organization that has a relationship with the Company): Rose Marie Bravo, Hafize Gaye Erkan, Roger N. Farah, Jane Hertzmark Hudis, Abby F. Kohnstamm, James E. Lillie, Robert S. Singer and Annie Young-Scriver. The Board had also previously determined that Lawrence K. Fish, who was a director for a portion of Fiscal 2019 but did not stand for re-election at the 2019 Annual Meeting, and Francesco Trapani, who resigned from the Board in November 2019, were "independent."

All of the members of the Audit, Nominating/Corporate Governance and Compensation Committees are independent as indicated in the prior paragraph.

The Board also considered the other tests of independence set forth in the New York Stock Exchange Corporate Governance Rules and has determined that each of the above directors and nominees is independent as defined in such Rules.

In addition, the Board has affirmatively determined that Mr. Singer, Ms. Erkan and Mr. Lillie meet the additional, heightened independence criteria applicable to audit committee members under the New York Stock Exchange rules. The Board had also previously determined that Mr. Fish and Mr. Trapani, who each served on the Audit Committee during Fiscal 2019, met such additional, heightened independence criteria.

In determining that Mr. Farah and Mr. Lillie are independent, the Board specifically considered the Cooperation Agreement. In determining that Mr. Trapani was independent, the Board had specifically considered the Cooperation Agreement, the Trapani Cooperation Agreement and the Nomination Agreement (as defined on PS-90). See "Item 1.

Election of the Board" at PS-17 for additional information regarding the Cooperation Agreement and Trapani Cooperation Agreement. See "Additional Compensation from JANA Partners LLC" at PS-90 for additional information regarding the Nomination Agreement.

To the Company's knowledge, none of the other independent directors/director nominees has any direct or indirect relationship with the Company, other than as a director.

### **BOARD AND COMMITTEE MEETINGS AND ATTENDANCE DURING FISCAL 2019**

Pursuant to the Company's Corporate Governance Principles, directors are expected to attend the regularly scheduled Board meetings, as well as all regularly scheduled meetings for those committees on which they serve. Directors are expected to attend such meetings in person or, if such attendance in person is not practicable, by telephone or other communications equipment.

The Board holds one of its regularly scheduled meetings on the date of the annual meeting of its shareholders to facilitate attendance at the annual meeting by the directors. Nine of the Company's 10 directors up for election at the 2020 Annual Meeting attended the 2019 Annual Meeting. Francesco Trapani, who resigned from the Board in November 2019, also attended the 2019 Annual Meeting.

Each director who served on the Board as of March 20, 2020 attended at least 81% of the aggregate number of meetings of the Board and those committees (including the Audit Committee, Compensation Committee and Stock Option Subcommittee, Nominating/Corporate Governance Committee, Finance Committee and Corporate Social Responsibility Committee) on which he or she served during Fiscal 2019.

- The full Board held five regular meetings and six special meetings. Attendance averaged 99% amongst all members.
- The Audit Committee held seven meetings. All members attended all meetings.
- The Compensation Committee and its Stock Option Subcommittee held three regular meetings and one special meeting. Attendance averaged 94% amongst all members.
- The Nominating/Corporate Governance Committee held three meetings. Attendance averaged 89% amongst all members.
- The Finance Committee held three regular meetings and one special meeting. All members attended all meetings.
- The Corporate Social Responsibility Committee held three meetings. Attendance averaged 94% amongst all members.

## COMMITTEES OF THE BOARD

### Board Committee Membership

The committees of the Board, as well as the memberships thereof, consisted of the following as of March 20, 2020:

Director	Audit*	Compensation Committee & Stock Option Sub-committee*	Corporate Social Responsibility	Dividend	Finance	Nominating/ Corporate Governance*
Alessandro Bogliolo			✓	✓		
Rose Marie Bravo		Chair				✓
Hafize Gaye Erkan	✓					
Roger N. Farah		✓	✓			Chair
Jane Hertzmark Hudis						
Abby F. Kohnstamm		✓	✓			✓
James E. Lillie	✓		Chair		✓	
William A. Shutzer					Chair	
Robert S. Singer	Chair				✓	
Annie Young-Scrivner		✓	✓		✓	

\* Composed solely of independent directors.

### Audit Committee

The Company's Audit Committee is an "audit committee" established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended ("Exchange Act"). The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the (i) integrity of the Company's financial statements, (ii) Company's compliance with legal and regulatory requirements, (iii) Company's process to assess, monitor and control major financial risk exposures, (iv) independent auditor's qualifications and independence, and (v) performance of the Company's internal audit function and independent auditor. The Audit Committee operates under a charter adopted by the Board; that charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance." Under its charter, the Audit Committee's responsibilities and related oversight processes include:

- Appointing, compensating, retaining and providing oversight of the Company's independent registered public accounting firm retained to audit the Company's consolidated financial statements;
- Reviewing the quality-control procedures and independence of the Company's independent registered public accounting firm and evaluating their proposed audit scope, performance and fee arrangements;
- Reviewing and evaluating the lead partner of the independent auditor;
- Approving in advance all audit and non-audit services to be rendered by the independent registered public accounting firm;
- Reviewing and discussing the Company's financial statements and audit findings, including the impact of significant events, transactions or changes in accounting principles thereon, with management and the independent auditor in advance of filing;
- Reviewing and discussing significant proposed changes in the Company's auditing and accounting principles, policies, controls, procedures and practices with management and the independent auditor;
- Discussing the Company's earnings press releases in advance of filing, as well as financial information and earnings guidance provided to analysts and rating agencies;
- Reviewing the adequacy of the Company's system of internal accounting and financial controls;
- Discussing guidelines and policies with respect to risk assessment and risk management, including the steps management has taken to monitor and control major risk exposures in the following areas: financial and

financial reporting risks, risks related to litigation or other legal or compliance matters, employee safety risks, global security risks, information security and technology risks, and data privacy and data protection risks;

- Reviewing and discussing the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including the Company's policy governing business conduct for Company employees worldwide (see "Business Conduct Policy and Code of Ethics" at PS-32);
- Reviewing and discussing the status of income tax returns and related government audits, if any, and the Company's overall tax strategy;
- Meeting separately, periodically, with management, the Company's internal audit function and the independent auditor;
- Discussing with the Company's internal audit function and the independent auditor the overall scope and plans for their respective audit work;
- Discussing with management, the Company's internal audit function and, as appropriate, the independent auditor the adequacy and effectiveness of the Company's financial reporting process and system for monitoring and managing business risk and legal compliance programs;
- Reviewing with the independent auditor any difficulties the auditor encountered in the course of its audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management;
- Setting clear hiring policies for employees or former employees of the independent auditor;
- Establishing procedures for complaints regarding accounting, internal accounting controls or auditing matters; and
- Reviewing the responsibilities, budget and staffing of the Company's internal audit function, as well as the compensation and performance of the person responsible for that function.

The Board has determined that all members of the Audit Committee are financially literate, that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise, and that Mr. Singer meets the SEC criteria of an "audit committee financial expert." The Board considered Mr. Singer's past experience as Chief Financial Officer of Gucci Group NV, Partner at Coopers & Lybrand, and chairman of the audit committee for Fairmont Hotels & Resorts, Inc., Mead Johnson Nutrition Company and Jimmy Choo PLC. The Board also considered Mr. Singer's role as chairman of the audit committee for Coty Inc. and Keurig Dr. Pepper Inc. The Board has determined that Mr. Singer's simultaneous service on the audit committee of two other public companies will not impair his ability to effectively serve on the Company's Audit Committee. See "Report of the Audit Committee" at PS-36.

For additional information regarding the Company's relationship with its independent registered public accounting firm, see "Relationship with Independent Registered Public Accounting Firm" at PS-37.

#### *Compensation Committee*

The primary function of the Compensation Committee is to assist the Board in compensation matters. The Compensation Committee operates under its charter which may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance."

Under its charter, the Compensation Committee's responsibilities include:

- Reviewing and approving corporate goals and objectives relevant to the compensation of our CEO;
- Evaluating our CEO's performance in light of those corporate goals and objectives;
- Determining and approving our CEO's compensation level based on such evaluation;
- Where Board action is required, making recommendations to the Board with respect to the compensation of our other executive officers, including compensation under incentive and equity-based plans;
- Reviewing and approving remuneration arrangements for executive officers;
- Making awards to executive officers under the Company's compensation plans, including equity-based plans;

- Considering the expressed view of shareholders on executive compensation matters, including shareholder proposals and advisory votes, and considering communications with proxy advisory firms and related matters; and
- Assessing on an annual basis potential material risks to the Company from its compensation programs and plans.

Pursuant to its charter, the Compensation Committee may delegate any of its functions to one or more subcommittees composed entirely of members of the Compensation Committee.

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

#### *Role of Compensation Consultants*

The Compensation Committee periodically engages and consults with Frederic W. Cook & Co., Inc. ("FW Cook"), an independent advisor, to provide advice with respect to the amount and form of executive compensation. FW Cook also provides advice to the Nominating/Corporate Governance Committee with respect to non-management director compensation. Independence factors as reflected in the Compensation Committee charter were considered in selecting FW Cook, and FW Cook was found to be independent. For additional information regarding the operation of the Compensation Committee, including the role of consultants and management in the process of determining the amount and form of executive compensation, see "Compensation Evaluation Process" at PS-48 and "Report of the Compensation Committee" at PS-62.

#### *Stock Option Subcommittee*

The Stock Option Subcommittee determines the grant of options, restricted stock units, cash incentive awards and other matters under our 2014 Employee Incentive Plan. All members of the Compensation Committee are members of this subcommittee.

#### *Compensation Committee Interlocks and Insider Participation*

During 2019, the members of the Compensation Committee and its Stock Option Subcommittee were Rose Marie Bravo, Roger N. Farah, Abby F. Kohnstamm and Annie Young-Scrivner. No director serving on the Compensation Committee or its Stock Option Subcommittee during any part of Fiscal 2019 was, at any time either during or before such fiscal year, an officer or employee of Tiffany & Co. or any of its subsidiaries. None of the Company's executive officers serves, or in the past fiscal year served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Board or the Compensation Committee and its Stock Option Subcommittee.

#### *Nominating/Corporate Governance Committee*

The primary function of the Nominating/Corporate Governance Committee is to identify individuals to become Board members consistent with criteria approved by the Board, and to assist the Board in matters of corporate governance. The Nominating/Corporate Governance Committee operates under the charter adopted by the Board. The charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance." Under its charter, the responsibilities of the Nominating/Corporate Governance Committee include:

- Developing and recommending to the Board policies on Board composition;
- Developing and recommending to the Board criteria for the selection of director nominees;
- Identifying nominees to fill vacancies on the Board;
- Identifying nominees for election to the Board;
- Recommending to the Board the optimal number of directors constituting the entire Board;
- Developing and recommending to the Board corporate governance principles applicable to the Company;
- Determining non-management director compensation;
- Approving related person transactions that the Committee determines to be in the best interests of the Company; and
- Assisting the Board in its evaluation of management performance and succession planning.

### *Submitting Candidate Names*

If you would like to submit the name of a candidate for the Nominating/Corporate Governance Committee to consider as a nominee of the Board for director, you may send your submission at any time to the Nominating/Corporate Governance Committee, c/o Corporate Secretary (Legal Department), Tiffany & Co., 200 Fifth Avenue, New York, New York 10010.

### *Process for Identifying and Evaluating Nominees for Director*

The Nominating/Corporate Governance Committee evaluates candidates recommended by shareholders in the same manner as it evaluates director candidates suggested by others, including those recommended by director search firms.

See our Corporate Governance Principles which are available on our website, [www.tiffany.com](http://www.tiffany.com), and may be viewed by clicking "Investors" on that website, and then selecting "Corporate Governance." In accordance with these principles, candidates for director shall be selected on the basis of their business experience, expertise and skills, with a view to supplementing the business experience, expertise and skills of management and adding further substance and insight into Board discussions and oversight of management.

The candidate identification and evaluation process includes discussions at meetings of the Nominating/Corporate Governance Committee and specifications provided to director search firms when such firms are retained. The Nominating/Corporate Governance Committee has no procedure or means of assessing the effectiveness of this process other than the process described under "Board Self-Evaluation and Refreshment" below.

While the Company's Corporate Governance Principles do not prescribe diversity standards, as a matter of practice, the Nominating/Corporate Governance Committee considers the diversity of the Board as a whole when considering candidates for director. In this context, diversity is broadly construed to include differences in personal and professional experience, perspective, ways of thinking, education, skill and other individual qualities and attributes (including any such qualities and attributes that are self-identified by the applicable candidate) that contribute to a more diversified mindset among the directors. In addition, one of the factors that the Board considers during its annual self-evaluation is whether the membership of the Board provides an appropriate mix of skills, experience and backgrounds.

Roger N. Farah and James E. Lillie were originally appointed to the Board pursuant to the Cooperation Agreement, as discussed under "Item 1. Election of the Board" at PS-17.

### *Corporate Social Responsibility Committee*

The Corporate Social Responsibility Committee assists the Board in its oversight of the Company's initiatives, plans and practices with respect to corporate social responsibility matters of significance to the Company and the communities in which it operates. These matters are presently defined as ethical and sustainable sourcing, human rights, the environment, supplier conduct, labor conditions, climate change, diversity in employment, charitable giving, government relations and political spending. The Corporate Social Responsibility Committee operates under the charter adopted by the Board. The charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance."

### *Dividend Committee*

The Dividend Committee exercises the power otherwise vested in the Board with respect to the declaration of regular quarterly dividends in accordance with the dividend policy established by the Board. The Dividend Committee operates under the charter adopted by the Board. The charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors", and then selecting "Corporate Governance." Alessandro Bogliolo is the sole member of the Dividend Committee.

## *Finance Committee*

The Finance Committee assists the Board with its oversight of the Company's capital structure, liquidity risk, dividend policy, purchase and repurchase of the Company's common stock, debt and equity financings, the retention of investment bankers and other financial advisors to the Board or to the Company, the Company's schedule of, and strategy with respect to, insurance coverage, the Company's hedging policy and guarantee of indebtedness incurred by the Company's subsidiaries, as well as of currency, interest rate or commodity hedging transactions entered into by the Company's subsidiaries. The Finance Committee operates under the charter adopted by the Board. The charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors", and then selecting "Corporate Governance."

### **BOARD SELF-EVALUATION AND REFRESHMENT**

Annually, each non-management director participates in an assessment and evaluation of the Board's performance and the performance of each of the Board committees on which he or she serves. The results of such self-assessments are then discussed by the full Board.

Changes to Board composition may result from the Board's self-evaluation practices and related discussions; however, the Board also ensures refreshment through By-law provisions requiring that directors be less than age 74 when elected or appointed, unless the Board waives such provisions with respect to an individual director whose continued service is deemed uniquely important to the Company. The Board carefully considers its decisions with respect to its optimal size and the selection, nomination and election of individuals to serve as directors.

### **RESIGNATION ON JOB CHANGE OR NEW DIRECTORSHIP**

Under the Company's Corporate Governance Principles, a director must submit a letter of resignation to the Nominating/Corporate Governance Committee (i) on a change in employment or significant change in job responsibilities, (ii) upon accepting or resolving to accept a directorship with another public company (or any other organization that would require a significant time commitment) or (iii) in the case of a director who is a Company employee, upon retirement or other termination of his or her active employment with the Company. The Nominating/Corporate Governance Committee must promptly determine, in light of the circumstances, whether to accept or decline such resignation. In certain instances, taking into account all relevant factors and circumstances, the Nominating/Corporate Governance Committee may decline such resignation, but recommend to the Board that such director cease participation in one or more committees or that such director not be re-nominated to the Board. If the Nominating/Corporate Governance Committee does not accept such resignation within 10 days of receipt, the resignation will not be effective.

### **MANAGEMENT SUCCESSION PLANNING**

One of the Board's primary responsibilities is to ensure that the Company has a high-quality management team in place. The Board, assisted by the Nominating/Corporate Governance Committee, is responsible for selecting, evaluating the performance of, and determining whether to retain or replace the Company's CEO. Pursuant to the Company's Corporate Governance Principles, any such evaluations and determinations must be made with a view towards the effectiveness and execution of the strategies and decisions set forth by the CEO regarding the Company's long-term strategic plan and long-term financial performance.

The Board will, at least annually, evaluate Alessandro Bogliolo's performance as CEO in connection with a self-assessment performed by Mr. Bogliolo. The Board also evaluates, at least annually, in conjunction with the CEO, the performance and potential of the Company's other executive officers. The Board, assisted by the Nominating/Corporate Governance Committee, also participates in the planning for the succession of the Company's other executive officers.

### **BOARD ROLE IN RISK OVERSIGHT**

The Board believes that (i) management is responsible for identifying, assessing and managing the various risks that may arise in the Company's operations and ensuring that the Board is appropriately aware of any such material risks, and (ii) the Board has a role in overseeing management in the risk management function.

Management's approach to risk management includes systems of authorities and approval levels; internal control checks and balances; analytical methods for making and evaluating decisions; an annual enterprise risk assessment process; annual operating planning; strategic planning; and nurturing a corporate culture that encourages and rewards ethical behavior and supports the TIFFANY & CO. brand image. This approach to risk management reflects these goals: that every risk should, when possible and practicable, be identified, quantified as to impact, assigned a probability factor, and properly delegated to the appropriate member of management for a response. This approach helps to ensure that the Company's enterprise risk management process informs the Company's approach to strategic planning, as well as to managing the day-to-day operations of the business. Operational risks so categorized are also used to inform and shape the internal audit plan and are communicated to the Company's independent registered public accounting firm so that they can be referenced and used, if deemed appropriate, to inform and shape the external audit plan. Strategic risks are specifically addressed in the strategic planning process.

Each year, management is charged with the preparation of detailed business plans for the coming one-year (the annual operating plan) and three-year (the strategic plan) periods and is required to review these plans, as they are developed and refined, with the Board. Such plans include both financial and non-financial considerations. The Board requires management to plan on the basis of realistic assumptions. In this process, the Board endeavors to assess whether management has made an appropriate analysis of the strategic, operational and brand risks inherent in the plans.

Each year, the Board reviews and approves the annual operating plan and the strategic plan. The Board also annually reviews management's enterprise risk management assessment and results. In addition, as part of its general oversight role, the Board has responsibility for assessing material risks that arise in the Company's operations as identified by management and reviews mitigation plans for addressing such risks. These risk areas include, for example, risks related to competition, competitive brand positioning and execution on the Company's strategic initiatives, as well as sourcing, distribution and inventory risks.

The Audit Committee is required to discuss policies with respect to risk assessment and risk management and regularly does so. The Audit Committee concerns itself most specifically with the integrity of the financial reporting process, but also with risks related to employee safety, global security, fraud, litigation and other legal and compliance matters, and data privacy and data protection. The Audit Committee more generally reviews any litigation or other legal or compliance matters that could have a significant impact on the Company's financial results, as well as the status of the Company's income tax returns, any government audits related thereto, and the Company's overall tax strategy. The Audit Committee is further responsible for reviewing and discussing the Company's cybersecurity, data privacy and data security programs and regularly engages with management to monitor the risks related to this complex and evolving area.

The Compensation Committee is responsible for assessing, on an annual basis, potential material risks to the Company from its compensation programs and plans.

The Nominating/Corporate Governance Committee concerns itself principally with the Company's risks related to corporate governance, as well as succession planning for executive officers and directors.

The Finance Committee concerns itself principally with liquidity risk, including risks related to foreign currency exchange rates. The Finance Committee also annually reviews the Company's schedule of, and strategy with respect to, insurance coverage, as part of the Company's risk mitigation initiatives.

The Corporate Social Responsibility Committee assists the Board in its oversight of management's evaluation of risks and opportunities related to ethical and sustainable sourcing, human rights, the environment, supplier conduct, labor conditions, climate change, diversity in employment, charitable giving, government relations and political spending.

The Company has not designated an overall risk management officer and has no formal policy for coordination of risk management oversight amongst the Board committees involved. However, the full Board does approve the duties, responsibilities and procedures with respect to the areas of risk oversight specified in the charter of each committee. Each committee also shares the minutes of its meetings with the Board and reports regularly to the Board. The practices and processes set forth in this paragraph represent the Board's approach to coordinating the risk management oversight function. The committee structure of the Board was not organized specifically for the purpose of risk management oversight.

## BUSINESS CONDUCT POLICY AND CODE OF ETHICS

The Company has a long-standing policy governing business conduct for all Company employees worldwide. The policy requires compliance with law and avoidance of conflicts of interest and sets standards for various activities to avoid the potential for abuse or the occasion for illegal or unethical activities. This policy covers, among other activities, the protection of confidential Company information, insider information and transactions in Company securities, the acceptance of gifts from those seeking to do business with the Company, the giving of gifts or other items of value to third parties, processing one's own transactions, protection of computer passwords, political contributions made through the use of Company funds, prohibition of discrimination or harassment, theft, unauthorized disposition or unauthorized use of Company assets and reporting dishonest activity. Each year, all employees are required to review the policy, report any violations or conflicts of interest and affirm their obligation to report future violations to management.

The Company has a toll-free "hotline" to receive complaints from employees, vendors, shareholders and other interested parties concerning violations of the Company's policies or questionable financial, accounting, internal controls or auditing matters, as well as incidents of potential or suspected corruption and other legal and regulatory non-compliance. The toll-free phone number is 877-806-7464, and the hotline may also be accessed via a weblink on the Company's website referenced below. The hotline is operated by a third-party service provider to assure the confidentiality and completeness of all information received. Users of this service may elect to remain anonymous.

The Company also has a Code of Business and Ethical Conduct for the directors, the CEO, the CFO and all other executive officers of the Company. The Code advocates and requires those persons to adhere to principles and responsibilities governing professional and ethical conduct. This Code supplements the Company's business conduct policy. Waivers may only be made by the Board. A summary of the Company's business conduct policy and a copy of the Code of Business and Ethical Conduct are posted on the Company's website, [www.tiffany.com](http://www.tiffany.com), and may be viewed by clicking "Investors" on that website, and then selecting "Corporate Governance." The Board has not adopted a policy by which it will disclose amendments to, or waivers from, the Company's Code of Business and Ethical Conduct on the Company's website. Accordingly, the Company will file a report on Form 8-K if that Code is amended or if the Board has granted a waiver from such Code, including an implicit waiver. The Company will file such a report only if the waiver applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and if such waiver relates to: honest and ethical conduct; full, fair, accurate, timely and understandable disclosure; compliance with applicable governmental laws, rules and regulations; the prompt internal reporting of violations of the Code; or accountability for adherence to the Code.

## POLITICAL SPENDING

The Board has adopted the Tiffany & Co. Principles Governing Corporate Political Spending, which are intended to ensure oversight, transparency and effective decision-making with respect to the Company's political spending. The principles may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance."

