

7,000,000 SHARES

ABERCROMBIE & FITCH

CLASS A COMMON STOCK

(PAR VALUE \$0.01 PER SHARE)

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Of the 7,000,000 shares of Class A Common Stock offered by Abercrombie & Fitch Co., 5,600,000 shares are being offered hereby in the United States by the U.S. Underwriters and 1,400,000 shares are being offered in a concurrent international offering outside the United States by the International Underwriters. The initial public offering price and the aggregate underwriting discount per share will be identical for both Offerings. See "Underwriting".

The Company is currently wholly owned by The Limited, Inc. and, upon completion of the Offerings, The Limited, Inc. will beneficially own 100% of the Company's outstanding Class B Common Stock, which will represent approximately 86.0% of the economic interest (or rights of holders of common equity to participate in distributions in respect of the common equity) in the Company (84.2% if the Underwriters' over-allotment options are exercised in full). See "Risk Factors--Control by The Limited".

Holders of Class A Common Stock generally have identical rights to holders of Class B Common Stock, except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to three votes per share on all matters submitted to a vote of shareholders. Holders of Class A Common Stock are generally entitled to vote with the holders of Class B Common Stock as one class on all matters as to which the Class B Common Stock is entitled to vote. Following the Offerings, the shares of Class B Common Stock held by The Limited, Inc. will represent approximately 94.9% of the combined voting power of all classes of voting stock (94.1% if the Underwriters' over-allotment options are exercised in full) and will be able, among other things, to elect all of the Company's directors, to approve or disapprove amendments to the Company's Certificate of Incorporation and Bylaws, acquisitions and dispositions of assets, mergers and other control decisions and to control the Company's dividend policy and access to capital. Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of The Limited, Inc. See "Relationship with The Limited" and "Description of Capital Stock".

Prior to the Offerings, there has been no public market for the Class A Common Stock. For factors considered in determining the initial public offering price, see "Underwriting".

SEE "RISK FACTORS" ON PAGE 12 OF THIS PROSPECTUS FOR CERTAIN CONSIDERATIONS RELEVANT TO AN INVESTMENT IN THE CLASS A COMMON STOCK, INCLUDING CERTAIN DEEMED CONSENTS OF INVESTORS TO PROVISIONS OF THE COMPANY'S CERTIFICATE OF INCORPORATION (A COPY OF WHICH HAS BEEN FILED AS AN EXHIBIT TO THE REGISTRATION STATEMENT OF WHICH THIS PROSPECTUS IS A PART) THAT MAY LIMIT THE FIDUCIARY DUTIES AND, AS A RESULT, THE LIABILITY OF DIRECTORS AND OFFICERS OF THE COMPANY TO SHAREHOLDERS. AMONG OTHER THINGS, AN INVESTOR IN CLASS A COMMON STOCK IS DEEMED TO HAVE CONSENTED TO PROVISIONS OF THE COMPANY'S CERTIFICATE OF INCORPORATION WHICH PERMIT THE OFFICERS AND DIRECTORS OF THE COMPANY, THE LIMITED, INC. AND CERTAIN SUBSIDIARIES OF THE LIMITED, INC. TO ALLOCATE CORPORATE OPPORTUNITIES TO THE COMPANY, THE LIMITED, INC. OR SUCH SUBSIDIARIES AS SUCH OFFICERS OR DIRECTORS DEEM APPROPRIATE.

The Class A Common Stock has been approved for listing on the New York Stock Exchange under the symbol ANF, subject to official notice of issuance.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Per Share.....	\$16.00	\$1.06	\$14.94
Total(3).....	\$112,000,000	\$7,420,000	\$104,580,000

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- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting".
  - (2) Before deducting estimated expenses of \$1,700,000 payable by the Company.
  - (3) The Company has granted the Underwriters an option for 30 days to purchase up to an additional 1,050,000 shares of Class A Common Stock at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. If such options are exercised in full, the total initial public offering price, underwriting discount and proceeds to the Company will be \$128,800,000, \$8,533,000 and \$120,267,000, respectively. See "Underwriting".

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The shares offered hereby are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that certificates for the shares will be ready for delivery in New York, New York, on or about October 1, 1996, against payment therefor in immediately available funds.

GOLDMAN, SACHS & CO.

LAZARD FRERES & CO. LLC

MONTGOMERY SECURITIES

J.P. MORGAN & CO.

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The date of this Prospectus is September 25, 1996.

[ GRAPHIC APPEARS HERE -- CONSISTING OF PICTURES OF MEN AND  
WOMEN WEARING ABERCROMBIE & FITCH CLOTHING ]

IN CONNECTION WITH THE OFFERINGS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CLASS A COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

#### AVAILABLE INFORMATION

Abercrombie & Fitch has filed with the Commission a registration statement on Form S-1 (the "Registration Statement") under the Securities Act with respect to the Class A Common Stock offered hereby. For the purposes hereof, the term "Registration Statement" means the original Registration Statement and any and all amendments thereto. This Prospectus does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and such Class A Common Stock, reference is hereby made to such Registration Statement, including the exhibits and schedules thereto, which can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Offices of the Commission at Seven World Trade Center, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material also can be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549 at prescribed rates. Such material may also be accessed electronically by means of the Commission's home page on the Internet at <http://www.sec.gov>.

Upon completion of the Offerings, the Company will be subject to the informational requirements of the Exchange Act, and, in accordance therewith, will file reports, proxy and information statements and other information with the Commission. Such reports, proxy and information statements and other information can be inspected and copied at the addresses, and may be accessed electronically at the URL, set forth above.

The Company intends to furnish to its shareholders annual reports containing audited consolidated financial statements and an opinion thereon expressed by the Company's independent auditors as well as quarterly reports for the first three fiscal quarters of each fiscal year containing unaudited consolidated condensed financial statements.

Statements contained in this Prospectus as to the contents of any agreement, contract or other document are not necessarily complete, and in each instance reference is made to the copy of such agreement, contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference.

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This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares of Common Stock in any jurisdiction in which such offer or solicitation is unlawful. See "Underwriting".

In this Prospectus, references to "Dollars" and to "\$" are to United States dollars.

## PROSPECTUS SUMMARY

The following is a summary of certain information contained elsewhere in this Prospectus. Reference is made to, and this summary is qualified in its entirety by, the more detailed information contained in this Prospectus. As used herein, unless the context otherwise requires, the "Company" or "Abercrombie & Fitch" means Abercrombie & Fitch Co. and its subsidiaries (which, prior to the formation of the Company on June 26, 1996, are referred to herein as the "Abercrombie & Fitch Business"), and "The Limited" means The Limited, Inc. and its subsidiaries (other than the Company). Unless indicated otherwise, the information contained in this Prospectus assumes that the Underwriters do not exercise their over-allotment options. Except as otherwise specified, references herein to years are to the Company's fiscal year, which ends on the Saturday closest to January 31 in the following calendar year. For example, "1995" refers to the fiscal year ended February 3, 1996. All fiscal years for which financial information is included in this Prospectus had 52 weeks, except 1995 which had 53 weeks. All references to "dollars" or "\$" are to U.S. dollars. Unless otherwise defined herein, capitalized terms used in this summary have the meanings ascribed to them elsewhere in this Prospectus. Prospective investors should carefully consider the information set forth under the heading "Risk Factors".

### THE COMPANY

Abercrombie & Fitch is a rapidly growing specialty retailer of high-quality, casual apparel for men and women approximately 15 to 50 years of age. The Company's net sales have increased from \$85.3 million in 1992 to \$235.7 million in 1995, representing a compound annual growth rate of 40.3%. During this time, operating income has improved from an operating loss of \$10.2 million in 1992 to operating income of \$23.8 million in 1995, while the number of Abercrombie & Fitch stores in operation more than doubled, increasing from 40 at the end of 1992 to 100 at the end of 1995. The Company plans to continue this new store expansion program by opening 29 new stores in 1996 and by increasing the number of stores in operation by approximately 20% annually for the next several years thereafter.

The Abercrombie & Fitch brand was established in 1892 and became well known as a supplier of rugged, high-quality outdoor gear. Famous for outfitting the safaris of Teddy Roosevelt and Ernest Hemingway and the expeditions of Admiral Byrd to the North and South Poles, Abercrombie & Fitch goods were renowned for their durability and dependability--and Abercrombie & Fitch placed a premium on complete customer satisfaction with each item sold. In 1992, a new management team began repositioning Abercrombie & Fitch as a more fashion-oriented casual apparel business directed at men and women with a youthful lifestyle. In reestablishing the Abercrombie & Fitch brand, the Company combined its historical image for quality with a new emphasis on casual American style and youthfulness. The Company believes that this strategic decision has contributed to the strong growth and improved profitability it has experienced since 1992.

### BUSINESS STRENGTHS

The Company believes that certain business strengths have contributed to its success in the past and will enable it to continue growing profitably.

**ESTABLISHED AND DIFFERENTIATED LIFESTYLE BRAND.** Abercrombie & Fitch has created a focused and differentiated brand image based on quality, youthfulness and classic American style. This image is consistently communicated through all aspects of the Company's business, including merchandise assortments, in-store marketing and print advertising. The Company believes that the strength of the

Abercrombie & Fitch brand provides opportunities for increased penetration of current merchandise categories and entry into new product categories.

**BROAD AND GROWING APPEAL.** The Company's merchandise assortment appeals to a broad range of customers with varying ages and income levels. The Company believes that both men and women interested in casual, classic American fashion are attracted to the Abercrombie & Fitch lifestyle image. The Company also believes that the brand's broad appeal has been augmented by, and should continue to benefit from, the current trend in fashion toward casual apparel.

**PROVEN MANAGEMENT TEAM.** Since the current management team assumed responsibility in 1992, the Company has increased the level of brand awareness and consistently reported improved financial results. In addition, the Company's senior management has significant experience, with an aggregate of over one hundred years in the retail business. The Company believes that management's substantial experience and demonstrated track record of highly profitable growth strongly positions the Company for the future.

**CONSISTENT STORE LEVEL EXECUTION.** Abercrombie & Fitch believes that a major element of its success is the consistent store level execution of its brand strategy. Store presentation is tightly controlled by the Company and is based on a detailed and comprehensive store plan regarding visual merchandising, marketing and fixtures to ensure that all stores provide a consistent portrayal of the brand. Store associates are trained as "brand representatives" who convey and reinforce the brand image through their attitude and enthusiasm.

**QUALITY.** Since its founding over 100 years ago, Abercrombie & Fitch has maintained a strong reputation for quality. This reputation has been enhanced in recent years as management has made quality a defining element of the brand. The Company sources high quality natural fabrics from around the world and uses distinctive trim details and specialized washes to achieve a unique style and comfort in its products. As part of this focus on quality, the Company establishes on-going relationships with key factories to ensure reliability and consistency in production.

**INTERNAL DESIGN AND MERCHANDISING CAPABILITIES.** The cornerstone of the Company's business is its ability to design products which embody the Abercrombie & Fitch image. Abercrombie & Fitch develops substantially all of its merchandise line through its own design group, which allows it to develop exclusive merchandise and offer a consistent assortment within a season and from year to year. In addition, because the Company's merchandise is sold exclusively in its own stores, Abercrombie & Fitch is able to control the presentation and pricing of its merchandise, provide a higher level of customer service and closely monitor retail sell-through, which provides competitive advantages over other brand manufacturers that market their goods through department stores.

**RELATIONSHIP WITH THE LIMITED.** Unlike most high growth, specialty apparel retailers, Abercrombie & Fitch directly benefits from the resources and expertise of a major retailer such as The Limited. Abercrombie & Fitch has been able to concentrate the efforts of its management team and associates on strengthening its brand image by taking advantage of The Limited's capabilities in the areas of real estate negotiation and acquisition, central distribution, sourcing, store design and construction and general corporate services. The Company will continue to receive such services after the Offerings pursuant to agreements to be entered into with The Limited. See "Relationship with The Limited".

## GROWTH STRATEGY

The Company has implemented a growth strategy designed to permit Abercrombie & Fitch to capitalize on its business strengths. The Company plans to continue its store expansion program by opening 29 new stores in 1996 and increasing the number of stores in operation by approximately 20% annually for the next several years thereafter. While substantially all stores to be opened in 1996 will be in regional shopping malls, the Company believes that selected street locations in university and high-traffic urban settings also provide attractive expansion opportunities. In addition, Abercrombie & Fitch believes that there are opportunities to expand its customer base and enhance the productivity of its stores through further penetration of existing merchandise categories and the introduction of new classifications and categories. Products which are being introduced or expanded in 1996 include men's and women's underwear and outerwear, fragrances, sunglasses and decorative home accessories. The Company believes that its internal design capability will enable it to continue to develop new merchandise which reflects the Abercrombie & Fitch lifestyle. See "Business--Growth Strategy".

## RISK FACTORS

An investment in the Class A Common Stock also involves certain risks associated with the Company's business, its relationship with The Limited and the nature of the Class A Common Stock, including the following: (i) by purchasing Class A Common Stock in the Offerings, an investor is deemed to have consented to certain provisions of the Company's Certificate of Incorporation that limit the potential liability of The Limited, officers and directors of The Limited and officers and directors of the Company; (ii) following the Offerings, The Limited will control the Company and will be able, among other things, to elect all of the Company's directors; (iii) various conflicts of interest between the Company and The Limited could arise following completion of the Offerings; (iv) purchasers of Class A Common Stock in the Offerings will experience an immediate dilution in the net tangible book value of their Class A Common Stock from the initial public offering price; (v) the Company has grown rapidly over the past several years, and there can be no assurance that the Company will continue to be able to grow profitably; (vi) the loss of the services of certain key individuals could have a material adverse impact on the Company's business and prospects; and (vii) certain of the Company's merchandise is sourced from independent foreign factories and is subject to existing or potential duties, tariffs or quotas.

For a fuller discussion of these and other risk factors affecting the Company and its business, see "Risk Factors".

The Company currently is wholly owned by The Limited. The Company was incorporated in Delaware on June 26, 1996 as a holding company for the Abercrombie & Fitch Business. The Company's principal offices are located at Four Limited Parkway, Reynoldsburg, Ohio 43068. The Company's telephone number is (614) 577-6500.

THE OFFERINGS(1)

Class A Common Stock Offered by the Company(2):

United States Offering.....	5,600,000 shares
International Offering.....	1,400,000 shares
Total.....	7,000,000 shares

Common Stock Outstanding After the Offerings(3):

Class A Common Stock.....	7,000,000 shares
Class B Common Stock.....	43,000,000 shares
Total.....	50,000,000 shares

New York Stock Exchange Symbol for Class A Common Stock...  
Use of Proceeds.....

ANF

All of the net proceeds will be used to repay borrowings of certain of the Company's subsidiaries under a credit agreement entered into with certain lenders and The Chase Manhattan Bank, as agent (the "Credit Agreement"), which borrowings were used to fund a dividend to The Limited and repay certain obligations owed to The Limited. See "Use of Proceeds".

Voting Rights; Conversion.....

The holders of Class A Common Stock, par value \$.01 per share (the "Class A Common Stock"), generally have rights, including as to dividends, identical to those of holders of Class B Common Stock, par value \$.01 per share (the "Class B Common Stock"), except that holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to three votes per share. Holders of the Class A Common Stock and Class B Common Stock generally vote together as a single class, except as otherwise required by Delaware law. See "Description of Capital Stock --Common Stock--Voting Rights". Under certain circumstances, Class B Common Stock converts to Class A Common Stock. See "Relationship with The Limited".

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- (1) Does not include up to 1,050,000 shares of Class A Common Stock that are subject to the over-allotment options granted to the Underwriters by the Company. See "Underwriting".
  - (2) Includes up to 350,000 shares of Class A Common Stock reserved for purchase by associates and directors of Abercrombie & Fitch and certain other businesses operated by The Limited at the initial public offering price set forth on the cover page of this Prospectus. The offerings of Class A Common Stock by the U.S. Underwriters and the International Underwriters are referred to herein as the "Offerings".
  - (3) Does not include an aggregate of up to 243,000 shares of Class A Common Stock reserved for issuance in respect of associate and director stock options granted effective upon consummation of the Offerings with an exercise price equal to the initial public offering price set forth on the cover page of this Prospectus. See "Executive Compensation".

## DIVIDENDS

The Board of Directors of the Company currently intends to retain future earnings for the development of its business and does not anticipate paying regular quarterly dividends on the Class A Common Stock or the Class B Common Stock (collectively, the "Common Stock") for the foreseeable future. Under Delaware law, the declaration of dividends is within the discretion of the Company's Board of Directors and future dividends, if any, will depend upon various factors, including the Company's net income, current and anticipated cash needs and any other factors deemed relevant by the Board of Directors. By virtue of its Common Stock ownership, The Limited will have the ability to change the size and composition of the Company's Board of Directors and thereby control the payment of dividends by the Company. Pursuant to restrictions contained in the Credit Agreement, so long as the Credit Agreement is outstanding, the Company is prohibited from paying any dividends on its capital stock, including the Class A Common Stock. See "Description of Certain Indebtedness--Credit Agreement".

## RELATIONSHIP WITH THE LIMITED

On June 26, 1996, The Limited announced that its board of directors had authorized the filing of a registration statement relating to an initial public offering of common stock of a subsidiary comprised of its Abercrombie & Fitch business. The Offerings are part of a reconfiguration plan initiated by The Limited in 1995 in order to permit the public offering of shares of common stock in Intimate Brands, Inc., a company consisting of its Victoria's Secret Stores, Victoria's Secret Catalogue, Bath & Body Works, Cacique, Penhaligon's and Gryphon businesses ("Intimate Brands"), and other possible sales of interests in its businesses. The Limited authorized such transactions so as to effect changes that are intended to encourage entrepreneurial spirit, yield better performance, develop new growth opportunities for all the businesses operated by The Limited and, at the same time, indirectly to create new career opportunities for all of The Limited's associates. The reconfiguration was also intended to enable certain of The Limited's businesses to operate more independently while allowing The Limited to focus on inventing new retail brand concepts.

The Company is currently wholly owned by The Limited. Upon consummation of the Offerings, The Limited will own 100% of the Class B Common Stock, which will represent approximately 94.9% of the combined voting power of all classes of voting stock (94.1% if the Underwriters' over-allotment options are exercised in full) and thus will continue to have the ability to direct the election of all of the directors of the Company and otherwise exercise a controlling influence over the business and affairs of the Company. The Limited is principally engaged in the purchase, distribution and sale of women's apparel and had 1995 net sales (including Intimate Brands and the Abercrombie & Fitch Business) of approximately \$7.9 billion. The Limited operates, among other things, Intimate Brands, and the Express, The Limited Stores, Lerner New York, Lane Bryant and Henri Bendel women's apparel businesses and the Structure, The Limited Too and Galyan's retail stores.

The Limited has advised the Company that its current intent is to continue to hold all of the Class B Common Stock beneficially owned by The Limited. However, The Limited has no agreement with the Company not to sell or distribute such shares and, other than pursuant to the Underwriting Agreement described below, there can be no assurance concerning the period of time during which The Limited will maintain its beneficial ownership of Common Stock. The Company has agreed to use its best efforts to effect the registration under the applicable federal and state securities laws of any of the Class B Common Stock held by The Limited. Beneficial ownership of at least 80% of the total voting power and value of the outstanding Common Stock is required in order for The Limited to continue to include the Company in its consolidated group for federal income tax purposes and

ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for The Limited to be able to effect a Tax-Free Spin-Off (as hereinafter defined) of the Company. In the event The Limited decreases its ownership below 80%, all borrowings under the Credit Agreement must be repaid. See "Description of Certain Indebtedness -- Credit Agreement". Also, the Company and The Limited will agree with the Underwriters not to sell or otherwise dispose of, directly or indirectly, any shares of Common Stock (or any security convertible into or exchangeable or exercisable for Common Stock) for a period of 180 days after the date of this Prospectus without the prior written consent of the Representatives of the Underwriters, subject to certain exceptions. See "Underwriting". The Company does not intend to issue additional shares of Class B Common Stock except in a manner which would permit The Limited to maintain its proportional beneficial interest in the value and voting power of the Company upon the issuance of additional shares of Class A Common Stock. See "Relationship with The Limited--Corporate Agreement". The Limited has no current plans with respect to a Tax-Free Spin-Off of Abercrombie & Fitch.