In accordance with the Principles Governing Corporate Political Spending, the Company reported the following expenses for Fiscal 2019: the Company paid \$150,000 to Cassidy & Associates, a government relations firm based in Washington D.C. that engaged, on behalf of the Company, in lobbying efforts focused on public policy associated with various mining law, public lands conservation and sustainability issues, including with respect to the proposed Pebble Mine in Bristol Bay, Alaska, and in communications with certain governmental agencies regarding international gemstone sourcing as well as actions necessary to protect against wildlife trafficking. Cassidy & Associates did not use any funds from the Company to assist candidates for any office or to influence the outcome of ballot initiatives or elections. The Company also seeks to understand whether any membership dues the Company and its affiliates pay to major trade associations (defined to include those trade associations to which the Company and its affiliates pay at least \$25,000 in annual dues) were used by such trade associations for political expenditures. The major trade associations to which the Company and its affiliates paid annual dues in Fiscal 2019 have advised the Company that none of the Company's dues were used by such trade associations for political expenditures in Fiscal 2019. Additionally, the Company and its affiliates did not make any political expenditures during Fiscal 2019.

The Tiffany & Co. Principles Governing Corporate Political Spending define "political expenditures" to include payments of money as well as provision of goods, services or use of facilities to candidates, political parties, political

organizations, campaign funds or to any other organization, fund, person or trust, whose purpose, in whole or in part, is (i) to advance the candidacy of any person or persons seeking elective office, including the candidacies of nominees of any political party on a federal, national, statewide or local basis; (ii) to influence the outcome of any ballot initiative; or (iii) to influence the outcome of any election through issues advocacy communications, whether or not such communications specifically refer to a named candidate or party. Political expenditures also include indirect expenditures whose purpose includes any of the foregoing.

### **COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility has long been a priority of the Company. The Company strives to protect the interests of our shareholders, customers, employees and other stakeholders through responsible business decisions that reflect the integrity of the TIFFANY & CO. brand in both the short- and long-term; enhance the communities in which we source, operate and sell our merchandise; improve our environmental performance; and promote responsible practices within our supply chain and our industry.

Underscoring the importance of sustainability and corporate social responsibility to the Company, the Board established a Corporate Social Responsibility Committee in 2009. See "Corporate Social Responsibility Committee" at PS-29 for more information.

The Company publicly discloses information regarding its corporate social responsibility strategy, programs and performance at [www.tiffany.com/sustainability](http://www.tiffany.com/sustainability).

### **LIMITATION ON ADOPTION OF POISON PILL PLANS**

On January 19, 2006, the Board terminated the Company's shareholder rights plan (typically referred to as a "poison pill") and adopted the following policy:

"This Board shall submit the adoption or extension of any poison pill to a stockholder vote before it acts to adopt such poison pill; provided, however, that this Board may act on its own to adopt a poison pill without first submitting such matter to a stockholder vote if, under the circumstance then existing, this Board in the exercise of its fiduciary responsibilities deems it to be in the best interests of the Company and its stockholders to adopt a poison pill without the delay in adoption that is attendant upon the time reasonably anticipated to seek a stockholder vote. If a poison pill is adopted without first submitting such matter to a stockholder vote, the poison pill must be submitted to a stockholder vote within one year after the effective date of the poison pill. Absent such submission to a stockholder vote, and favorable action thereupon, the poison pill will expire on the first anniversary of its effective date."

### **TRANSACTIONS WITH RELATED PERSONS**

The Board has adopted policies and procedures for the review and approval or ratification of any transaction with the Company (or any subsidiary) in which (i) the aggregate amount involved will, or may be expected to, exceed \$120,000 in any fiscal year and (ii) any director or executive officer, any nominee for election as a director, any five-percent or greater holder of the Company's securities, or any immediate family member of such a director, officer, nominee or holder, has or will have a direct or indirect material interest. Any such transaction is referred to the Nominating/Corporate Governance Committee for review. The Nominating/Corporate Governance Committee will then evaluate such transaction and, where the Nominating/Corporate Governance Committee determines in its business judgment that such transaction is in the best interest of the Company, recommend such transaction for approval or ratification to the Board.

## CONTRIBUTIONS TO DIRECTOR-AFFILIATED CHARITIES

Pursuant to the Company's Corporate Governance Principles, contributions made by the Company during any fiscal year to charitable organizations with which the Company's directors are affiliated, through memberships on the governing body of such charitable organization, are required to be disclosed in the Company's annual proxy statement for such fiscal year. The contributions listed below were made during Fiscal 2019. None of the independent directors serve as an executive officer of these charities:

- Fish Family Foundation: \$10,000 cash contribution and merchandise grants of \$385 to support the Champion of Change Japan Award (Lawrence K. Fish, who served as a director of the Company during Fiscal 2019 but did not stand for re-election at the 2019 Annual Meeting, is a Trustee).
- Prep for Prep: merchandise grants of \$2,885 (William A. Shutzer is a Trustee).
- Whitney Museum of American Art (the "Whitney"): \$1,000,000 sponsorship payment pursuant to the terms of the sponsorship agreement entered into between Tiffany and the Whitney in 2015. Pursuant to the terms of the sponsorship agreement, Mr. Bogliolo was proposed for election, and was subsequently elected, to the Board of Trustees of the Whitney.

**ITEM 2. RATIFICATION OF THE SELECTION OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO AUDIT OUR FISCAL 2020 FINANCIAL STATEMENTS**

The Audit Committee has appointed, and the Board has ratified the appointment of, PwC as the independent registered public accounting firm to audit the Company's consolidated financial statements for Fiscal 2020. As a matter of good corporate governance, we are asking you to ratify this selection.

PwC, directly and through its predecessor firms, has served as the Company's independent registered public accounting firm since 1984.

A representative of PwC will be in attendance at the 2020 Annual Meeting to respond to appropriate questions raised by shareholders and will be afforded the opportunity to make a statement at the meeting, if he or she desires to do so.

The Board may review this matter if this appointment is not ratified by the shareholders.

**THE BOARD RECOMMENDS A VOTE "FOR" RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO AUDIT OUR CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2020.**

## REPORT OF THE AUDIT COMMITTEE

The primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the (i) integrity of the Company's financial statements, (ii) Company's compliance with legal and regulatory requirements, (iii) Company's process to assess, monitor and control major financial risk exposures, (iv) independent auditor's qualifications and independence, and (v) performance of the Company's internal audit function and independent auditor. The Audit Committee operates under a charter adopted by the Board; that charter may be viewed on the Company's website, [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and then selecting "Corporate Governance." The Company's management is responsible for the Company's internal controls and for preparing the Company's consolidated financial statements contained in the Company's public reports. The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), is responsible for auditing the annual financial statements prepared by management and for expressing opinions on the Company's consolidated financial statements and on the effectiveness of the Company's internal control over financial reporting in accordance with the Public Company Accounting Oversight Board (United States) (the "PCAOB").

Included in the Company's Annual Report to Shareholders are the consolidated balance sheets of the Company and its subsidiaries as of January 31, 2020 and 2019, and the related consolidated statements of earnings, comprehensive earnings, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2020. These statements (the "Audited Financial Statements") are the subject of a report by PwC. The Audited Financial Statements are also included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

The Audit Committee reviewed and discussed the Audited Financial Statements with the Company's management and PwC, as appropriate, and otherwise fulfilled the responsibilities set forth in its charter. The Audit Committee has also discussed with the Company's management and PwC their evaluations of the effectiveness of the Company's internal control over financial reporting, as well as the quality, not just acceptability, of the accounting principles applied and the reasonableness of the significant accounting judgments and estimates incorporated in the Audited Financial Statements. The Audit Committee has discussed with PwC the matters required to be discussed by PCAOB Auditing Standard No. 1301, "Communications with Audit Committees." In connection with such discussion, the Audit Committee and PwC also discussed the business, compliance and financial reporting risks to which the Company is subject.

The Audit Committee also received from PwC the written disclosure and letter required by PCAOB Rule 3526 "Communication with Audit Committees Concerning Independence," and has discussed with them their independence. PwC has, directly or through its predecessor firms, served as the Company's independent registered public accounting firm continuously since 1984. In selecting PwC to serve in this capacity for the fiscal year ending January 31, 2021, the Audit Committee considered the quality and efficiency of the services provided by PwC, including PwC's technical expertise and knowledge of the Company's business operations, accounting policies and internal control over financial reporting. The Audit Committee also considered whether the provision by PwC of the tax consulting, tax compliance and other non-audit-related services disclosed below under "Relationship with Independent Registered Public Accounting Firm—Fees and Services of PricewaterhouseCoopers LLP" is compatible with maintaining PwC's independence and has concluded that providing such services is compatible with PwC's independence from the Company and its management.

Based upon the review and discussions referred to above, the Audit Committee recommended to the Company's Board that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020.

Signed:

Robert S. Singer, Chair

Hafize Gaye Erkan

James E. Lillie

Members of the Audit Committee

**RELATIONSHIP WITH INDEPENDENT  
REGISTERED PUBLIC ACCOUNTING FIRM**

As noted under "Audit Committee" at PS-26, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Further, the Audit Committee ensures the rotation of the lead audit partner having responsibility for the audit of the Company's consolidated financial statements and effectiveness of internal control over financial reporting and further ensures the rotation of the audit partner responsible for reviewing such audit, in each case as required by law. The Audit Committee also considers whether the audit and non-audit services provided by the Company's independent registered public accounting firm are compatible with maintaining that firm's independence, and periodically considers whether, in order to assure continuing auditor independence, there should be regular rotation of such firm. These processes enable the Audit Committee to ensure the continuing independence of the Company's independent registered public accounting firm. The Audit Committee also evaluates the quality and efficiency of the services provided by such firm, including that firm's technical expertise and knowledge of the Company's business operations, accounting policies and internal control over financial reporting, in determining whether to appoint or retain such firm.

On the basis of its Fiscal 2019 review of these independence, quality and efficiency considerations, the Audit Committee has selected PwC as the independent registered public accounting firm to audit the Company's consolidated financial statements and effectiveness of internal control over financial reporting for the fiscal year ending January 31, 2021.

The Audit Committee has adopted a policy requiring advance approval of PwC's fees and services by the Audit Committee; this policy also prohibits PwC from performing certain non-audit services for the Company including: (i) bookkeeping, (ii) financial information systems design and implementation, (iii) appraisal or valuation services, fairness opinions or contribution in kind reports, (iv) actuarial services, (v) internal audit outsourcing services, (vi) management functions or human resources, (vii) investment advisor or investment banking services, and (viii) legal and expert services unrelated to the audit. All fees paid to PwC by the Company as shown in the table that follows were approved by the Audit Committee pursuant to this policy.

**FEES AND SERVICES OF PRICEWATERHOUSECOOPERS LLP**

The following table presents fees for professional audit services rendered by PwC for the audit of the Company's consolidated financial statements and the effectiveness of internal control over financial reporting for the years ended January 31, 2020 and 2019, and for its reviews of the Company's unaudited condensed consolidated interim financial statements. This table also reflects fees billed for other services rendered by PwC.

	January 31, 2020	January 31, 2019
Audit Fees	\$ 4,134,900	\$ 3,679,700
Audit-related Fees	427,000	712,800
Audit and Audit-related Fees	4,561,900	4,392,500
Tax Fees <sup>a</sup>	1,084,800	1,978,400
All Other Fees <sup>b</sup>	180,600	178,400
Total Fees	\$ 5,827,300	\$ 6,549,300

- a) Tax fees consist of fees for tax compliance and tax consulting services. These fees include tax compliance fees of \$950,700 for the year ended January 31, 2020 and \$1,797,000 for the year ended January 31, 2019.
- b) All other fees consist primarily of the Sustainability Assurance, Kimberley Process Agreed Upon Procedures and costs for research software for the years ended January 31, 2020 and January 31, 2019.

### **ITEM 3. APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS**

Rule 14a-21(a) was adopted by the SEC under the Exchange Act. It requires the Company to include in its proxy statement, at least once every three years, a separate shareholder advisory vote to approve the compensation of the Company's named executive officers. Accordingly, we are presenting the following resolution for the vote of the shareholders at the 2020 Annual Meeting:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K under the Securities Exchange Act of 1934 (as amended) in this Proxy Statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, be and hereby is APPROVED.

The disclosed compensation paid to the Company's named executive officers (Alessandro Bogliolo, Mark J. Erceg, Philippe Galtie, Leigh M. Harlan and Daniella Vitale) for which your approval is sought may be found at PS-40 through PS-86 of this Proxy Statement.

At the 2019 Annual Meeting, the Company included in its proxy statement a separate shareholder advisory vote to approve the compensation of the Company's named executive officers for the fiscal year ended January 31, 2019. The Company's Say on Pay proposal passed with 95.76% of the shareholder advisory votes in favor of the Company's executive compensation program.

**THE BOARD RECOMMENDS A VOTE "FOR" APPROVAL OF THE COMPENSATION PAID TO THE NAMED EXECUTIVE OFFICERS IN FISCAL 2019.**

## COMPENSATION OF THE CEO AND OTHER EXECUTIVE OFFICERS

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## COMPENSATION DISCUSSION AND ANALYSIS ("CD&A")

This Compensation Discussion and Analysis explains the Company's compensation program as it pertains to the Company's named executive officers ("NEOs") for Fiscal 2019.

### NAMED EXECUTIVE OFFICERS

The Company's NEOs for Fiscal 2019 were as follows:

Alessandro Bogliolo	Chief Executive Officer
Mark J. Erceg	Executive Vice President–Chief Financial Officer
Philippe Galtie	Executive Vice President–Global Sales
Leigh M. Harlan	Senior Vice President–Secretary and General Counsel
Daniella Vitale	Executive Vice President–Chief Brand Officer

### EXECUTIVE SUMMARY

#### **LVMH Merger Agreement**

As described in more detail at PS-4, on November 24, 2019, the Company entered into the Merger Agreement with LVMH Moët Hennessy-Louis Vuitton SE, Breakfast Holdings Acquisition Corp. and Breakfast Acquisition Corp. The Merger Agreement provides for the following treatment of outstanding equity grants at the effective time of the Merger ("Effective Time"):

- Each award of stock options that is outstanding immediately before the Effective Time, whether vested or unvested, will be canceled and converted into the right to receive an amount in cash, without interest, equal to the product of (A) the excess, if any, of (1) \$135.00 (the "Per Share Merger Consideration") over (2) the per share exercise price for such stock option, multiplied by (B) the total number of shares underlying such stock option, less any required withholding taxes;
- Each PSU that is outstanding immediately before the Effective Time will be canceled and converted into the right to receive an amount in cash, without interest, equal to the sum of (A) any accrued but unpaid cash in respect of dividend equivalent rights representing fractional shares with respect to such PSU, plus (B) the product of (1) the total number of shares subject to such PSU (including, for the avoidance of doubt, any dividend equivalent units credited in respect of such PSU) immediately prior to the Effective Time, multiplied by (2) \$135.00, less any required withholding taxes; and
- Each RSU that is outstanding immediately before the Effective Time will be canceled and converted into the right to receive an amount in cash, without interest, equal to the sum of (A) any accrued but unpaid cash in respect of dividend equivalent rights representing fractional shares with respect to such RSU, plus (B) the product of (1) the total number of shares underlying such RSU (including, for the avoidance of doubt, any dividend equivalent units credited in respect of such RSU), multiplied by (2) \$135.00, less any required withholding taxes.

#### **2019 Retention and Tax Mitigation Actions**

To mitigate the potential impact of Sections 280G and 4999 of the Internal Revenue Code on the Company and its executive officers (including the NEOs), the Board or the Compensation Committee (the "Committee"), as applicable, approved the following actions on December 13, 2019:

- The Fiscal 2019 annual cash incentive awards that would otherwise have been payable in the first quarter of Fiscal 2020 were paid in part in December 2019, with the remainder paid in March 2020. The amount paid in December 2019 to each NEO is shown below in "Short-Term Incentive Award" at PS-43.
- Certain RSUs and stock options that had been scheduled to vest before January 31, 2021, were accelerated to vest as of December 17, 2019. The following grants were accelerated for the NEOs: Mr. Bogliolo, 4,450

RSUs and 220,213 stock options; Mr. Erceg, 97,170 stock options; Mr. Galtie, 3,062 RSUs and 70,319 stock options; and Ms. Harlan, 3,762 RSUs and 36,782 stock options.

- A portion of the PSUs awarded in January 2017 ("2017 PSUs") that had been scheduled to vest in March 2020 were accelerated to vest as of December 17, 2019, with the remainder vesting in March 2020. The number of 2017 PSUs that vested on December 17, 2019, and the remainder that vested in March 2020, are shown below under "Performance-Based Restricted Stock Units" at PS-43.

In exchange for the actions described above, the NEOs entered into restrictive covenant agreements that include non-competition and non-solicitation restrictions for a period of 18 months post-employment for Mr. Bogliolo and one year for the other NEOs, as well as indefinite confidentiality obligations.

In addition, as permitted by the Merger Agreement, cash retention awards were paid in December 2019 to certain of the NEOs, as follows: Mr. Bogliolo, \$2,700,000; Mr. Galtie, \$800,000; Ms. Harlan, \$2,530,000; and Ms. Vitale \$900,000. Payment of these cash retention awards was subject to the execution of the restrictive covenant agreements described above, as well as an agreement (the "Special Bonus Agreement") requiring repayment if the recipient resigns without good reason (or pursuant to a claim of good reason where the claim is based solely upon the occurrence or anticipated occurrence of the Merger) or is terminated for cause prior to January 31, 2021. The Company determined to pay these cash retention awards in December 2019, subject to recoupment, in order to mitigate the potential impact of Sections 280G and 4999 of the Internal Revenue Code with respect to such awards.

### **2019 Changes in Executive Management**

Ms. Vitale was appointed Executive Vice President–Chief Brand Officer, effective December 1, 2019. Pamela H. Cloud, Senior Vice President–Chief Merchandising Officer, ceased being an executive officer, effective November 26, 2019.

### **2019 Company Performance**

Reflected below are key highlights for Fiscal 2019:

<b>Stock Price at January 31, 2020</b>	<b>Stock Price at January 31, 2019</b>	<b>Total Dividends Paid Per Share</b>	<b>One-Year Total Shareholder Return</b>
\$134.02	\$88.73	\$2.29	54%

<i>(in millions, except per share amounts)</i>	<b>Fiscal 2019</b>	<b>Fiscal 2018</b>
Earnings from operations		
As reported	\$ 732.6	\$ 790.3
As adjusted*	753.8	790.3
Net earnings		
As reported	541.1	586.4
As adjusted*	558.2	586.4
Diluted earnings per share		
As reported	4.45	4.75
As adjusted*	4.59	4.75

\*See Appendix I at PS-93 for Non-GAAP reconciliation.

<b>Sales:</b>	Worldwide net sales were approximately unchanged compared to the prior year. Comparable sales decreased 1% from the prior year. On a constant-exchange-rate basis (see Appendix I at PS-93), worldwide net sales increased 1% and comparable sales were approximately unchanged.
<b>Profitability:</b>	Net earnings decreased to \$541.1 million, or \$4.45 per diluted share, in Fiscal 2019 from \$586.4 million, or \$4.75 per diluted share, in the Company's fiscal year ended January 31, 2019 ("Fiscal 2018"). Net earnings in Fiscal 2019 included the impact of costs related to the proposed Merger, as described in Appendix I at PS-93. Excluding these charges, net earnings decreased to \$558.2 million, or \$4.59 per diluted share.
<b>Store Expansion:</b>	The Company added a net of five TIFFANY & CO. stores (opening four in Japan, two in the Americas, two in Asia-Pacific and one in Europe, while closing two stores in the Americas, one store in Asia-Pacific and one store in Japan) and relocated or renovated 18 existing stores. Gross retail square footage increased 3%, net.
<b>Cash Flow:</b>	Cash flow from operating activities was \$670.9 million in Fiscal 2019, compared with \$531.8 million in Fiscal 2018. Free cash flow (see Appendix I at PS-93) was \$350.3 million in Fiscal 2019, compared with \$249.7 million in Fiscal 2018.
<b>Returning Capital to Shareholders:</b>	The Company returned capital to shareholders by paying regular quarterly dividends (which were increased 5% effective July 2019 to \$0.58 per share, or an annualized rate of \$2.32 per share) and by repurchasing 1.8 million shares of its common stock for \$163.4 million.

### **2019 Compensation Overview**

Based on Fiscal 2019 results, short-term incentive awards were paid out to the NEOs at levels ranging from 52.8% to 74.8% of target based on the extent of achievement of operating earnings, Constant Currency Sales Growth and individual performance targets. This payout reflected net sales approximately unchanged from the prior year, Constant Currency Sales Growth of 1% and operating earnings of \$732.6 million, as reported, and \$753.8 million, as adjusted, for Fiscal 2019 (see Appendix I at PS-93). The 2017 PSUs, granted for the three-year performance period beginning on February 1, 2017, and ending on January 31, 2020, vested at the maximum level, as contemplated by the Merger Agreement. (See below under "Performance-Based Restricted Stock Units" at PS-43.)

The design of the short-term and long-term incentive programs for Fiscal 2020 remained generally unchanged from Fiscal 2019. In reviewing the design of the program and establishing individual compensation for Fiscal 2020, the Committee took into account individual performance, Company performance, past practice and shareholder feedback. Following this evaluation, the Committee increased Fiscal 2020 base salaries for the NEOs (other than Ms. Vitale, due to her appointment in December 2019) by 5%. Target percentages for short-term and long-term incentive compensation for the NEOs remained unchanged from the prior year.

## 2019 Incentive Compensation

### Short-Term Incentive Award

Under the targets and guidelines established by the Committee at the start of Fiscal 2019, the NEOs were eligible to earn up to 200% of their target short-term incentive awards based on corporate and individual performance. The performance measures established for the Fiscal 2019 short-term incentive awards, the portion of the target award that may be paid based on achievement of performance goals at target, and the amounts paid out based on actual achievement are shown below.

Name	Target Annual Incentive Award	Potential Payout Based on Target Achievement			Actual Payout of Annual Incentive Award (52.8% - 74.8% of Target)
		Operating Earnings (60% of Target)	Constant Currency Sales Growth (20% of Target)	Individual Performance (20% of Target)	
Alessandro Bogliolo	\$ 2,025,000	\$ 1,215,000	\$ 405,000	\$ 405,000	\$ 1,494,450
Mark J. Erceg	\$ 680,000	\$ 408,000	\$ 136,000	\$ 136,000	\$ 406,640
Philippe Galtie	\$ 640,000	\$ 384,000	\$ 128,000	\$ 128,000	\$ 337,920
Leigh M. Harlan	\$ 345,000	\$ 207,000	\$ 69,000	\$ 69,000	\$ 258,060
Daniella Vitale	\$ 122,301	\$ 73,381	\$ 24,460	\$ 24,460	\$ 67,021

In accordance with the offer letter provided to her, the target annual incentive award shown above for Ms. Vitale is a pro-rated amount that reflects her appointment in December 2019. In addition, for each NEO, a portion of the payout shown above was paid prior to the end of the performance period, in December 2019, with the remainder paid after the end of the performance period. See "2019 Retention and Tax Mitigation Actions" at PS-40. The following amounts were paid in December 2019: Mr. Bogliolo, \$793,800; Mr. Erceg, \$266,560; Mr. Galtie, \$250,880; Ms. Harlan, \$135,240; and Ms. Vitale, \$47,942.

### Performance-Based Restricted Stock Units

The Merger Agreement permits the Company to vest the 2017 PSUs at the maximum level, regardless of actual performance, in the event that the Effective Time is expected to occur after the vesting date for such PSUs. Accordingly, in March 2020, the Committee took action to vest the 2017 PSUs at 100% of the maximum award, resulting in the payouts shown below:

	Target Number of 2017 PSUs Awarded <sup>1</sup>	Maximum Number of 2017 PSUs Awarded <sup>1</sup>	Percentage of Maximum 2017 PSUs Vested	Total Number of 2017 PSUs Vested <sup>2</sup>
Mark J. Erceg	13,411	26,822	100%	28,520
Philippe Galtie	6,153	12,306	100%	13,085
Leigh M. Harlan	5,444	10,888	100%	11,577

<sup>1</sup> Prior to accrual of any dividend equivalent units

<sup>2</sup> Includes accrued dividend equivalent units

In addition, as described in "2019 Retention and Tax Mitigation Actions" at PS-40, a portion of the 2017 PSUs shown above was accelerated to vest in December 2019, while the remainder vested in March 2020. The following number of 2017 PSUs (including the underlying dividend equivalent units) were accelerated to vest in December 2019: Mr. Erceg, 10,779 PSUs; Mr. Galtie, 4,945 PSUs; and Ms. Harlan, 4,375 PSUs. None of the remaining NEOs held 2017 PSUs, as they were appointed after January 2017.

**Target Compensation for Named Executive Officers in Fiscal 2020**

At its January 2020 meeting, the Committee approved the target direct compensation for Fiscal 2020 shown below:

	2020 Annual Base Salary	Target Short-Term Incentive Award		Target Long-Term Incentive Award		Total Target Direct Compensation	Change in Total Target Direct Compensation from Fiscal 2019
		Amount	Percentage of base salary	Amount	Percentage of base salary		
Alessandro Bogliolo	\$ 1,417,500	\$ 2,126,250	150%	\$ 7,371,000	520%	\$ 10,914,750	5%
Mark J. Erceg	\$ 892,500	\$ 714,000	80%	\$ 2,231,250	250%	\$ 3,837,750	5%
Philippe Galtie	\$ 840,000	\$ 672,000	80%	\$ 1,680,000	200%	\$ 3,192,000	5%
Leigh M. Harlan	\$ 603,750	\$ 362,250	60%	\$ 905,625	150%	\$ 1,871,625	5%
Daniella Vitale	\$ 900,000	\$ 720,000	80%	\$ 2,250,000	250%	\$ 3,870,000	—%

In light of her appointment in December 2019, no changes were made to Ms. Vitale's target direct compensation for Fiscal 2020. For the remaining NEOs, based on the considerations described in "Base Salary" at PS-51, the Committee approved a 5% increase in base salary for Fiscal 2020.

**Corporate Governance Best Practices**

The Board seeks to ensure that the Company's executive compensation program conforms to sound corporate governance principles and policies, as demonstrated by the following practices:

WHAT WE DO	WHAT WE DON'T DO
<input checked="" type="checkbox"/> <b>Pay for performance:</b> For Fiscal 2020, as in prior years, a significant portion (53.2% for the CEO and 46.6% on average for the remaining NEOs) of target direct compensation is tied to the Company's financial performance (that is, is awarded in the form of cash incentives or PSUs).	<input checked="" type="checkbox"/> <b>Tax gross-ups:</b> No tax gross-ups are paid to executive officers, other than for one-time relocation expenses.
<input checked="" type="checkbox"/> <b>Limited use of employment agreements:</b> Employment agreements are used only as necessary to attract newly recruited executives.	<input checked="" type="checkbox"/> <b>Pay current dividends on unvested long-term incentives:</b> Current dividends are not paid on stock options and are not paid on unvested RSUs and PSUs until vesting.
<input checked="" type="checkbox"/> <b>Independent Executive Compensation Consultant:</b> The Committee periodically consults with an independent compensation consultant to advise on the executive compensation program and practices.	<input checked="" type="checkbox"/> <b>Repricing of underwater stock options without shareholder approval:</b> The Company's shareholder-approved employee incentive plan does not permit repricing of underwater stock options without shareholder approval.
<input checked="" type="checkbox"/> <b>Share Ownership Policy:</b> Executive officers are expected to acquire and hold Company common stock worth two to five times their annual base salary.	<input checked="" type="checkbox"/> <b>Permit pledging of Company stock:</b> The Company's policy on insider information, applicable to all employees, officers and directors, prohibits pledging or margining of Company securities.
<input checked="" type="checkbox"/> <b>"Dual trigger" requirement for Change in Control severance benefits:</b> Following a change in control, cash severance benefits will only be paid in the event of an involuntary termination of employment. Outstanding equity awards will only be vested if the change in control is followed by involuntary termination, or if the Company does not survive the transaction and the surviving entity does not assume the obligations in question (a "Terminating Transaction"). The Merger will constitute a Terminating Transaction.	<input checked="" type="checkbox"/> <b>Permit hedging of Company stock:</b> The Company's policy on insider information expressly prohibits speculative transactions (i.e. hedging) such as the purchase of calls or puts, selling short or speculative transactions as to any rights, options, warrants or convertible securities related to Company securities.
<input checked="" type="checkbox"/> <b>Provide limited perquisites:</b> Perquisites are provided to executive officers on a limited basis only (for example, life insurance benefits and executive long-term disability benefits).	<input checked="" type="checkbox"/> <b>Grant stock options below 100% of fair market value:</b> The Company's shareholder-approved employee incentive plan does not permit stock options to be granted below 100% of fair market value.
<input checked="" type="checkbox"/> <b>Clawback policy:</b> Incentive-based compensation (such as cash incentive awards and PSUs, but excluding stock options and RSUs) are subject to recoupment in the event of an accounting restatement due to material noncompliance with financial reporting requirements.	

PROXY STATEMENT

## OVERVIEW OF THE EXECUTIVE COMPENSATION PROGRAM

### Short- And Long-Term Planning

The performance of management in developing and executing operational and strategic plans and initiatives determines the Company's success in achieving its financial and brand stewardship goals — both short- and long-term. The executive compensation program is thus informed by the Company's annual planning process, in which short- and long-term goals are established.

As part of each year's planning process, the executive officers develop and submit to the Board:

- A three-year strategic plan that balances financial and "brand stewardship" objectives (see below); and
- An annual operating plan for the fiscal year.

Each plan must incorporate goals that are both challenging and realistic for sales, gross margins, selling, general and administrative expenses (including marketing, staffing and other expenses), inventory management, capital spending and all other elements of the Company's financial performance (including capital allocation). As part of the development process, management discusses preliminary versions of the plans with the Board and makes revisions as necessary to incorporate the Board's feedback. The plans are generally finalized and approved at the Board's March meeting.

"Brand stewardship" refers to actions taken by management to maintain, in the minds of consumers, strong associations between the TIFFANY & CO. brand and product quality, craftsmanship, luxury, the highest levels of customer service, compelling store design and product display and responsible product sourcing practices.

The Committee recognizes that trade-offs between near-term financial objectives and brand stewardship are often difficult. For example, introducing certain new designs can enhance brand image and attract new customers, but affect overall margin negatively in the short term; increased staffing can positively affect customer service while negatively affecting earnings in the short term; and expanding inventory can enhance the customer experience but also affect operating cash flow negatively in the short term. Through the planning process, management must balance expectations for annual earnings growth and cash flow generation with its focus on brand stewardship and sustainable growth.

### Objectives of the Executive Compensation Program

The Committee has established the following objectives for the executive compensation program:

- To attract, motivate and retain the management talent necessary to develop and execute both the annual operating plan and the strategic plan;
- To reward achievement of short- and long-term financial goals; and
- To align management's interests with those of the Company's shareholders.

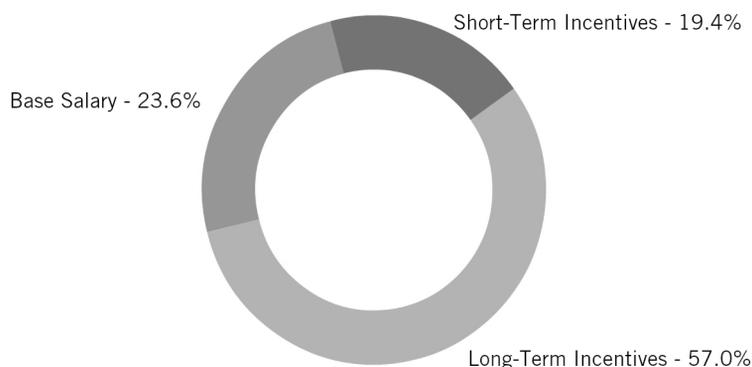
The total executive compensation program includes base salary, short- and long-term incentives, special equity grants and benefits.

### Overview of Key Compensation Components

The Fiscal 2020 executive compensation program incorporates the key components shown below. As in past years, the program incorporates both fixed and performance-based components. Short-term incentive awards, PSUs and stock options are considered to be performance-based components. Although RSUs are not considered to be performance-based, the value of the shares awarded varies with the Company's stock price, adding a performance component. For Fiscal 2020, RSUs were awarded in lieu of stock options in light of the proposed Merger, as described in more detail in "Types of Equity Awards" at PS-55. Notwithstanding this change, performance-based components continue to represent a significant portion of target direct compensation for the NEOs (53.2% for the CEO and 46.6% for the remaining NEOs, on average).

The graph and chart below show the average percentage contribution of key compensation components awarded to the NEOs in January 2020. The chart below also indicates which components are considered to be performance-based, as well as which components are linked to the Company's stock price.

### Target Total Direct Compensation



Component	Base Salary - 23.6%	Short-Term Incentives - 19.4%	Long-Term Incentives - 57.0%	
			PSUs	RSUs
Compensation Program Objective	Attract and retain management talent	Reward achievement of annual financial targets and individual strategic leadership	Fiscal 2020 long-term incentives split evenly between PSUs and RSUs Reward achievement of long-term financial objectives, align management and shareholder interests and encourage retention	
Description	Base salary provides cash compensation that is not "at risk" so as to provide a stable source of income and financial security. Amounts are designed to provide a reasonable level of fixed compensation that is competitive with the market.	Cash payments are dependent on the degree of achievement of annual operating earnings, Constant Currency Sales Growth and individual performance targets. The Committee retains discretion to reduce awards.	PSUs vest upon achievement of financial goals over a three-year period. The Committee retains discretion to reduce awards. The value of earned shares varies with stock price, adding a further performance component.	RSUs granted annually in January vest ratably over four years. While the number of shares that may be earned is fixed, the value of earned shares varies with stock price, adding a performance component.
Performance-Based		√	√	
Value Linked to Stock Price			√	√

PROXY STATEMENT

The Company also offers the following compensation components in addition to the annual compensation program described above:

<b>Special time-vesting restricted stock units and stock options</b>	Prior to Fiscal 2019, in addition to being granted as a component of annual long-term incentive compensation, RSUs and stock options were granted from time to time on a selective basis, typically in connection with promotions or new hires or for recognition and retention purposes. These awards vest according to their terms. In Fiscal 2019, no such grants were made to the NEOs.
<b>Benefits</b>	Used to attract and retain executives. Composed of a comprehensive program of benefits, including disability benefits, life insurance benefits, and retirement benefits that build cash value.

### Alignment of Plan Design and Short- and Long-Term Objectives

The metrics established for performance-based compensation are linked to the Company's short- and long-term strategic objectives. The performance metrics established for incentive awards provided for Fiscal 2020, and the strategic objectives to which they are linked, are shown below.

Performance-Based Compensation Linked to the Company's Strategic Objectives		
Form of Incentive	Strategic Objective	Performance Metric and Weighting
<b>Annual Incentive Awards</b>	Increased profitability through sales growth and margin expansion	Operating earnings (60%)
	Sales growth through effective brand positioning and customer engagement initiatives	Constant Currency Sales Growth (20%)
	Individual goals, including strategic thinking and leadership	Individual factors (20%)
<b>Performance-Based Restricted Stock Units</b>	Earnings growth through sales growth, margin expansion, network optimization and capital allocation decisions	3-year cumulative EPS (80%)
	Effective cash generation, excluding impact of capital expenditures, through focus on inventory management, procurement strategy and systems and process enhancements	3-year cumulative operating cash flow (20%)
	Ability to return value to shareholders	

## COMPENSATION DECISION-MAKING PROCESS

### Setting Executive Compensation

The Committee determines remuneration arrangements for executive officers and makes awards to executive officers under the Company's incentive and equity-based plans (currently, the 2014 Employee Incentive Plan), as more fully described in the Committee Charter. In January of each year, the Committee establishes the target amount of total compensation for each executive officer for the coming fiscal year. At the same time, the Committee also establishes the target levels for short- and long-term incentive compensation and approves annual equity grants. This follows a process in which the Committee conducts a detailed review of each executive officer's compensation.

### Compensation Evaluation Process

The following were the key components of the Committee's evaluation process in Fiscal 2019:

#### ***Consideration of Say on Pay and Shareholder Feedback***

The Committee weighs the level of shareholder support for the compensation program, as demonstrated by the Say on Pay vote, as well as other shareholder feedback.

**Independent Compensation Consultant**

In connection with carrying out its responsibilities, the Committee periodically consults with FW Cook, its independent compensation consultant. See "Role of Compensation Consultants" at PS-28 for discussion of the selection process for FW Cook, which includes an independence analysis.

**Tally Sheets**

The Committee periodically reviews "tally sheets" prepared by the Company's Human Resources division for each executive officer. The tally sheets include data concerning historical compensation as well as information regarding share ownership and other benefits accumulated from employment with Tiffany. The tally sheets provide a historical view of multiple compensation elements, as further context for compensation decisions.

**Consultations with the Chief Executive Officer**

In periodic meetings with the Committee, the CEO provides his views as to the individual performance of the other executive officers, and the Committee solicits his recommendations with respect to their compensation. His input is especially important with respect to the evaluation of the individual performance factors used in determining short-term incentives, as well as for setting base salary and target incentive compensation as a percentage of base salary. The Committee also relies on its own business judgment as to its past practice and each executive officer's experience and skill set, capacity for growth, expected contributions, breadth, scope and complexity of role, demonstrated success and desirability to other employers.

**Coordination with Financial Results and Annual Operating and Strategic Planning Process**

In December 2019, the Committee reviewed a forecast of financial results for Fiscal 2019 and approved payment of a portion of the Fiscal 2019 short-term incentive awards. The amount paid represented only a portion of the full amount expected to be ultimately payable based on then-forecasted full-year results. The Committee also accelerated a portion of the 2017 PSUs to vest in December 2019, with the accelerated portion representing the number of shares expected to be eligible to vest following the end of the performance period, based on then-forecasted full-year results. See "2019 Retention and Tax Mitigation Actions" at PS-40.

In January 2020, the Committee reviewed an updated forecast of financial results for Fiscal 2019, along with tentative calculations of the full amounts to be paid out in respect of the Fiscal 2019 short-term incentive awards. In March 2020, when Fiscal 2019 financial results were nearly final, the Committee reviewed final short-term incentive payout amounts calculated based on the full year's actual results, and approved payment of the final amounts, less the amounts that had been previously paid in December 2019. The Committee additionally took action in March 2020 to vest the remaining 2017 PSUs in full, notwithstanding actual performance, as contemplated by the Merger Agreement.

In January 2020, the Committee also granted annual short-term incentive awards for the one-year period beginning February 1, 2020, with reference to a preliminary draft of the Company's annual operating plan, as well as long-term incentive awards for the three-year performance period beginning on February 1, 2020, with reference to a preliminary draft of the Company's three-year strategic plan. Prior to January 2020, long-term incentives included stock options, PSUs and, for certain executive officers, RSUs. In January 2020, in light of the proposed Merger, RSUs were awarded in lieu of stock options. The specific financial goals for the short-term and long-term incentives were established in March 2020, when the annual operating plan and strategic plan were approved by the Board and adopted by the Company. The Committee has never delegated to management its authority to make such awards.

**No Benchmarks**

In establishing NEO compensation for Fiscal 2020, the Committee did not set a "benchmark" to competitive compensation data or formally review such data, relying instead on the processes and factors described above.

## COMPONENTS OF EXECUTIVE COMPENSATION

### Relative Values of Key Compensation Components

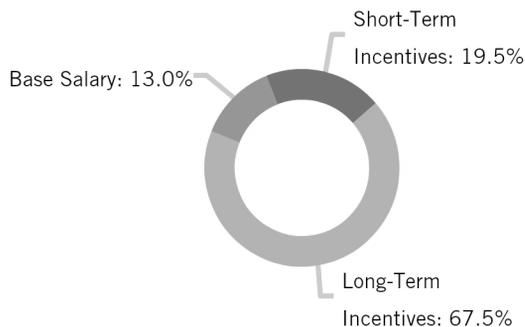
In January 2020, as part of its annual review of the target level of short- and long-term incentives for each executive officer, the Committee adopted the target incentive opportunities (expressed as a percentage of base salary) shown below. The Committee believes that a minimum of 60% of the target total direct compensation of the CEO and of approximately 50% of the target total direct compensation of the other executive officers should be composed of long-term incentives to link realized compensation to the Company's longer-term financial and stock price performance.

Executive	Position	Target Short-Term Incentive as a Percentage of Salary	Target Long-Term Incentive as a Percentage of Salary
Alessandro Bogliolo	Chief Executive Officer	150%	520%
Mark J. Erceg	Executive Vice President–Chief Financial Officer	80%	250%
Philippe Galtie	Executive Vice President–Global Sales	80%	200%
Leigh M. Harlan	Senior Vice President–Secretary and General Counsel	60%	150%
Daniella Vitale	Executive Vice President–Chief Brand Officer	80%	250%

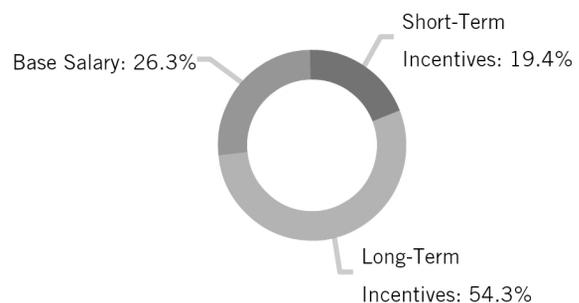
In reviewing the target level of short- and long-term incentives, the Committee also considered the relative value of performance-based compensation compared to other forms of compensation. As in prior years, a significant portion of total target direct compensation awarded to the NEOs in January 2020 was provided in the form of performance-based compensation (that is, short-term incentives and PSUs). For more information concerning performance-based compensation, see "Overview of Key Compensation Components" at PS-46.

Based on target levels for incentive compensation granted in January 2020, the mix of pay for the CEO and other NEOs, on average, is shown below:

#### CEO Target Pay Mix



#### Other Named Executive Officers Target Pay Mix



## Base Salary

The Committee pays the executive officers competitive base salaries as one part of a total compensation program to attract and retain talent, but does not use base salary increases as the primary means of recognizing talent and performance.

In January 2020, the Committee reviewed base salaries for all executive officers. Base salaries for Fiscal 2020 for executive officers were determined based on multiple factors, including past practice; executive experience and skill set; expected contributions; breadth, scope and complexity of role; internal equity; and shareholder feedback. The Committee additionally took into account that base salaries had remained unchanged for Mr. Bogliolo and Mr. Erceg since their respective appointments in 2017 and 2016, for Mr. Galtie since a promotion in 2018, and for Ms. Harlan since an increase in 2017, while its past approach had generally been to adjust base salaries every other year. Accordingly, for Fiscal 2020 the Committee increased base salaries by 5% for each NEO other than Ms. Vitale, resulting in the base salary levels shown below. In light of her appointment in December 2019, Ms. Vitale's base salary for Fiscal 2020 remained unchanged from Fiscal 2019.

Executive	Position	Fiscal 2019 Base Salary	Fiscal 2020 Base Salary	Percentage Increase from Fiscal 2019 to Fiscal 2020
Alessandro Bogliolo	Chief Executive Officer	\$ 1,350,000	\$ 1,417,500	5%
Mark J. Erceg	Executive Vice President–Chief Financial Officer	\$ 850,000	\$ 892,500	5%
Philippe Galtie	Executive Vice President–Global Sales	\$ 800,000	\$ 840,000	5%
Leigh M. Harlan	Senior Vice President–Secretary and General Counsel	\$ 575,000	\$ 603,750	5%
Daniella Vitale	Executive Vice President–Chief Brand Officer	\$ 900,000	\$ 900,000	0%

## Short-Term Incentives

The Committee uses short-term incentive opportunities, which are typically established in January of each year, to motivate executive officers to achieve the annual financial targets established by the Committee and to demonstrate strategic leadership. Short-term incentives for the executive officers consist of annual cash incentive awards under the 2014 Employee Incentive Plan. Short-term incentive awards have an individual component but are primarily formula-driven, with the majority of the award based on achievement of annual financial targets that align with the Company's annual operating plan.

For short-term incentives for Fiscal 2019, the Committee determined a portion of the awards based on the following individual performance factors: strategic thinking; leadership, including development of effective management teams and employee talent; demonstrated adherence to the Company's Business Conduct Policy–Worldwide, and professionalism; financial metrics relevant to specific areas of responsibility; and specific objectives set for the executive officer. These same factors will be used to determine a portion of the short-term incentives to be paid in respect of Fiscal 2020.

In January 2020, the Committee established target short-term incentive opportunities for Fiscal 2020 for the executive officers. The target short-term incentive opportunities provided to the NEOs for Fiscal 2020, as compared to the target short-term incentive opportunities provided for Fiscal 2019, are shown in the following chart. As shown below, the target short-term incentive opportunities provided to the NEOs for Fiscal 2020, expressed as a percentage of base salary, remained unchanged from Fiscal 2019. The maximum short-term incentive established by the Committee for each NEO is equal to twice the target.