Each share of Class B Common Stock is convertible while held by The Limited or any of its subsidiaries at such holder's option into one share of Class A Common Stock. Any shares of Class B Common Stock transferred to a person other than The Limited or any of its subsidiaries shall automatically convert to shares of Class A Common Stock upon such disposition, except for a disposition effected in connection with a transfer of Class B Common Stock to shareholders of The Limited as a dividend intended to be on a tax-free basis (a "Tax-Free Spin-Off") under the Internal Revenue Code of 1986, as amended (the "Code").

In the event of a Tax-Free Spin-Off, shares of Class B Common Stock shall automatically convert into shares of Class A Common Stock on the fifth anniversary of the Tax-Free Spin-Off, unless prior to such Tax-Free Spin-Off The Limited delivers to the Company an opinion of counsel (which counsel shall be reasonably satisfactory to the Company) to the effect that such conversion would preclude The Limited from obtaining a favorable ruling from the Internal Revenue Service that the distribution would be a Tax-Free Spin-Off under the Code. If such an opinion is received, approval of such conversion shall be submitted to a vote of the holders of Abercrombie & Fitch's Common Stock as soon as practicable after the fifth anniversary of the Tax-Free Spin-Off, unless The Limited delivers to the Company an opinion of The Limited's counsel (which counsel shall be reasonably satisfactory to the Company) prior to such anniversary that such vote would adversely affect the status of the Tax-Free Spin-Off. Approval of such conversion will require the affirmative vote of the holders of a majority of the shares of both the Abercrombie & Fitch's Class A Common Stock and Class B Common Stock present and voting, voting together as a single class, with each share entitled to one vote for such purpose. No assurance can be given that such conversion would be consummated.

The Limited will convert its Class B Common Stock to Class A Common Stock immediately prior to a Tax-Free Spin-Off if, after such conversion, it would have beneficial ownership of at least 80% of the voting power of the outstanding Common Stock. All shares of Class B Common Stock shall automatically convert into Class A Common Stock if a Tax-Free Spin-Off has not occurred and the number of outstanding shares of Class B Common Stock falls below 60% of the aggregate number of outstanding shares of Common Stock. This will prevent The Limited from decreasing its economic interest in the Company to less than 60% while still retaining control of approximately 81.8% of Abercrombie & Fitch's voting power. All conversions will be effected on a share-for-share basis. For a description of other provisions governing the conversion of Class B Common Stock, see "Description of Capital Stock--Common Stock--Conversion".

The requirement that The Limited retain beneficial ownership of at least 80% of the voting power of the outstanding Common Stock after any conversion prior to a Tax-Free Spin-Off is intended to ensure that the tax treatment of the Tax-Free Spin-Off is preserved. Similarly, the requirement to

submit such conversion to a vote of the holders of Common Stock is intended to preserve such tax treatment should the Internal Revenue Service challenge such automatic conversion as violating the 80% vote requirement. Automatic conversion of the Class B Common Stock into Class A Common Stock if a Tax-Free Spin-Off has not occurred and The Limited decreases its economic interest in the Company to less than 60% is intended to ensure that The Limited retains voting control by virtue of its ownership of Class B Common Stock only if it has a sizable economic interest in the Company. For so long as The Limited maintains beneficial ownership of a majority of the number of outstanding shares of Common Stock, the Company may not act in a way which may reasonably be anticipated to result in a contravention by The Limited of (i) The Limited's certificate of incorporation or bylaws; (ii) any credit agreement binding upon The Limited; or (iii) any judgment, order or decree of any governmental body having jurisdiction over The Limited.

Under agreements to be entered into between the Company and The Limited upon consummation of the Offerings, The Limited will continue to provide certain services to the Company and The Limited will make available certain associate benefit plans to the Company's associates. In addition, the Company and an affiliate of The Limited have entered into a sublease agreement and, upon consummation of the Offerings, the Company and The Limited intend to enter into a number of other intercompany agreements, including corporate and tax-sharing agreements. With respect to matters covered by the services agreement, the relationship between The Limited and Abercrombie & Fitch is intended to continue in a manner generally consistent with past practices. See "Relationship with The Limited". Although the Company will own all the trademarks and service marks used in its business, for so long as the Company remains a subsidiary of The Limited, The Limited will be entitled to use the Company's trademarks and service marks at no cost to The Limited in The Limited's annual report to shareholders and publicity material and for other similar purposes.

Abercrombie & Fitch and certain of its subsidiaries are currently subject to intercompany notes to The Limited in an aggregate principal amount of \$58.6 million. Such indebtedness will remain outstanding after consummation of the Offerings, of which \$50 million is evidenced by a note (the "Mirror Note") that represents Abercrombie & Fitch's share of certain long-term debt of The Limited and \$8.6 million is evidenced by a note (the "Working Capital Note") payable to The Limited on January 31, 1997. The long-term Mirror Note bears interest at the rate of 7.80% per annum and matures on May 15, 2002, paralleling the terms of the corresponding debt of The Limited. The Working Capital Note bears interest at a rate of 6.75% per annum. Additionally, the Company maintains an intercompany balance with The Limited to facilitate intercompany transactions and centralized cash management services. At August 3, 1996, the Company had an intercompany payable balance of \$8,557,000 (the "Intercompany Payable"). See "Capitalization" and "Description of Certain Indebtedness--Intercompany Debt".

SUMMARY FINANCIAL AND OPERATING DATA

Set forth below is summary historical financial and operating data for the periods indicated for the Abercrombie & Fitch Business. This information should be read in conjunction with the Abercrombie & Fitch Business' historical and pro forma consolidated financial statements and notes thereto included elsewhere in this Prospectus, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information set forth herein. The information for fiscal years 1991 and 1992 is derived from the Abercrombie & Fitch Business' unaudited consolidated financial statements. The selected financial data as of and for the twenty-six weeks ended July 29, 1995 and August 3, 1996 are derived from the unaudited consolidated financial statements also appearing herein, which, in the opinion of management, reflect all adjustments (which are of a recurring nature) necessary to present fairly the financial position and results of operations and cash flows for the interim periods. Results for the period ended August 3, 1996 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

	FISCAL YEAR ENDED					TWENTY-SIX WEEKS ENDED	
	FEBRUARY 1, 1992	JANUARY 30, 1993	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996(1)	JULY 29, 1995	AUGUST 3, 1996
(IN THOUSANDS, EXCEPT PER SHARE, PER SQUARE FOOT AND NUMBER OF STORES DATA)							
<b>STATEMENT OF OPERATIONS DATA:</b>							
Net sales.....	\$62,583	\$85,301	\$110,952	\$165,463	\$235,659	\$72,045	\$108,451
Gross income(2).....	9,665	13,413	30,562	56,820	79,794	20,451	32,946
General, administrative and store operating expenses(3).....	21,268	23,603	30,240	43,069	55,996	21,970	31,520
Operating income (loss)(4).....	(11,603)	(10,190)	(4,064)	13,751	23,798	(1,519)	1,426
Net income (loss).....	(7,003)	(6,090)	(2,464)	8,251	14,298	(919)	175
Pro forma net income (loss)(5).....					9,672	(3,332)	(1,387)
Pro forma weighted average number of shares(6).....					50,000	50,000	50,000
Pro forma net income (loss) per share(5)(6).....					\$ .19	\$ (.07)	\$ (.03)
<b>BALANCE SHEET DATA:</b>							
Inventories.....	\$11,932	\$15,075	\$ 10,052	\$ 16,551	\$ 30,388	\$37,880	\$ 52,919
Total assets.....	47,967	61,626	48,882	58,018	87,693	81,291	109,394
Long-term debt(7).....							58,557
Pro forma shareholders' equity (deficit)(8)...							(28,546)
<b>OTHER DATA:</b>							
Total net sales growth.....	--	36.3%	30.1%	49.1%	42.4%	37.4%	50.5%
Gross income percentage(9).....	15.4%	15.7%	27.5%	34.3%	33.9%	28.4%	30.4%
Operating income (loss) percentage(9).....	(18.5%)	(11.9%)	(3.7%)	8.3%	10.1%	(2.1%)	1.3%
Number of stores at period end.....	36	40	49	67	100	77	106
Total selling square feet.....	287	332	405	541	792	617	830
Sales per selling square foot(10).....	\$ 261	\$ 276	\$ 301	\$ 350	\$ 354	\$ 124	\$ 134

(1) Represents the 53-week fiscal year ended February 3, 1996.

(2) Gross income equals net sales less cost of goods sold, occupancy and buying costs.

(3) General, administrative and store operating expenses include charges and allocations made by The Limited to the Abercrombie & Fitch Business.

- (4) Reflects a \$4.4 million nonrecurring charge in 1993. See Note 3 to the Consolidated Financial Statements.
- (5) Gives pro forma effect to the interest expense, net of tax benefit, on the \$8.6 million Working Capital Note and the long-term Mirror Note in the amount of \$50 million. Also includes the pro forma effect of interest expense and certain fees, net of tax benefit (to the extent not reflected in the historical financial statements) on borrowings under the Credit Agreement for the twenty-six weeks ended July 29, 1995 and August 3, 1996 and the year ended February 3, 1996. See "Pro Forma Consolidated Financial Statements".
- (6) Pro forma net income (loss) per share is based on pro forma net income (loss) and the weighted average number of shares of Class A and Class B Common Stock expected to be outstanding after the Offerings. Pro forma net income (loss) per share is not necessarily indicative of what actual net income (loss) per share would have been if the Offerings occurred on the basis assumed.
- (7) Represents the long-term Mirror Note and the Intercompany Payable.
- (8) Gives pro forma effect to the issuance and sale of Class A Common Stock in the Offerings and the application of the net proceeds therefrom to repay approximately \$102.9 million of borrowings under the Credit Agreement. See "Pro Forma Consolidated Financial Statements".
- (9) Calculated as a percentage of net sales.
- (10) Sales per selling square foot is the result of dividing net sales for the period by average selling square feet, which represents the average of selling square feet at the beginning and end of each fiscal period. These amounts are not adjusted to reflect the seasonal nature of the Company's sales or the impact of opening stores in different periods during the year. Sales per selling square foot for interim periods are not representative of results to be expected for a full fiscal year.

A listing of key business statistics follows:

	FISCAL YEAR ENDED					TWENTY-SIX WEEKS ENDED	
	FEBRUARY 1, 1992	JANUARY 30, 1993	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
Number of stores opened during the period.....	10	4	9	20	33	10	6
Number of stores closed during the period.....	1	--	--	2	--	--	--
Number of stores at period end.....	36	40	49	67	100	77	106
Total selling square feet (000's).....	287	332	405	541	792	617	830
Sales per selling square foot(1).....	\$261	\$276	\$301	\$350	\$354	\$124	\$134
Comparable store sales growth(2).....	10%	8%	6%	15%	5%	3%	16%

(1) See footnote 10 above.

(2) Abercrombie & Fitch includes a store in its comparable store sales calculation at the beginning of the 53rd week of the store's operation. Stores that are expanded or downsized more than 20% in square feet are treated as new stores for purposes of this calculation only.

## RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following specific investment considerations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" for a description of other factors affecting the business of the Company.

### CONSENT TO LIMITATIONS OF LIABILITY

The Company's Certificate of Incorporation includes provisions relating to potential conflicts of interest that may arise between the Company and The Limited and its subsidiaries. See "Description of Capital Stock".

The following provisions were adopted in light of the fact that the Company and The Limited and its subsidiaries are engaged in retail businesses and intend to enter into contracts and other arrangements after the Offerings. TO DATE, THE COMPANY AND THE LIMITED HAVE NOT ADOPTED ANY FORMAL PROCEDURES DESIGNED TO RESOLVE POTENTIAL CONFLICTS OF INTEREST BETWEEN THE TWO COMPANIES. THE COMPANY INTENDS TO DEVELOP PROCEDURES TO ADDRESS SUCH CONFLICTS. THE PRECISE NATURE OF ANY CONFLICT RESOLUTION PROCEDURES WILL BE DETERMINED IN LIGHT OF, AMONG OTHER THINGS, THE NATURE OF THE CONFLICT BEING ADDRESSED. Any person purchasing or acquiring an interest in shares of capital stock of the Company, including the Underwriters, will be deemed to have consented to such provisions relating to conflicts of interest and corporate opportunities, and such consent may restrict such person's ability to challenge transactions carried out in compliance with such provisions. In addition, the Company intends to disclose the existence of such provisions in its Annual Reports on Form 10-K as well as in certain other filings with the Securities and Exchange Commission (the "Commission"). The certificate of incorporation of The Limited does not include comparable provisions relating to conflicts of interest or corporate opportunities.

The enforceability of the provisions discussed below under Delaware corporate law has not been established and, due to the absence of relevant judicial authority, counsel to the Company is not able to deliver an opinion as to the enforceability of such provisions. Whether or not such provisions are held to be enforceable, the Company believes its directors will be able to fulfill their fiduciary duties to its shareholders. In addition, it is the opinion of the Commission that any indemnification of directors, officers or controlling persons of the Company for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

### TRANSACTIONS WITH INTERESTED PARTIES

The Company's Certificate of Incorporation provides that no contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) between the Company and The Limited or any subsidiary of The Limited (other than the Company) or between the Company and any entity in which a director of the Company has a financial interest (a "Related Entity") or between the Company and any director or officer of the Company, The Limited, any subsidiary of The Limited or any Related Entity shall be void or voidable solely for the reason that The Limited or such subsidiary, a Related Entity or any one or more of the officers or directors of the Company, The Limited or such subsidiary or any Related Entity are parties thereto, or solely because any such directors or officers are present at, participate in or vote (which vote shall be counted) with respect to the authorization of the contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof). FURTHER, THE COMPANY'S CERTIFICATE OF INCORPORATION PROVIDES THAT THE LIMITED, ITS SUBSIDIARIES AND ANY RELATED ENTITY SHALL NOT BE LIABLE TO THE COMPANY OR ITS SHAREHOLDERS FOR BREACH OF ANY FIDUCIARY DUTY OR DUTY OF LOYALTY OR FAILURE TO ACT IN (OR NOT OPPOSED TO) THE BEST INTERESTS OF THE COMPANY OR THE DERIVATION OF ANY IMPROPER PERSONAL BENEFIT BY REASON OF THE

FACT THAT THE LIMITED, SUCH SUBSIDIARY OR SUCH RELATED ENTITY IN GOOD FAITH TAKES ANY ACTION OR EXERCISES ANY RIGHTS OR GIVES OR WITHHOLDS ANY CONSENT IN CONNECTION WITH ANY AGREEMENT OR CONTRACT BETWEEN THE LIMITED, SUCH SUBSIDIARY OR SUCH RELATED ENTITY AND THE COMPANY. No vote cast or other action taken by any person who is an officer, director or other representative of The Limited, such subsidiary or such Related Entity, which vote is cast or action is taken by such person in his capacity as a director of the Company, shall constitute an action of or the exercise of a right by or a consent of The Limited, such subsidiary or such Related Entity for the purpose of any such agreement or contract.

#### ALLOCATIONS OF CORPORATE OPPORTUNITIES

The Company's Certificate of Incorporation provides that in the event a director, officer or associate of the Company who is also a director, officer or associate of The Limited or its subsidiaries acquires knowledge of a transaction or other matter that may constitute a corporate opportunity of either or both the Company and The Limited or its subsidiaries, such corporate opportunity may be allocated either to the Company or The Limited or its subsidiaries as such director, officer or associate deems appropriate under the circumstances.

#### ACTIONS UNDER INTERCOMPANY AGREEMENTS

The Company's Certificate of Incorporation limits the liability of officers and directors of The Limited and its subsidiaries for breaches of fiduciary duty for actions taken or omitted under certain intercompany agreements.

#### LIMITATIONS ON FIDUCIARY DUTIES

The Company's Certificate of Incorporation generally eliminates the liability of directors and officers of the Company with respect to certain matters involving The Limited and its subsidiaries, including matters that may constitute corporate opportunities of The Limited, its subsidiaries or the Company. These provisions of the Company's Certificate of Incorporation eliminate certain rights that might have been available to shareholders under Delaware law had such provisions not been included in the Certificate of Incorporation, although the enforceability of such provisions has not been established.

#### LIMITATION ON PERSONAL MONETARY LIABILITY, INCLUDING GROSS NEGLIGENCE

Under the Company's Certificate of Incorporation, the directors' personal monetary liability for breach of their fiduciary duty of care, including actions involving gross negligence, will also be eliminated to the fullest extent permitted under Delaware law.

#### CONTROL BY THE LIMITED

The Limited is currently the only shareholder of the Company. Upon completion of the Offerings, The Limited will own 100% of the outstanding Class B Common Stock of the Company (which Class B Common Stock is entitled to three votes per share on any matter submitted to a vote of the Company's shareholders). The Class B Common Stock will represent approximately 94.9% of the combined voting power of all classes of voting stock (94.1% if the Underwriters' over-allotment options are exercised in full) and thus will be able to direct the election of all of the members of the Company's Board of Directors and exercise a controlling influence over the business and affairs of the Company, including any determinations with respect to mergers or other business combinations involving the Company, the acquisition or disposition of assets by the Company, the incurrence of indebtedness by the Company, the issuance of any additional Common Stock or other equity securities and the payment of dividends with respect to the Common Stock. Similarly, The Limited will have the power to determine matters submitted to a vote of the Company's shareholders without the consent of the Company's other

shareholders, will have the power to prevent a change of control of the Company and could take other actions that might be favorable to The Limited. The grant pursuant to associate benefit plans of Common Stock to, or the acquisition of Common Stock upon the exercise of stock options held by, associates of the Company would reduce the percentage ownership and voting interest in the Company of the public shareholders of the Company.

The Limited has advised the Company that its current intent is to continue to hold all of the Class B Common Stock beneficially owned by it. However, The Limited has no agreement with the Company not to sell or distribute such shares, and, except for restrictions in the Underwriting Agreement set forth below, there can be no assurance concerning the period of time during which The Limited will maintain its beneficial ownership of Common Stock. Pursuant to the Underwriting Agreement, The Limited will agree, subject to certain exceptions, not to sell or otherwise dispose of, directly or indirectly, any shares of Common Stock (or any security convertible into or exchangeable or exercisable for Common Stock) owned by it for a period of 180 days after the date of this Prospectus without the prior written consent of the Representatives of the Underwriters. The Company has agreed, at the request of The Limited, to use its best efforts to effect the registration under applicable federal and state securities laws of any of the Class B Common Stock held by The Limited. Beneficial ownership of at least 80% of the total voting power and value of the outstanding Common Stock is required in order for The Limited to continue to include the Company in its consolidated group for federal income tax purposes, and ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for The Limited to be able to effect a Tax-Free Spin-Off of the Company. In the event The Limited decreases its ownership below 80%, all borrowings under the Credit Agreement must be repaid. See "Description of Certain Indebtedness--Credit Agreement". Because The Limited may seek to maintain its beneficial ownership percentage of the Company for tax planning purposes or otherwise and may not desire to acquire additional shares of Common Stock in connection with a future issuance of shares by the Company, the Company may be constrained in its ability to raise equity capital in the future or to issue Common Stock in connection with acquisitions.

For so long as The Limited maintains beneficial ownership of a majority of the number of outstanding shares of Common Stock, the Company may not act in a way which may reasonably be anticipated to result in a contravention by The Limited of: (i) The Limited's certificate of incorporation or bylaws; (ii) any credit agreement binding upon The Limited; or (iii) any judgment, order or decree of any governmental body having jurisdiction over The Limited.