<b>Executive</b>	<b>Position</b>	<b>Fiscal 2019 Target Short-Term Incentive As Percentage of Base Salary</b>	<b>Fiscal 2020 Target Short-Term Incentive As Percentage of Base Salary</b>	<b>Percentage Increase from Fiscal 2019 to Fiscal 2020</b>
Alessandro Bogliolo	Chief Executive Officer	150%	150%	0%
Mark J. Erceg	Executive Vice President–Chief Financial Officer	80%	80%	0%
Philippe Galtie	Executive Vice President–Global Sales	80%	80%	0%
Leigh M. Harlan	Senior Vice President–Secretary and General Counsel	60%	60%	0%
Daniella Vitale	Executive Vice President–Chief Brand Officer	80% (prorated to reflect appointment in December 2019)	80%	0%

***Fiscal 2019***

*Company Performance Goals for Fiscal 2019 Short-Term Incentives*

In January 2019, the Committee determined that payment of short-term incentives for Fiscal 2019 would be wholly contingent on the Company meeting an operating earnings threshold or a threshold level of Constant Currency Sales Growth. The Committee provided guidance to the executive officers indicating that, if neither threshold was met, then no short-term incentive would be paid; however, if either threshold was met, then the Committee intended to calculate the amount to be paid based 60% on achievement of operating earnings goals, 20% on achievement of Constant Currency Sales Growth goals, and 20% on achievement related to the individual performance factors described above. Thus, achievement of operating earnings goals, Constant Currency Sales Growth goals and individual goals, each at maximum goal levels, would result in payment of 120%, 40% and 40%, respectively, of target. Notwithstanding this guidance, the Committee retained the discretion to pay out the maximum short-term incentive, or reduce the payout from the maximum to any amount down to \$0, provided either the operating earnings or Constant Currency Sales Growth threshold was met.

The use of operating earnings as a performance metric for short-term incentive awards is intended to reward increased profitability through sales growth and margin expansion. The use of Constant Currency Sales Growth is intended to incentivize sales growth through effective brand positioning and customer engagement initiatives.

In March 2019, the Committee established threshold, target and maximum performance goals for operating earnings and Constant Currency Sales Growth. The performance goals established, and the corresponding percentage of target short-term incentives eligible to be paid out based on corporate and individual performance, provided at least one of the levels of threshold corporate performance has been met, are shown in the chart below.

## Fiscal 2019 Annual Incentive Awards

	Operating Earnings		Constant Currency Sales Growth		Individual Performance
	Operating earnings (millions)	Percentage of target short-term incentive that may be paid:*	Constant Currency Sales Growth	Percentage of target short-term incentive that may be paid:*	Up to 40% of the target short-term incentive may be paid based on achievement of individual performance factors
Threshold	Less than or equal to \$702	0%	Less than or equal to -1%	0%	
Target	Within the range of \$818 to \$834	60%	Within the range of 3.5% to 4.5%	20%	
Maximum	Equal to or greater than \$888	120%	Equal to or greater than 6.5%	40%	
Percentage calculated based on operating earnings, Constant Currency Sales Growth and individual performance = total percentage of target annual incentive paid out*					

\*Subject to linear interpolation if actual performance falls between the threshold and the bottom of the target range, or between the top of the target range and the maximum. Target ranges include the ends of the ranges.

### Actual Payout of Fiscal 2019 Short-Term Incentives

In March 2020, the Committee determined that Fiscal 2019 operating earnings equaled \$732.6 million, as reported, and \$753.8 million, as adjusted, while net sales were approximately unchanged from the prior year and Constant Currency Sales Growth equaled 1% (see Appendix I at PS-93).

The Committee also evaluated the individual performance of the NEOs other than the CEO, taking into account the CEO's views. The Committee independently evaluated the performance of the CEO. In these discussions, individual performance was evaluated against the individual performance factors described on PS-51. Following these discussions, the Committee determined to pay each NEO an amount ranging from 52.8% to 74.8% of his or her target award based on individual performance.

Based on the determinations described above, the NEOs were paid the percentages shown below of their target awards. A portion of those amounts was paid in December 2019, with the remainder paid following the end of the performance period. See "2019 Retention and Tax Mitigation Actions" at PS-40.

Operating Earnings, As Adjusted (60% of target award)		Constant Currency Sales Growth (20% of target award)		Individual Performance (20% of target award)
Fiscal 2019 operating earnings, as reported/as adjusted* (millions)	Percentage of target short-term incentive paid:	Fiscal 2019 net sales growth/ Constant Currency Sales Growth*	Percentage of target short-term incentive paid:	Percentage of target short-term incentive paid based on achievement of individual performance factors:
As reported - \$732.6 As adjusted - \$753.8	26.8%	—% / 1%	8%	18% - 40%
Total percentage of target annual incentive paid out to NEOs: 52.8% - 74.8%				

\* See Appendix I at PS-93.

### Fiscal 2020

For Fiscal 2020, the Committee generally retained the short-term incentive structure from Fiscal 2019. As such, in January 2020, the Committee established target and maximum short-term incentive amounts for the NEOs, with the maximum amount equal to 200% of the target amount. The target short-term incentives established for Fiscal 2020 for the NEOs are shown above under "Relative Values Of Key Compensation Components" at PS-50.

In March 2020, the Committee established threshold, target and maximum goals for operating earnings and Constant Currency Sales Growth. The goals are aligned with the Company's annual operating plan. Payment of any short-term incentive award for Fiscal 2020 will be contingent on achievement of either the operating earnings or Constant Currency Sales Growth threshold. If neither threshold is met, no short-term incentive will be paid. The Committee has provided guidance to the executive officers indicating that, if either threshold is met, the Committee intends to calculate the amount to be paid based 60% on achievement of operating earnings goals, 20% on achievement of Constant Currency Sales Growth goals, and 20% on achievement of the individual performance factors described at PS-51. Notwithstanding this guidance, the Committee has retained the discretion to pay out the maximum short-term incentive, or reduce the payout from the maximum to any amount down to \$0, provided either corporate threshold is met.

***Five-Year History of Short-Term Incentive Payouts***

The following summarizes average short-term incentive payouts for the executive officers as a group, as a percentage of target, over the past five fiscal years (without giving effect to payments that were prorated in light of mid-year individual hire dates):

<b>Fiscal Year</b>	<b>Average Total Payout as a Percentage of Target Short-Term Incentive Award</b>
2019	61%
2018	104%
2017	104%
2016	98%
2015	75%
<b>Five-Year Average</b>	<b>88%</b>

***Permissible Adjustments to Evaluation of Performance***

The 2014 Employee Incentive Plan, approved by the shareholders, permits the Committee, in evaluating achievement of a performance goal, to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgment or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) unusual or infrequently occurring items as described in the Annual Report for the applicable year, (vi) acquisitions or divestitures, (vii) any other specific unusual or nonrecurring events, or objectively determinable category thereto, (viii) foreign exchange gains and losses and (ix) a change in the Company's fiscal year.

**Long-Term Incentives**

The Committee uses long-term incentives to promote retention, align management interests with those of shareholders, and motivate management to achieve earnings growth and generate operating cash flow. The Committee considers equity-based awards to be appropriate because, over the long term, the Company's stock price should be a good indicator of management's success in achieving the above objectives.

The total value of each executive officer's target long-term incentive grant each year is based on a percentage of base salary. The ratio of long-term incentive target to base salary is reviewed annually at the same time that base salaries are reviewed. The long-term incentive opportunities established for Fiscal 2020 for each of the NEOs compared to those provided for Fiscal 2019 are shown below. As reflected below, the long-term incentive opportunities provided to the NEOs for Fiscal 2020, expressed as a percentage of base salary, remained unchanged from the prior year.

Executive	Fiscal 2019 Target Long-Term Incentive As Percentage of Base Salary	Fiscal 2020 Target Long-Term Incentive As Percentage of Base Salary	Percentage Increase from Fiscal 2019 to Fiscal 2020
Alessandro Bogliolo	520%	520%	0%
Mark J. Erceg	250%	250%	0%
Philippe Galtie	200%	200%	0%
Leigh M. Harlan	150%	150%	0%
Daniella Vitale	250% (prorated to reflect appointment in December 2019)	250%	0%

### **Types of Equity Awards**

In January 2020, the Committee awarded two types of equity awards to NEOs: PSUs and RSUs.

- PSUs reward executives for meeting key financial goals that are important to the long-term performance of the Company.
- RSUs reward executives for increases in stock price, and support talent attraction and retention objectives. RSUs also balance an inherent challenge associated with PSUs, as non-controllable and highly variable external factors may affect the Company's results during the three-year performance period.

Prior to Fiscal 2017, executive officers were awarded long-term incentives divided evenly between PSUs and stock options. Starting in Fiscal 2017, executive officers below the level of Executive Vice President were awarded long-term incentives in the form of 50% PSUs, 25% stock options and 25% RSUs, while the CEO and remaining executive officers continued to receive 50% PSUs and 50% stock options. For Fiscal 2020, the Committee recognized at the time that long-term incentives were awarded that stock options were likely to have limited value because the Company's stock price was then only slightly less than the Per Share Merger Consideration. Accordingly, and as permitted by the Merger Agreement, RSUs were awarded in lieu of stock options for Fiscal 2020, with the result that all executive officers, including the NEOs, received 50% PSUs and 50% RSUs in January 2020.

For purposes of achieving the grant date target value, apportioned according to the above-described mix of long-term incentives, the Committee values PSUs and RSUs using the higher of (i) the simple arithmetic mean of the high and low sale price of the Company's common stock on the New York Stock Exchange on the grant date or (ii) the closing price on such Exchange on the grant date. The Committee also assumes that PSUs will vest at the target value described under "Performance-Based Restricted Stock Unit Grants" below.

### **Performance-Based Restricted Stock Unit Grants**

The Committee's practice has generally been to award PSUs to executive officers in January of each year. For the PSUs granted in January 2020, 2019, 2018 and 2017, the Committee established threshold, target and maximum goals for EPS and operating cash flow at the start of the performance period. Vesting of these PSUs is dependent upon achievement of either the EPS or operating cash flow threshold. If neither threshold is met, no PSUs will vest. The Committee has provided guidance to the executive officers indicating that, if either the EPS or operating cash flow threshold is met, it intends to calculate the number of PSUs to vest based 80% on EPS goals and 20% on operating cash flow goals. Thus, achievement of the EPS goals and operating cash flow goals at target will result in vesting of 80% and 20%, respectively, of the target PSUs granted.

- EPS was selected as a performance metric to reward earnings growth and incentivize execution of the Company's strategic plans relating to sales growth, margin expansion, network optimization and efficient capital allocation. This metric also aligns with shareholder interests, as the Committee believes the Company's stock price over the long term is primarily driven by growth in EPS. EPS goals are measured on a diluted basis and calculated on a cumulative basis for the three-year performance period.
- Operating cash flow was selected as a performance metric to reward cash flow generation from operations through measures such as inventory management, procurement initiatives intended to reduce costs, and systems and process enhancements. Operating cash flow goals are also calculated on a cumulative basis for

the three-year performance period. The target goal is expressed as a range in consideration of volatility in the luxury goods sector and the related challenges of setting goals over a three-year period.

- The EPS and operating cash flow goals were set by the Committee with reference to the Company's strategic plan as approved by the Board.

In evaluating achievement of performance goals, the Committee is permitted under the 2014 Employee Incentive Plan to exclude certain events. See "Permissible Adjustments to Evaluation of Performance" at PS-54.

### **2020 Performance-Based Restricted Stock Units**

For the PSUs granted in January 2020 ("2020 PSUs"), the EPS and operating cash flow threshold, target and maximum goals, and the corresponding percentage of target shares to be paid out at the end of the performance period (if any), are shown below.

	EPS		Operating Cash Flow	
	EPS	Percentage of target shares earned*	Operating Cash Flow (millions)	Percentage of target shares earned:*
Below Threshold	Less than \$11.67	0%	Less than \$1,942	0%
Threshold	Equal to \$11.67	20%	Equal to \$1,942	0%
Target	Equal to \$13.73	80%	Within the range of \$2,378 to \$2,451	20%
Maximum	Equal to or greater than \$14.42	160%	Equal to or greater than \$2,549	40%
Shares calculated based on EPS goals plus operating cash flow goals = total percentage of target shares paid out*				

\*Subject to linear interpolation if actual performance falls between threshold and target (or, in the case of a target expressed as a range, the bottom of the target range), or between target (or, in the case of a target expressed as a range, the top of the target range) and maximum. Target ranges include the ends of the ranges.

Notwithstanding the above guidance, the Committee has retained the discretion to vest the maximum number of PSUs granted (200% of the target number of shares), or reduce the number to vest from the maximum to any number down to zero, provided that either the EPS or operating cash flow threshold is met.

The above performance goals were informed by the three-year strategic plan approved by the Board in March 2020. Both sets of goals are intended to incorporate financial performance goals that are both challenging and realistic, as well as to balance near-term financial objectives with brand stewardship and sustainable growth. For more information on the alignment of the performance goals with the three-year strategic plan, see the discussion at PS-49.

The financial performance goals established by the Committee each year are not intended to be a prediction of how the Company will perform during the performance period or in any future period. The Committee establishes these goals solely to help it align pay with performance. The goals are not intended to provide investors or any other party with guidance about future financial performance or operating results. None of the information contained in this CD&A should be relied upon as guidance or a prediction of the Company's future performance.

### **Performance-Based Restricted Stock Units granted in January 2019, 2018 and 2017**

The chart shown above was approved for use with the PSUs granted in January 2019 ("2019 PSUs"), 2018 ("2018 PSUs") and 2017, but in each case it incorporated the threshold, target and maximum performance goals established by the Committee at the start of the applicable performance period.

In March 2020, the Compensation Committee took action to vest the 2017 PSUs at the maximum level, notwithstanding actual performance, as contemplated by the Merger Agreement. This resulted in Mr. Erceg, Mr. Galtie and Ms. Harlan receiving the number of shares shown on PS-43. No other NEOs held 2017 PSUs.

For additional information about the PSUs, including a description of the circumstances in which the outstanding PSUs may vest in various circumstances of death, disability, retirement, a change in control or at the initiative of the Company, see "Equity Incentive Plan Awards–Performance-Based Restricted Stock Units" at PS-70.

### **Stock Option Grants**

Prior to 2020, stock options were granted each year at the January Committee meeting. Special grants were occasionally made in connection with promotions and new hires, and for recognition purposes. As previously noted, no stock options were granted in 2020 in light of the proposed Merger.

The 2014 Employee Incentive Plan under which stock options were granted required the exercise price of each option to be established by the Committee (or determined by a formula established by the Committee) at the time the option is granted. Options were to be granted with an exercise price equal to or greater than the fair market value of a share as of the grant date. The Committee calculated the exercise price to be the higher of (i) the simple arithmetic mean of the high and low sale price of such stock on the New York Stock Exchange on the grant date or (ii) the closing price on such Exchange on the grant date. The incentive plan does not permit repricing of underwater options at a later date without shareholder approval.

For more information about stock options, see "Equity Incentive Plan Awards–Stock Options" at PS-71.

### **Time-Vesting Restricted Stock Unit Awards**

The RSUs granted in January 2020 vest ratably over four years. For additional information about the RSUs, see "Equity Incentive Plan Awards–Time-Vesting Restricted Stock Units" at PS-71. Special grants of RSUs may be made from time to time in connection with promotions and new hires, and for recognition purposes.

## **Retirement Benefits**

Retirement benefits are offered to attract and retain qualified executive officers. Retirement benefits offer financial security in the future and are not entirely contingent upon corporate performance factors. However, the compensation on which the retirement benefits of each executive officer are based includes bonus and incentive awards made in the past; such awards are determined by corporate and individual performance factors in the year awarded.

### **Defined Contribution Retirement Benefit**

A defined contribution retirement benefit ("DCRB") is available to the NEOs through the 401K Plan. Excess defined contribution retirement benefit contributions ("Excess DCRB Contributions") are credited to the Tiffany and Company Executive Deferral Plan ("Deferral Plan"). Employer contributions credited to the Deferral Plan are calculated to compensate executives for pay amounts limited by reason of the Internal Revenue Code. All NEOs are eligible to receive Excess DCRB Contributions.

Mr. Galtie receives additional retirement benefits agreed upon at the time of his recruitment. See "Philippe Galtie Compensatory Arrangement" at PS-74.

### **Equity Grants - Retirement Provisions**

The terms applicable to grants of stock options and PSUs provide for certain benefits upon retirement. See "Equity Incentive Plan Awards–Effect of Termination of Employment on Awards" at PS-71 for a description of these benefits. Outstanding RSUs are forfeited upon retirement.

## **Life Insurance and Disability Insurance Benefits**

IRS limitations render the life insurance benefits that the Company provides to all full-time U.S. employees in multiples of their annual base salaries largely unavailable to the Company's executive officers. The Company maintains the relationship established for lower-compensated employees between annual base salaries and life insurance benefits through executive-owned, employer-paid whole-life policies. Premiums paid on such policies are taxable to the executives, and no gross-up is paid. For other key features of these life insurance benefits, see "Life Insurance Benefits" at PS-73. These benefits are provided to all NEOs except Ms. Vitale, who declined these benefits.

The Company provides executive officers special disability insurance benefits to take into account the income replacement limits of the Company's standard disability insurance policies. These special disability benefits maintain the relationship established for employees compensated below the IRS limit between annual cash compensation and disability benefits. Disability insurance premiums are taxable to the executives, and no gross-up is paid.

### **Severance Benefits Prior to a Change in Control**

In September 2018, the Company adopted the Executive Severance Plan, which provides benefits to executive officers in the event of involuntary termination without cause or resignation for good reason, prior to a change in control, in exchange for a release of claims and compliance with restrictive covenants. For a description of the benefits provided under the Executive Severance Plan, see "Executive Severance Plan" at PS-83.

In addition, the offer letter provided to Mr. Bogliolo in connection with his recruitment to the Company provides for certain severance benefits in the event of involuntary termination without cause or resignation for good reason, prior to a change in control, before the third anniversary of his commencement date. For a description of the benefits available under Mr. Bogliolo's offer letter, see "Explanation of Potential Payments on Termination Prior to a Change in Control" at PS-82.

### **Change in Control Arrangements**

#### **Retention Agreements**

Each executive officer (including each NEO) is party to a retention agreement that provides for certain severance benefits in the event of a change in control. The agreements are intended to provide financial incentives to the executive officers to remain in place and remain focused on the business during a period of uncertainty that may arise from a potential change in control.

The Committee has long believed that the retention agreements serve the best interests of the Company's shareholders because such agreements:

- increase the value of the Company to a potential acquirer that requires delivery of an intact management team;
- help keep management in place and focused pending communication of a change in control or in the event a change in control is not welcome;
- are a prudent defense to the possibility that executive officers might retire or take a competing job offer during a time of transition; and
- are not overly generous.

The Committee also believes that the independent directors are fully capable of weighing the merits of any proposed transaction and reaching a proper conclusion in the interests of the shareholders, even if management would benefit financially from change in control payments to the executive officers.

The retention agreements are "dual-trigger" arrangements in that they provide no benefits unless two events occur: (i) a change in control followed by (ii) termination without cause or resignation for good reason within two years of the change in control. The Merger will constitute a change in control for purposes of the retention agreements. In addition, the Merger Agreement provides that Mr. Bogliolo, Mr. Erceg and Ms. Harlan will have a right to resign for good reason for purposes of their respective retention agreements, subject to their continued employment through the closing of the Merger and the terms of such agreements. Under the terms of the retention agreements, they would ordinarily be required to exercise this right within 90 days of the Effective Time; under the terms of the Special Bonus Agreements signed by Mr. Bogliolo and Ms. Harlan, however, this time was extended for these executives to the later of February 12, 2021, or 90 days following the Effective Time, provided the Effective Time occurs no later than November 24, 2020.

The retention agreements provide that any payments and benefits payable to an executive officer will be reduced to the extent necessary to avoid any excise taxes on "excess parachute payments" that would otherwise be imposed under Sections 280G and 4999 of the Internal Revenue Code, unless the total payments to be made without such a

reduction would result in a higher after-tax benefit. The retention agreements do not provide reimbursement of excise or other taxes in connection with severance payments or amounts relating to the change in control.

For additional information about the retention agreements, including the severance benefits they provide and a description of events that constitute a change in control, see "Explanation of Potential Payments on Termination Following a Change in Control" at PS-83.

### **Other Change in Control Provisions**

Equity awards granted to the NEOs provide benefits following a change in control. These benefits will only be provided on a loss of employment (a "dual trigger") or if the Company does not survive the transaction. For a more detailed discussion of applicable change in control provisions, see "Explanation of Potential Payments on Termination Following a Change in Control" at PS-83. For a description of the treatment of equity awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

### **Employment Agreements for Named Executive Officers**

The Company has provided offer letters to Mr. Bogliolo, Mr. Erceg, Mr. Galtie and Ms. Vitale that capture key terms negotiated as part of recruitment. For a description of these offer letters, which provide for, among other terms, initial base salary, short- and long-term incentives, sign-on awards and, in Mr. Bogliolo's case, certain severance benefits, see "Alessandro Bogliolo Compensatory Arrangement," "Mark J. Erceg Compensatory Arrangement," "Philippe Galtie Compensatory Arrangement" and "Daniella Vitale Compensatory Arrangement" at PS-73, PS-74, PS-74 and PS-74, respectively.

### **Effect of Termination for Cause**

Outstanding stock options, PSUs and RSUs will be forfeited upon a termination for cause, and vested stock options may not be exercised following a termination for cause.

## **OTHER INFORMATION**

### **Equity Ownership by Executive Officers**

The Company has in place a share ownership policy. The purpose of the policy is to enhance alignment of management's interests with those of shareholders over the long term.

### **Significant Portfolio**

Under the share ownership policy, executive officers are subject to restrictions on the disposal of shares of the Company's common stock. For each executive officer, "Significant Portfolio" means ownership of shares having a total market value equal to or greater than the following multiples of their annual base salaries:

<b>Position/Level</b>	<b>Market Value of Company Stock Holdings as a Multiple of Base Salary (Significant Portfolio Requirement)</b>
Chief Executive Officer	Five Times
Executive Vice President	Three Times
Senior Vice President	Two Times

### **Equity Used to Meet Share Ownership Guidelines**

The share ownership policy counts shares owned as follows:

<b>Shares Counted:</b>
Outstanding shares that the person beneficially owns or is deemed to beneficially own, directly or indirectly, under the federal securities laws, including shares held in the 401K Plan.
<b>Shares <u>Not</u> Counted:</b>
Contingent rights to acquire shares of the Company's common stock through derivative securities, including unvested stock options, unvested RSUs or unearned PSUs.

For purposes of determining the amount of shares constituting a Significant Portfolio, shares will be valued at the mean of the high and low trading prices on the New York Stock Exchange on the relevant calculation date. Each executive's attainment of a Significant Portfolio is measured annually on April 1 or the first trading day thereafter. However, an executive who acquires a Significant Portfolio after the annual calculation date shall be deemed to hold a Significant Portfolio for purposes of any proposed disposition after such acquisition.

### **Disposal Restrictions**

Executive officers who have Significant Portfolios may not dispose of shares of the Company's common stock if the disposition would cause their holdings to fall below the Significant Portfolio threshold. They may, however, dispose of any or all shares in excess of the Significant Portfolio threshold.

Executive officers who do not have Significant Portfolios are only permitted to dispose of shares of the Company's common stock as follows:

- no more than 50% of the net shares deemed issued as a consequence of any vesting or exercise of an equity award;
- under circumstances constituting a financial hardship, as so determined by the Board; or
- pursuant to a qualified domestic relations order.

### **Compliance**

The share ownership policy does not contain an express compliance deadline in recognition that the disposal restrictions ensure that the executive officers are making progress toward meeting the Significant Portfolio requirements and provide for greater administrative ease. As of January 31, 2020, three NEOs held Significant Portfolios. The remaining NEOs remain subject to the share disposal restrictions described above that are intended to ensure continued progress towards share ownership goals.

### **Hedging and Pledging Not Permitted**

The Company maintains a worldwide policy on insider information, applicable to all employees, officers and directors. The policy, which was adopted by the Board, prohibits trading while in possession of insider information, and requires the Company's directors, executive officers and certain other Tiffany employees to obtain pre-clearance to trade in accordance with the procedures in the policy. The policy also expressly prohibits speculative transactions (i.e., hedging), such as the purchase of calls or puts, selling short or speculative transactions as to any rights, options, warrants or convertible securities related to Company securities, as well as pledging or margining of Company securities.

### **Restrictive Covenants**

The NEOs are subject to restrictive covenants with a term of 18 months following the termination of employment for the CEO and one year following the termination of employment for the remaining NEOs. The restrictive covenants include a non-compete restriction, a non-solicitation restriction with respect to employees, customers, clients, vendors, business partners and suppliers, and a no-hire restriction with respect to employees and others engaged by the Company or its affiliates. In addition, the NEOs are subject to indefinite confidentiality obligations.

Separately, any severance benefits provided under the Executive Severance Plan and Mr. Bogliolo's offer letter would be conditioned upon agreement to and compliance with non-competition, non-solicitation and no-hire obligations for a period of up to 24 months following termination, as well as ongoing confidentiality and cooperation obligations. See "Explanation of Potential Payments on Termination Prior to a Change in Control" at PS-82.

### **Clawback Policy**

The executive officers are subject to a policy that expressly provides for recoupment of executive incentive-based compensation if an accounting restatement is required due to material noncompliance with any financial reporting requirements. For purposes of the policy, incentive-based compensation means pay which has been calculated based on objective performance criteria included in publicly reported financial information reported by the Company, and includes PSUs and cash incentive awards. Time-vesting stock options and RSUs, or proceeds therefrom, are not subject to this policy.

Under the policy, in the event of a material restatement, the Board will review the incentive-based compensation paid to executive officers during the three-year period preceding the issuance of the restatement to determine if excess incentive compensation was paid. Excess incentive compensation is defined to be any incentive compensation in excess of that which would have been paid if the applicable material restatement had been applied at the time of payment. The Board may seek recoupment of after-tax excess incentive compensation from one or more of the executive officers who received excess payment.

### **Compensation Risk Assessment**

The Committee, together with the Audit Committee of the Board, annually reviews an assessment by management of the Company's compensation policies and practices for employees, including executive and non-executive policies and practices. Selected key areas that are reviewed, together with management's assessment of these elements, included pay mix, performance metrics, performance goals and payout curves, payment timing and adjustments, equity incentives, stock ownership requirements and trading policies, and leadership and culture. Sound practices are identified in each of these respective areas. As a result of the Committee's Fiscal 2019 review, the Committee determined that any risks that may result from the Company's compensation policies and practices are not reasonably likely to have a material adverse effect on the Company.

### **Limitation Under Section 162(m) of the Internal Revenue Code**

Section 162(m) of the Internal Revenue Code generally places a \$1 million limit on the amount of compensation expense a company can deduct in calculating its federal income taxes in any one year with respect to compensation paid to certain executive officers. Although the Committee has designed the executive compensation program with tax considerations in mind, the Committee does not believe that it would be in the best interests of the Company to adopt a policy that would preclude compensation arrangements subject to deduction limitations.

Prior to the enactment of the Tax Cuts and Jobs Act of 2017, the limit in Section 162(m) was subject to an exception for "performance-based compensation." This performance-based exception was repealed for tax years beginning after December 31, 2017.

\* \* \*

## REPORT OF THE COMPENSATION COMMITTEE

We have reviewed and discussed the Compensation Discussion and Analysis section of this Proxy Statement with the management of Tiffany & Co. Based on our review and discussions, we recommend to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Annual Report on Form 10-K for the fiscal year ended January 31, 2020.

Compensation Committee and its Stock Option Subcommittee:

Rose Marie Bravo, Chair  
Roger N. Farah  
Abby F. Kohnstamm  
Annie Young-Scrivner

March 19, 2020

**SUMMARY COMPENSATION TABLE**  
**Fiscal 2019, Fiscal 2018 and Fiscal 2017**

Name and Principal Position	Year	Salary (\$ (a))	Bonus (\$ (b))	Stock Awards (\$ (c), (d))	Option Awards (\$ (d), (e))	Non-Equity Incentive Plan Compensation (\$ (f))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (g))	All Other Compensation (\$ (h))	Total (\$)
Alessandro Bogliolo <i>Chief Executive Officer</i>	2019	1,398,159	2,700,000	7,371,236	—	1,494,450	—	536,612	13,500,457
	2018	1,346,375	—	3,510,069	3,514,821	2,118,150	—	450,724	10,940,139
	2017	414,269	2,800,000	4,775,179	4,771,638	702,570	—	530,559	13,994,215
Mark J. Erceg <i>Executive Vice President- Chief Financial Officer</i>	2019	880,322	—	2,231,622	—	406,640	—	210,171	3,728,755
	2018	847,718	—	1,062,510	1,063,969	704,480	—	468,064	4,146,741
	2017	847,718	750,000	1,062,544	1,061,734	705,840	—	306,423	4,734,259
Philippe Galtie <i>Executive Vice President- Global Sales</i>	2019	828,538	800,000	1,680,256	—	337,920	—	301,629	3,948,343
	2018	797,852	—	800,080	801,091	663,040	—	297,424	3,359,487
	2017	715,286	—	1,300,236	1,299,994	584,522	—	255,182	4,155,220
Leigh M. Harlan <i>Senior Vice President- Secretary and General Counsel<sup>1</sup></i>	2019	593,945	2,530,000	906,249	—	258,060	—	91,826	4,380,080
	2018	568,677	—	647,209	215,924	360,870	—	91,508	1,884,188
	2017	571,892	—	1,147,086	715,744	358,110	—	86,257	2,879,089
Daniella Vitale <i>Executive Vice President- Chief Brand Officer<sup>2</sup></i>	2019	155,351	1,650,000	2,250,668	—	67,021	—	775	4,123,815

<sup>1</sup> Ms. Harlan was not an NEO in Fiscal 2018.

<sup>2</sup> Ms. Vitale assumed responsibilities as Executive Vice President–Chief Brand Officer on December 1, 2019.

## Notes to Summary Compensation Table

- (a) **Salary.** Salary amounts include amounts deferred at the election of the executive under the Deferral Plan and under the 401K Plan. Amounts deferred to the Deferral Plan are also shown in the Nonqualified Deferred Compensation Table at PS-78.
- (b) **Bonus.** For Mr. Bogliolo, Mr. Galtie and Ms. Harlan, the amounts shown for Fiscal 2019 represent cash retention bonuses paid as permitted by the Merger Agreement, subject to execution of restrictive covenant agreements and clawback for certain terminations of employment that occur prior to January 31, 2021. See PS-41. For Ms. Vitale, the amount shown for Fiscal 2019 is a \$750,000 cash sign-on bonus provided for in her offer letter, see "Daniella Vitale Compensatory Arrangement" at PS-74, and a \$900,000 cash retention bonus paid as permitted by the Merger Agreement, subject to execution of restrictive covenant agreements and clawback for certain terminations of employment prior to January 31, 2021.
- (c) **Stock Awards.** Except to the extent otherwise noted below in this note, amounts shown represent the dollar amount of the grant date fair value of the stock unit award calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation—Stock Compensation ("Codification Topic 718"), disregarding any estimates of forfeitures related to service-based vesting conditions, for the fiscal year in which the award was granted. The amounts shown for Fiscal 2019 reflect grants of PSUs and RSUs made in January 2020, and the amounts shown for the prior fiscal years likewise include grants of PSUs and RSUs (where applicable) made in January of the applicable fiscal year.

The amounts shown are based on the assumption that applicable performance targets for the three-year performance period established by the Committee for each respective grant of PSUs were or will be met at 100%. The maximum value of each PSU award, assuming the highest level of performance conditions are met for the applicable period, calculated in accordance with Codification Topic 718, appears in the chart below.

For Mr. Bogliolo, the Fiscal 2017 amount reflects the grant date fair value of (i) an annual grant of PSUs awarded on January 17, 2018 (\$3,375,093), and (ii) a one-time grant of RSUs awarded on the same date in connection with his recruitment (\$1,400,086).

For Mr. Galtie, the Fiscal 2017 amount reflects the grant date fair value of (i) an annual grant of PSUs awarded on January 17, 2018 (\$800,096), and (ii) a one-time promotional grant of RSUs awarded on July 19, 2017 (\$500,140).

For Ms. Harlan, the Fiscal 2017 amount reflects the grant date fair value of (i) an annual grant of PSUs awarded on January 17, 2018 (\$431,273), (ii) an annual grant of RSUs awarded on January 17, 2018 (\$215,800) and (iii) a one-time recognition grant of RSUs awarded on March 16, 2017 (\$500,013).

### Maximum Value of Stock Awards at Grant Date Value

Executive	2019	2018	2017
Alessandro Bogliolo	\$ 7,371,235	\$ 7,020,138	\$ 6,750,187
Mark J. Erceg	\$ 2,231,489	\$ 2,125,020	\$ 2,125,087
Philippe Galtie	\$ 1,680,255	\$ 1,600,160	\$ 1,600,191
Leigh M. Harlan	\$ 905,846	\$ 1,078,539	\$ 862,547
Daniella Vitale	\$ 2,250,265	prior to appointment	

- (d) **Equity Award Acceleration.** In December 2019, the Committee accelerated the vesting of certain stock and option awards. See "2019 Retention and Tax Mitigation Actions" at PS-40. No value is shown for Fiscal 2019 for such accelerated vesting, as the acceleration resulted in the Company recognizing expense associated with the affected grants in December 2019 rather than at the time such grants were ordinarily expected to vest, but it did not result in the Company incurring an additional amount of expense.
- (e) **Option Awards.** Amounts shown represent the dollar amount of the grant date fair value of the award, calculated in accordance with Codification Topic 718 for the fiscal year in which the award was granted, disregarding any

estimates of forfeitures related to service-based vesting conditions. See Item 8. "Financial Statements and Supplementary Data-Note N. Stock Compensation Plans" in the Company's Annual Report on Form 10-K for Fiscal 2019, regarding assumptions underlying valuation of stock option awards. The amounts shown for Fiscal 2018 and Fiscal 2017 include stock option grants made in January 2019 and January 2018, respectively.

For Mr. Bogliolo, the Fiscal 2017 amount is the grant date fair value of (i) an annual grant of stock options awarded on January 17, 2018 (\$3,372,608) and (ii) a one-time grant of stock options awarded on the same date in connection with his recruitment to the Company (\$1,399,030).

For Mr. Galtie, the Fiscal 2017 amount is the grant date fair value of (i) an annual grant of stock options awarded on January 17, 2018 (\$799,491) and (ii) a one-time promotional grant of stock options awarded on July 19, 2017 (\$500,503).

For Ms. Harlan, the Fiscal 2017 amount is the grant date fair value of (i) an annual grant of stock options awarded on January 17, 2018 (\$215,490) and (ii) a one-time recognition grant of stock options awarded on March 16, 2017 (\$500,254).

- (f) **Non-Equity Incentive Plan Compensation.** This column reflects cash short-term incentive awards under the 2014 Employee Incentive Plan. These awards are earned in the fiscal year shown, but are generally payable in the following fiscal year on the basis of achieved performance goals after the release of the Company's financial statements for the applicable fiscal year. The cash short-term incentive awards granted in respect of Fiscal 2019 were paid in part in December 2019, with the remainder paid in March 2020. See "2019 Retention and Tax Mitigation Actions" at PS-40. For a description of the performance goals applicable to the Fiscal 2019 short-term incentive awards, see "Discussion of Summary Compensation Table and Grants of Plan-Based Awards–Non-Equity Incentive Plan Awards" at PS-70.

This column includes amounts deferred at the election of the executive under the Deferral Plan. Amounts so deferred are also shown in the Nonqualified Deferred Compensation Table.

- (g) **Change in Pension Value and Nonqualified Deferred Compensation Earnings.** None of the NEOs participate in the Company's pension or other defined benefit plans. This column does not include earnings under the Deferral Plan because it does not pay above-market or preferential earnings on compensation that is deferred.

(h) **All Other Compensation.** The table below shows a detailed description of all other compensation paid to the NEOs. In addition to the payments reported below, executive officers are from time to time permitted to borrow merchandise for their personal use to support the Company's marketing efforts.

Name	Year	Leadership Benefits		Broad-Based Retirement Benefits			Other (\$)	Notes	Total (\$)
		Premium on Additional Disability Insurance (\$)	Premium on Life Insurance (\$)	401K Plan Company Match (\$)	Defined Contribution Retirement Benefit (\$) (i)	Excess Defined Contribution Retirement Benefit (\$) (ii)			
Alessandro Bogliolo	2019	12,281	368,634	2,589	8,250	137,218	7,640	(iii)	536,612
	2018	12,281	392,159	8,100	8,100	1,221	28,863	(iv)	450,724
	2017	8,301	2,581	—	—	—	519,677	(v)	530,559
Mark J. Erceg	2019	10,714	137,681	8,250	8,250	38,357	6,920	(vi)	210,172
	2018	10,714	157,737	8,100	6,750	33,193	251,570	(vii)	468,064
	2017	10,714	168,352	6,749	3,994	—	116,614	(viii)	306,423
Philippe Galtie	2019	13,662	142,220	8,250	9,625	38,758	89,114	(ix)	301,629
	2018	13,662	152,468	8,100	8,100	23,087	92,007	(x)	297,424
	2017	13,662	124,457	7,950	7,950	11,700	89,463	(xi)	255,182
Leigh M. Harlan	2019	3,900	55,991	8,250	6,875	16,360	450	(xii)	91,826
	2018	3,900	55,991	8,100	6,750	16,317	450	(xii)	91,508
	2017	3,900	55,991	7,950	6,625	11,341	450	(xii)	86,257
Daniella Vitale	2019	325	—	—	—	—	450	(xii)	775

- (i) The amount shown in this column reflects the benefit paid in the year listed for the prior plan year under the DCRB feature of the 401K Plan. See "Defined Contribution Retirement Benefit" at PS-57.
- (ii) The amount shown in this column reflects the benefit paid in the year listed for the prior plan year under the Excess DCRB feature of the Deferral Plan. See "Defined Contribution Retirement Benefit" at PS-57.
- (iii) For Mr. Bogliolo, the amount reported under "Other" for Fiscal 2019 represents payment of tax consulting services and legal fees incurred in connection with work and residency authorization. For a more detailed discussion of Mr. Bogliolo's compensatory arrangements, see "Alessandro Bogliolo Compensatory Arrangement" at PS-73.
- (iv) For Mr. Bogliolo, the amount reported under "Other" for Fiscal 2018 represents payment of legal fees incurred in connection with obtaining authorization for Mr. Bogliolo to work in the United States and for Mr. Bogliolo and his family to reside in the United States during his employment, as contemplated in his offer letter.
- (v) For Mr. Bogliolo, the amount reported under "Other" for Fiscal 2017 represents a payment to reimburse relocation costs (\$500,000), payment for tax consultation services (\$1,880) and payment of legal fees incurred in connection with obtaining work and residency authorization (\$17,797), each of which was contemplated in his offer letter.
- (vi) For Mr. Erceg, the amount reported under "Other" for Fiscal 2019 represents payment of tax consultation services. For a more detailed discussion of Mr. Erceg's compensatory arrangements, see "Mark J. Erceg Compensatory Arrangement" at PS-74.
- (vii) For Mr. Erceg, the amount reported under "Other" for Fiscal 2018 represents payment for relocation costs as contemplated in his offer letter (\$250,570) and for tax consultation services (\$1,000).
- (viii) For Mr. Erceg, the amount reported under "Other" for Fiscal 2017 represents payment for relocation costs as contemplated in his offer letter (\$114,664) and for tax consultation services (\$1,950).

- (ix) For Mr. Galtie, the amount reported under "Other" for Fiscal 2019 represents a defined contribution to certain French social security and pension schemes, as contemplated in his offer letter. For a more detailed discussion of Mr. Galtie's compensatory arrangements, see "Philippe Galtie Compensatory Arrangement" at PS-74.
- (x) For Mr. Galtie, the amount reported under "Other" for Fiscal 2018 represents a defined contribution to certain French social security and pension schemes (\$89,921), as contemplated in his offer letter, and payment for tax consultation services (\$2,086).
- (xi) For Mr. Galtie, the amount reported under "Other" for Fiscal 2017 represents a defined contribution to certain French social security and pension schemes (\$87,113) as contemplated in his offer letter, and payment for tax consultation services (\$2,350).
- (xii) The amount reported under "Other" represents reimbursement of health and fitness expenses.

**GRANTS OF PLAN-BASED AWARDS  
Fiscal 2019**

**2014 Employee Incentive Plan**

Name	Award Type	Grant Date	Estimated Future/Possible Payouts Under Non-Equity Incentive Plan Awards (a)			Estimated Future/Possible Payouts Under Equity Incentive Plan Awards (b)			All Other Option/ Stock Awards: Number of Securities Underlying Options/ Awards (#)(c)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Equity Awards \$(d)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold Number of Shares	Target Number of Shares	Maximum Number of Shares			
Alessandro Bogliolo	Annual Incentive	1/16/2020	—	2,126,250	4,252,500						
	RSU	1/16/2020							27,480	3,685,618	
	PSU	1/16/2020				5,496	27,480	54,960		3,685,618	
Mark J. Erceg	Annual Incentive	1/16/2020	—	714,000	1,428,000						
	RSU	1/16/2020							8,320	1,115,878	
	PSU	1/16/2020				1,664	8,319	16,638		1,115,744	
Philippe Galtie	Annual Incentive	1/16/2020	—	672,000	1,344,000						
	RSU	1/16/2020							6,264	840,128	
	PSU	1/16/2020				1,253	6,264	12,528		840,128	
Leigh M. Harlan	Annual Incentive	1/16/2020	—	362,250	724,500						
	RSU	1/16/2020							3,380	453,326	
	PSU	1/16/2020				675	3,377	6,754		452,923	
Daniella Vitale	Annual Incentive	1/16/2020	—	720,000	1,440,000						
	RSU	1/16/2020							8,392	1,125,535	
	PSU	1/16/2020				1,678	8,389	16,778		1,125,133	

**Notes to Grants of Plan-Based Awards Table**

- (a) The grants shown in this column reflect annual incentives granted to the NEOs in respect of Fiscal 2020. The amounts reported in the "Threshold," "Target" and "Maximum" columns reflect estimated future payouts under these awards.
- (b) The grants shown in this column reflect PSUs granted in January 2020 in respect of the three-year performance period beginning February 1, 2020. For these grants, the Committee established threshold, target and maximum goals for EPS and operating cash flow at the beginning of the applicable performance period. The Committee has communicated to the NEOs that, if the EPS threshold or the operating cash flow threshold is attained, the Committee intends to calculate the number of PSUs to vest as indicated in the chart below, based on actual results compared to threshold, target and maximum goals shown; however, the Committee retains the discretion to vest the maximum number of shares granted, or reduce the number to vest to any amount down to zero, provided either the EPS or operating cash flow threshold is met. For a description of the treatment of outstanding PSU awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

	EPS		Operating Cash Flow	
	EPS	Percentage of target shares earned*	Operating Cash Flow (millions)	Percentage of target shares earned:*
Below Threshold	Less than \$11.67	0%	Less than \$1,942	0%
Threshold	Equal to \$11.67	20%	Equal to \$1,942	0%
Target	Equal to \$13.73	80%	Within the range of \$2,378 to \$2,451	20%
Maximum	Equal to or greater than \$14.42	160%	Equal to or greater than \$2.549	40%
Shares calculated based on EPS goals plus operating cash flow goals = total percentage of target shares paid out*				

\*Subject to linear interpolation if actual performance falls between threshold and target (or, in the case of a target expressed as a range, the bottom of the target range), or between target (or, in the case of a target expressed as a range, the top of the target range) and maximum. Target ranges include the ends of the ranges.

Amounts listed in the sub-column labeled "Target Number of Shares" reflect the number of shares awarded assuming the EPS and operating cash flow targets are met at 100%. By contrast, if the EPS target is met at 100% and the operating cash flow threshold is not met, exercise of the Committee's discretion in accordance with the chart above would result in vesting of 80% of target stock units for each NEO, corresponding to an aggregate number of shares as follows: Mr. Bogliolo - 21,984 shares, Mr. Erceg - 6,655 shares, Mr. Galtie - 5,011 shares, Ms. Harlan - 2,702 shares and Ms. Vitale - 6,711 shares. Conversely, if the EPS threshold is not met and the operating cash flow target is met at 100%, exercise of the Committee's discretion in accordance with the chart above would result in vesting of 20% of target stock units for each NEO, corresponding to an aggregate number of shares as follows: Mr. Bogliolo - 5,496 shares, Mr. Erceg - 1,664 shares, Mr. Galtie - 1,253 shares, Ms. Harlan - 675 shares and Ms. Vitale - 1,678 shares. Amounts listed in the sub-column labeled "Maximum Number of Shares" reflects the number of shares awarded assuming the EPS and operating cash flow maximums are met.

- (c) The RSUs shown in this column were granted in January 2020 in respect of Fiscal 2020. These RSUs are scheduled to vest in equal installments on the first, second, third and fourth anniversaries of the grant date. For a description of the treatment of outstanding RSUs under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.
- (d) The fair value of the RSU and PSU awards shown in this column was computed as of the grant date in accordance with Codification Topic 718 for the fiscal year in which the award was granted, disregarding any estimates of forfeitures related to service-based vesting conditions. The fair value of the PSU awards was computed assuming that the EPS target and operating cash flow target were each met at 100% but not exceeded, resulting in vesting of the target number of PSUs. For additional information regarding PSU awards, see the table titled "Outstanding Equity Awards at Fiscal Year-End" at PS-75.

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

**NON-EQUITY INCENTIVE PLAN AWARDS**

**Fiscal 2019 Grants - Performance and Payout**

Payout amounts for the short-term incentive awards granted for Fiscal 2019 are shown in the Summary Compensation Table under the column headed "Non-Equity Incentive Plan Compensation." For a description of these awards, including the performance goals established at the start of the performance period for the corporate and individual portions, see "Short-Term Incentives—Fiscal 2019" at PS-51.

In March 2020, the Committee determined that the operating earnings threshold of \$702 million and the constant currency sales growth threshold of -1% had been met. The Committee further determined that the payout percentage for the corporate portions of the award would be 34.8% of the overall target award, based on Fiscal 2019 operating earnings of \$732.6 million, as reported, and \$753.8 million, as adjusted, net sales approximately unchanged from the prior year, and Constant Currency Sales Growth of 1% (see Appendix I at PS-93).