Each member of a consolidated group for federal income tax purposes is jointly and severally liable for the federal income tax liability of each other member of the consolidated group. For benefit plan purposes, the Company will be part of The Limited's controlled group, which includes The Limited and its other subsidiaries. Under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and federal income tax law, each member of the controlled group is jointly and severally liable for funding and termination liabilities of tax qualified defined benefit retirement plans as well as certain plan taxes. Accordingly, during the period in which the Company is included in The Limited's consolidated or controlled group, the Company could be liable under such provisions in the event any such liability or tax is incurred, and not discharged, by any other member of The Limited's consolidated or controlled group.

The Company's Board of Directors currently consists of six members, four of whom serve concurrently as members of the Board of Directors of The Limited and Intimate Brands and one of whom serves concurrently as a member of the Board of Directors of Intimate Brands. Mr. Leslie H. Wexner, Chairman, President and Chief Executive Officer of The Limited, will also serve as Chairman of the Board of the Company, and Kenneth B. Gilman, Vice Chairman of The Limited, will also serve as Vice Chairman of the Board of the Company. In light of its ownership of the Company's Class B Common Stock, The Limited will have the ability to change the size and composition of the Company's Board of Directors and committees of the Board of Directors. See "Relationship with The Limited--Corporate Agreement".

## POTENTIAL CONFLICTS OF INTEREST

Various conflicts of interest between the Company and The Limited could arise following completion of the Offerings. To date, the Company and The Limited have not adopted any formal procedures designed to resolve potential conflicts of interest between the two companies. See "--Consent to Limitations of Liability".

## CONTROL OF CERTAIN REAL ESTATE MATTERS

Pursuant to the terms of the services agreement to be entered into between the Company and The Limited and consistent with past practices, The Limited will be granted the exclusive right to negotiate all store leases on behalf of Abercrombie & Fitch. While Abercrombie & Fitch will use The Limited's real estate division to select store sites and negotiate leases, Abercrombie & Fitch has the final authority to choose to accept or not to accept a store site or lease negotiated by The Limited. Similarly, The Limited will be entitled to allocate store space among Abercrombie & Fitch and other retail businesses operated by The Limited. Although Abercrombie & Fitch's management believes that this arrangement provides it with significant advantages, it may result in conflicts of interest between the Company and The Limited. See "Relationship with The Limited--Services Agreement" and "Business--Central Real Estate Management".

## CROSS-DIRECTORSHIPS AND STOCK OWNERSHIP

Leslie H. Wexner, Chairman of the Board, and Kenneth B. Gilman, Vice Chairman of the Board, as well as Michael S. Jeffries, President and Chief Executive Officer of Abercrombie & Fitch, hold shares of common stock and options to acquire common stock of The Limited. Such shares and options are material to the net worth of Mr. Wexner, Mr. Gilman and Mr. Jeffries. See "Executive Compensation". Cross-directorships and ownership interests of directors or officers of the Company in common stock of The Limited could create or appear to create potential conflicts of interest when directors and officers are faced with decisions that could have different implications for the Company and The Limited. Nevertheless, the Company believes that such directors would be able to fulfill their fiduciary duties to its shareholders. See "Description of Capital Stock--Certain Certificate of Incorporation and Bylaw Provisions". The certificate of incorporation of The Limited does not include provisions addressing these potential conflicts.

## CONTROL OF CERTAIN PERSONNEL MATTERS

In an effort to promote the career development of senior associates of The Limited's various businesses and to address its own personnel requirements, The Limited may reassign associates from positions at one of its businesses to positions in another business operated by The Limited. Such assignments and reassignments are within the discretion of The Limited and are made with a view towards optimizing the allocation of personnel among the different businesses of The Limited. Although this arrangement may create occasional difficulties for Abercrombie & Fitch, Abercrombie & Fitch's management believes that providing senior managers with opportunities for advancement at other businesses of The Limited is an important advantage in recruiting associates. In addition, Abercrombie & Fitch believes it has benefitted from this arrangement, as experienced managers from other businesses operated by The Limited have been assigned to Abercrombie & Fitch. Although The Limited has no present intention to relocate any senior Abercrombie & Fitch merchandising personnel or other senior executive officers from Abercrombie & Fitch to other businesses controlled by The Limited, there can be no assurance as to future assignments of senior associates of The Limited's other businesses to Abercrombie & Fitch or from Abercrombie & Fitch to other businesses controlled by The Limited.

## CONTROL OF TAX MATTERS

By virtue of its controlling beneficial ownership and the terms of the tax-sharing agreement to be entered into between the Company and The Limited, The Limited will effectively control all of the

Company's tax decisions. Under the tax-sharing agreement, The Limited will have sole authority to respond to and conduct all tax proceedings (including tax audits) relating to Abercrombie & Fitch, to file all returns on behalf of the Company and to determine the amount of Abercrombie & Fitch's liability to (or entitlement to payment from) The Limited under the tax-sharing agreement. See "Relationship with The Limited--Tax-Sharing Agreement". This arrangement may result in conflicts of interest between the Company and The Limited. For example, under the tax-sharing agreement, The Limited may choose to contest, compromise or settle any adjustment or deficiency proposed by the relevant taxing authority in a manner that may be beneficial to The Limited and detrimental to the Company. In connection therewith, however, The Limited is obligated under the tax-sharing agreement to act in good faith with regard to all members included in the applicable returns.

#### COMPETITION WITH THE LIMITED

The Limited is one of the largest specialty retailers in the United States. The Limited is not restricted in any manner from competing with Abercrombie & Fitch and currently markets merchandise similar to that sold by the Company through certain of its other subsidiaries. There can be no assurance that The Limited will not expand, through development of new lines of products or businesses, acquisition or otherwise, its operations that compete with Abercrombie & Fitch.

#### INTERCOMPANY AGREEMENTS NOT SUBJECT TO ARM'S-LENGTH NEGOTIATION

The Limited (or one or more of its subsidiaries) and the Company have entered and intend to enter into certain intercompany agreements, including agreements pursuant to which The Limited (or one or more of its subsidiaries) will provide various services to Abercrombie & Fitch, and a tax-sharing agreement, that are material to the conduct of the Company's business. With respect to matters covered by the services agreement, the relationship between The Limited and Abercrombie & Fitch is intended to continue in a manner generally consistent with past practices. See "Relationship with The Limited" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Financial Condition--Liquidity and Capital Resources". Because Abercrombie & Fitch is a wholly-owned subsidiary of The Limited, none of these agreements will result from arm's-length negotiations and, therefore, the prices charged to the Company for services provided thereunder may be higher or lower than prices that may be charged by third parties.

#### IMMEDIATE AND SUBSTANTIAL DILUTION AND NEGATIVE PRO FORMA NET TANGIBLE BOOK VALUE

Purchasers of Class A Common Stock in the Offerings will experience an immediate dilution of \$16.57 per share in the net tangible book value of their Class A Common Stock from the initial public offering price of \$16 per share. Prior to completion of the Offerings, the Company's pro forma net tangible book value per share of Common Stock will be \$(3.06), whereas upon completion of the Offerings, it will be \$(.57). This will result in an increase in net tangible book value of \$2.49 per share of Class B Common Stock that will be received by The Limited attributable to the Offerings. Due to the negative pro forma net tangible book value of the Company prior to the completion of the Offerings, purchasers of Class A Common Stock in the Offerings will have contributed a substantial portion of the Company's total paid-in capital after the Offerings while receiving only 14% of the economic interests therein.

#### SEASONALITY

The Company experiences seasonal fluctuations in its net sales and net income, with a disproportional amount of the Company's net sales and a majority of its net income typically realized during the fourth quarter. Net sales and net income are generally weakest during the first quarter. The Company's quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including the timing of new store openings and the net sales contributed by new stores, merchandise mix and the timing and level of markdowns. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Seasonality and Quarterly Fluctuations".

#### NO ASSURANCE THAT GROWTH MAY BE SUSTAINED

Abercrombie & Fitch has grown rapidly over the past several years. The Company's future growth prospects are dependent upon a number of factors, including, among other things, the availability of suitable store locations, the ability to develop new merchandise and the ability to hire and train qualified associates. There is no assurance that the Company will be able to continue to grow profitably.

#### DEPENDENCE ON KEY PERSONNEL

The Company believes that it has benefitted substantially from the leadership of Leslie H. Wexner, Chairman, President and Chief Executive Officer of The Limited and Chairman of the Board of the Company and Michael S. Jeffries, President and Chief Executive Officer of Abercrombie & Fitch. The loss of any of the services of these individuals could have a material adverse effect on the Company's business and prospects. In addition, Mr. Wexner's service as Chairman, President and Chief Executive Officer of The Limited and Chairman of the Board of the Company may create or appear to create potential conflicts of interest. See "--Potential Conflicts of Interest".

#### COMPANY RESULTS OF OPERATIONS SUBJECT TO VARIABLE INFLUENCES; INTENSE COMPETITION

Abercrombie & Fitch's business is sensitive to changes in consumer spending patterns, consumer preferences and overall economic conditions. The Company is also subject to fashion trends affecting the desirability of its merchandise. In addition, Abercrombie & Fitch competes with a broad range of other retailers, some of whom have greater financial resources than the Company. The Company's future performance will be subject to such factors, which are beyond its control, and there can be no assurance that such factors would not have a material adverse effect on the Company's results of operations. See "Business--Competition".

#### RELIANCE ON FOREIGN SOURCES OF PRODUCTION

In 1995, approximately 56% of the Company's merchandise was sourced from independent foreign factories located primarily in the Far East. The Company has no long-term merchandise supply contracts and many of its imports are subject to existing or potential duties, tariffs or quotas that may limit the quantity of certain types of goods which may be imported into the United States from countries in that region. The Company competes with other companies for production facilities and import quota capacity. The Company's business is also subject to a variety of other risks generally associated with doing business abroad, such as political instability (including issues concerning the future of Hong Kong following the transfer of Hong Kong to The People's Republic of China on July 1, 1997), currency and exchange risks and local political issues. The Company's future performance will be subject to such factors, which are beyond its control, and there can be no assurance that such factors would not have a material adverse effect on the Company's results of operations. See "Business--Sourcing".

#### NO PRIOR MARKET; POSSIBLE VOLATILITY OF STOCK PRICE

Prior to the Offerings, there has been no public market for the Class A Common Stock of the Company. There can be no assurance that the initial public offering price will correspond to the price at which the Class A Common Stock will trade in the public market subsequent to the Offerings or that an active public market for the Class A Common Stock will develop and continue after the Offerings. For a discussion of the factors considered in determining the initial public offering price, see "Underwriting".

#### POSSIBLE FUTURE SALES OF COMMON STOCK BY THE LIMITED

Subject to applicable federal securities laws and the restrictions set forth below in the Underwriting Agreement, The Limited may sell any and all of the shares of Common Stock beneficially owned by it or distribute any or all of the shares of Common Stock to its shareholders. The Company has agreed to use its best efforts to effect the registration under applicable federal and state securities laws of any of the Class B Common Stock held by The Limited. See "Relationship with the Limited--Corporate Agreement". Pursuant to the Underwriting Agreement, The Limited will agree, subject to certain

exceptions, not to sell or otherwise dispose of, directly or indirectly, any shares of Common Stock (or any security convertible into or exchangeable or exercisable for Common Stock) for a period of 180 days after the date of this Prospectus without the prior written consent of the Representatives of the Underwriters. Sales or distributions by The Limited of substantial amounts of Common Stock in the public market or to its shareholders could adversely affect prevailing market prices for the Class A Common Stock. See "Relationship with The Limited" and "Shares Eligible for Future Sale".

#### ANTI-TAKEOVER PROVISIONS

The Company's Certificate of Incorporation and Bylaws contain a number of provisions that could impede a merger, consolidation, takeover or other business combination involving the Company or discourage a potential acquiror from making a tender offer or otherwise attempting to obtain control of the Company. Those provisions include (i) a requirement that a vote of the holders of at least 75% of the Common Stock held by stockholders other than any person or entity owning 5% or more of the Common Stock of the Company (an "Interested Person") is required to effect a merger or consolidation with an Interested Person, a sale of all or substantially all of the assets of the Company to an Interested Person and certain other control transactions (unless such transaction shall have been approved by a majority of Continuing Directors (as defined therein)); (ii) a classified board; and (iii) a requirement that certain provisions of the Company's Certificate of Incorporation and Bylaws may be amended, and directors may be removed, only with the approval of the holders of at least 75% of the outstanding Common Stock. The Limited, as owner of approximately 94.9% of the combined voting power of all classes of voting stock, could sell or otherwise dispose of a substantial portion of its holdings and still be able to block any merger, consolidation, takeover or other business combination with any Interested Person and certain other material transactions and matters. In addition, the Company is subject to the provisions of Section 203 of the Delaware General Corporation Law. See "Description of Capital Stock--Certain Certificate of Incorporation and Bylaw Provisions" and "--The Delaware General Corporation Law".

#### USE OF PROCEEDS

The estimated proceeds to the Company from the Offerings, after the deduction of the underwriting expenses, will be approximately \$102.9 million (\$118.6 million if the Underwriters' over-allotment options are exercised in full), all of which proceeds are expected to be used to partially repay borrowings by subsidiaries of the Company under the Credit Agreement previously entered into with certain lenders and The Chase Manhattan Bank, as agent, under which the Company currently has \$150 million of indebtedness outstanding. The current weighted average effective interest rate applicable to borrowings under the Credit Agreement is approximately 5.92% per annum. Pursuant to the Credit Agreement, which has a scheduled final maturity of June 30, 2001, borrowings thereunder must be repaid in an amount equal to the Excess Cash Flow (as defined therein) of the Company, which amount will include the net proceeds of the Offerings. Borrowings under the Credit Agreement were used to fund a dividend to The Limited and repay certain obligations owed to The Limited.

#### DIVIDENDS

The Board of Directors of the Company currently intends to retain future earnings for the development of its business and does not anticipate paying regular quarterly dividends on the Common Stock for the foreseeable future. Under Delaware law, the declaration of dividends is within the discretion of the Company's Board of Directors and future dividends, if any, will depend upon various factors, including the Company's net income, current and anticipated cash needs and any other factors deemed relevant by the Board of Directors. By virtue of its stock ownership, The Limited will have the ability to change the size and composition of the Company's Board of Directors and thereby control the payment of dividends by the Company. Pursuant to restrictions contained in the Credit Agreement, so long as the Credit Agreement is outstanding, the Company is prohibited from paying any dividends on its capital stock, including the Class A Common Stock. See "Description of Certain Indebtedness--Credit Agreement".



CAPITALIZATION

The following table sets forth the pro forma (after the Offerings) capitalization of the Company as of August 3, 1996 based on (a) the reclassification of 1,000 shares of Common Stock, par value \$.10 per share, of the Company held by The Limited into 43,000,000 shares of Class B Common Stock; and (b) the issuance and sale of 7,000,000 shares of Class A Common Stock in the Offerings and the application of the net proceeds therefrom to repay approximately \$102.9 million of borrowings under the Credit Agreement. The data should be read in conjunction with the historical Consolidated Financial Statements and notes thereto and the Pro Forma Consolidated Financial Statements and notes thereto included elsewhere in this Prospectus.

	AUGUST 3, 1996	
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	PRO FORMA	
	AFTER	
	HISTORICAL(1) OFFERINGS	
	-----	
	(DOLLARS IN THOUSANDS)	
Short-term borrowings:		
Credit Agreement(2).....	\$ 150,000	\$ 47,100
Working Capital Note(3).....	8,616	8,616
	-----	-----
Total short-term borrowings.....	158,616	55,716
Intercompany payable(4).....	8,557	8,557
Long-term Mirror Note(5).....	50,000	50,000
	-----	-----
Total debt.....	217,173	114,273
	-----	-----
Shareholders' equity (deficit)(6):		
Preferred stock, 15,000,000 shares authorized, no shares issued and outstanding.....		
Common stock, par value \$.10 per share, 1,000 shares authorized, 1,000 shares issued and outstanding.....		
Class A Common Stock, par value \$.01 per share, 150,000,000 shares authorized, 7,000,000 shares issued and outstanding.....		70
Class B Common Stock, par value \$.01 per share, 150,000,000 shares authorized, 43,000,000 shares issued and outstanding.....		430
Paid-in capital.....	306	102,706
Retained earnings (deficit).....	(131,752)	(131,752)
	-----	-----
Total shareholders' equity (deficit).....	(131,446)	(28,546)
	-----	-----
Total capitalization.....	\$ 85,727	\$ 85,727
	=====	=====

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- (1) Represents amounts derived from the Consolidated Financial Statements of Abercrombie & Fitch Co. included elsewhere in this Prospectus.
  - (2) On July 2, 1996, two of Abercrombie & Fitch's subsidiaries entered into the Credit Agreement and then on July 15, 1996, the stock of such entities was contributed to Abercrombie & Fitch Co. See "Description of Certain Indebtedness--Credit Agreement".
  - (3) Represents the Working Capital Note, which bears interest at 6.75% per annum and matures on January 31, 1997.
  - (4) Represents an intercompany payable owed to The Limited.
  - (5) Represents the long-term Mirror Note. See "Description of Certain Indebtedness--Intercompany Debt".
  - (6) Does not include an aggregate of up to 243,000 shares of Class A Common Stock reserved for issuance in respect of associate and director stock options granted effective upon consummation of the Offerings with an exercise price equal to the initial public offering price set forth on the cover page of this Prospectus.

## PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited Pro Forma Consolidated Financial Statements of Abercrombie & Fitch include the historical Consolidated Financial Statements of the Abercrombie & Fitch Business (as defined in Note 1 of the Notes to the Consolidated Financial Statements of the Abercrombie & Fitch Business included elsewhere in this Prospectus) and give effect to the transactions and events described in the Notes to Pro Forma Consolidated Financial Statements as if the transactions and events referred to therein were initiated at the beginning of fiscal year 1995 in the case of the unaudited Pro Forma Consolidated Statements of Operations and as of August 3, 1996 in the case of the unaudited Pro Forma Consolidated Balance Sheet.

The unaudited Pro Forma Consolidated Financial Statements give effect to the sale and issuance of 7,000,000 shares of Class A Common Stock in the Offerings and the application of the estimated \$102.9 million net proceeds therefrom to partially repay borrowings under the Credit Agreement. The unaudited Pro Forma Consolidated Financial Statements also reflect the following transactions and events which are included in the August 3, 1996 historical balance sheet: (i) distribution of a note representing preexisting obligations of Abercrombie & Fitch's operating subsidiary in respect of certain trademarks (the "Trademark Obligations") in the amount of \$32 million by Abercrombie & Fitch's trademark subsidiary to The Limited and a resulting dividend to The Limited in a corresponding amount; (ii) distribution of the long-term Mirror Note in the amount of \$50 million by Abercrombie & Fitch's operating subsidiary to The Limited and a resulting dividend to The Limited in a corresponding amount; (iii) \$150 million of borrowings under the Credit Agreement which were used to repay \$91 million of long-term debt owed to The Limited, to pay a \$27 million dividend to The Limited and repay in full the Trademark Obligations; and (iv) conversion of the remaining \$8.6 million of intercompany debt into the Working Capital Note.

Management believes the assumptions used provide a reasonable basis on which to present the unaudited Pro Forma Consolidated Financial Statements. The unaudited Pro Forma Consolidated Financial Statements should be read in conjunction with the historical Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations". THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED TO BE INDICATIVE OF THE COMPANY'S RESULTS OF OPERATIONS OR THE COMPANY'S FINANCIAL POSITION HAD THE TRANSACTIONS AND EVENTS DESCRIBED ABOVE BEEN CONSUMMATED ON THE DATES ASSUMED AND DO NOT PROJECT THE COMPANY'S RESULTS OF OPERATIONS OR THE COMPANY'S FINANCIAL POSITION FOR ANY FUTURE DATE OR PERIOD.

ABERCROMBIE & FITCH

PRO FORMA CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

AT AUGUST 3, 1996

	ABERCROMBIE & FITCH BUSINESS(1)	ABERCROMBIE & FITCH CO.(2)	CONSOLIDATED ABERCROMBIE & FITCH CO.	ADJUST- MENTS(3)	PRO FORMA AFTER OFFERINGS
(IN THOUSANDS)					
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash.....	\$ 1,427	\$ 1	\$ 1,428	\$ 102,900 (102,900)	\$ 1,428
Accounts receivable.....	2,553		2,553		2,553
Inventories.....	52,919		52,919		52,919
Store supplies.....	3,729		3,729		3,729
Deferred income taxes...	1,208		1,208		1,208
Other.....	1,357		1,357		1,357
Total current assets...	63,193	1	63,194		63,194
Property and equipment, net.....	44,570		44,570		44,570
Deferred income taxes....	1,624		1,624		1,624
Other assets.....	7		7		7
Total assets.....	\$109,394	\$ 1	\$ 109,395		\$109,395
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable.....	\$ 6,730		\$ 6,730		\$ 6,730
Accrued expenses.....	15,754		15,754		15,754
Credit agreement.....	150,000		150,000	(102,900)	47,100
Working capital note....	8,616		8,616		8,616
Income taxes payable....	500		500		500
Total current liabilities.....	181,600		181,600		78,700
Intercompany payable....	8,557		8,557		8,557
Long-term mirror note....	50,000		50,000		50,000
Other long-term liabilities.....	684		684		684
<b>SHAREHOLDERS' EQUITY (DEFICIT)</b>					
Common stock.....				500	500
Paid-in capital.....	305	\$ 1	306	102,400	102,706
Retained earnings (deficit).....	(131,752)		(131,752)		(131,752)
Total shareholders' equity (deficit).....	(131,447)	1	(131,446)		(28,546)
Total liabilities and shareholders' equity (deficit).....	\$109,394	\$ 1	\$ 109,395		\$109,395

The accompanying notes are an integral part of the unaudited Pro Forma Consolidated Financial Statements.

ABERCROMBIE & FITCH

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

	FOR THE YEAR ENDED FEBRUARY 3, 1996		
	HISTORICAL	ADJUSTMENTS	PRO FORMA
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)		
Net sales.....	\$ 235,659		\$ 235,659
Cost of goods sold, occupancy and buying costs.....	155,865		155,865
Gross income.....	79,794		79,794
General, administrative and store operating expenses.....	55,996		55,996
Operating income.....	23,798		23,798
Interest expense.....	--	\$ 7,726 (1)	7,726
Income before income taxes....	23,798	(7,726)	16,072
Provision for income taxes....	9,500	(3,100)(2)	6,400
Net income.....	\$ 14,298	\$ (4,626)	\$ 9,672
Pro forma net income per share.....			\$ .19

The accompanying notes are an integral part of the unaudited Pro Forma Consolidated Financial Statements.

ABERCROMBIE & FITCH

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

FOR THE TWENTY-SIX  
WEEKS ENDED AUGUST 3, 1996

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)		
Net sales.....	\$ 108,451		\$ 108,451
Cost of goods sold, occupancy and buying costs.....	75,505		75,505
Gross income.....	32,946		32,946
General, administrative and store operating expenses....	31,520		31,520
Operating income.....	1,426		1,426
Interest expense.....	1,151	\$ 2,562(1)	3,713
Income (loss) before income taxes.....	275	(2,562)	(2,287)
Provision for (benefit from) income taxes.....	100	(1,000)(2)	(900)
Net income (loss).....	\$ 175	\$ (1,562)	\$ (1,387)
Pro forma net loss per share.....			\$ (.03)

The accompanying notes are an integral part of the unaudited Pro Forma Consolidated Financial Statements.

ABERCROMBIE & FITCH

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

FOR THE TWENTY-SIX  
WEEKS ENDED JULY 29, 1995

	HISTORICAL	ADJUSTMENTS	PRO FORMA
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNT)		
Net sales.....	\$ 72,045		\$ 72,045
Cost of goods sold, occupancy and buying costs.....	51,594		51,594
Gross income.....	20,451		20,451
General, administrative and store operating expenses.....	21,970		21,970
Operating loss.....	(1,519)		(1,519)
Interest expense.....	--	\$ 4,013 (1)	4,013
Loss before income taxes.....	(1,519)	(4,013)	(5,532)
Benefit from income taxes.....	(600)	(1,600) (2)	(2,200)
Net loss.....	\$ (919)	\$ (2,413)	\$ (3,332)
Pro forma net loss per share.....			\$ (.07)

The accompanying notes are an integral part of the unaudited Pro Forma Consolidated Financial Statements.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. BASIS OF PRESENTATION

The following pro forma adjustments are based on available information and certain estimates and assumptions. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments. The Company believes that such assumptions provide a reasonable basis for presenting all of the significant effects of the following transactions and events and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma consolidated financial statements.

2. ADJUSTMENTS TO PRO FORMA CONSOLIDATED BALANCE SHEET

(1) Represents amounts derived from the historical Consolidated Financial Statements of the Abercrombie & Fitch Business included elsewhere in this Prospectus.

(2) Represents the initial capitalization of Abercrombie & Fitch Co.

(3) The issuance and sale of 7,000,000 shares of Class A Common Stock in the Offerings and the application of the estimated \$102.9 million net proceeds therefrom to partially repay borrowings under the Credit Agreement.

3. ADJUSTMENTS TO PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED	TWENTY-SIX WEEKS ENDED	
	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
	-----	-----	-----
(1) Reflects interest expense as follows:			
\$150 million Credit Agreement due June 30, 2001 (a).....	\$2,944	\$1,472	\$1,472
\$8.6 million Working Capital Note due January 31, 1997 (b).....	582	291	291
\$50 million Mirror Note due May 15, 2002 (c).....	3,900	1,950	1,950
Financing fees.....	300	300	--
	-----	-----	-----
	7,726	4,013	3,713
Less amounts in historical statements of operations.....	--	--	(1,151)
	-----	-----	-----
	\$7,726	\$4,013	\$2,562
	=====	=====	=====

- 
- (a) Represents interest calculated at an effective rate of 6.25% on \$47.1 million in debt outstanding on the \$150 million Credit Agreement for the periods indicated. The interest is calculated as if the transaction took place at the beginning of fiscal 1995 after recognizing the partial repayment of the Credit Agreement from the assumed net proceeds of the Offerings.
- (b) Interest is calculated at an effective interest rate of 6.75% for the periods indicated.
- (c) Interest is calculated based upon 7.80% for the periods indicated.

(2) Estimated income tax effects of the pro forma adjustments at the effective annual rate.

No adjustment has been made for additional costs of Abercrombie & Fitch operating as a public company as management believes that the incremental costs will not be significant. In addition, no adjustments have been made for changes in costs from the service and lease agreements described herein between Abercrombie & Fitch and The Limited since management believes the aggregate net changes in costs will not be material.

SELECTED FINANCIAL DATA

Set forth below is the selected historical financial and operating data for the periods indicated. This information should be read in conjunction with the Abercrombie & Fitch Business' historical and pro forma consolidated financial statements and notes thereto included elsewhere in this Prospectus, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information set forth herein. The information for fiscal years 1991 and 1992 is derived from the Abercrombie & Fitch Business' unaudited consolidated financial statements. The selected financial data as of and for the twenty-six weeks ended July 29, 1995 and August 3, 1996 are derived from the unaudited consolidated financial statements also appearing herein, which, in the opinion of management, reflect all adjustments (which are of a recurring nature) necessary to present fairly the financial position and results of operations and cash flows for the interim periods. Results for the period ended August 3, 1996 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

	FISCAL YEAR ENDED				TWENTY-SIX WEEKS ENDED		
	FEBRUARY 1, 1992	JANUARY 30, 1993	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996(1)	JULY 29, 1995	AUGUST 3, 1996
(IN THOUSANDS, EXCEPT PER SHARE, PER SQUARE FOOT AND NUMBER OF STORES DATA)							
STATEMENT OF OPERATIONS DATA:							
Net sales.....	\$ 62,583	\$ 85,301	\$110,952	\$165,463	\$235,659	\$72,045	\$108,451
Gross income(2).....	9,665	13,413	30,562	56,820	79,794	20,451	32,946
General, administrative and store operating expenses(3).....	21,268	23,603	30,240	43,069	55,996	21,970	31,520
Operating income (loss)(4).....	(11,603)	(10,190)	(4,064)	13,751	23,798	(1,519)	1,426
Net income (loss).....	(7,003)	(6,090)	(2,464)	8,251	14,298	(919)	175
Pro forma net income (loss)(5).....					9,672	(3,332)	(1,387)
Pro forma weighted average number of shares(6).....					50,000	50,000	50,000
Pro forma net income (loss) per share(5)(6).....					\$ .19	\$ (.07)	\$ (.03)
BALANCE SHEET DATA:							
Inventories.....	\$ 11,932	\$ 15,075	\$ 10,052	\$ 16,551	\$ 30,388	\$37,880	\$ 52,919
Total assets.....	47,967	61,626	48,882	58,018	87,693	81,291	109,394
Long-term debt(7).....							58,557
Pro forma shareholders' equity (deficit)(8).....							(28,546)
OTHER DATA:							
Total net sales growth.....	--	36.3%	30.1%	49.1%	42.4%	37.4%	50.5%
Gross income percentage(9).....	15.4%	15.7%	27.5%	34.3%	33.9%	28.4%	30.4%
Operating income (loss) percentage(9).....	(18.5%)	(11.9%)	(3.7%)	8.3%	10.1%	(2.1%)	1.3%
Number of stores at period end.....	36	40	49	67	100	77	106
Total selling square feet.....	287	332	405	541	792	617	830
Sales per selling square foot(10).....	\$ 261	\$ 276	\$ 301	\$ 350	\$ 354	\$ 124	\$ 134
Comparable store sales growth(11).....	10%	8%	6%	15%	5%	3%	16%

- - - - -
- (1) Represents the 53-week fiscal year ended February 3, 1996.
  - (2) Gross income equals net sales less cost of goods sold, occupancy and buying costs.
  - (3) General, administrative and store operating expenses include charges and allocations made by The Limited to the Abercrombie & Fitch Business.
  - (4) Reflects a \$4.4 million nonrecurring charge in 1993. See Note 3 to the Consolidated Financial Statements.
  - (5) Gives pro forma effect to the interest expense, net of tax benefit, on the \$8.6 million Working Capital Note and the long-term Mirror Note in the amount of \$50 million. Also includes the pro forma effect of interest expense and certain fees, net of tax benefit (to the extent not reflected in the historical financial statements) on borrowings under the Credit Agreement for the twenty-six weeks ended July 29, 1995 and August 3, 1996 and the year ended February 3, 1996. See "Pro Forma Consolidated Financial Statements".
  - (6) Pro forma net income (loss) per share is based on pro forma net income (loss) and the weighted average number of shares of Class A and Class B Common Stock expected to be outstanding after the Offerings. Pro forma net income (loss) per share is not necessarily indicative of what actual net income (loss) per share would have been if the Offerings occurred on the basis assumed.
  - (7) Represents the long-term Mirror Note and the Intercompany Payable.
  - (8) Gives pro forma effect to the issuance and sale of Class A Common Stock in the Offerings and the application of the net proceeds therefrom to repay approximately \$102.9 million of borrowings under the Credit Agreement. See "Pro Forma Consolidated Financial Statements".
  - (9) Calculated as a percentage of net sales.
  - (10) Sales per selling square foot is the result of dividing net sales for the period by average selling square feet, which represents the average of selling square feet at the beginning and end of each fiscal period. These amounts are not adjusted to reflect the seasonal nature of the Company's sales or the impact of opening stores in different periods during the year. Sales per selling square foot for interim periods are not representative of results to be expected for a full fiscal year.
  - (11) Abercrombie & Fitch includes a store in its comparable store sales calculation at the beginning of the 53rd week of the store's operation. Stores that are expanded more than 20% in square feet are treated as new stores for purposes of this calculation only.

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

The following discussion and analysis of Abercrombie & Fitch's financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and the Pro Forma Consolidated Financial Statements included elsewhere in this Prospectus. For the purposes of the Management's Discussion and Analysis, unless the context otherwise requires, the "Company" or "Abercrombie & Fitch" refers to the Abercrombie & Fitch Business as defined in Note 1 of the Notes to the Consolidated Financial Statements.

GENERAL

Since the current management team assumed responsibility for Abercrombie & Fitch in 1992, the Company has consistently improved its financial performance. In the period from 1993 to 1995, the Company increased net sales from \$111.0 million to \$235.7 million and grew operating income from \$(4.1) million to \$23.8 million. The strong growth during this period resulted from expansion of the number of stores in operation and increased comparable store sales as the Company improved its merchandise assortment and strengthened its brand awareness. From 1993 to 1995, the Company improved sales per selling square foot from \$301 to \$354. The Company has also improved operating income as a percent of sales from (3.7%) in 1993 to 10.1% in 1995 by increasing sales volume and gross income at a faster rate than general, administrative and store operating expenses. The momentum evidenced by the Company's financial performance from 1993 to 1995 continued into 1996 as net sales, driven by 16% comparable store sales growth, increased to \$108.5 million in the first twenty-six weeks of 1996 from \$72.0 million in the first twenty-six weeks of 1995.

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items in the Company's consolidated statements of operations for the fiscal periods shown below:

	FISCAL YEAR ENDED			TWENTY-SIX WEEKS ENDED	
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
Net sales.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold, occupancy and buying costs.....	72.5	65.7	66.1	71.6	69.6
Gross income.....	27.5	34.3	33.9	28.4	30.4
General, administrative and store operating expenses.....	27.3	26.0	23.8	30.5	29.1
Special and nonrecurring items.....	4.0	--	--	--	--
Operating income (loss).....	(3.7)	8.3	10.1	(2.1)	1.3
Interest expense.....	--	--	--	--	(1.0)
Provision for (benefit from) income taxes.....	(1.4)	3.3	4.0	(0.8)	0.1
Net income (loss).....	(2.2)%	5.0%	6.1%	(1.3)%	0.2%

FINANCIAL SUMMARY

The following table sets forth certain summarized financial data for the fiscal periods shown:

	FISCAL YEAR ENDED			% CHANGE		TWENTY-SIX WEEKS ENDED		% CHANGE
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	1993-1994	1994-1995	JULY 29, 1995	AUGUST 3, 1996	
Net sales (\$ in millions).....	\$111.0	\$165.5	\$235.7	49%	42%	\$ 72.0	\$108.5	51%
Increase in comparable store sales.....	6%	15%	5%			3%	16%	
Sales increase attributable to new and remodeled stores.....	24%	34%	37%			34%	35%	
Sales per selling square foot.....	\$ 301	\$ 350	\$ 354	16%	1%	\$ 124	\$ 134	8%
Sales per average store (thousands).....	\$2,493	\$2,853	\$2,823	14%	(1%)	\$1,001	\$1,053	5%
Average store size at period end (selling square feet).....	8,265	8,075	7,920	(2%)	(2%)	8,013	7,830	(2%)
Selling square feet at period end (thousands).....	405	541	792	34%	46%	617	830	35%
Number of stores:								
beginning of period...	40	49	67			67	100	
opened.....	9	20	33			10	6	
closed.....	--	(2)	--			--	--	
end of period.....	49	67	100			77	106	
	=====	=====	=====			=====	=====	

NET SALES

For the first twenty-six weeks of 1996, net sales increased to \$108.5 million from \$72.0 million, an increase of \$36.5 million, or 51%. The increase was due to a comparable store sales increase of 16%, combined with the addition of 29 new stores as compared to the year-earlier period. Total selling square footage increased by 213,000 square feet, or 35%. Comparable store sales increases were strong in both the men's and women's businesses, with women's knits and shorts and men's pants and outerwear among the best performing categories. Net sales per selling square foot for the total company increased 8%.

For the 53-week fiscal year 1995, net sales were \$235.7 million, an increase of 42% from \$165.5 million in 1994. Sales growth came primarily from the addition of 33 new stores, with comparable store sales increasing 5%. Management believes that comparable store sales were negatively affected by overall softness in the retail industry. The fifty-third week accounted for 1.7% of the total sales increase. During 1995, the Company allocated more selling square footage per store to women's apparel, resulting in a significant increase in total sales of the women's business. Significant growth was achieved in women's shirts, knits and shorts. The total volume of the men's business increased, but to a lesser extent than the women's business due to this reallocation. A very strong increase in men's outerwear was partially offset by a continuing deemphasis of dress shirts and ties as the Company previously decided such merchandise was not consistent with the Company's focus on casual apparel. Net sales per selling square foot for the total Company increased 1%.

In 1994, net sales increased to \$165.5 million from \$111.0 million, an increase of \$54.5 million, or 49%. Comparable store sales increased 15%, and there was a net increase in number of stores of 18. Square footage increased by 136,000 selling square feet, or 34%. Sales in the women's business more than doubled from the prior year due to a broader merchandise assortment, particularly in women's sweaters, shorts and shirts. The men's business achieved sales increases as a result of strong growth in men's outerwear, knits, shorts and accessories. The increases were partially offset by the Company's decision to deemphasize dress shirts and ties. Net sales per selling square foot for the total Company increased 16%.

In 1993, net sales increased to \$111.0 million from \$85.3 million in 1992, an increase of \$25.7 million, or 30%. Comparable store sales increased 6%. Nine new stores were opened during the year, increasing the number of stores to 49. The men's business increased primarily due to strong increases in sport shirts, knits and outerwear. The women's business achieved a very strong performance in women's knits, jeans and shirts, which was somewhat offset by decreases in skirts, jackets and shorts. Net sales per selling square foot for the total Company increased 9%.

#### GROSS INCOME

In the first twenty-six weeks of 1996, gross income, expressed as a percentage of net sales, was 30.4%, which represented a 2.0% increase from the 28.4% level in the same period in 1995. The increase was attributable to a decrease in buying and occupancy costs, as a percentage of net sales, due to favorable expense leveraging associated with increased comparable store sales, which more than offset a slight decline in merchandise margins (representing gross income before the deduction of buying and occupancy costs).

In 1995, gross income, expressed as a percentage of net sales, was 33.9%, which represented a 0.4% decrease from the 34.3% level in 1994. The decrease was primarily attributable to an increase in buying and occupancy cost of 1.3% which represented asset writeoffs associated with the renovation and relocation of two stores. Merchandise margins were up slightly for the period.

In 1994, gross income, expressed as a percentage of net sales, was 34.3%, which represented a 6.8% increase from the 27.5% level in 1993. Merchandise margins improved 4.2% from the previous year due to higher initial markups (IMU) and fewer markdowns. Buying and occupancy costs as a percentage of net sales declined 2.3% as a result of strong comparable store net sales growth and a 16% increase in net sales per selling square foot.

In 1993, gross income, expressed as a percentage of net sales, was 27.5%, which represented an 11.8% increase from the level in 1992. Merchandise margins improved 10.4% as the Company incurred fewer markdowns and significantly increased IMU.

#### GENERAL, ADMINISTRATIVE AND STORE OPERATING EXPENSES

General, administrative and store operating expenses, expressed as a percentage of net sales, were 29.1% in the first twenty-six weeks of 1996 and 30.5% in the comparable period in 1995. The decline is attributable to the strong comparable sales growth and improved management of store payrolls.

General, administrative and store operating expenses, expressed as a percentage of net sales, were 23.8%, 26.0% and 27.3% for 1995, 1994 and 1993, respectively. The improvement during the three-year period resulted from management's continued emphasis on expense control and the favorable leveraging of store and home office expenses over higher sales volume. Additionally, improvements have been made to increase the distribution center productivity and as a result, the cost of operating the distribution center has declined, as a percentage of net sales, each year.

## SPECIAL AND NONRECURRING ITEMS

As described in Note 3 to the Consolidated Financial Statements appearing elsewhere herein, in 1993 the Company participated in The Limited's plan which provided for the closure, downsizing and remodeling of under-performing stores of the Company. In developing the plan, specific stores were identified based upon a number of criteria, including the quality and location of the real estate, historical financial results, other business factors and management's assessment of future potential. A total of seven under-performing stores were identified for this plan. The Company continuously evaluates its stores against these criteria, and charges for stores that meet the criteria for downsizing or closing are taken in the appropriate period. There are no stores currently operated by the Company that have been identified for downsizing or closure based upon the program's criteria. The provision for store closure, downsizing and remodeling aggregated approximately \$4.4 million and includes the net book value of abandoned fixed assets and lease termination payments. There was no material cash outflow as a result of the charge. The Company completed the program on October 28, 1995.