Based on achievement of individual goals, the Committee determined that the payout percentage of the Individual Portion would be 18% to 40% of the overall target award for the NEOs.

As a result of the determinations described above, each of the NEOs was paid 52.8% to 74.8% of his or her overall target award. A portion of these amounts was paid in December 2019, with the remainder paid following the end of the performance period. See "2019 Retention and Tax Mitigation Actions" at PS-40.

**Fiscal 2018 and Fiscal 2017 Grants**

In Fiscal 2018 and 2017, short-term incentive awards were paid out to the executive officers as follows:

- In Fiscal 2018, the Company's consolidated operating earnings exceeded the threshold established by the Committee, and short-term incentive awards were paid out at 102.6% to 104% of the target amount.
- In Fiscal 2017, the Company's consolidated operating earnings exceeded the threshold established by the Committee, and short-term incentive awards were paid out at 104% of the target amount.

**EQUITY INCENTIVE PLAN AWARDS – PERFORMANCE-BASED RESTRICTED STOCK UNITS**

The PSUs awarded in January 2020 are reflected in the Grants of Plan-Based Awards table under the column headed "Estimated Future/Possible Payouts Under Equity Incentive Plan Awards."

**General Terms of PSU Grants**

PSU grants have the following general features:

- PSUs included in the grant are exchanged on a one-to-one basis for shares of the Company's common stock if the PSUs vest.
- Vesting is determined at the end of a three-year performance period.
- Dividends are not paid on PSUs. However, PSUs accrue dividend equivalent units that will only be paid out upon vesting of the underlying PSUs, if any. Whole dividend equivalent units are paid out in shares, and fractional dividend equivalent units are paid out in cash.
- Under the applicable grant terms, vesting of PSUs (for reasons other than a change in control) is dependent upon achievement of one or more threshold performance goals established by the Committee within 90 days of the start of the performance period.
- Under no combination of circumstances will vesting occur for more than the number of PSUs granted (twice the number of target PSUs).

For a further description of the PSUs granted in January 2019, 2018 and 2017, see "Performance-Based Restricted Stock Unit Grants" at PS-55 to PS-57. For a description of the effect of termination of employment on PSU awards,

see "Equity Incentive Plan Awards—Effect of Termination of Employment on Awards" below. For a description of the effect of a change in control on PSU awards, see "Explanation of Potential Payments on Termination or Change in Control—Vesting of Equity Grants" at PS-84. For a description of the treatment of PSU awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

### **Vesting of the 2017 Performance-Based Restricted Stock Units**

To mitigate the impact of Sections 280G and 4999 of the Internal Revenue Code, a portion of the 2017 PSUs was accelerated to vest in December 2019. In addition, the Committee took action in March 2020 to vest the remainder of the 2017 PSUs at the maximum level notwithstanding actual performance, as contemplated by the Merger Agreement. See "2019 Retention and Tax Mitigation Actions" at PS-40.

## **EQUITY INCENTIVE PLAN AWARDS – STOCK OPTIONS**

Stock option grants have the following features:

- Stock options granted in January 2016, 2017, 2018 and 2019 to executive officers vest (become exercisable) in four equal annual installments. Stock options may also be granted from time to time in connection with promotions and new hires and for recognition purposes, and may be awarded in those cases on a cliff-vesting basis.
- For an explanation of the method of determining the exercise price of options, see "Stock Option Grants" at PS-57.
- Stock options expire no later than the tenth anniversary of the grant date.

For a description of the effect of termination of employment on the vesting schedule and expiration date of stock option awards, see "Equity Incentive Plan Awards—Effect of Termination of Employment on Awards" below. For a description of actions taken in December 2019 to accelerate certain stock options, see "2019 Retention and Tax Mitigation Actions" at PS-40. For a description of the effect of a change in control on stock option awards, see "Explanation of Potential Payments on Termination or Change in Control—Vesting of Equity Grants" at PS-84. For a description of the treatment of stock option awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

## **EQUITY INCENTIVE PLAN AWARDS – TIME-VESTING RESTRICTED STOCK UNITS**

RSU grants have the following features:

- Annual grants of RSUs vest in four equal annual installments. RSUs may also be granted from time in connection with promotions and new hires and for recognition purposes, and may be awarded in those cases on a cliff-vesting basis.
- Dividends are not paid on RSUs. However, RSUs granted in January 2017 and later accrue dividend equivalent units that will only be paid out upon vesting of the underlying RSUs, with whole dividend equivalent units to be paid out in shares, and fractional dividend equivalent units to be paid out in cash.

For a description of the effect of termination of employment on RSU awards, see "Equity Incentive Plan Awards—Effect of Termination of Employment on Awards" below. For a description of actions taken in December 2019 to accelerate certain RSUs, see "2019 Retention and Tax Mitigation Actions" at PS-40. For a description of the effect of a change in control on RSU awards, see "Explanation of Potential Payments on Termination or Change in Control—Vesting of Equity Grants" at PS-84. For a description of the treatment of RSU awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

## **EQUITY INCENTIVE PLAN AWARDS - EFFECT OF TERMINATION OF EMPLOYMENT ON AWARDS**

The grant terms applicable to certain equity awards provide for benefits, prior to a change in control, in the event of retirement and certain instances of involuntary termination without cause. In addition, the Executive Severance Plan provides for equity benefits in the event of involuntary termination without cause or resignation for good reason, prior to a change in control, to the extent such benefits are not already provided by the applicable grant terms or otherwise. See "Severance Benefits Prior to a Change in Control" at PS-58. The chart below illustrates the effect of termination of employment under various circumstances, prior to a change in control, on grants of stock options,

PSUs and RSUs. Definitions of "cause," "good reason," "retirement" and "disability," as those terms are used below, are provided in the applicable grant terms and the Executive Severance Plan. For information on the effect of termination following a change in control, see "Explanation of Potential Payments on Termination Following a Change in Control" at PS-83.

Reason for termination <sup>1</sup>	Stock Options	PSUs	RSUs
Death or disability	Unvested options vest on the date of death or disability and remain exercisable for two years thereafter.	If death or disability occurs before the start of the applicable performance period, then unvested PSUs are forfeited. If death or disability occurs after the start of the applicable performance period, then all or a percentage of unvested PSUs will vest based on a schedule provided in the applicable grant terms.	Unvested RSUs vest on the date of death or disability.
Retirement	For options granted in January 2017 and later, unvested options continue to vest if granted at least six months prior to retirement, and the exercise period for such vested options expires five years after retirement. <sup>2</sup>  For options granted before January 2017, unvested options are forfeited, and the exercise period for such vested options expires two years from retirement. <sup>2</sup>	PSUs continue to vest if granted at least six months prior to retirement. <sup>2,3</sup>  Remaining unvested PSUs are forfeited.	Unvested RSUs are forfeited.
Involuntary termination without cause or resignation for good reason <sup>6</sup>	Options that would have vested within 12 months of termination vest on termination. The exercise period for vested options expires one year from termination. <sup>4,5</sup>  Remaining unvested options are forfeited.	PSUs for which the performance period will end within 12 months of termination continue to vest on a pro rata basis. <sup>3,4,5</sup>  Remaining unvested PSUs are forfeited, subject to the Committee's ability to permit continued vesting under certain circumstances. <sup>3,4</sup>	RSUs that would have vested within 12 months of termination will vest at or shortly after termination. <sup>4,5,7</sup>  Remaining unvested RSUs are forfeited.
Termination for cause	Unvested options are forfeited and the exercise period for vested options expires on termination.	Unvested PSUs are forfeited.	Unvested RSUs are forfeited.
Termination for any other reason	Unvested options are forfeited and the exercise period for vested options expires three months from termination.	Unvested PSUs are forfeited.	Unvested RSUs are forfeited.

<sup>1</sup> Except where otherwise indicated, the benefits described are provided for in the applicable grant terms.

<sup>2</sup> Subject to compliance with applicable restrictive covenants.

<sup>3</sup> Vesting of PSUs remains subject to pre-determined performance goals.

<sup>4</sup> Subject to execution of a release of claims and compliance with applicable restrictive covenants.

<sup>5</sup> Pursuant to the terms of the Executive Severance Plan.

<sup>6</sup> The offer letter provided to Mr. Bogliolo provides for continued vesting of certain equity grants in the event of involuntary termination without cause or resignation for good reason prior to October 17, 2020. For a description of these benefits, see "Alessandro Bogliolo Compensatory Arrangements" at PS-73.

<sup>7</sup> RSUs granted to Ms. Harlan in March 2017 allow for continued vesting if Ms. Harlan is involuntarily terminated without cause, subject to compliance with certain restrictive covenants.

### **LIFE INSURANCE BENEFITS**

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

- executive officers own whole life policies on their own lives;
- the pre-retirement death benefit is three times annual base salary and target short-term incentive award;
- the Company pays the premium on such policies in an amount sufficient to accumulate cash value;
- premiums are calculated to accumulate a target cash value at age 65;
- the target cash value will allow the policy to remain in force after age 65 without payment of further premiums with a death benefit equivalent to twice the average of the executive officer's annual base salary and target short-term incentive award for his or her final three years;
- the amount of the premiums paid by the Company is taxable income to the executive officer; and
- the Company does not pay any additional amounts to offset the income tax attributable to the premiums paid on behalf of the executives.

Ms. Vitale declined this benefit. See the table shown under note (h) to the Summary Compensation Table at PS-66 for information concerning life insurance premiums paid for the benefit of the remaining NEOs.

### **ALESSANDRO BOGLIOLO COMPENSATORY ARRANGEMENT**

Elements of Mr. Bogliolo's compensation disclosed in the Summary Compensation Table are provided pursuant to the offer letter extended to him in connection with his recruitment. The key terms of the offer letter were:

- Initial base salary: \$1,350,000 per year;
- Initial target annual incentive award (beginning on a prorated basis for Fiscal 2017, reflecting his commencement in the role of CEO in October 2017): 150% of base salary;
- Initial target long-term incentive award (beginning in Fiscal 2018): 500% of base salary;
- One-time sign-on awards of: (i) stock options with a grant date value of \$1,400,000, (ii) RSUs with a grant date value of \$1,400,000, in each case to vest in equal installments on the first three anniversaries of the date Mr. Bogliolo commenced employment, and (iii) \$2,800,000 in cash. These sign-on awards were intended to replace amounts forfeited at Mr. Bogliolo's prior employer and to provide further inducement to join the Company;
- A one-time payment of \$500,000 to reimburse Mr. Bogliolo's expenses in relocating to the United States, as well as reimbursement of certain expenses for tax and legal advice;
- The following severance benefits, absent a change in control, in the event of termination without cause or resignation for good reason prior to the third anniversary of his commencement date:
  - Lump sum payment equal to 24 months of then-current annual base salary;
  - Prorated portion of the annual incentive award for the fiscal year in which the termination occurs (to be calculated based on actual performance);
  - Payment of any earned but unpaid annual incentive award for the prior fiscal year;
  - Reimbursement of the cost of continued health care coverage for up to 18 months; and
  - Amendment of equity grants to provide for continued vesting of stock options and RSUs that would have vested during the 24-month period following termination, with the options remaining exercisable for 12 months following the vesting date, and for continued vesting of PSUs, with the payout based on actual performance and calculated on a pro rata basis to reflect employment during the applicable performance period.

The offer letter incorporates definitions of "change in control," "cause" and "good reason," and has been filed with the SEC as Exhibit 10.39 to the Company's Current Report on Form 8-K filed with the SEC on July 13, 2017.

#### **MARK J. ERCEG COMPENSATORY ARRANGEMENT**

Elements of Mr. Erceg's compensation disclosed in the Summary Compensation Table are provided pursuant to the offer letter extended to him in connection with his recruitment. The key terms of the offer letter included:

- Initial base salary: \$850,000 per year;
- Initial target annual incentive award (beginning in Fiscal 2017): 80% of base salary;
- Initial target long-term incentive award (beginning in Fiscal 2017): 250% of base salary;
- One-time sign-on awards of (i) RSUs with a grant date value of \$2,000,000, to vest in equal installments on the first three anniversaries of the grant date; (ii) stock options with a grant date value of \$2,000,000, to vest in equal installments on the first three anniversaries of the grant date; and (iii) a \$750,000 cash bonus, and an additional cash payment of \$750,000 as reimbursement for the repayment of a sign-on award to his prior employer; and
- Certain relocation costs.

The offer letter has been filed with the SEC as Exhibit 10.29 to the Company's Annual Report on Form 10-K dated March 17, 2017.

#### **PHILIPPE GALTIE COMPENSATORY ARRANGEMENT**

Elements of Mr. Galtie's compensation disclosed in the Summary Compensation Table are provided pursuant to the terms of the offer letter extended to him in connection with his recruitment. The key terms of the offer letter included:

- Initial base salary: \$500,000 per year;
- Initial target annual incentive award: 50% of base salary;
- Initial target long-term incentive award: 150% of base salary;
- One-time sign-on awards of (i) RSUs with a grant date value of \$375,000, to vest in equal installments on the first four anniversaries of the grant date; and (ii) stock options with a grant date value of \$375,000, to vest in equal installments on the first four anniversaries of the grant date;
- French pension scheme payments: payment of contributions for the benefit of Mr. Galtie's account with certain French social security and pension schemes. This payment is intended to avoid loss of Mr. Galtie's accrual under such schemes; and
- Certain relocation costs.

The offer letter has been filed with the SEC as Exhibit 10.32 to the Company's Annual Report on Form 10-K dated March 17, 2017.

#### **DANIELLA VITALE COMPENSATORY ARRANGEMENT**

Elements of Ms. Vitale's compensation disclosed in the Summary Compensation Table are provided pursuant to the offer letter extended to her in connection with her recruitment. The key terms of the offer letter included:

- Initial base salary: \$900,000 per year;
- Initial target annual incentive award: 80% of base salary;
- Initial target long-term incentive award: 250% of base salary; and
- One-time sign-on awards of equity grants with an aggregate target value of \$750,000, or alternatively, \$750,000 in cash.

The offer letter has been filed with the SEC as Exhibit 10.21 to the Company's Annual Report on Form 10-K filed with the SEC on March 20, 2020.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**  
**January 31, 2020**

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date (a)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#) (b)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$)
Alessandro Bogliolo								
	—	42,273	108.99	1/17/2028				
	—	112,286	85.26	1/17/2029				
							6,464/64,640 (c)	866,305 (d)
							8,419/84,192 (e)	1,128,314 (f)
							5,496/54,960 (g)	736,574 (h)
					27,480 (i)	3,682,870 (j)		
Mark J. Erceg								
	39,924	13,308	108.99	1/17/2028				
	33,990	33,990	85.26	1/17/2029				
							2,035/20,350 (c)	272,731 (d)
							2,549/25,485 (e)	341,617 (f)
							1,664/16,638 (g)	223,009 (h)
					17,740 (k)	2,377,515 (j)		
					8,320 (i)	1,115,046 (j)		
Philippe Galtie								
	—	8,328	91.87	7/19/2027				
	—	10,021	108.99	1/17/2028				
	—	25,592	85.26	1/17/2029				
							1,532/15,324 (c)	205,319 (d)
							1,919/19,191 (e)	257,184 (f)
							1,253/12,528 (g)	167,927 (h)
					8,140 (k)	1,090,923 (j)		
					1,435 (l)	192,319 (j)		
					6,264 (i)	839,501 (j)		

PROXY STATEMENT

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price (\$)	Option Expiration Date (a)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (#) (b)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (\$)
Leigh M. Harlan								
	—	2,701	108.99	1/17/2028				
	—	6,898	85.26	1/17/2029				
							826/8,260 (c)	110,701 (d)
							1,035/10,346 (e)	138,711 (f)
							675/6,754 (g)	90,464 (h)
					7,202 (k)	965,212 (j)		
					1,968 (m)	263,751 (j)		
					517 (n)	69,288 (j)		
					1,295 (o)	173,556 (j)		
					3,380 (i)	452,988 (j)		
Daniella Vitale								
							1,678/16,778 (g)	224,886 (h)
					8,392 (i)	1,124,696 (j)		

**Notes to Outstanding Equity Awards at Fiscal Year-End Table**

- (a) For all option grants shown, the grant date was 10 years prior to the expiration date shown. The options granted on the dates so indicated were scheduled to vest 25% per year over the four-year period following the grant date. However, a portion of these grants were accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40. The number of shares shown is the portion of such grants that had not vested as of January 31, 2020.
- (b) In this column, the number to the left of the slash mark indicates the number of shares on which the payout value shown in the column to the right was computed. See notes (c), (d), (e), (f), (g), (h) and (k) below. The number to the right of the slash mark indicates the total number of shares that would vest upon attainment of all performance objectives at the maximum goal level over the three-year performance period. Both numbers include dividend equivalent units accrued as of January 31, 2020.
- (c) This January 2018 grant of PSUs is scheduled to vest three business days following the date on which the Company's audited financial results for Fiscal 2020 are publicly reported.
- (d) This value has been computed at 10% of maximum on the assumption that the EPS and operating cash flow thresholds are reached but not exceeded for the performance period of Fiscal 2018 through Fiscal 2020. The resulting value was computed on the basis of the closing stock price of \$134.02 on January 31, 2020. If the EPS and operating cash flow targets are both met at 100%, the value would be computed at 50% of maximum, corresponding to an aggregate number of shares as follows: Mr. Bogliolo - 32,320 shares, Mr. Erceg - 10,175 shares, Mr. Galtie - 7,662 shares and Ms. Harlan - 4,130 shares.
- (e) This January 2019 grant of PSUs is scheduled to vest three business days following the date on which the Company's audited financial results for the fiscal year ending January 31, 2022 ("Fiscal 2021") are publicly reported.
- (f) This value has been computed at 10% of maximum on the assumption that the EPS and operating cash flow thresholds are reached but not exceeded for the performance period of Fiscal 2019 through Fiscal 2021. The resulting value was computed on the basis of the closing stock price of \$134.02 on January 31, 2020. If the EPS and operating cash flow targets are both met at 100%, the value would be computed at 50% of

maximum, corresponding to an aggregate number of shares as follows: Mr. Bogliolo - 42,096 shares, Mr. Erceg - 12,743 shares, Mr. Galtie - 9,595 shares and Ms. Harlan - 5,173 shares.

- (g) This January 2020 grant of PSUs is scheduled to vest three business days following the date on which the Company's audited financial results for the fiscal year ending January 31, 2023 ("Fiscal 2022") are publicly reported.
- (h) This value has been computed at 10% of maximum on the assumption that the EPS and operating cash flow thresholds are reached but not exceeded for the performance period of Fiscal 2020 through Fiscal 2022. The resulting value was computed on the basis of the closing stock price of \$134.02 on January 31, 2020. If the EPS and operating cash flow targets are both met at 100%, the value would be computed at 50% of maximum, corresponding to an aggregate number of shares as follows: Mr. Bogliolo - 27,480 shares, Mr. Erceg - 8,319 shares, Mr. Galtie - 6,264 shares, Ms. Harlan - 3,377 shares and Ms. Vitale - 8,389 shares.
- (i) This January 2020 grant of RSUs is scheduled to vest in equal installments over a four-year period ending January 17, 2024. The number of shares shown is the portion of the award that had not vested as of January 31, 2020.
- (j) The value was computed on the basis of the Company's closing stock price of \$134.02 on January 31, 2020.
- (k) This January 2017 grant of PSUs was scheduled to vest in March 2020, three business days following the date on which the Company's audited financial results for Fiscal 2019 were publicly reported. A portion of this grant was accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40. The number of shares shown is the number of shares that remained outstanding as of January 31, 2020. In March 2020, the Committee took action to vest the full number of the remaining shares.
- (l) This one-time RSU award, granted to Mr. Galtie in July 2017 in connection with his assumption of additional responsibilities, is scheduled to vest in equal installments over a four-year period ending July 19, 2021. A portion of the award was accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40. The number of shares shown is the portion of the award that remained outstanding as of January 31, 2020.
- (m) This one-time RSU award, granted to Ms. Harlan in March 2017 in furtherance of recognition and retention goals, was scheduled to vest in equal installments over a three-year period ending March 16, 2020. The number of shares shown is the portion of the award that remained outstanding as of January 31, 2020.
- (n) This January 2018 grant of RSUs is scheduled to vest in equal installments over a four-year period ending January 17, 2022. A portion of the award was accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40. The number of shares shown is the portion of the award that remained outstanding as of January 31, 2020.
- (o) This January 2019 grant of RSUs is scheduled to vest in equal installments over a four-year period ending January 17, 2023. A portion of the award was accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40. The number of shares shown is the portion of the award that remained outstanding as of January 31, 2020.

**OPTION EXERCISES AND STOCK VESTED**  
**Fiscal 2019**

Name	Option Awards			Stock Awards	
	Number of Shares Acquired on Exercise (#)		Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Alessandro Bogliolo	309,248	(a)	10,268,658	8,564	985,846
Mark J. Erceg	213,975	(b)	12,058,339	18,916	2,527,121
Philippe Galtie	118,863	(c)	5,279,595	19,064	2,250,435
Leigh M. Harlan	99,501	(d)	4,910,951	17,407	2,087,329
Daniella Vitale	—		—	—	—

(a) Weighted-average holding period for options exercised: 1.6 years

(b) Weighted-average holding period for options exercised: 3.1 years

(c) Weighted-average holding period for options exercised: 2.4 years

(d) Weighted-average holding period for options exercised: 3.4 years

**PENSION BENEFITS**

The NEOs do not participate in any defined benefit pension plans.

**NONQUALIFIED DEFERRED COMPENSATION TABLE**  
**Fiscal 2019**

Name	Executive Contributions in Last Fiscal Year (a) (\$)	Registrant Contributions in Last Fiscal Year (b) (\$)	Aggregate Earnings/ (Losses) in Last Fiscal Year (c) (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (d) (\$)
Alessandro Bogliolo	—	137,218	13,037	—	151,483
Mark J. Erceg	873,936	38,357	87,728	—	1,033,613
Philippe Galtie	—	38,758	10,059	—	124,521
Leigh M. Harlan	—	16,360	5,196	—	85,082
Daniella Vitale	—	—	—	—	—

**Note to Nonqualified Deferred Compensation Table**

(a) This column includes amounts that are also included in the amounts shown in the columns headed "Salary" or "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table at PS-63.

(b) The amounts shown in this column, which reflect Excess DCRB Contributions made in Fiscal 2019 for plan year 2018, are also included in the column headed "All Other Compensation" in the Summary Compensation Table at PS-63. For more information concerning Excess DCRB Contributions, see "Defined Contribution Retirement Benefit" at PS-57 and "Excess DCRB Feature of the Deferral Plan" below. Mr. Bogliolo, Mr. Erceg, Mr. Galtie and Ms. Harlan are vested 20%, 40%, 60% and 100%, respectively, in the total Excess DCRB Contributions credited to them.