## OPERATING INCOME

The improvement in operating income, as a percentage of net sales, for the twenty-six weeks ended August 3, 1996 to 1.3% compared to (2.1%) in the same period last year is a result of both higher gross income and reduced general, administrative and store operating expenses as a percentage of net sales.

Operating income, as a percentage of net sales, was 10.1%, 8.3% and (3.7%) for 1995, 1994 and 1993, respectively. Operating income improved from a loss in 1993 as higher merchandise margins were coupled with lower general, administrative and store operating expenses as a percentage of net sales. Sales volume and gross income have increased at a faster rate than general, administrative and store operating expenses as the Company continues to emphasize cost controls.

## FOREIGN SOURCING AND INTERNATIONAL EXPANSION

The Company sources a substantial amount of its merchandise from independent foreign factories located primarily in the Far East. The Company's business is subject to a variety of risks generally associated with doing business abroad, such as political instability, currency and exchange risks and local political issues. The Company has no long-term merchandise supply contracts and many of its imports are subject to existing or potential duties, tariffs or quotas that may limit the quantity of certain types of goods which may be imported into the United States from countries in that region. The Company's future performance will be subject to such factors, which are beyond its control, and there can be no assurance that such factors would not have a material adverse effect on the Company's results of operations.

## SEASONALITY AND QUARTERLY FLUCTUATIONS

As illustrated in the table below, the Company's business is highly seasonal, with significantly higher sales, gross income and net income realized during the fourth quarter, which includes the Christmas selling season. See "Risk Factors--Seasonality".

1994 QUARTER -----	FIRST -----	SECOND -----	THIRD -----	FOURTH -----
(DOLLARS IN THOUSANDS)				
Net sales.....	\$23,399	\$29,045	\$38,584	\$74,435
% of full year.....	14.1%	17.6%	23.3%	45.0%
Gross income.....	\$ 5,643	\$ 8,285	\$11,815	\$31,077
% of full year.....	9.9%	14.6%	20.8%	54.7%
Net income (loss).....	\$(1,225)	\$ (530)	\$ 466	\$ 9,540
% of full year.....	(14.8%)	(6.4%)	5.6%	115.6%

1995 QUARTER -----	FIRST -----	SECOND -----	THIRD -----	FOURTH -----
(DOLLARS IN THOUSANDS)				
Net sales.....	\$33,377	\$38,668	\$57,222	\$106,392
% of full year.....	14.2%	16.4%	24.3%	45.1%
Gross income.....	\$ 8,428	\$12,023	\$19,503	\$ 39,840
% of full year.....	10.6%	15.1%	24.4%	49.9%
Net income (loss).....	\$(1,169)	\$ 250	\$ 2,583	\$ 12,634
% of full year.....	(8.2%)	1.7%	18.1%	88.4%

## FINANCIAL CONDITION

The Company's consolidated balance sheet at August 3, 1996 provides continuing evidence of financial strength and flexibility. A more detailed discussion of liquidity, capital resources and capital requirements follows:

### LIQUIDITY AND CAPITAL RESOURCES

Net cash used for operating activities totaled \$(18.7) million in the first twenty-six weeks of 1996 and \$(18.3) million in the comparable period in 1995. In 1996, net cash used for inventories increased by \$1.2 million over 1995 to support increased sales. Net income adjusted for depreciation in the first twenty-six weeks of 1996 provided cash as both these categories increased over the comparable period in 1995.

Net cash provided by operating activities totaled \$12.7 million, \$20.2 million and \$20.6 million for 1995, 1994 and 1993, respectively.

Net income increased consistently over the period while inventory levels also increased. Inventories increased 84% to \$30.4 million in 1995 and 65% to \$16.6 million in 1994, supporting the sales growth in those periods. Due to the Company's timing of payments, accounts payable increased only slightly over each of the three fiscal years, despite the increase in inventory. In addition, as more fully described in Note 3 to the Consolidated Financial Statements appearing elsewhere herein, the Company recorded a \$4.4 million charge in 1993 related to special and nonrecurring items.

Investing activities include capital expenditures, primarily for new, relocated and expanded stores.

Financing activities were primarily due to intercompany transactions as discussed in Note 10 to the Consolidated Financial Statements appearing elsewhere herein. In addition, financing activities in the twenty-six weeks ended August 3, 1996 included proceeds of \$150 million from the Credit Agreement which were used to repay \$91 million of intercompany debt and \$32 million of Trademark Obligations and fund a \$27 million dividend to The Limited. See Note 16 to the Consolidated Financial Statements.

Abercrombie & Fitch's operations are seasonal in nature and are comprised of two principal selling seasons: Spring (the first and second quarters) and Fall (the third and fourth quarters), with the fourth quarter, including the holiday season, accounting for approximately 45% of net sales in each of the last two years. Accordingly, cash requirements are highest in the third quarter as the Company's inventory builds in anticipation of the holiday selling season.

Historically, the Company has participated in The Limited's centralized cash management system whereby cash received from operations is transferred to The Limited's centralized cash accounts and cash disbursements are funded from the centralized cash accounts on a daily basis. See "Relationship with The Limited". The receipt and disbursement of cash is tracked in an intercompany cash management account. Accordingly, cash requirements for operating purposes during the year and for capital expenditures were met from this source. The Company will continue to utilize the centralized cash management system after the consummation of the Offerings. At July 11, 1996, after the initial capitalization of Abercrombie & Fitch, the intercompany cash management account became an interest earning asset or interest bearing liability of the Company, depending on the level of cash receipts and disbursements. Interest on this intercompany cash management account is calculated based on the Federal Reserve AA composite 30-day rate. After the consummation of the Offerings and use of the

net proceeds therefrom as described elsewhere herein, the Company's capitalization on a pro forma basis will include the long-term Mirror Note in the amount of \$50 million, the \$8.6 million Working Capital Note, the \$8.6 million Intercompany Payable and \$(28.5) million of shareholders' equity (deficit). In addition, approximately \$47.1 million of indebtedness will remain outstanding under the Credit Agreement following the consummation of the Offerings and the use of proceeds received therefrom. As the Company has fully borrowed the amount available under the Credit Agreement and may not reborrow any amounts repaid thereunder, the Company does not expect the Credit Agreement to be a source of liquidity in the future. For a description of the Company's indebtedness, see "Description of Certain Indebtedness". Management believes cash provided by operations will be sufficient to service debt, finance capital expenditures and meet working capital needs. Management believes that initially, due to seasonal working capital needs, the Company will be in a liability and interest paying status with respect to the intercompany cash management account. Management believes the availability of funds from The Limited and The Limited's ability to repay in the event the Company may be in an asset position with respect to the intercompany cash management account do not pose significant risks to the Company.

#### CAPITAL EXPENDITURES

Capital expenditures, primarily for new and remodeled stores, amounted to \$2.8 million in the first twenty-six weeks of 1996 and \$5.3 million in the comparable period in 1995. Capital expenditures amounted to \$24.5 million, \$12.6 million and \$4.7 million for 1995, 1994 and 1993, respectively, of which \$22.3 million, \$11.6 million and \$4.5 million, respectively, was for new stores and remodeling and expanding existing stores.

The Company has announced its intention to open approximately 29 new stores and to remodel one store in 1996, which would add approximately 235,000 square feet of selling space and represent a 30% increase over year-end 1995. The Company anticipates spending \$21 to \$25 million for capital expenditures in 1996, of which \$18 to \$22 million will be for new stores, the relocation and expansion of existing stores and related improvements. The Company anticipates spending \$22 to \$26 million in 1997 for capital expenditures, of which \$19 to \$23 million will be for new stores, the relocation and expansion of existing stores and related improvements. The Company expects that substantially all future capital expenditures will be funded by net cash provided by operating activities.

#### IMPACT OF INFLATION

The Company's results of operations and financial condition are presented based upon historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, the Company believes that the effects of inflation, if any, on its results of operations and financial condition have been minor.

#### SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Company cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this Prospectus or made by management of the Company involve risks and uncertainties, and are subject to change based on various important factors. The following factors, among others, in some cases have affected and in the future could affect the Company's financial performance and actual results and could cause actual results for 1996 and beyond to differ materially from those expressed or implied in any such forward-looking statements: changes in consumer spending patterns, consumer preferences and overall economic conditions, the impact of competition and pricing, changes in weather patterns, political stability, currency and exchange risks and changes in existing or potential duties, tariffs or quotas, availability of suitable store locations at appropriate terms, ability to develop new merchandise and ability to hire and train associates.

## BUSINESS

Abercrombie & Fitch is a rapidly growing specialty retailer of high-quality, casual apparel for men and women approximately 15 to 50 years of age. The Company's net sales have increased from \$85.3 million in 1992 to \$235.7 million in 1995, representing a compound annual growth rate of 40.3%. During this time, operating income has improved from an operating loss of \$10.2 million in 1992 to operating income of \$23.8 million in 1995, while the number of Abercrombie & Fitch stores in operation more than doubled, increasing from 40 at the end of 1992 to 100 at the end of 1995. The Company plans to continue this new store expansion program by opening 29 new stores in 1996 and by increasing the number of stores in operation by approximately 20% annually for the next several years thereafter.

The Abercrombie & Fitch brand was established in 1892 and became well known as a supplier of rugged, high-quality outdoor gear. Famous for outfitting the safaris of Teddy Roosevelt and Ernest Hemingway and the expeditions of Admiral Byrd to the North and South Poles, Abercrombie & Fitch goods were renowned for their durability and dependability--and Abercrombie & Fitch placed a premium on complete customer satisfaction with each item sold. In 1992, a new management team began repositioning Abercrombie & Fitch as a more fashion-oriented casual apparel business directed at men and women with a youthful lifestyle. In reestablishing the Abercrombie & Fitch brand, the Company combined its historical image for quality with a new emphasis on casual American style and youthfulness. The Company believes that this strategic decision has contributed to the strong growth and improved profitability it has experienced since 1992.

Industry sources estimate that the men's and women's apparel market generated approximately \$127 billion in retail purchases in 1995. These sources estimate that men's and women's apparel total sales volume grew at a compound annual rate of approximately 3.9% between 1992 and 1995. Abercrombie & Fitch's compound annual growth of 40.3% during this period has outpaced that of the industry. The Company believes that the size of Abercrombie & Fitch's market, coupled with its business strengths and growth strategies, should provide significant opportunities for growth and increased market share in the future.

### BUSINESS STRENGTHS

The Company believes that certain business strengths have contributed to its success in the past and will enable it to continue growing profitably.

**ESTABLISHED AND DIFFERENTIATED LIFESTYLE BRAND.** Abercrombie & Fitch has created a focused and differentiated brand image based on quality, youthfulness and classic American style. This image is consistently communicated through all aspects of the Company's business, including merchandise assortments, in-store marketing and print advertising. The Company believes that the strength of the Abercrombie & Fitch brand provides opportunities for increased penetration of current merchandise categories and entry into new product categories.

**BROAD AND GROWING APPEAL.** The Company's merchandise assortment appeals to a broad range of customers with varying ages and income levels. The Company believes that both men and women interested in casual, classic American fashion are attracted to the Abercrombie & Fitch lifestyle image. The Company also believes that the brand's broad appeal has been augmented by, and should continue to benefit from, the current trend in fashion toward casual apparel.

**PROVEN MANAGEMENT TEAM.** Since the current management team assumed responsibility in 1992, the Company has increased the level of brand awareness and consistently reported improved financial results. In addition, the Company's senior management has significant experience, with an aggregate of over one hundred years in the retail business. The Company believes that management's

substantial experience and demonstrated track record of highly profitable growth strongly positions the Company for the future.

**CONSISTENT STORE LEVEL EXECUTION.** Abercrombie & Fitch believes that a major element of its success is the consistent store level execution of its brand strategy. Store presentation is tightly controlled by the Company and is based on a detailed and comprehensive store plan regarding visual merchandising, marketing and fixtures to assure that all stores provide a consistent portrayal of the brand. Store associates are trained as "brand representatives" who convey and reinforce the brand image through their attitude and enthusiasm.

**QUALITY.** Since its founding over 100 years ago, Abercrombie & Fitch has maintained a strong reputation for quality. This reputation has been enhanced in recent years as management has made quality a defining element of the brand. The Company sources high quality natural fabrics from around the world and uses distinctive trim details and specialized washes to achieve a unique style and comfort in its products. As part of this focus on quality, the Company establishes on-going relationships with key factories to ensure reliability and consistency of production.

**INTERNAL DESIGN AND MERCHANDISING CAPABILITIES.** The cornerstone of the Company's business is its ability to design products which embody the Abercrombie & Fitch image. Abercrombie & Fitch develops substantially all of its merchandise line through its own design group, which allows it to develop exclusive merchandise and offer a consistent assortment within a season and from year to year. In addition, because the Company's merchandise is sold exclusively in its own stores, Abercrombie & Fitch is able to control the presentation and pricing of its merchandise, provide a higher level of customer service and closely monitor retail sell-through, which provides competitive advantages over other brand manufacturers that market their goods through department stores.

**RELATIONSHIP WITH THE LIMITED.** Unlike most high growth, specialty apparel retailers, Abercrombie & Fitch directly benefits from the resources and expertise of a major retailer such as The Limited. Abercrombie & Fitch has been able to concentrate the efforts of its management team and associates on strengthening its brand image by taking advantage of The Limited's capabilities in the areas of real estate negotiation and acquisition, central distribution, sourcing, store design and construction and general corporate services. The Company will continue to receive such services after the Offerings pursuant to agreements to be entered into with The Limited. See "Relationship with The Limited".

#### GROWTH STRATEGY

The Company has implemented a growth strategy designed to permit Abercrombie & Fitch to capitalize on its business strengths. The principal elements of the Company's growth strategy are summarized below:

**NEW STORE GROWTH.** Beginning in 1993, the Company began its store expansion program, opening 9, 20 and 33 stores in 1993, 1994 and 1995, respectively. The Company plans to continue this store expansion program by opening 29 new stores in 1996 and increasing the number of stores in operation by approximately 20% annually for the next several years thereafter. While substantially all stores to be opened in 1996 will be in regional shopping malls, the Company believes that selected street locations in university and high-traffic urban settings also provide attractive expansion opportunities. Given the strength of the Abercrombie & Fitch brand and its customer demographics, management believes that, in the current format, there will be approximately 250 to 350 additional mall and street location sites available for new stores.

**FURTHER PENETRATION OF EXISTING MERCHANDISE CATEGORIES.** Management believes that Abercrombie & Fitch's ability to design and market new merchandise quickly and effectively has been a key element of its success. In recent years the Company has significantly broadened its

assortment in existing categories in order to increase volume and productivity. Since 1993 the number of items offered in the Company's assortment has increased approximately 75%. In 1996, the Company is continuing to expand key categories. For example, the number of items in the Fall 1996 men's outerwear line is approximately double the prior year's highly successful offering, and the women's outerwear assortment has also been expanded significantly. In addition, the Company recently introduced a new line of men's underwear and loungewear, with a women's underwear/sleepwear line planned for the 1996 holiday season. As a result of the Company broadening its product mix, it has been able to flow fresh merchandise to the stores on a more frequent basis. The Company has also begun to offer a targeted assortment in its stores in the sunbelt in order to better respond to differences in climate.

**INTRODUCTION OF NEW MERCHANDISE CATEGORIES.** The Company believes it can successfully extend the Abercrombie & Fitch brand into new merchandise categories and further increase sales productivity and growth. For the holiday season in 1996, Abercrombie & Fitch will introduce a new line of personal care products, including fragrances and soaps, as well as a limited number of decorative home accessories. In addition, the Company will offer its own uniquely designed line of sunglasses. The Company believes that its internal design capability will continue to develop new merchandise categories to capitalize on the Abercrombie & Fitch brand.

## ABERCROMBIE & FITCH STORES

### STORE ENVIRONMENT

Abercrombie & Fitch stores and point-of-sale marketing are designed to convey the principal elements and personality of the brand--quality, casual American fashion, and a youthful lifestyle. The store design, furniture, fixtures and music are all carefully planned and coordinated to create a shopping experience that is consistent with the Abercrombie & Fitch lifestyle. The Company's in-store photographs are also principal components in creating and enhancing the casual, energized environment of the stores. These photographs, which are enlarged and displayed prominently throughout the stores, contain distinctive black and white images of men and women engaged in activities identified with an active, fun lifestyle. The Company believes that its customers experience the Abercrombie & Fitch stores as entertaining destinations, in which they feel welcomed and comfortable.

The Company's sales associates, or brand representatives, are a central element in creating the entertaining, yet comfortable, atmosphere of the stores. In addition to providing a high level of customer service, the brand representatives reflect the casual, energetic attitude of the Abercrombie & Fitch brand and culture. In conjunction with other components of the store environment, the Company believes its brand representatives significantly contribute to a store atmosphere that is consistent with a gathering among friends.

Abercrombie & Fitch maintains a uniform appearance throughout its store base, in terms of merchandise display and location on the selling floor. Store managers receive detailed store plans that dictate fixture and merchandise placement to ensure uniform execution of the merchandising strategy at the store level. Standardization of store design and merchandise presentation also creates cost savings in store furnishings, maximizes usage and productivity of selling space and allows Abercrombie & Fitch to efficiently open new stores. The Company has developed a new, more sophisticated store prototype that seeks to further stress the casual, youthful nature of the Abercrombie & Fitch brand. This is accomplished in part through the use of lighter colors throughout the store and wood floors. The Company plans to introduce this prototype in new stores and remodel selected existing stores beginning in Fall 1996.

STORE EXPANSION PROGRAM

Abercrombie & Fitch stores are located principally in regional shopping malls. At August 21, 1996, Abercrombie & Fitch operated 109 stores nationwide, averaging 7,817 selling square feet. See "--Properties" for a listing of store locations by state. The table below highlights the store expansion strategy pursued by Abercrombie & Fitch:

FISCAL YEAR	STORES OPEN AT BEGINNING OF FISCAL YEAR	STORES OPENED DURING FISCAL YEAR	STORES CLOSED DURING FISCAL YEAR	STORES OPEN AT END OF FISCAL YEAR	TOTAL SELLING SPACE (000'S SQ. FT.)	AVERAGE STORE SELLING SPACE AT END OF FISCAL YEAR (SQ. FT.)
1991.....	27	10	1	36	287	7,972
1992.....	36	4	--	40	332	8,300
1993.....	40	9	--	49	405	8,265
1994.....	49	20	2	67	541	8,075
1995.....	67	33	--	100	792	7,920

Abercrombie & Fitch plans to open 29 stores in 1996 (of which nine have been opened at August 21, 1996) and increase the number of stores in operation by approximately 20% annually for the next several years thereafter. The Company has identified the stores remaining to be opened in 1996, and expects them all to be in operation before the holiday season. While substantially all stores to be opened in 1996 will be in regional shopping malls, the Company believes that selected street locations in university and high-traffic urban settings also provide attractive expansion opportunities. In evaluating real estate locations the Company considers a variety of criteria. Regional malls are measured based on strength of anchor stores, the fashion and quality mix of other specialty tenants and population and income characteristics of the surrounding area. Non-mall locations are assessed in terms of strength of other nearby specialty stores, and whether the shopping area attracts a customer mix consistent with the lifestyle characteristics targeted by the brand.

A key element of Abercrombie & Fitch's new store strategy is to open new stores with trained managers in place. The Company targets that all managers of new stores have prior experience in other Abercrombie & Fitch stores in either the manager or assistant manager position.

NEW STORE ECONOMICS

The Company's stores that were open during all of 1995 averaged \$2.9 million in net sales and produced net sales per selling square foot of approximately \$365. The average cost for leasehold improvements, furniture and fixtures for these stores was approximately \$858,000 per store, after giving effect to landlord allowances. Inventory purchases for such stores averaged \$302,000 per store. These stores generated an average after-tax return on investment (after-tax four wall contribution divided by capital investment and average inventory) of approximately 39% in 1995, or 65% on a pre-tax basis.

The Company estimates that the average cost for leasehold improvements, furniture and fixtures for stores to be opened in 1996 will be approximately \$660,000 per store, after giving effect to landlord allowances. Average pre-opening costs per store, which will be expensed as incurred, are expected to be less than \$25,000. In addition, inventory purchases are expected to average approximately \$300,000 per store.

Abercrombie & Fitch's stores have typically exceeded management's store operating profitability and return on asset targets during the first year of operation.

MERCHANDISING

PRODUCT MIX

The Company designs and sells all of its merchandise under its proprietary Abercrombie & Fitch brand. The merchandise assortment covers a broad range of classifications in men's and women's casual apparel. In addition, the Company offers a broad range of accessories that includes belts, socks, caps, boxers, underwear and personal care products. Although the Company currently markets dress shirts and ties, it has deemphasized these categories as the Company decided such merchandise was not consistent with the Company's focus on casual apparel.

The following table sets forth the Company's merchandise mix by major category as a percentage of net sales for the years 1993-1995.

	1993	1994	1995
	-----	-----	-----
Men's.....	76.0%	67.6%	60.2%
Women's.....	24.0	32.4	39.8
	-----	-----	-----
Total Company.....	100.0%	100.0%	100.0%
	=====	=====	=====

Over the past several years, the Company has increased the square footage and the size of the merchandise offering devoted to women's sportswear, which has resulted in an increase in the women's business as a percentage of total net sales.

Abercrombie & Fitch believes that there are major opportunities to increase volume through both increased penetration of the existing classifications and adding new merchandise classifications. Management believes that Abercrombie & Fitch's ability to design and market new merchandise quickly and effectively has been a key element of its success. In recent years the Company has significantly broadened its assortment in existing categories in order to increase volume and productivity. Since 1993 the number of items offered in the Company's assortment has increased approximately 75%. In 1996, the Company is continuing to expand key categories. For example, the number of items in the Fall 1996 men's outerwear line is approximately double the prior year's highly successful offering, and the women's outerwear assortment has also been expanded significantly. In addition, the Company recently introduced a new line of men's underwear and loungewear, with a women's underwear/sleepwear line planned for the 1996 holiday season. As a result of the Company broadening its product mix, it has been able to flow fresh merchandise to the stores on a more frequent basis. The Company has also begun to offer a targeted assortment in its stores in the sunbelt in order to better respond to differences in climate.

The Company believes it can extend the Abercrombie & Fitch brand into new merchandise categories and further increase sales productivity and growth. For the holiday season in 1996, Abercrombie & Fitch will introduce a new line of personal care products, including fragrances and soaps, as well as a limited number of decorative home accessories. In addition, the Company will offer its own uniquely designed line of sunglasses. The Company believes that its internal design capability will continue to develop new merchandise categories to reflect the Abercrombie & Fitch image.

The Company's point-of-sale information system allows management to track the performance of merchandise items on a stock-keeping unit, or SKU, basis. Reorder "triggers" are used to replenish inventory of strong selling items. In addition, performance by store at a SKU level is tracked to allow inventory to be replenished based on differences in selling trends by store.

PRODUCT DESIGN

The cornerstone of the Company's business is its ability to design products which embody the Abercrombie & Fitch image of a casual, youthful lifestyle. Since the new management team joined the

Company in 1992, a major strategy has been to build an internal design group. From the end of 1992, the design group has grown from a staff of three to more than 30. The men's and women's businesses each maintain separate design and merchant groups. The product development process begins with senior management in the merchandising and design areas, who develop seasonal merchandise themes and concepts. These concepts are used to create line lists of items that are then developed by the designers. Designs cover not only fabric content, specifications and colors, but also labels, hangtags, and other descriptive marketing. In developing concepts and designs, the Company's executives identify trends through domestic and foreign travel, retail shopping, and awareness of activities favored by the young, active segment of the population.

#### PRODUCT QUALITY

Throughout its over 100 year history, quality has been a major element of the Abercrombie & Fitch brand. The Company strives to offer distinct, high quality merchandise in order to enhance customer satisfaction and increase brand loyalty. The Company emphasizes natural fibers and uses a number of different washes to achieve the desired comfort and hand-feel in its products. The Company's designers also place significant importance on developing distinctive trim details. Many of the products have unique buttons, pocket detailing, labels, graphic designs and hangtags. As part of this focus on quality, the Company establishes on-going relationships with key factories to ensure reliability and consistency of production. All factories used for the Company's production are approved for quality and dependability by senior management before orders are placed.

#### MARKETING AND PROMOTION

The Company's marketing and promotional strategies are consistent with its established and differentiated lifestyle brand. The significant brand equity in the Abercrombie & Fitch name enables the Company to maintain a non-promotional price strategy in most of its merchandise classifications throughout the year. The Company conducts two major season-end promotional events each year. These events are intended to clear seasonal goods in advance of introducing new full-priced assortments and returning the stores to their generally non-promotional status. The Company's pricing strategy is designed to deliver the quality consistent with designer brands at price points below those typically associated with such designers.

The Company focuses its advertising efforts on in-store displays and print media. In-store advertising includes a series of distinctive black and white photographs that are enlarged and prominently displayed throughout the stores. These photographs portray men and women engaged in activities identified with an active and spirited lifestyle and connote the timeless quality associated with the Abercrombie & Fitch brand. Print media advertising is focused on selected national publications and, as with the in-store photographs, communicates and reinforces the Abercrombie & Fitch brand image.

The Company has a proprietary credit card available to its customers, representing in 1995 approximately 6% of net sales.

#### ASSOCIATES

Customer service is a defining feature of the Abercrombie & Fitch corporate culture. The Company believes that knowledgeable and enthusiastic sales associates have a direct impact on a customer's perception of the brand. Accordingly, Abercrombie & Fitch focuses significant resources on the selection and training of sales associates. Abercrombie & Fitch stresses the role of these sales associates as "brand representatives" and they are expected to reflect the lifestyle image of the brand. Brand representatives are required to be familiar with the full range of Abercrombie & Fitch merchandise and to have the ability to assist customers with merchandise selection. The Company

minimizes brand representatives' time spent on administrative functions by centrally determining merchandise display and replenishment, markdowns and labor scheduling. By emphasizing friendliness, product knowledge and personal attention, management believes that Abercrombie & Fitch has established a reputation for excellent customer service.

The typical management of an Abercrombie & Fitch store consists of one store manager and three to five assistant managers. The Company compensates its district and store managers with a base salary plus a performance bonus based primarily on store sales. The Company's store, district and regional managers spend a majority of their work week on Abercrombie & Fitch selling floors, providing leadership through coaching the staff and assisting customers.

At August 3, 1996, the Company had approximately 3,800 associates, of whom approximately 300 were full-time salaried associates and approximately 400 were full-time hourly associates. A significant number of associates are hired on a seasonal basis to meet demand during holiday gift-buying seasons. The balance were part-time hourly associates. None of the Company's associates is represented by a labor union. The Company believes that its relationship with its associates is good.

#### SOURCING

Abercrombie & Fitch utilizes a variety of sourcing arrangements. Mast Industries, Inc. ("Mast"), a wholly owned subsidiary of The Limited, supplied approximately 28% of the apparel purchased by the Company in 1995. The Company believes all transactions entered into with Mast are on an arm's-length basis, and Abercrombie & Fitch is not obligated to source product through Mast.

In 1995, approximately 56% of the Company's merchandise was sourced from independent foreign factories located primarily in the Far East. The Company has no long-term merchandise supply contracts and many of its imports are subject to existing or potential duties, tariffs or quotas that may limit the quantity of certain types of goods which may be imported into the United States from countries in those regions. The Company competes with other companies for production facilities and import quota capacity. In addition, although the General Agreement on Tariffs and Trade ("GATT") adopted on December 8, 1994 requires the elimination of duties, tariffs and quotas on apparel and textile products by January 1, 2005, the GATT treaty is not expected to have any meaningful effect on the import of merchandise used in Abercrombie & Fitch's business for several years. Abercrombie & Fitch attempts to monitor manufacturing to ensure that no one company or country is responsible for a disproportionate amount of the Company's merchandise. The Company typically transacts business on an order-by-order basis and does not maintain any long-term or exclusive commitments or arrangements to purchase from any vendor. The Company believes that it has good relationships with its vendors and that, as the number of its stores increases, there will be adequate sources to produce a sufficient supply of quality goods in a timely manner and on satisfactory economic terms. See "Risk Factors--Factors Affecting Abercrombie & Fitch's Business; Foreign Sourcing".

#### CENTRAL STORE PLANNING

The Company's store design and construction operations are handled centrally by the store planning division of The Limited ("Limited Store Planning"). Limited Store Planning is organized into teams comprised of designers, construction managers, architects, purchasing agents and financial personnel who are responsible for all phases of store design and construction. Teams are assigned to work with the senior management of a specific retail business (including Abercrombie & Fitch) to develop and implement store designs that are consistent with and promote the image of a given retail business. Abercrombie & Fitch and The Limited intend to enter into an agreement pursuant to which The Limited would continue to provide such services to Abercrombie & Fitch on a basis consistent with past practices. The Limited will charge Abercrombie & Fitch for such services on a basis consistent with amounts charged by The Limited from time to time to its other businesses for comparable services. See "Relationship with The Limited--Services Agreement".

## CENTRAL REAL ESTATE MANAGEMENT

The Company's real estate operations, including all aspects of lease negotiations, are handled centrally by the real estate division of The Limited. Abercrombie & Fitch and The Limited intend to enter into an agreement pursuant to which The Limited would continue to provide such services to Abercrombie & Fitch on a basis consistent with past practices. The Limited will charge Abercrombie & Fitch for such services on a basis consistent with amounts charged by The Limited from time to time to its other businesses for comparable services. See "Relationship With The Limited--Services Agreement".

Potential new stores, locations, expansions and relocations are identified by Abercrombie & Fitch and by The Limited's real estate division. In choosing new sites for retail stores, The Limited's real estate division provides financial details regarding the proposed lease arrangement to Abercrombie & Fitch, which then evaluates the net required investment and potential rates of return relative to the Company's established hurdle rates before the store is approved for construction. The actual construction of the store is managed by Limited Store Planning. Although the real estate division retains control over the allocation of space within a given mall among the various retail businesses of The Limited, including Abercrombie & Fitch, each individual business is entitled to reject any transaction negotiated by the real estate division of The Limited. See "Risk Factors--Potential Conflicts of Interest". Real estate decisions are based on a number of factors, including consistency with a given business image, sales and profit potential, the overall economic condition and demographic characteristics of the market, the identity of the other tenants in close proximity and the availability of acceptable lease terms.

Although Abercrombie & Fitch's arrangement with The Limited may raise the potential for conflicts of interest, Abercrombie & Fitch's management believes the arrangement provides it with a significant competitive strength. Given The Limited's substantial size, Abercrombie & Fitch's management believes that The Limited is able to obtain lease terms and store sites on Abercrombie & Fitch's behalf that are more favorable than those that Abercrombie & Fitch could obtain on its own. Substantially all leases entered into by Abercrombie & Fitch are guaranteed by The Limited. Abercrombie & Fitch's management believes that its size and financial strength should allow it to enter into leases on attractive terms without guarantees from The Limited, and it is the intent of both The Limited and Abercrombie & Fitch that future Abercrombie & Fitch leases will not be guaranteed by The Limited.

## MERCHANDISE DISTRIBUTION

The Company's distribution operations are managed in a distribution center owned by The Limited and subleased to Abercrombie & Fitch. See "Relationship with The Limited--Sublease Agreement". The distribution center is located in Reynoldsburg, Ohio. Once received at the distribution center, merchandise is inspected, packed for delivery to the stores and forwarded to a central shipping facility operated by Limited Distribution Services ("LDS"), a subsidiary of The Limited, which also provides certain engineering services to the distribution center.

LDS also maintains a worldwide logistics network of agents and space availability arrangements to support the in-bound movement of merchandise into the distribution center. The out-bound shipping system consists of common carrier line haul routes connecting the distribution complex to a network of delivery agents. This system allows each store operated by the Company to receive several deliveries each week and daily during the peak holiday shopping season, which the Company believes is more frequent than the Company's smaller competitors. LDS does not own or operate trucks or trucking facilities. Abercrombie & Fitch and The Limited intend to enter into an agreement pursuant to which LDS would continue to provide such services to Abercrombie & Fitch on a basis consistent with past practices. The Limited will charge Abercrombie & Fitch for such services on a basis consistent with amounts charged by The Limited from time to time to its other businesses for comparable services. See "Relationship with The Limited--Services Agreement".

## MANAGEMENT INFORMATION SYSTEMS

The Company's management information systems and electronic data processing systems consist of a full range of retail, financial, and merchandising systems, including credit, inventory distribution and control, sales reporting, accounts payable, merchandise reporting and distribution. Abercrombie & Fitch has an information system that is uniquely structured to the needs of its particular business. Certain of the equipment used in the management information systems is owned by The Limited. Abercrombie & Fitch and The Limited intend to enter into an agreement pursuant to which Abercrombie & Fitch would continue to use such equipment on a basis consistent with past practices. The Limited will charge Abercrombie & Fitch for such use on a basis consistent with amounts charged by The Limited from time to time to its other businesses for comparable services. See "Relationship with The Limited--Services Agreement".

Sales are updated daily in the merchandise reporting systems by polling sales information from each store's point-of-sale ("POS") terminals. The Company's POS system consists of registers providing price look-up, scanning of bar-coded tickets and credit authorization. Through automated nightly two-way electronic communication with each store, sales information, payroll hours and store initiated transfers are uploaded to the host system, and price changes are downloaded through the POS devices. The nightly communication with the stores also enables the Company to receive store transfer and physical inventory details and send electronic mail. The Company evaluates information obtained through daily reporting to implement merchandising decisions regarding markdowns and allocation of merchandise.

## TRADEMARKS AND SERVICEMARKS

A subsidiary of the Company is the owner in the United States of the trademark Abercrombie & Fitch (the "Name Mark"). The Name Mark of the Company is registered in the United States Patent and Trademark Office. The term of this registration is ten years, and it is renewable for additional ten-year periods indefinitely, so long as the mark is still in use at the time of renewal. The Company's rights in its Name Mark are a significant part of the Company's business. The Company, therefore, intends to maintain its Name Mark and its registration. The Company is not aware of any claims of infringement or other challenges to the Company's right to register or use its Name Mark in the United States.

Another subsidiary is also the owner in the United States of trademarks and service marks used to identify its merchandise and services, other than its Name Mark (the "Merchandise Marks"). Many of the Merchandise Marks of the Company are registered in the United States Patent and Trademark Office. The Merchandise Marks are important to the Company, and, therefore, the Company intends to, directly or indirectly, maintain these marks and their registrations. However, the Company may choose not to renew a registration of one or more of its Merchandise Marks if it determines that the mark is no longer important to its business. The Company does not believe any material claims of infringement or other challenges to the Company's right to register or use its Merchandise Marks in the United States in a manner consistent with its current practices are pending.

The Company also conducts business in foreign countries principally as a result of the fact that a substantial portion of its merchandise is manufactured outside the United States. The Company believes its subsidiaries own registrations of its Name Mark and Merchandise Marks in numerous foreign countries to the degree necessary to protect such marks, although there may be restrictions on the use of certain of Abercrombie & Fitch's marks in a limited number of foreign jurisdictions.

The Company has not licensed any of its trademarks or service marks to any other entity, although, for so long as the Company remains a subsidiary of The Limited, The Limited will be entitled to use the Company's trademarks and service marks at no cost to The Limited in The Limited's annual report to shareholders and publicity materials and for other similar purposes.

## COMPETITION

All aspects of the Company's businesses are highly competitive. The Company competes primarily with department stores, mass merchandisers and other specialty retailers, including The Limited. See "Risk Factors--Potential Conflicts of Interest--Competition with The Limited". The Company believes that the principal bases upon which it competes are quality, fashion, service, selection and price.

The Company believes that it has significant competitive advantages because of high consumer recognition and acceptance of its brand name and its strong presence in the major shopping malls in the United States, its relationship with The Limited and the experience of its management team. Certain of the Company's competitors in selected product lines are larger and have greater financial, marketing and other resources than the Company, however, and there can be no assurance that the Company will be able to compete successfully with them in the future.

## PROPERTIES

The main offices of Abercrombie & Fitch are located in Reynoldsburg, Ohio. These headquarters are owned by The Limited and subleased to Abercrombie & Fitch. Abercrombie & Fitch also has a distribution center located in Reynoldsburg, Ohio which is owned by The Limited and subleased to Abercrombie & Fitch. Abercrombie & Fitch believes that its facilities are well maintained, in good operating condition and adequate for its current needs. See "Relationship with The Limited--Sublease Agreement".

As of August 21, 1996, Abercrombie & Fitch operated 109 stores, which are located primarily in shopping malls throughout the United States. Of these stores, 106 were leased directly from third parties (principally shopping mall developers) and three were leased from retail stores operated by other businesses of The Limited. See "Relationship with The Limited--Shared Facilities Agreement". The Company believes that, as approximately 95% of its stores are located in shopping malls, there are growth opportunities for expansion to free-standing locations.

Leases with third parties are typically between 10 and 15 years in duration. In most cases, the business unit pays an annual base rent plus a contingent rent based on the store's annual sales in excess of a specified threshold. Leases with other businesses of The Limited are on terms that represent the proportionate share of the base rent payable in accordance with the underlying lease plus the portion of any contingent rent payable in accordance with the underlying lease attributable to the performance of Abercrombie & Fitch. Many of the leases entered into by Abercrombie & Fitch are guaranteed by The Limited. Abercrombie & Fitch management believes that its size and financial strength should allow it to enter into leases on attractive terms without guarantees from The Limited, and it is the intent of both The Limited and Abercrombie & Fitch that future Abercrombie & Fitch leases will not be guaranteed by The Limited.

The map and store list below set forth the number of stores by state operated by Abercrombie & Fitch in the United States and the cities in which Abercrombie & Fitch stores are located as of August 21, 1996:

[GRAPHIC OF MAP]

ARIZONA--1 Scottsdale	GEORGIA--5 Atlanta (4) Savannah	MICHIGAN--5 Ann Arbor Detroit (3) Grand Rapids	NEW MEXICO--1 Albuquerque	OREGON--1 Portland
CALIFORNIA--7 Los Angeles (2)	ILLINOIS--6 Chicago (6)	MINNESOTA--2 Minneapolis- St. Paul (2)	NEW YORK--10 Albany (2) Buffalo Manhasset New York City (2) Rochester (2)	PENNSYLVANIA--5 Langhorne Philadelphia (2) Pittsburgh (2)
Sacramento	INDIANA--3 Evansville	MISSOURI--3 Kansas City St. Louis (2)	Staten Island White Plains	TENNESSEE--2 Knoxville
San Diego				
San Francisco (2)				
San Mateo				
COLORADO--4 Boulder	KANSAS--2 Kansas City (2)			
Denver (3)				
CONNECTICUT--3 Hartford	KENTUCKY--2 Lexington	NEBRASKA--1 Omaha	Greensboro Raleigh	Nashville
Milford	Louisville	NEVADA--1 Las Vegas	Winston-Salem	TEXAS--10 Austin (2)
Stamford	LOUISIANA--1 New Orleans		OHIO--4 Cincinnati	Dallas (3) Fort Worth
DISTRICT OF COLUMBIA--1		NEW HAMPSHIRE--1	Cleveland	Houston (3)
FLORIDA--3 Orlando	MASSACHUSETTS--6 Boston (5) Holyoke	Salem	Columbus Dayton	San Antonio
Tampa				VIRGINIA--4
W. Palm Beach	MARYLAND--3 Baltimore(2) Towson	Cherry Hill Edison Freehold Short Hills	OKLAHOMA--2 Oklahoma City Tulsa	Arlington Fairfax Tysons Corner
				Virginia Beach
				WASHINGTON--2

Seattle (2)

WISCONSIN--1  
Green Bay

## LITIGATION

The Company is a defendant in lawsuits arising in the ordinary course of business. Although the amount of any liability that could arise with respect to any such lawsuit cannot be accurately predicted, in the opinion of management, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of the Company.