- (c) Amounts shown in this column are not reported as compensation in the Summary Compensation Table because the Deferral Plan does not pay above-market or preferential earnings on compensation that is deferred.
- (d) Amounts shown in this column include amounts that were reported as compensation in the Summary Compensation Table to the extent that such amounts were contributed by the executive or the Company but not to the extent that such amounts represent earnings. See Note (c) above.

### **Features of the Deferral Plan**

These are the key features of the Company's Deferral Plan:

- Participation is open to directors, executive officers and certain other employees.
- Directors of the Company may defer all of their cash compensation.
- Employees may defer up to 50% of their salary and up to 90% of their short-term cash incentive or bonus compensation.
- Other than the Excess DCRB Contribution available to individuals who do not participate in the Company's defined benefit pension plan, the Company makes no contribution to the plan.
- The Company guarantees no specific return on contributions under the plan.
- Deferrals are funded by a trust that is subject to the claims of Tiffany's creditors.
- The value in the participant's account depends on the return on investments in various mutual funds that may be selected by the participant.
- Deferrals may be made to a retirement account and to accounts which will pay out on specified "in-service" dates.
- Participants must elect to make deferrals in advance of the period during which the deferred compensation is earned.
- Retirement accounts pay out in 5, 10, 15 or 20 annual installments after retirement as elected in advance by the participant.
- Except in the case of previously elected "in-service" payout dates, participants are not allowed to withdraw funds while they remain employed other than for unforeseeable emergencies and then only with the permission of the Board.
- Termination of services generally triggers a distribution of all account balances other than, in the case of retirement or disability, retirement balances.
- Executive officers will not receive any distribution from the plan until six months following termination of service.

### **Excess DCRB Feature of the Deferral Plan**

The Deferral Plan provides for an Excess DCRB Contribution with respect to certain eligible employees under the DCRB feature of the 401K Plan. If an eligible employee under the DCRB feature (i) holds a title of Vice President or above, (ii) receives a DCRB Contribution under the 401K Plan in a given year, and (iii) such DCRB Contribution is curtailed by reason of the limitations under Sections 401(a)(17) or 415 of the Internal Revenue Code, an Excess DCRB Contribution will be credited to the employee's accounts under the Deferral Plan.

The Excess DCRB feature is intended to benefit those eligible employees who were hired on or after January 1, 2006, and for this reason were precluded from participation in the Company's defined benefit plans. All the NEOs are eligible for benefits under the Excess DCRB feature of the Deferral Plan.

The Excess DCRB Contribution vests in accordance with the vesting schedule for DCRB Contributions under the 401K Plan, as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 2 Years	—%
2 years or more	20%
3 years or more	40%
4 years or more	60%
5 years or more	80%
6 years or more	100%

#### Other Retirement Benefits

Mr. Galtie receives contributions for the benefit of his accounts with certain French social security and pension schemes. For details about the foregoing retirement benefit, see "Philippe Galtie Compensatory Arrangement" at PS-74 and Notes h(ix)-(xi) to the Summary Compensation Table at PS-67.

#### POTENTIAL PAYMENTS ON TERMINATION OR CHANGE IN CONTROL

The following tables show benefits payable to the NEOs shown upon involuntary termination prior to a Change in Control (as defined below), and upon involuntary termination following a Change in Control. In either case, the values below assume the NEO shown was involuntarily terminated on January 31, 2020. An "involuntary termination" shown in the table below does not include a termination for cause, but does include a resignation for good reason, except where otherwise noted. As used in this section, "Change in Control" has the meaning described below under "Definition of a Change in Control" at PS-83. The values shown in the second table below assume the Change in Control is not a Terminating Transaction. See "Definition of a Change in Control" at PS-83 and "Vesting of Equity Grants" at PS-84.

#### Involuntary Terminations Absent a Change in Control

Name	Cash Severance Payment (\$) (a)	Welfare Benefit (\$) (b)	Early Vesting of Equity Awards (\$) (c)			Total (\$)
			Early Vesting of Stock Options (d)	Early Vesting of PSUs (e)	Early Vesting of RSUs (f)	
Alessandro Bogliolo	3,400,650	41,723	—	—	—	3,442,373
Mark J. Erceg	1,415,080	41,723	—	—	278,762	1,735,565
Philippe Galtie	1,287,040	35,406	—	—	209,875	1,532,321
Leigh M. Harlan	841,570	35,669	—	—	113,247	990,486
Daniella Vitale	1,369,079	41,723	—	—	281,174	1,691,976

### Involuntary Terminations Following a Change in Control

Name	Cash Severance Payment (\$) (g)	Welfare Benefit (\$) (h)	Early Vesting of Equity Awards (\$) (c)(i)			Total (\$)
			Early Vesting of Stock Options (j)	Early Vesting of PSUs (k)	Early Vesting of RSUs (l)	
Alessandro Bogliolo	7,450,650	48,331	6,533,159	10,970,556	3,682,870	28,685,566
Mark J. Erceg	3,200,080	48,331	1,990,452	4,329,550	1,115,046	10,683,459
Philippe Galtie	2,967,040	39,882	1,849,717	2,980,504	1,031,820	8,868,963
Leigh M. Harlan	1,962,820	48,331	403,953	1,757,552	959,583	5,132,239
Daniella Vitale	3,259,079	48,331	—	—	1,124,696	4,432,106

#### Notes to Potential Payments on Termination or Change in Control Tables

- (a) For Mr. Bogliolo, the amount shown represents 24 months of base salary (payable in a lump sum) and payment of the unpaid portion of his Fiscal 2019 annual incentive award. For the remaining NEOs, the amount shown represents the aggregate cost of continuing their salary for a period determined by the Executive Severance Plan (18 months for Mr. Erceg, Mr. Galtie and Ms. Vitale, and 15 months for Ms. Harlan), plus the unpaid portion of their Fiscal 2019 annual incentive awards.
- (b) The amounts shown in this column represent the cost of (i) 12 months of outplacement services and (ii) continued health care coverage determined on the basis of the Company's "COBRA" rates for post-employment continuation coverage for a period of 18 months for Mr. Bogliolo, Mr. Erceg, Mr. Galtie and Ms. Vitale, and 15 months for Ms. Harlan. Such COBRA rates are available to all participating employees who terminate from employment and were determined on the basis of coverage elections made by the executive officer.
- (c) The value of early vesting of equity awards was determined using \$134.02, the closing price of the Company's stock on January 31, 2020.
- (d) In the event of involuntary termination on the assumed termination date, Mr. Bogliolo would be entitled to continued vesting of outstanding stock options scheduled to vest within 24 months of termination, with the exercise period for such options to expire one year from the vesting date (a total of 98,416 stock options). No value has been assigned in this column to stock options subject to continued vesting, or to adjustments in the exercise period for vested options.
- The remaining NEOs would be entitled to early vesting of stock options scheduled to vest within 12 months of termination, with the exercise period for such stock options to expire one year from termination. No value is shown in this column as all such stock options were accelerated to vest in December 2019. See "2019 Retention and Tax Mitigation Actions" at PS-40.
- (e) In the event of involuntary termination on the assumed termination date, Mr. Bogliolo would be entitled to continued pro rata vesting of all outstanding PSUs (resulting in continued vesting of 71,157 PSUs, following such prorating). The remaining NEOs would be entitled to continued pro rata vesting of PSUs for which the performance period would end within 12 months of the assumed termination date. Accordingly, this column assumes continued pro rata vesting of outstanding PSUs granted in (if applicable) January 2017 and 2018 (resulting in continued vesting, following such prorating, of 31,303 PSUs for Mr. Erceg, 18,354 PSUs for Mr. Galtie and 12,707 PSUs for Ms. Harlan). In each case, no value has been assigned to PSUs subject to such continued vesting.
- (f) In the event of involuntary termination on the assumed termination date, Mr. Bogliolo would be entitled to continued vesting of RSUs scheduled to vest within 24 months of termination (13,740 RSUs), and Ms. Harlan would be entitled to continued vesting of the outstanding portion of RSUs granted to her in March 2017 (1,968 RSUs). No value has been assigned to RSUs subject to such continued vesting. For the

remaining NEOs, the outstanding portion of RSUs scheduled to vest within 12 months of termination would vest on termination. Accordingly, the amounts shown represent the value of early vesting of one-fourth of the RSUs granted in January 2020 to Mr. Erceg, Mr. Galtie, Ms. Harlan and Ms. Vitale.

- (g) Cash severance payments shown in this column represent the sum of (i) the unpaid portion of the NEO's short-term incentive award for Fiscal 2019, and (ii) two times the sum of such short-term incentive award at target and the NEO's Fiscal 2019 base salary.
- (h) The amounts shown in this column represent two years of health care coverage determined on the basis of the COBRA rates described above.
- (i) The values shown in these columns assume that the Change in Control is not a Terminating Transaction. See "Definition of a Change in Control" at PS-83. For an explanation of the effect of a Terminating Transaction, see "Vesting of Equity Grants" at PS-84.
- (j) The amounts shown in this column reflect the vesting of all outstanding stock options upon the Change in Control.
- (k) The amounts shown in this column reflect the vesting of a portion of the 2017, 2018 and 2019 PSUs upon the Change in Control, calculated as described below under "Vesting of Equity Grants" at PS-84; but they do not include the 2020 PSUs, as the assumed Change in Control would have occurred prior to the start of the performance period applicable to such PSUs.
- (l) The amounts shown in this column represent the vesting of all outstanding RSUs upon the Change in Control.

#### **Explanation of Potential Payments on Termination Prior to a Change in Control**

##### ***Alessandro Bogliolo Offer Letter***

The offer letter provided to Mr. Bogliolo provides for the benefits shown below in the event of involuntary termination prior to October 2, 2020, absent a Change in Control.

<b>Alessandro Bogliolo Offer Letter - Severance Benefits</b>	
Salary	Lump sum payment equal to 24 months of then-current base salary.
Annual Incentive	Prorated portion of the annual incentive for the year in which termination occurs, calculated based on actual performance, and paid at the same time that such awards are paid to active executive officers.
Welfare Benefits	Reimbursement of the cost of continued health care coverage for up to 18 months.
Equity Awards	Continued vesting of stock options and RSUs that would have vested within 24 months of termination, with vested options remaining exercisable for 12 months following the vesting date.  Continued vesting of all outstanding PSUs, with vested PSUs to be paid out at the same time that PSUs granted to active executive officers are settled, and the number to vest to be determined based on actual performance and prorated to reflect employment during the performance period.
Earned Compensation	Payment of any earned but unpaid annual incentive award for any fiscal year completed prior to the termination date.
Conditions	The above benefits are conditioned upon (i) a release of claims in favor of the Company, its affiliates and their employees, and (iii) compliance with restrictive covenants providing for non-competition, non-solicitation and no hire obligations for two years following termination, as well as ongoing confidentiality and cooperation obligations.

In accordance with the above, the cash severance amount shown for Mr. Bogliolo in the table on PS-80 represents 24 months of base salary (paid as a lump sum) and payment of the unpaid portion of his 2019 annual incentive award. In addition, although Mr. Bogliolo is entitled under his offer letter to continued vesting of certain equity awards as described above, no value has been assigned in the first table on PS-80 to awards subject to such continued vesting.

### **Executive Severance Plan**

The Executive Severance Plan provides the following benefits in the event of involuntary termination prior to a Change in Control:

<b>Executive Severance Plan</b>	
Salary	Base salary continuation in accordance with normal payroll practices, determined as follows: (i) CEO - 24 months, (ii) EVP - 18 months or (iii) SVP - 15 months.
Annual Incentive	Payment of the executive's annual incentive for the year in which termination takes place, with the amount to be paid calculated as follows, and paid at the same time that such awards are paid to active executive officers: - Prorated for employment during the performance period - Individual portion based on target - Corporate portion based on actual performance
Welfare Benefits	Payment of the cost of continued health care coverage from termination until the earliest of (i) the last day salary continuation benefits are paid, (ii) the date that is 18 months from termination and (iii) the date the executive becomes eligible for coverage from a subsequent employer.  If termination occurs after July 31, payment of the premium on any Company-purchased life insurance policy for the year in which termination occurs.  Outplacement benefits for 12 months.
Equity Awards	RSUs and stock options scheduled to vest within 12 months of termination vest at or shortly after termination, with the exercise period for vested options to expire one year following termination.  PSUs for which the performance period will end within 12 months of termination continue to vest, with the number to vest to be determined based on actual performance and prorated to reflect employment during the performance period.
Earned Compensation	Payment of any earned but unpaid base salary and vacation pay, and earned but unpaid annual incentive award for any fiscal year completed prior to the termination date.
Conditions	The above benefits are conditioned upon: (i) a release of claims in favor of the Company, its affiliates and their employees, and (ii) compliance with restrictive covenants providing for non-competition, non-solicitation and no-hire obligations for the period during which salary continuation benefits are paid, as well as ongoing confidentiality and cooperation obligations.

In the event that an executive is entitled to cash severance benefits under an employment agreement or offer letter, the cash severance benefits described above will only be provided to the extent they exceed such cash severance benefits. Likewise, the equity benefits described will only be provided to the extent they do not duplicate benefits provided in an employment agreement, offer letter or applicable equity grant terms.

### **Equity Benefits**

For a summary of the effects of involuntary termination prior to a Change in Control on equity awards under the Executive Severance Plan and the applicable grant terms, see "Equity Incentive Plan Awards—Effect of Termination of Employment on Awards" at PS-71. The terms applicable to PSUs reserve the right of the Committee, under certain circumstances, to permit vesting of such units in the event of an involuntary termination without cause (but not resignation for good reason) absent a Change in Control. The amounts reported assume no units were vested in this manner.

### **Explanation of Potential Payments on Termination Following a Change in Control**

#### **Definition of a Change in Control**

For purposes of the Executive Severance Plan, unvested equity awards made to the NEOs, and the retention agreements, the term "Change in Control" means that one of the following events has occurred:

- A person or group of persons acting in concert (a "person" being an individual or organization) is or becomes the beneficial owner of Company stock representing 35% or more of the combined voting power of the Company's then-outstanding stock (subject to certain exceptions such as in the case of a trustee of a Company employee benefit plan);

- A majority of the Board is, for any reason, not made up of individuals who are currently on the Board or who are incumbent directors. Incumbent directors are defined for purposes of the retention agreements and certain unvested equity awards as directors approved by a majority of the current directors or directors who were themselves approved by a majority of the current directors. The terms of other unvested equity awards use the same definition, but with the proviso that incumbent directors do not include a director who joined the board after having been designated to do so pursuant to an agreement between the Company and another person to effect a transaction that would otherwise constitute a Change in Control;
- As a result of a corporate transaction such as a merger, the shareholders of the Company immediately prior to such transaction do not own more than 50% of the combined voting power of the surviving entity; or
- 50% or more of the consolidated assets of the Company and its subsidiaries are sold, liquidated or distributed, unless the shareholders of the Company continue to own those assets in the same proportion as their ownership of Company stock prior to the sale, liquidation or distribution (in the case of the retention agreements and certain unvested equity awards); or all or substantially all assets of the Company or Tiffany are sold or disposed of to an unrelated party (in the case of other unvested equity awards).

Certain Change in Control events will be considered "Terminating Transactions," provided the acquirer does not arrange to assume or replace the grant. Terminating Transactions include (i) the dissolution of the Company, or (ii) if the Company comes under the substantial ownership (80%) of another person.

**Cash Severance - Retention Agreements**

The retention agreements entered into by the Company and Tiffany with each of the executive officers provide for the severance benefits shown below in the event of involuntary termination within two years of the date of the Change in Control.

<b>Retention Agreements</b>	
Salary	Two times annual base salary.
Annual Incentive	Two times the executive's target annual incentive for the year in which termination occurs.
Welfare Benefits	Two years of benefits continuation under Tiffany's health and welfare plans.
Earned Compensation	Payment of (i) any earned but unpaid base salary, vacation pay and bonus or annual incentive award for any completed fiscal year that remains unpaid, and (ii) a pro rata portion of the executive's target annual incentive for the year in which termination occurs.

**Vesting of Equity Grants**

Stock Option Grants

Outstanding stock options will vest in full and become exercisable in the event of a Change in Control that is a Terminating Transaction. For all other Change in Control events, early vesting will occur in full but only if the executive is involuntarily terminated from employment following the Change in Control.

Performance-Based Restricted Stock Unit Grants

All outstanding PSUs will vest upon a Terminating Transaction, other than PSUs for which the performance period has not yet commenced.

For all other Change in Control events, PSUs convert to time-vesting restricted stock units as follows:

- If a Change in Control occurs before the start of the three-year performance period, no conversion or vesting will occur.
- If a Change in Control occurs in the first or second fiscal year of the three-year performance period, then 55% of the PSUs awarded shall convert to time-vesting restricted stock units.

- If a Change in Control occurs in the last fiscal year of the three-year performance period, the percentage of PSUs to convert to time-vesting restricted stock units will be based on the Company's cumulative performance during the first and second fiscal year of the performance period, as compared to the performance goals expressed in the original notice of grant; however, such performance goals will be prorated for the cumulative two-year period (66.67%).

The resulting time-vesting restricted stock units will vest on the earlier of (i) the original maturity date in the notice of grant (which, for all outstanding PSU grants, is three business days following the public announcement of the Company's audited, consolidated financial results for the last fiscal year in the performance period), or (ii) if the executive is involuntarily terminated, on such termination date.

An assumed Change of Control that is not a Terminating Transaction that occurs on January 31, 2020, would occur in the third year of the performance period of the 2017 PSUs. Actual results for the first and second years of the performance period, compared to prorated performance goals, would result in 40% of the total number of such PSUs converting to time-vesting restricted stock units. The assumed Change in Control would occur in the first two years of the performance period of the 2018 and 2019 PSUs, resulting in 55% of each of those grants converting to time-vesting restricted stock units. For the 2020 PSUs, the three-year performance period began on February 1, 2020; because the Change in Control is assumed to have taken place before that date, no portion of the 2020 PSUs are reflected as vested as a result of the assumed Change in Control.

#### Time-Vesting Restricted Stock Unit Grants

Outstanding RSUs will vest in full and convert to shares in the event of a Terminating Transaction. For all other Change in Control events, RSUs will vest in full if the executive is involuntarily terminated following the Change in Control event.

#### LVMH Merger Agreement

The Merger will constitute a Terminating Transaction. For a description of the treatment of outstanding equity awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40.

#### **Other Terminations**

If any of the NEOs had died or become disabled on January 31, 2020, unvested stock options, PSUs and RSUs would have vested at the values shown below.

Name	Early Vesting of Stock Options (\$)	Early Vesting of PSUs (\$)	Early Vesting of RSUs (\$)
Alessandro Bogliolo	6,533,159	4,863,618	3,682,870
Mark J. Erceg	1,990,452	3,885,434	1,115,046
Philippe Galtie	1,849,717	2,226,425	1,031,820
Leigh M. Harlan	403,953	1,577,311	959,583
Daniella Vitale	—	—	1,124,696

#### **CEO PAY RATIO**

The SEC has adopted a rule under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 that requires the disclosure of the ratio of (i) the median annual total compensation for all employees of the Company and its subsidiaries other than the CEO, to (ii) the annual total compensation of the CEO.

Under the SEC's rule, the Company may identify its median employee once every three years as long as there have been no meaningful changes to its employee population or its employee compensation arrangements during such period that the Company believes would result in a significant modification to its pay ratio. The Company believes it

has not had any such changes in Fiscal 2019 that would have impacted the pay ratio. Accordingly, the same median employee used for Fiscal 2018 has been used for Fiscal 2019.

For Fiscal 2018, to determine the median annual total compensation for all employees other than the CEO, a median employee was identified from the population of all employees of the Company and its subsidiaries worldwide as of January 31, 2019 (including all seasonal and part-time employees, as well as all full-time employees), using annual cash compensation as of December 31, 2018. For these purposes, annual cash compensation was calculated using base salary, cash bonuses and all other elements of cash compensation, such as overtime pay and commissions. Equity awards, the value of retirement benefits and other elements of non-cash compensation were not included.

The median employee's total compensation for Fiscal 2019 was determined in the same manner that total compensation was determined for the CEO in the Summary Compensation Table that appears on PS-63. On this basis, the median annual compensation for Fiscal 2019 for all employees, excluding the CEO, was \$35,743, and the CEO's annual compensation was \$13,500,457. Accordingly, the ratio of the two amounts is 378 to 1. The Company's pay ratio may not be comparable to the pay ratios of other companies, which may adopt different methodologies, rely on different estimates or assumptions or, unlike the Company, make adjustments in calculating their pay ratios.

**DIRECTOR COMPENSATION TABLE**  
**Fiscal 2019**

Name	Fees Earned or Paid in Cash (\$) (a)	Stock Awards (\$) (b) (c)	Option Awards (\$) (b) (c)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (d)	All Other Compensation (\$) (e)	Total (\$)
Rose Marie Bravo	115,000	78,101	80,104	42,195	25,075	340,475
Hafize Gaye Erkan	71,250	78,101	80,104	N/A	—	229,455
Roger N. Farah	159,583	195,984	153,525	N/A	—	509,092
Lawrence K. Fish (f)	23,750	—	—	N/A	10,385	34,135
Jane Hertzmark Hudis	71,250	78,101	80,104	N/A	—	229,455
Abby F. Kohnstamm	95,000	78,101	80,104	N/A	—	253,205
James E. Lillie	110,000	78,101	80,104	N/A	—	268,205
William A. Shutzer	110,000	78,101	80,104	19,547	—	287,752
Robert S. Singer	23,750	195,253	80,104	N/A	—	299,107
Francesco Trapani (g)	47,500	170,801	80,104	N/A	40,320	338,725
Annie Young-Scriver	95,000	78,101	80,104	N/A	—	253,205

**Notes to Director Compensation Table**

(a) Includes amounts deferred under the Deferral Plan, but does not include retainer amounts that the director elected to have paid in the form of RSUs under the Director Compensation Deferral Plan. See "Discussion of Director Compensation Table" at PS-88.

(b) Supplemental Table: **Outstanding Director Option and Restricted Stock Unit Awards at Fiscal Year End:**

Name	Aggregate Number of Option Awards Outstanding at Fiscal Year End (number of underlying shares)	Aggregate Number of Restricted Stock Units Unvested at Fiscal Year End (number of underlying shares)
Rose Marie Bravo	38,233	856
Hafize Gaye Erkan	4,951	856
Roger N. Farah	24,633	2,148
Lawrence K. Fish	20,524	—
Jane Hertzmark Hudis	4,951	856
Abby F. Kohnstamm	34,373	856
James E. Lillie	15,026	856
William A. Shutzer	38,233	856
Robert S. Singer	31,896	2,140
Francesco Trapani	15,026	—
Annie Young-Scriver	8,277	856

The aggregate number of unvested RSUs reported above does not include RSUs that have vested but have not yet been delivered, pursuant to a prior election of the director to defer delivery.