## RELATIONSHIP WITH THE LIMITED

Upon completion of the Offerings, The Limited will own 100% of the outstanding Class B Common Stock of Abercrombie & Fitch which will represent approximately 94.9% of the combined voting power of all of the outstanding Common Stock (or approximately 94.1% if the Underwriters' over-allotment options are exercised in full). For so long as The Limited continues to own shares of Common Stock representing more than 50% of the combined voting power of the Common Stock of Abercrombie & Fitch, The Limited will be able, among other things, to determine any corporate action requiring approval of holders of Common Stock representing a majority of the combined voting power of the Common Stock, including the election of the entire Board of Directors of Abercrombie & Fitch, without the consent of the other shareholders of Abercrombie & Fitch. Similarly, for so long as The Limited continues to own shares of Common Stock representing more than 75% of the combined voting power of the Common Stock of Abercrombie & Fitch, The Limited will be able, among other things, to determine any corporate action requiring approval of holders of Common Stock representing 75% of the combined voting power of the Common Stock, including certain amendments to Abercrombie & Fitch's Certificate of Incorporation and Bylaws and approval of certain mergers and other control transactions, without the consent of the other shareholders of Abercrombie & Fitch. Furthermore, for so long as The Limited holds 25% of the combined voting power of the Common Stock of Abercrombie & Fitch it will be able to block any corporate action requiring the approval of holders of Common Stock representing more than 75% of the combined voting power of the Common Stock. See "Description of Capital Stock". In addition, through its control of the Board of Directors and beneficial ownership of Common Stock, The Limited will be able to control certain decisions, including decisions with respect to Abercrombie & Fitch's dividend policy, Abercrombie & Fitch's access to capital (including borrowing from third-party lenders and the issuance of additional equity securities), mergers or other business combinations involving Abercrombie & Fitch, the acquisition or disposition of assets by Abercrombie & Fitch and any change in control of Abercrombie & Fitch. The Limited has advised Abercrombie & Fitch that its current intent is to continue to hold all of the Class B Common Stock beneficially owned by it. However, The Limited has no agreement with Abercrombie & Fitch not to sell or distribute such shares, and, other than pursuant to the Underwriting Agreement, in which The Limited will agree not to sell or otherwise dispose of any shares of Common Stock (or any security convertible into or exchangeable or exercisable for Common Stock) owned by it for a period of 180 days following the date of this Prospectus without the prior written consent of the Representatives of the Underwriters, subject to certain exceptions, there can be no assurance concerning the period of time during which The Limited will maintain its beneficial ownership of Common Stock. Beneficial ownership of at least 80% of the total voting power and value of the outstanding Common Stock is required in order for The Limited to continue to include Abercrombie & Fitch in its consolidated group for federal income tax purposes and ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for The Limited to be able to effect a Tax-Free Spin-Off of Abercrombie & Fitch. In the event The Limited's ownership decreases below 80%, all borrowings under the Credit Agreement must be repaid. See "Description of Certain Indebtedness--Credit Agreement".

Abercrombie & Fitch's relationship with The Limited will also be governed by agreements to be entered into in connection with the Offerings, including a services agreement, a corporate agreement, a shared facilities agreement and a tax-sharing agreement, the material terms of which are described below. It is anticipated that such agreements will be entered into concurrently with the consummation of the Offerings. With respect to matters covered by the services agreement, the relationship between The Limited and Abercrombie & Fitch is intended to continue in a manner generally consistent with past practices. BECAUSE ABERCROMBIE & FITCH IS A WHOLLY OWNED SUBSIDIARY OF THE LIMITED, NONE OF THESE ARRANGEMENTS WILL RESULT FROM ARM'S-LENGTH NEGOTIATIONS AND, THEREFORE, THE PRICES CHARGED TO THE COMPANY FOR SERVICES PROVIDED THEREUNDER MAY BE HIGHER OR LOWER THAN PRICES THAT MAY BE CHARGED BY THIRD PARTIES.

The descriptions set forth below are intended to be summaries and, while material terms of the agreements are set forth herein, the descriptions are qualified in their entirety by reference to the forms of the relevant agreement filed with the Registration Statement of which this Prospectus forms a part. Abercrombie & Fitch's Certificate of Incorporation also contains provisions relating to the allocation of business opportunities that may be suitable for either of The Limited or Abercrombie & Fitch and to the approval of transactions between Abercrombie & Fitch and The Limited.

For additional information concerning the above-mentioned provisions of Abercrombie & Fitch's Certificate of Incorporation and circumstances under which the Class A Common Stock and Class B Common Stock may be converted, see "Description of Capital Stock". For a description of certain intercompany debt, see "Description of Certain Indebtedness--Intercompany Debt".

#### SERVICES AGREEMENT

The Company and The Limited intend to enter into an intercompany services and operating agreement (the "Services Agreement") with respect to services to be provided by The Limited (or subsidiaries of The Limited) to the Company. The Services Agreement will provide that such services will be provided in exchange for fees which (based on current costs for such services) management believes would not exceed fees that would be paid if such services were provided by an independent third party and which are consistent in all material respects with the allocation of the costs of such services set forth in the historical financial statements of Abercrombie & Fitch. See the Consolidated Financial Statements included elsewhere herein. Management's estimate of the net charge for services that would have been payable by the Company in 1995 if the Services Agreement had been in effect during that period is approximately \$4.0 million, which is approximately the amount included in the 1995 Consolidated Financial Statements. Such fees will be paid monthly in arrears. The Company may request an expansion or termination of services, in which case the parties will discuss, without obligation, the provision or termination of such services and an appropriate change or reduction in charges for such services, provided, however, that Abercrombie & Fitch may not terminate a service if the termination of such service would adversely affect the cost to The Limited of providing such service to other businesses operated by The Limited. Services will be provided to Abercrombie & Fitch based on several billing methodologies. Pursuant to one of such billing methodologies, specified services will be provided to Abercrombie & Fitch at costs comparable to those charged to other businesses operated by The Limited from time to time, and Abercrombie & Fitch is obligated to purchase those services at the specified costs. The billing methodologies with respect to store design/planning and real estate services are based on a combination of new and remodeled store construction projects and open selling square feet, while the methodology with respect to import and shipping services is based on a percentage of cartons shipped. Aircraft costs will be billed based on usage. The billing methodology with respect to costs for services not specifically attributable to the Company will be based on a percentage of sales. In the event The Limited proposes changes in billing methodology which would result in a significant increase (being the greater of a 10% increase in costs or \$1 million) in costs for the affected services, the Company may terminate such services.

The purpose of the Services Agreement is to ensure that The Limited continues to provide to Abercrombie & Fitch the range of services that The Limited provided to the Company prior to the Offerings. With respect to matters covered by the Services Agreement, the relationship between The Limited and Abercrombie & Fitch is intended to continue in a manner generally consistent with current practices. The services initially to be provided by The Limited to the Company include, among other things, certain accounting, aircraft, associate benefit plan administration, audit, cash management, corporate development, corporate secretary, governmental affairs, human resources and compensation, investor and public relations, legal, risk management, tax and treasury services. Pursuant to the Services Agreement, The Limited will also continue to perform the store design/planning, real estate and import and shipping services provided to Abercrombie & Fitch prior to the Offerings. See "Business--Central Store Planning", "--Central Real Estate Management" and "--Merchandise Distribution".

In addition to the identified services, The Limited intends to agree to continue coverage of the Company under The Limited's umbrella liability, property, casualty and fiduciary insurance policies. The Company intends to agree to reimburse The Limited for the portion of The Limited's premium cost with respect to such insurance that is attributable to coverage of the Company. Either The Limited or the Company may terminate such coverage under The Limited's policies at any time upon prior written notice during the 90 days prior to the anniversary date of the policy; provided that termination of coverage by Abercrombie & Fitch may only be for nonpayment and only if a replacement policy, acceptable to The Limited, is entered into by Abercrombie & Fitch.

Also, in addition to the identified services, The Limited intends to agree to allow eligible associates of the Company to participate in The Limited's associate benefit plans. In addition to a monthly services fee, under the Services Agreement, the Company intends to agree to reimburse The Limited for The Limited's costs (including any contributions and premium costs and including certain third-party expenses and allocations of certain personnel expenses of The Limited), generally in accordance with past practice, relating to participation by the Company's associates in any of The Limited's benefit plans.

The Services Agreement will have an initial term of five years and will be renewed automatically thereafter for successive one-year terms unless either Abercrombie & Fitch or The Limited elects not to renew the Services Agreement. After the initial five-year term, the Services Agreement may be terminated at any time by either party upon six months' written notice. The Services Agreement will also provide that the Agreement will be subject to early termination by either Abercrombie & Fitch or The Limited upon six months' written notice if The Limited ceases to own shares of Common Stock representing more than 50% of the combined voting power of the Common Stock of Abercrombie & Fitch, whether as a result of a Tax-Free Spin-Off or otherwise.

Pursuant to the Services Agreement, each party will agree to indemnify the other, except in certain limited circumstances, against liabilities that the other may incur that are caused by or arise in connection with such party's failure to fulfill its material obligations under the Services Agreement.

#### SUBLEASE AGREEMENT

Abercrombie & Fitch has entered into a sublease agreement with an affiliate of The Limited (the "Sublease Agreement") pursuant to which such affiliate subleases to Abercrombie & Fitch the distribution center and headquarters office space currently used by Abercrombie & Fitch. The Sublease Agreement provides that the lessee will lease space at an average annual rental rate equal to \$11.00 per square foot in the case of office space and \$2.85 per square foot in the case of the distribution center, subject to adjustment based on the Consumer Price Index every third year. Abercrombie & Fitch's management believes that these rental rates are commensurate with market rates, although the Company did not seek bids from third parties. The net charge paid by the Company in 1995 under the Sublease Agreement was approximately \$1.8 million, which is the amount included in the 1995 Consolidated Financial Statements.

The Sublease Agreement will have an initial term of fifteen years and will be renewed automatically thereafter for eight successive five-year terms unless either the lessor or the lessee (or sublessor or sublessee) elects not to renew the Sublease Agreement upon at least one year's notice.

#### SHARED FACILITIES AGREEMENT

At August 21, 1996, three of the Company's stores were located in space leased by other businesses controlled by The Limited. The Company and the relevant businesses operated by The Limited intend to enter into shared facilities agreements (collectively, the "Shared Facilities Agreement") pursuant to which the Company will sublease such facilities from the relevant subsidiary of The Limited. Under the Shared Facilities Agreement, the Company will be responsible for its pro rata share (based on square feet occupied) of all costs and expenses (principally fixed rent) under the

relevant lease plus the portion of any performance based rent attributable to the Company. This method of allocating such costs and expenses is consistent in all material respects with the allocation of such costs and expenses set forth in the historical financial statements of Abercrombie & Fitch. See the Consolidated Financial Statements included elsewhere herein. Management's estimate of the store lease and other occupancy costs charge that would have been payable by the Company in 1995 if the Shared Facilities Agreement had been in effect during that period is approximately \$1.4 million.

#### TAX-SHARING AGREEMENT

Abercrombie & Fitch is, and after the Offerings will continue to be, included in The Limited's federal consolidated income tax group and Abercrombie & Fitch's tax liability will be included in the consolidated federal income tax liability of The Limited and its subsidiaries. In certain circumstances, certain Abercrombie & Fitch subsidiaries may be included with certain subsidiaries of The Limited in combined, consolidated or unitary income tax groups for state and local tax purposes. Abercrombie & Fitch and The Limited intend to enter into a tax-sharing agreement (the "Tax-Sharing Agreement"). Pursuant to the Tax-Sharing Agreement, Abercrombie & Fitch and The Limited will make payments between them such that, with respect to any period, the amount of taxes to be paid by Abercrombie & Fitch, subject to certain adjustments, will be determined as though Abercrombie & Fitch were to file separate federal, state and local income tax returns (including, except as provided below, any amounts determined to be due as a result of a redetermination of the tax liability of The Limited arising from an audit or otherwise) as the common parent of an affiliated group of corporations filing combined, consolidated or unitary (as applicable) federal, state and local returns rather than a consolidated subsidiary of The Limited with respect to federal, state and local income taxes. Abercrombie & Fitch will be reimbursed, however, for tax attributes that it generates, such as net operating losses, if and when they are used on a consolidated basis.

In determining the amount of tax-sharing payments under the Tax-Sharing Agreement, The Limited will prepare for Abercrombie & Fitch pro forma returns with respect to federal and applicable state and local income taxes that reflect the same positions and elections used by The Limited in preparing the returns for The Limited's consolidated group and other applicable groups. The Limited will continue to have all the rights of a parent of a consolidated group (and similar rights provided for by applicable state and local law with respect to a parent of a combined, consolidated or unitary group), will be the sole and exclusive agent for Abercrombie & Fitch in any and all matters relating to the income, franchise and similar tax liabilities of Abercrombie & Fitch, will have sole and exclusive responsibility for the preparation and filing of consolidated federal and consolidated or combined state income tax returns (or amended returns), and will have the power, in its sole discretion, to contest or compromise any asserted tax adjustment or deficiency and to file, litigate or compromise any claim for refund on behalf of Abercrombie & Fitch. In addition, The Limited has agreed to undertake to provide the aforementioned services with respect to Abercrombie & Fitch's separate state and local returns and Abercrombie & Fitch's foreign returns. Under the Tax-Sharing Agreement, Abercrombie & Fitch will pay The Limited a fee intended to reimburse The Limited for all direct and indirect costs and expenses incurred with respect to Abercrombie & Fitch's share of the overall costs and expenses incurred by The Limited with respect to tax related services.

In general, the Company will be included in The Limited's consolidated group for federal income tax purposes for so long as The Limited beneficially owns at least 80% of the total voting power and value of the outstanding Common Stock. Each member of a consolidated group is jointly and severally liable for the federal income tax liability of each other member of the consolidated group. Accordingly, although the Tax-Sharing Agreement allocates tax liabilities between Abercrombie & Fitch and The Limited, during the period in which the Company is included in The Limited's consolidated group, the Company could be liable in the event that any federal tax liability is incurred, but not discharged, by any other member of The Limited's consolidated group. See "Risk Factors--Control by The Limited".

## CORPORATE AGREEMENT

The Company and The Limited intend to enter into a corporate agreement (the "Corporate Agreement") under which the Company will grant to The Limited a continuing option, transferable to any of its subsidiaries, to purchase, under certain circumstances, additional shares of Class B Common Stock or shares of nonvoting capital stock of the Company (the "Stock Option"). The Stock Option may be exercised by The Limited simultaneously with the issuance of any equity security of the Company (other than in the Offerings or upon the exercise of the Underwriters' over-allotment options), with respect to Class B Common Stock, only to the extent necessary to maintain its then-existing percentage of the total voting power and value of the Company and, with respect to shares of nonvoting capital stock, to the extent necessary to own 80% of each outstanding class of such stock. The purchase price of the shares of Class B Common Stock purchased upon any exercise of the Stock Option, subject to certain exceptions, will be based on the market price at which such stock may be purchased by third parties. The Stock Option expires in the event that The Limited reduces its beneficial ownership of Common Stock in the Company to Common Stock representing less than 60% of the number of outstanding shares of Common Stock. The Company does not intend to issue additional shares of Class B Common Stock except pursuant to the exercise of the Stock Option.

The Corporate Agreement will further provide that, upon the request of The Limited, the Company will use its best efforts to effect the registration under the applicable federal and state securities laws of any of the shares of Class B Common Stock and nonvoting capital stock (and any other securities issued in respect of or in exchange for either) held by The Limited for sale in accordance with The Limited's intended method of disposition thereof, and will take such other actions necessary to permit the sale thereof in other jurisdictions, subject to certain limitations specified in the Corporate Agreement. The Limited will also have the right, which it may exercise at any time and from time to time, to include the shares of Class B Common Stock and nonvoting capital stock (and any other securities issued in respect of or in exchange for either) held by it in certain other registrations of common equity securities of the Company initiated by the Company on its own behalf or on behalf of its other shareholders. The Company will agree to pay all out-of-pocket costs and expenses in connection with each such registration that The Limited requests or in which The Limited participates. Subject to certain limitations specified in the Corporate Agreement, such registration rights will be assignable by The Limited and its assigns. The Corporate Agreement will contain indemnification and contribution provisions: (i) by The Limited and its permitted assigns for the benefit of the Company and related persons; and (ii) by the Company for the benefit of The Limited and the other persons entitled to effect registrations of Common Stock (and other securities) pursuant to its terms and related persons.

For so long as The Limited maintains beneficial ownership of a majority of the number of outstanding shares of Common Stock, the Company may not take any action or enter into any commitment or agreement which may reasonably be anticipated to result, with or without notice and with or without lapse of time, or otherwise, in a contravention (or an event of default) by The Limited of: (i) any provision of applicable law or regulation, including but not limited to provisions pertaining to the Code or ERISA; (ii) any provision of The Limited's certificate of incorporation or bylaws; (iii) any credit agreement or other material instrument binding upon The Limited; or (iv) any judgment, order or decree of any governmental body, agency or court having jurisdiction over The Limited or any of its respective assets. Except for those provisions relating to corporate opportunities and limitations on liabilities, the requirements for approval of certain business combinations and other control transactions, as well as the capital structure of the two companies, the Certificates of Incorporation and Bylaws of The Limited and Abercrombie & Fitch are substantially similar. See "Description of Capital Stock--Certain Certificate of Incorporation and Bylaw Provisions". The Limited's certificate of incorporation and bylaws are filed as exhibits to the Registration Statement of which this Prospectus forms a part.

MANAGEMENT

The following table sets forth certain information concerning the executive officers of the Company, each of whom assumed their position with the Company on July 15, 1996:

NAME ----	AGE ---	POSITION -----
Leslie H. Wexner.....	59	Chairman of the Board
Kenneth B. Gilman.....	50	Vice Chairman of the Board
Michael S. Jeffries.....	52	President and Chief Executive Officer and Director
Michele S. Donnan-Martin.....	32	Vice President--General Merchandising Manager-Women's
Seth R. Johnson.....	42	Vice President--Chief Financial Officer

Mr. Wexner has been President and Chief Executive Officer of The Limited since he founded The Limited in 1963 and Chairman of the Board for more than five years. Mr. Wexner has also been the Chairman of the Board and Chief Executive Officer of Intimate Brands since 1995. Mr. Wexner is also a director of Hollinger International, Inc. and Hollinger International Publishing, Inc.

Mr. Gilman has been Vice Chairman and Chief Financial Officer of The Limited since June 1993. For more than five years prior thereto, Mr. Gilman was Executive Vice President and Chief Financial Officer of The Limited. Mr. Gilman has also been the Vice Chairman of the Board of Intimate Brands since 1995.

Mr. Jeffries has been President and Chief Executive Officer of Abercrombie & Fitch since February 1992. For one and one-half years prior thereto, Mr. Jeffries held the position of Executive Vice President--Merchandising for Paul Harris Stores, Inc. For five years prior thereto, Mr. Jeffries held the position of President and Chief Executive Officer of Alcott & Andrews.

Ms. Donnan-Martin has been Vice President--General Merchandising Manager--Women's at Abercrombie & Fitch since February 1996. For three and one-half years prior thereto, Ms. Donnan-Martin held the position of Vice President Women's Merchandising at Abercrombie & Fitch. Prior to joining Abercrombie & Fitch in June 1992, she held the position of Divisional Merchandise Manager for J. Crew Group, Inc. for two years.

Mr. Johnson has been Vice President--Chief Financial Officer of Abercrombie & Fitch since June 1992. Prior to 1992, Mr. Johnson held the position of Director, Financial Analysis from 1989 to 1992 for The Limited.