- (c) Amounts shown represent the grant date fair value of RSUs and stock options granted in Fiscal 2019. In valuing option awards, the Company made certain assumptions. For a discussion of those assumptions, please refer to "Note N. Stock Compensation Plans," in Notes to Consolidated Financial Statements, under "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K.
- (d) The actuarial valuation shown takes into account the current age of the director and is based on the following assumptions: Pri-2012 Non-disabled Annuitant Tables for males and females with White Collar Adjustments projected from 2012 using Scale MP-2019; discount rate of 3%; and assumed retirement age of 65. (If the director is over age 65, the director is assumed to retire on January 31, 2020.) This column does not include earnings under the Deferral Plan because the Deferral Plan does not pay above-market or preferential earnings on compensation that is deferred. Where an N/A appears, the director is not eligible for this benefit.
- (e) The amount reported for Ms. Bravo reflects a \$20,000 cash contribution towards a table at a charitable event and merchandise grants provided to a charitable organization of \$5,075. The amount reported for Mr. Fish reflects a \$10,000 cash contribution and merchandise grants of \$385 to the Fish Family Foundation to support the Champion of Change Japan Award. The amount reported for Mr. Trapani reflects merchandise grants provided to a charitable event of \$40,320. In addition, merchandise grants of less than \$10,000 were provided to a charitable organization of which Mr. Shutzer is a trustee. See "Contributions to Director-Affiliated Charities" at PS-34.
- (f) Mr. Fish did not stand for re-election at the 2019 Annual Meeting. The amounts reported above are retainer fees for the final quarter of the director compensation year that began on June 1, 2018.
- (g) Mr. Trapani resigned from the Board effective November 26, 2019 in order to pursue other opportunities. The amounts shown in the first column are cash retainer fees with respect to his service for the final two quarters of the compensation year beginning on June 1, 2018, which were paid in Fiscal 2019. Mr. Trapani elected to have all of his retainer fees for the compensation year beginning on July 1, 2019, paid in the form of RSUs, all of which were forfeited upon his resignation.

#### **Discussion of Director Compensation Table**

The objectives of non-management director compensation are to attract and retain qualified individuals, provide compensation that is commensurate with the expected time commitment to the Board, and further align the interests of non-management directors with those of the Company's shareholders.

The Nominating/Corporate Governance Committee of the Board reviews compensation for non-management directors annually. This review includes a comparison of the Company's director compensation program to the director compensation programs provided by peer companies, and is conducted with the assistance of an independent compensation consultant. Grants of compensation to non-management directors are typically approved immediately before the annual shareholder meeting, and are subject to the director being elected for the coming year.

In June 2019, after reviewing competitive compensation data and with the input of its independent compensation consultant, the Nominating/Corporate Governance Committee of the Board recommended, and the Board approved, the compensation amounts shown below for the compensation year beginning on July 1, 2019. Based on the competitive compensation data reviewed, the compensation amounts provided by the Company approximate the peer median.

<b>Board Fees</b>	
Annual Cash Retainer	\$95,000
Stock Options 10-year option vested immediately; options have a strike price equal to fair market value on date of grant.	targeted at approximately \$80,000
Restricted Stock Units Scheduled to become payable after one year of service, on retirement, or on a selected date following the one-year anniversary of the grant date, at the prior election of the director.	targeted at approximately \$80,000
<b>Committee Fees</b> (payable in cash)	
Audit Committee Chair	\$25,000
Compensation Committee Chair	\$20,000
Corporate Social Responsibility Committee Chair	\$15,000
Finance Committee Chair	\$15,000
Nominating/Corporate Governance Committee Chair	\$15,000
<b>Additional Retainer for Non-Executive Chairman</b> (divided equally among cash, stock options and RSUs)	<b>\$220,000</b>

Directors are also reimbursed for expenses they incur in attending Board and committee meetings, including expenses for travel, food and lodging. The chart above summarizes the compensation provided to non-management directors. Directors who are employees of the Company or its subsidiaries do not receive separate compensation for their service as a director.

Under the Merger Agreement, annual equity awards to non-management directors may be granted prior to the Effective Time solely in the form of RSUs. For a description of the treatment of outstanding RSU awards under the Merger Agreement, see "LVMH Merger Agreement" at PS-40. Cash fees in respect of Fiscal 2020 will be paid in full prior to the Effective Time, as permitted by the Merger Agreement.

In March 2020, the Board approved a one-time grant of RSUs to Mr. Farah with a target value of \$1 million in recognition of his leadership and the significant additional time commitment required in connection with the negotiation of the Merger Agreement and the Company's ongoing Merger-related transition work. The grant will be awarded at the same time that the next annual grants are awarded to non-management directors in the ordinary course, and will be subject to the same terms and conditions (including with respect to vesting) as such annual grants.

Under the Company's share ownership policy, non-management directors are expected to own shares of the Company's common stock worth five times their annual retainer. Shares that may be acquired through the exercise of stock options do not count towards meeting this threshold until the options are exercised and the shares delivered. Likewise, in cases where a director has elected to defer delivery of vested RSU shares until a later date, the shares do not count until delivery has taken place. Non-management directors who meet the share ownership threshold may only dispose of shares in excess of the threshold. Absent financial hardship or a qualified domestic relations order, non-management directors who do not yet meet the threshold may dispose of no more than 50% of net shares issued due to the vesting or exercise of an equity award. As of January 31, 2020, all non-management directors met the share ownership threshold, with the exception of three such directors who joined the Board in Fiscal 2018 or later.

Under the Retirement Plan for Non-Employee Directors, non-management directors first elected prior to January 1, 1999, who retire with five or more years of Board service, are entitled to receive an annual retirement benefit equal to \$38,000, payable at the later of age 65 or the retirement date. This benefit is payable quarterly and continues for a period of time equal to the director's length of service on the Board, including periods served as an employee

director, or until death, if earlier. Ms. Bravo and Mr. Shutzer are the only current directors entitled to participate in this plan.

The Deferral Plan permits directors to defer up to one hundred percent of their cash compensation and invest the amounts they defer in accounts and funds established under the plan. However, the Company does not guarantee any return on said investments. The following table provides data concerning director participation in this plan by the current non-management directors:

Name	Director Contribution In Last Fiscal Year (\$ (a))	Registrant Contribution In Last Fiscal Year (\$)	Aggregate Earnings/ (Losses) In Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance At Last Fiscal Year End (\$)
Roger N. Farah	159,583	—	87,090	—	577,127
William A. Shutzer	—	—	262,099	—	2,001,215

#### Notes

- (a) Includes amounts that are also included in the amounts shown in the column headed "Fees Earned or Paid in Cash" in the Director Compensation Table at PS-87.

The Director Compensation Deferral Plan ("Director Deferral Plan") permits non-management directors to elect that all or a portion of their cash retainer fees (other than any fees subject to deferral under the Deferral Plan) be settled by a grant of RSUs. The following directors elected to have all or a portion of their cash retainer fees for the director compensation year beginning on July 1, 2019, paid in the form of RSUs: Mr. Trapani (100% of fees payable beginning on July 1, 2019), Mr. Singer (100% of fees payable beginning on July 1, 2019) and Mr. Farah (100% of fees payable beginning on January 1, 2020).

In June 2019, the Director Deferral Plan was amended to permit directors to elect to receive their aggregate equity compensation split evenly between RSUs or stock options, or 100% in the form of RSUs. However, the Merger Agreement permits annual director equity awards to be granted solely in the form of RSUs.

#### Additional Compensation from JANA Partners LLC

In addition to the compensation described above paid by the Company as compensation for his service as a director, Mr. Trapani received additional compensation from JANA in connection with his appointment to the Board. Pursuant to the nomination agreement entered into between JANA and Mr. Trapani in February 2017 (the "Nomination Agreement"), in which Mr. Trapani agreed to serve as a nominee of a JANA affiliate for election or appointment to the Board, Mr. Trapani received from JANA:

- \$100,000 in cash paid by JANA within three business days of the date of the Nomination Agreement;
- \$150,000 in cash paid by JANA within three business days of the appointment of Mr. Trapani to the Board in 2017; and
- certain cash settled stock appreciation rights ("SARs") with respect to a total of 75,000 shares of Company common stock as follows: (i) SARs with respect to 37,500 shares payable in 2020 (the "2020 SARs"); and (ii) SARs with respect to 37,500 shares payable in 2022 (the "2022 SARs"). The amounts payable by JANA with respect to the SARs will be based on the increase in value from the share price on the date of the Nomination Agreement and the lesser of the share price and the 30 day volume weighted average price on the third anniversary (in respect of the 2020 SARs) and fifth anniversary (in respect of the 2022 SARs) of Mr. Trapani's appointment to the Board, as applicable.

The Nominating Agreement provides that the 2020 SARs are scheduled to vest immediately on the third anniversary of Mr. Trapani's appointment to the Board and the 2022 SARs are scheduled to vest on the fifth anniversary of his appointment to the Board; provided that all unvested SARs will vest immediately prior to the consummation of a change in control. The 2020 SARs and 2022 SARs will be settled in cash within 10 business days of the applicable vesting date.

The payment obligations with respect to the 2020 SARs and 2022 SARs are subject to the terms of the Nomination Agreement. The Company is not party to the Nomination Agreement nor is the Company responsible for any of the payments thereunder.

**EQUITY COMPENSATION PLAN INFORMATION**  
(As of Fiscal Year 2019)

Plan category	Column A	Column B	Column C
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by security holders	1,062,117 <sup>a</sup>	\$ 93.96	4,634,980 <sup>b</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>1,062,117 <sup>a</sup></b>	<b>\$ 93.96</b>	<b>4,634,980 <sup>b</sup></b>

(a) Shares indicated are the aggregate of those issuable upon exercise of outstanding options awarded under the Company's 2014 Employee Incentive Plan and the 2017 Directors Equity Plan (the "Directors Plan"). They do not include 1,274,925 shares issuable with respect to stock units awarded under those plans. They also do not include shares issuable under options or restricted stock units that were awarded and remain outstanding under the Company's 2008 Directors Equity Plan, which total 179,505 and 12,614 shares, respectively. All amounts shown take into account accrued dividend equivalent units where applicable.

(b) Shares indicated are the aggregate of those available for grant under the 2014 Employee Incentive Plan and the Directors Plan.

**OTHER MATTERS**

**Shareholder Proposals for Inclusion in the Proxy Statement for the 2021 Annual Meeting**

If you wish to nominate a candidate for election as a director to be included in the Company's Proxy Statement for our 2021 Annual Meeting, we must receive notice of such nomination no earlier than November 21, 2020 and no later than December 21, 2020. If you wish to submit a proposal of other business to be included in the Company's Proxy Statement for our 2021 Annual Meeting, we must receive such proposal no later than December 21, 2020. Proposals should be sent to the Company at 200 Fifth Avenue, New York, New York 10010 to the attention of the Corporate Secretary (Legal Department).

**Other Proposals**

If you wish to nominate a candidate for election as a director at an annual meeting or propose other business for consideration at an annual meeting, but do not intend for such nomination or proposal to be included in the Company's Proxy Statement for the 2021 Annual Meeting, written notice complying with the requirements set forth in our By-laws generally must be delivered to the Company at 200 Fifth Avenue, New York, New York 10010 to the attention of the Corporate Secretary (Legal Department), not later than 90 days, and not earlier than 120 days, prior to the first anniversary of the preceding year's annual meeting. Accordingly, a shareholder nomination or proposal

intended to be considered at the 2021 Annual Meeting, but not intended to be included in the Company's Proxy Statement, must be received by the Company no earlier than February 1, 2021 and no later than March 3, 2021.

Except as required by applicable law, the Company will consider only proposals that are received by the Company within the applicable time frames set forth above, and that meet the applicable requirements of the SEC and our By-laws.

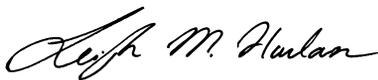
### Householding

The SEC allows us to deliver a single proxy statement and annual report to an address shared by two or more of our shareholders. This delivery method, referred to as "householding," can result in significant cost savings for us. In order to take advantage of this opportunity, the Company and banks and brokerage firms that hold your shares have delivered only one proxy statement and annual report to multiple shareholders who share an address unless one or more of the shareholders has provided contrary instructions. The Company will deliver promptly, upon written or oral request, a separate copy of the proxy statement and annual report to a shareholder at a shared address to which a single copy of the documents was delivered. A shareholder who wishes to receive a separate copy of the proxy statement and annual report, now or in the future, may obtain one, without charge, by addressing a request to Annual Report Administrator, Tiffany & Co., 200 Fifth Avenue, 14th floor, New York, New York 10010 or by calling 212-230-5302. You may also obtain a copy of the proxy statement and annual report from the Company's website [www.tiffany.com](http://www.tiffany.com), by clicking "Investors" and selecting "Financials." Shareholders of record sharing an address who are receiving multiple copies of proxy materials and annual reports and wish to receive a single copy of such materials in the future should submit their request by contacting us in the same manner. If you are the beneficial owner, but not the record holder, of the Company's shares and wish to receive only one copy of the proxy statement and annual report in the future, you will need to contact your broker, bank or other nominee to request that only a single copy of each document be mailed to all shareholders at the shared address in the future.

### Reminder to Vote

Please be sure to either complete, sign and mail the proxy card or voting instruction form, as applicable, in the return envelope provided or call in your instructions or vote via the Internet as soon as you can so that your vote may be recorded and counted.

BY ORDER OF THE BOARD OF DIRECTORS



Leigh M. Harlan  
Secretary

New York, New York  
April 20, 2020

## NON-GAAP MEASURES

*Net Sales.* The Company's reported net sales reflect either a translation-related benefit from strengthening foreign currencies or a detriment from a strengthening U.S. dollar. Internally, management monitors and measures its sales performance on a non-GAAP basis that eliminates the positive or negative effects that result from translating sales made outside the U.S. into U.S. dollars ("constant-exchange-rate basis"). Sales on a constant-exchange-rate basis are calculated by taking the current year's sales in local currencies and translating them into U.S. dollars using the prior year's foreign currency exchange rates. Management believes this constant-exchange-rate basis provides a useful supplemental basis for the assessment of sales performance and of comparability between reporting periods. The following table reconciles the sales percentage increases (decreases) from the GAAP to the non-GAAP basis versus the previous year:

	2019		
	GAAP Reported	Translation Effect	Constant-Exchange-Rate Basis
<b>Net Sales:</b>			
Worldwide	—%	(1)%	1%
Americas	(2)	—	(2)
Asia-Pacific	2	(3)	5
Japan	1	1	—
Europe	(1)	(3)	2
Other	(2)	—	(2)

*Operating Earnings and Net Earnings.* Internally, management monitors and measures its earnings performance excluding certain items listed below. Management believes excluding such items provides a useful supplemental basis for the assessment of the Company's results relative to the corresponding period in the prior year. The following tables reconcile certain GAAP amounts to non-GAAP amounts:

(in millions, except per share amounts)	GAAP	Charges related to the proposed Merger <sup>(a)</sup>	Non-GAAP
<b>Year Ended January 31, 2020</b>			
Gross Profit	\$ 2,761.9	\$ 1.0	\$ 2,762.9
As a % of sales	62.4%	0.1 %	62.5%
Selling, general & administrative expenses	2,029.3	(20.2)	2,009.1
As a % of sales	45.9%	(0.5)%	45.4%
Earnings from operations	732.6	\$ 21.2	753.8
As a % of sales	16.6%	0.4 %	17.0%
Provision for income taxes	149.2	\$ 4.1	153.3
Effective income tax rate	21.6%	(0.1)	21.5%
Net earnings	541.1	17.1	558.2
Diluted earnings per share*	4.45	0.14	4.59

<sup>(a)</sup> Costs recorded in 2019 related to the proposed Merger. See "Item 8. Financial Statements and Supplementary Data - Note B. Entry into Merger Agreement" in the Company's Annual Report on Form 10-K, filed with the SEC on March 20, 2020, for additional information.

*Free Cash Flow.* Internally, management monitors its cash flow on a non-GAAP basis. Free cash flow is calculated by deducting capital expenditures from net cash provided by operating activities. The ability to generate free cash flow demonstrates how much cash the Company has available for discretionary and non-discretionary purposes after deduction of capital expenditures. The Company's operations require regular capital expenditures for the opening, renovation and expansion of stores and distribution and manufacturing facilities as well as ongoing investments in information technology. Management believes this provides a useful supplemental basis for assessing the Company's operating cash flows. The following table reconciles GAAP net cash provided by operating activities to non-GAAP free cash flow:

<i>(in millions)</i>	2019		2018		2017	
Net cash provided by operating activities <sup>a</sup>	\$	670.9	\$	531.8	\$	932.2
Less: Capital expenditures <sup>(a)</sup>		(320.6)		(282.1)		(239.3)
Free cash flow	\$	350.3	\$	249.7	\$	692.9

<sup>(a)</sup> See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" in the Company's Annual Report on Form 10-K, filed with the SEC on March 20, 2020, for further information on the Company's cash flows.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS OF TIFFANY & CO.

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ALESSANDRO BOGLIOLO  
Chief Executive Officer,  
Tiffany & Co.  
(2017) 5 and 6

ROSE MARIE BRAVO, CBE  
Chief Executive Officer (Retired),  
Burberry Limited  
(1997) 2\* and 3

HAFIZE GAYE ERKAN  
President,  
First Republic Bank  
(2019) 1

ROGER N. FARAH  
Chairman of the Board,  
Tiffany & Co.  
Former Co-Chief Executive Officer,  
Tory Burch LLC  
(2017) 2, 3\* and 5

JANE HERTZMARK HUDIS  
Group President,  
The Estée Lauder Companies Inc.  
(2019)

ABBY F. KOHNSTAMM  
Executive Vice President and Chief Marketing Officer (Retired),  
Pitney Bowes Inc.  
(2001) 2, 3 and 5

JAMES E. LILLIE  
Former Chief Executive Officer,  
Jarden Corporation  
(2017) 1, 4 and 5\*

WILLIAM A. SHUTZER  
Senior Advisor,  
Evercore Partners  
(1984) 4\*

ROBERT S. SINGER  
Former Chief Executive Officer,  
Barilla Holding SpA  
(2012) 1\* and 4

ANNIE YOUNG-SCRIVNER  
Chief Executive Officer  
Godiva Chocolatier  
(2018) 2, 4 and 5

(Year joined Board)

Member of (\* indicates Committee Chair):

- (1) Audit Committee
- (2) Compensation Committee and Stock Option Subcommittee
- (3) Nominating/Corporate Governance Committee
- (4) Finance Committee
- (5) Corporate Social Responsibility Committee
- (6) Dividend Committee

### EXECUTIVE OFFICERS OF TIFFANY & CO.

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ALESSANDRO BOGLIOLO  
Chief Executive Officer

MARK J. ERCEG  
Executive Vice President–Chief Financial Officer

PHILIPPE GALTIE  
Executive Vice President–Global Sales

DANIELLA VITALE  
Executive Vice President–Chief Brand Officer

ANDREA C. DAVEY  
Senior Vice President–Global Marketing

LEIGH M. HARLAN  
Senior Vice President–Secretary and General Counsel

ANDREW W. HART  
Senior Vice President–Diamond and Jewelry Supply

GRETCHEN KOBACK-PURSEL  
Senior Vice President–Chief Human Resources Officer

## **SHAREHOLDER INFORMATION**

### **Company Headquarters**

Tiffany & Co.  
200 Fifth Avenue, New York, New York 10010  
212-755-8000

### **Stock Exchange Listing**

New York Stock Exchange, symbol TIF

### **Annual Meeting of Shareholders**

Monday, June 1, 2020, 2:30 p.m.  
200 Fifth Avenue, New York, New York

### **Website**

For Tiffany's financial results, other information and reports filed with the Securities and Exchange Commission, please visit our website at <https://investor.tiffany.com>.

### **Investor and Financial Media Contact**

Investors, securities analysts and the financial media should contact Jason Wong, Vice President – Treasurer and Investor Relations, by calling 973-254-7612 or by e-mailing [jason.wong@tiffany.com](mailto:jason.wong@tiffany.com).

### **Transfer Agent and Registrar**

Please direct your communications regarding individual stock records, address changes or dividend payments to: Computershare, PO Box 505000, Louisville, KY 40233-5000 (by regular mail) or 462 South 4<sup>th</sup> Street, Suite 1600, Louisville, KY 40202 (by overnight delivery); 888-778-1307 or 201-680-6578; or [www.computershare.com/investor](http://www.computershare.com/investor).

### **Direct Stock Purchases and Dividend Reinvestment**

The Computershare CIP Program allows investors to purchase Tiffany & Co. Common Stock directly, rather than through a stockbroker, and become a registered shareholder of the Company. The program's features also include dividend reinvestment. Computershare Trust Company, N.A. administers the program, which provides Tiffany & Co. shares through market purchases. For additional information, please contact Computershare at 888-778-1307 or 201-680-6578 or [www.computershare.com/investor](http://www.computershare.com/investor).

### **Store Locations**

For a worldwide listing of TIFFANY & CO. stores, please visit [www.tiffany.com](http://www.tiffany.com).

### **Catalogs**

To request a catalog, please call 800-526-0649.

### **Independent Registered Public Accounting Firm**

PricewaterhouseCoopers LLP, 300 Madison Avenue, New York, New York 10017

### **Dividend Payments**

Quarterly dividends on Tiffany & Co. Common Stock, subject to declaration by the Company's Board of Directors, are typically paid in January, April, July and October.

## Stock Price and Dividend Information

	2019	2018	2017	2016	2015
Stock price at end of fiscal year	\$ 134.02	\$ 88.73	\$ 106.65	\$ 78.72	\$ 63.84

Quarter	Price Ranges of Tiffany & Co. Common Stock						Cash Dividends Per Share	
	2019			2018			2019	2018
	High	Low	Close	High	Low	Close		
First	\$ 108.87	\$ 86.03	\$ 107.82	\$ 107.21	\$ 92.77	\$ 102.83	\$ 0.55	\$ 0.50
Second	109.75	86.38	93.92	141.64	100.27	137.56	0.58	0.55
Third	130.40	78.60	124.51	138.41	103.49	111.30	0.58	0.55
Fourth	134.39	122.11	134.02	117.93	73.04	88.73	0.58	0.55

On March 16, 2020, the closing price of Tiffany & Co. Common Stock was \$115.68 and there were 13,106 holders of record of the Company's Common Stock.

### Certifications

Alessandro Bogliolo and Mark J. Erceg have provided certifications to the Securities and Exchange Commission as required by Section 302 of the Sarbanes-Oxley Act of 2002. These certifications are included as Exhibits 31.1, 31.2, 32.1 and 32.2 of the Company's Form 10-K for the year ended January 31, 2020.

As required by the New York Stock Exchange ("NYSE"), on July 3, 2019, Alessandro Bogliolo submitted his annual certification to the NYSE that stated that he was not aware of any violations by the Company of the NYSE corporate governance listing standards.

### Trademarks

THE NAMES TIFFANY, TIFFANY & CO., T&CO., THE COLOR AND WORD MARK TIFFANY BLUE, THE TIFFANY BLUE BOX AND OTHERS ARE TRADEMARKS OF TIFFANY (NJ) LLC AND TIFFANY AND COMPANY.

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