The following table sets forth certain information concerning the members of the Board of Directors of Abercrombie & Fitch, who in addition to Mr. Wexner, Mr. Gilman and Mr. Jeffries, are:

NAME ----	AGE ---	POSITION -----
E. Gordon Gee.....	52	Director
Donald B. Shackelford.....	64	Director
Roger D. Blackwell.....	56	Director

Dr. Gee has been President of The Ohio State University since September 1990 and was President of The University of Colorado for five years prior thereto. Dr. Gee is also a director of ASARCO, Inc., Intimate Brands, Inc. and Banc One Corporation.

Mr. Shackelford has been Chairman of the Board of State Savings Bank, a banking business, for more than five years. Mr. Shackelford is also a director of Progressive Corporation, Intimate Brands, Inc. and Worthington Foods, Inc.

Dr. Blackwell has been a Professor of Marketing at The Ohio State University for more than five years and is also President of Roger D. Blackwell Associates, Inc., a consulting firm in Columbus, Ohio. Dr. Blackwell is also a director of Worthington Foods, Inc., Checkpoint Systems, Inc., Intimate Brands, Inc., Cheryl & Co., Inc., Max & Erma's Restaurants, Inc. and The Flex-Funds.

Messrs. Wexner, Gilman, Gee and Shackelford are also members of the Board of Directors of The Limited and Intimate Brands. Dr. Blackwell is also a director of Intimate Brands. In addition to the foregoing directors, The Limited intends to cause the appointment as director of Abercrombie & Fitch of one additional director not associated with the Company or any of its affiliates (such individual, the "Additional Independent Director").

In light of its voting power in the Company, The Limited has the ability to change the size and composition of the Board of Directors.

Members of the Board of Directors are divided into three classes and serve staggered three-year terms. Of the current members of the Board of Directors, the term of Mr. Jeffries, Dr. Blackwell and Dr. Gee expires at the next annual meeting of shareholders (expected to occur in the second quarter of 1997), the term of Mr. Gilman and Mr. Shackelford expires at the annual meeting of shareholders to be held in 1998 and the term of Mr. Wexner and the Additional Independent Director expires at the annual meeting of shareholders to be held in 1999.

The Board of Directors will have an audit committee consisting of Dr. Blackwell and the Additional Independent Director which will review the results and scope of the audit and other services provided by Abercrombie & Fitch's independent auditors. The Board of Directors of Abercrombie & Fitch also has a compensation committee consisting of Dr. Gee and Mr. Shackelford, who are also the members of the compensation committee of the Board of Directors of The Limited and Intimate Brands.

#### COMPENSATION OF DIRECTORS

Directors who are not associates of the Company receive an annual retainer of \$10,000 (increased by \$1,500 for each committee chair held) plus a fee of \$800 for each Board of Directors' meeting attended (\$400 for a telephonic meeting) and, as committee members, receive \$600 per committee meeting attended (\$200 for each telephonic meeting). Each action in writing taken by the Board of Directors or any committee entitles each outside member to be paid \$200. In addition, pursuant to the Abercrombie & Fitch 1996 Stock Plan for Non-Associate Directors (the "1996 Non- Associate Director Stock Plan") described below, each non-associate director will receive annual grants of options to acquire 2,000 shares of Class A Common Stock at an exercise price equal to the fair market value of the underlying shares on the date of grant. The annual retainer will be paid 50% in cash and 50% in Class A Common Stock pursuant to the 1996 Non-Associate Director Stock Plan described below. Associates and officers of the Company who are directors receive no additional compensation for services rendered as directors.

## EXECUTIVE COMPENSATION

### SUMMARY

The information set forth below describes the components of the total compensation paid by The Limited during its last completed fiscal year (the last three completed fiscal years in the cases of Messrs. Wexner and Gilman) to Mr. Wexner, who is the Chairman of the Board of Abercrombie & Fitch, and Messrs. Gilman, Jeffries and Johnson and Ms. Donnan-Martin (the "named executive officers"). Prior to the named individuals becoming executive officers of Abercrombie & Fitch on July 15, 1996, such executive officers were associates of The Limited. Messrs. Wexner and Gilman will continue their employment with The Limited following the Offerings. It is expected that Messrs. Wexner and Gilman will receive no cash compensation from Abercrombie & Fitch, although they will be eligible for participation in the Abercrombie & Fitch 1996 Stock Option and Performance Incentive Plan (the "Stock Plan") discussed below. The annual base salary and annual bonus opportunity for Messrs. Wexner and Gilman in respect of their service with The Limited and its affiliates will continue to be determined by The Limited's compensation committee and will be paid by The Limited. The compensation set forth below was paid by The Limited to such individuals in respect of their employment with The Limited.

The principal components of each such named executive officer's cash compensation from The Limited have been the annual base salary and bonus as set forth in the Summary Compensation Table. The bonus amounts represent amounts that the compensation committee of the Board of Directors of The Limited approved for each named individual based on the performance of The Limited and Abercrombie & Fitch during 1995. The long-term compensation shown in the Summary Compensation Table was provided under The Limited's 1993 Stock Option and Performance Incentive Plan, which provides for various types of awards such as options to acquire common stock of The Limited and restricted common stock of The Limited. Messrs. Jeffries and Johnson and Ms. Donnan-Martin will continue to be eligible to participate in such plan following the Offerings. It is intended that substantially all the compensation to be paid to Messrs. Jeffries and Johnson and Ms. Donnan-Martin after the Offerings will be paid by the Company, not The Limited.

Immediately following the Offerings, the annual base salaries and annual bonus opportunities of Messrs. Jeffries and Johnson and Ms. Donnan-Martin will be at the levels as was determined by the compensation committee of The Limited. Subsequently, the annual base salary and the annual bonus opportunity of Messrs. Jeffries and Johnson and Ms. Donnan-Martin will be determined by the compensation committee of the Company (the "Compensation Committee"). It is anticipated that the base salary paid by the Company to Messrs. Jeffries and Johnson and Ms. Donnan-Martin, and to all other executive officers compensated by the Company rather than The Limited, will initially be generally comparable to present levels of base salary received from The Limited, subject to such adjustments as may be determined in the normal course of business. In addition, in connection with the Offerings it is anticipated that the Company will adopt three compensation plans. Pursuant to the 1996 Non-Associate Director Stock Plan, described more fully below, the Company will grant on the effective date of the Offerings and on the first business day of each fiscal year of the Company options to purchase 2,000 shares of Class A Common Stock to each non-associate director of the Company. Pursuant to the Abercrombie & Fitch Incentive Compensation Plan (the "Incentive Plan"), described more fully below, eligible associates of the Company will be eligible to receive cash bonuses based on attainment by the Company of certain performance goals.

All of the named executive officers will be eligible to participate in the Stock Plan and the Incentive Plan, pursuant to which it is anticipated that incentive compensation awards will be granted after the Offerings. Effective upon the consummation of the Offerings, it is expected that the Compensation Committee will grant certain executive officers options to purchase 15,000 shares of the Company's Class A Common Stock under the Stock Plan with an exercise price equal to the initial public offering

price set forth on the cover page of this Prospectus. In addition, it is anticipated that the Compensation Committee will grant, and in consideration for the cancellation of certain previously granted options to purchase shares of The Limited's common stock will offer to grant, to certain executive officers and to non-executive officer associates options to purchase an aggregate of up to 220,000 shares of the Company's Class A Common Stock under the Stock Plan with an exercise price equal to the initial public offering price set forth on the cover page of this Prospectus. These options would vest in annual increments of 25% commencing on various dates beginning with the first anniversary of the original grant date, other than the options offered to be granted to Mr. Jeffries composed of three approximately equal tranches which will vest generally in four equal annual installments commencing on the first, second and third anniversaries of February 9, 1996, respectively, subject in all cases to continued employment with the Company. See "--Abercrombie & Fitch 1996 Stock Option and Performance Incentive Plan".

In addition, subject to the cancellation of the grants of restricted shares of The Limited's common stock made on March 1, 1994 and February 2, 1996 to certain executive officers, it is expected that such executive officers will be granted, effective upon the consummation of the Offerings, an aggregate of 49,500 restricted shares of the Company's Class A Common Stock under the Stock Plan, which shares will vest on March 1, 1999 and February 2, 2001, respectively, subject to continued employment with the Company. See Note 3 to the Summary Compensation Table below and "--Abercrombie & Fitch 1996 Stock Option and Performance Incentive Plan". Effective upon the consummation of the Offerings, it is expected that the Compensation Committee will grant certain executive officers up to 5,500 restricted shares of the Company's Class A Common Stock, which will vest 100% on the fifth anniversary of such consummation, subject to continued employment with the Company.

The following table presents certain specific information regarding the compensation paid by The Limited for the periods indicated to Mr. Wexner, the Chairman of the Board of Abercrombie & Fitch, and to Messrs. Gilman, Jeffries and Johnson and Ms. Donnan-Martin who have become executive officers of Abercrombie & Fitch.

SUMMARY COMPENSATION TABLE

NAME & PRINCIPAL POSITION	YEAR(1)	ANNUAL COMPENSATION		LONG-TERM COMPENSATION		ALL OTHER COMPENSATION(\$) (4)
		SALARY(\$)	BONUS\$(2)	RESTRICTED STOCK AWARD(S)(\$)(3)	SECURITIES UNDERLYING OPTIONS(#)	
Leslie H. Wexner(5).... Chairman of the Board	1995	\$1,150,000	\$768,315	--	100,000	\$148,436
	1994	1,150,000	832,370	556,562	50,000	149,066
	1993	1,150,000	660,100	2,150,000	0	147,836
Kenneth B. Gilman(5).... Vice Chairman of the Board	1995	941,935	449,620	--	25,000	190,772
	1994	896,144	473,760	278,281	25,000	185,736
	1993	796,154	390,320	1,075,000	--	157,926
Michael S. Jeffries..... President and Chief Executive Officer	1995	491,700	426,300	159,393	12,000	104,772
Michele S. Donnan- Martin..... Vice President--General Merchandising Manager- Women's	1995	217,510	107,184	76,816	5,000	36,051
Seth R. Johnson..... Vice President--Chief Financial Officer	1995	198,340	97,440	26,566	5,000	39,854

(1) Under rules promulgated by the Commission, since the Company was not a reporting company during the three immediately preceding fiscal years, only the information with respect to the most recent completed fiscal year is noted in the Summary Compensation Table except for such information that was previously required to be filed with the Commission.

- (2) Represents, for each fiscal year, the aggregate of the performance-based cash incentive compensation paid for the Spring and Fall selling seasons occurring in that fiscal year.
- (3) On February 1, 1996, 9,516, 1,586 and 1,586, restricted common stock performance awards of The Limited were made to executive officers Jeffries, Donnan-Martin and Johnson, respectively. The per share value of the common stock of The Limited on such date was \$16.75. These awards vest 10% on February 1, 1996, an additional 20% on February 1, 1997, an additional 30% on February 1, 1998, and the remaining 40% on February 1, 1999, in each case subject to the holder's continued employment with The Limited. On February 2, 1996, 3,000 restricted shares of The Limited were awarded to Ms. Donnan-Martin. The per share value of the common stock of The Limited on such date was \$16.75. This award vests 100% on the fifth anniversary of the award, subject to continued employment with The Limited. As of February 2, 1996, the aggregate restricted stock holdings in The Limited stock and the market value of such holdings for each of the named executive officers were: Mr. Wexner, 132,500 shares, \$2,219,375; Mr. Gilman 66,250 shares; \$1,109,688; Mr. Jeffries, 61,516 shares, \$1,030,393; Ms. Donnan-Martin, 6,586 shares, \$110,316; Mr. Johnson, 3,586 shares, \$60,066 (based on the \$16.75 fair market value of The Limited's common stock on such date).
- (4) Represents, for each named executive officer, the amount of employer matching and supplemental contributions allocated to his/her account under certain qualified and non-qualified defined contribution plans maintained by The Limited during the calendar year in which the 1995 fiscal year commenced. It is anticipated that after the Offerings the named executive officers will continue to participate in such plans.
- (5) Messrs. Wexner and Gilman are also employed by The Limited and received no direct cash compensation from the Company. The annual base salary and annual bonus opportunity for Messrs. Wexner and Gilman in respect of their service with The Limited and its affiliates was determined by The Limited's Compensation Committee and was paid by The Limited.

The following table sets forth certain information regarding options to acquire common stock of The Limited granted to the named executive officers during the 1995 fiscal year of The Limited.

OPTION GRANTS IN FISCAL YEAR 1995 INDIVIDUAL GRANTS

NAME	SECURITIES UNDERLYING OPTIONS GRANTED (#)(1)	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR(2)	EXERCISE PRICE (\$/SH)	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM(3)	
					5.0%(\$)	10.0%(\$)
Leslie H. Wexner.....	100,000	4.69%	\$17.50	3/1/05	\$ 1,100,565	\$ 2,789,049
Kenneth B. Gilman.....	5,714	0.27%	17.50	2/27/05	62,886	159,366
	19,286	0.90%	17.50	3/1/05	212,255	537,896
Michael S. Jeffries...	5,800	0.27%	17.50	2/27/05	63,945	161,385
	6,200	0.29%	17.50	3/1/05	68,355	172,515
Michele S. Donnan- Martin.....	4,282	0.20%	17.50	2/27/05	47,209	119,147
	718	0.03%	17.50	3/1/05	7,916	19,978
Seth R. Johnson.....	4,742	0.22%	17.50	2/27/05	52,281	131,946
	258	0.01%	17.50	3/1/05	2,844	7,179

- (1) All options granted relate to shares of common stock of The Limited.
- (2) All options listed were granted to the named executive officers pursuant to The Limited's 1993 Stock Option and Performance Incentive Plan. All such options become exercisable in four equal

annual portions commencing on the first anniversary of the grant date. The table above indicates that each named executive officer, other than Mr. Wexner, received two such stock option grants during 1995. One grant represents options intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code and the other represents non-qualifying stock options. All such stock option grants were made on the same day, February 28, 1995.

- (3) The assumed rates of growth are prescribed by the Commission for illustrative purposes only and are not intended to predict or forecast future stock prices.

The following table provides information relating to the number and value of shares of common stock of The Limited subject to options held by the named executive officers as of February 2, 1996.

AGGREGATED OPTION EXERCISES IN 1995 FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

NAME	SHARES		NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#)		VALUE OF UNEXERCISED, IN-THE-MONEY OPTIONS HELD AT FY-END (\$)(1)	
	ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Leslie H. Wexner.....	--	--	12,500	137,500	--	--
Kenneth B. Gilman.....	--	--	200,000	68,750	\$376,562	--
Michael S. Jeffries.....	--	--	27,750	33,250	--	--
Michele S. Donnan-Martin.....	--	--	10,500	12,500	--	--
Seth R. Johnson.....	--	--	20,750	14,250	29,250	--

- (1) Calculated on the basis of the number of shares of common stock of The Limited subject to each such option multiplied by the excess of the \$16.75 fair market value of a share of The Limited's common stock at fiscal year-end over the per share exercise price of such option.

LONG-TERM INCENTIVE PLANS--AWARDS IN FISCAL YEAR 1995

No awards were granted in respect of the 1995 fiscal year to the named executive officers other than the restricted stock performance awards granted in The Limited, Inc. stock on February 1, 1996 to corporate officers Jeffries, Donnan-Martin and Johnson, as disclosed in the Summary Compensation Table.

ABERCROMBIE & FITCH INCENTIVE COMPENSATION PLAN

It is anticipated that, prior to the consummation of the Offerings, the Company's Board of Directors will adopt, and The Limited, as the Company's sole shareholder, will approve, effective on the consummation of the Offerings, the Incentive Plan. The Incentive Plan is intended to satisfy the applicable provisions of Section 162(m) of the Code. Under the Incentive Plan, approximately 30 key executives of the Company, other than Messrs. Wexner and Gilman, with significant operating and financial responsibility are eligible to earn seasonal cash incentive compensation payments that are paid twice each year.

Prior to the beginning of each spring and fall selling season, operating income and/or gross margin and/or sales objectives may be established by the Compensation Committee of the Company. Any objectives set would expect a stretch performance level, and be based on an analysis of historical performance and growth expectations for the business, financial results of other comparable businesses, and progress towards achieving the long-range strategic plan for the business. These objectives and determination of results are based entirely on financial measures, and discretion may not be used to modify award results.

Annual incentive compensation targets established for eligible executives will range from 10% to 110% of base salary, as established by the Company's pay guidelines. Executives earn their target

incentive compensation if the business achieves the established operating income and/or gross margin and/or sales objectives. The target incentive compensation percentage for each executive is based on the level and functional responsibility of his or her position and competitive practices, in that order of priority. For the named executive officers, annual incentive compensation targets can range from 40% to 110% of base salary. The amount of incentive compensation paid to executives can range from zero to double their targets, based upon the extent to which operating income and/or gross margin and/or sales objectives are achieved. The minimum level at which an executive would earn any incentive payment, and the level at which an executive would earn the maximum incentive payment of double the target, are established by the Compensation Committee of the Company prior to the commencement of each bonus period, and actual payouts are based on a straight-line interpolation based on these minimum and maximum levels and the target operating income objectives.

The maximum dollar amount to be paid for any year under the Incentive Plan to each participant may not exceed \$2 million.

#### ABERCROMBIE & FITCH 1996 STOCK OPTION AND PERFORMANCE INCENTIVE PLAN

It is anticipated that, prior to the consummation of the Offerings, the Company's Board of Directors will adopt, and The Limited, as the Company's sole shareholder, will approve, effective on the consummation of the Offerings, the Stock Plan.

#### PURPOSE OF PLAN

The purpose of the Stock Plan is to attract and retain the best available executive and key management associates for the Company and its subsidiaries and to encourage the highest level of performance by such associates, thereby enhancing the value of the Company for the benefit of its shareholders. The Stock Plan is also intended to motivate executive and key management associates to contribute to the Company's future growth and profitability and to reward their performance in a manner that provides them with a means to increase their holdings of the Class A Common Stock of the Company and aligns their interests with the interests of the shareholders of the Company.

#### ADMINISTRATION OF THE STOCK PLAN

The Stock Plan will be administered by a committee of two or more members of the Company's Board of Directors (the "Plan Committee"). The Plan Committee will be composed of directors who qualify as "non-employee directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as "outside directors" within the meaning of Section 162(m) of the Code. The Plan Committee has the power in its discretion to grant awards under the Stock Plan, to determine the terms thereof, to interpret the provisions of the Stock Plan and to take such action as it deems necessary or advisable for the administration of the Stock Plan.

#### NUMBER OF AUTHORIZED SHARES

The Stock Plan provides for awards with respect to a maximum of 3,500,000 shares of Class A Common Stock, including any tax offset payments awarded at the discretion of the Plan Committee, to associates of the Company and its subsidiaries and to associates of The Limited and its subsidiaries during the term of the Stock Plan. The number and class of shares available under the Stock Plan and/or subject to outstanding awards may be adjusted by the Plan Committee to prevent dilution or enlargement of rights in the event of various changes in the capitalization of the Company.

#### ELIGIBILITY AND PARTICIPATION

Eligibility to participate in the Stock Plan is limited to the named executive officers and full-time executive and key management associates of the Company and its subsidiaries and to associates of The Limited and its subsidiaries who are selected by the Plan Committee. Currently, approximately 500 associates of the Company and its subsidiaries, and approximately 250 associates of The Limited, are

within the classes eligible to participate in the Stock Plan. The Company anticipates that approximately 20% of those eligible associates will participate in the Stock Plan. Participation in the Stock Plan is at the discretion of the Plan Committee and shall be based upon the associate's present and potential contributions to the success of the Company and its subsidiaries and such other factors as the Plan Committee deems relevant. No associate may be granted in any calendar year awards covering more than 400,000 shares of Class A Common Stock.

#### TYPE OF AWARDS UNDER THE STOCK PLAN

The Stock Plan provides that the Plan Committee may grant awards to eligible associates in any of the following forms, subject to such terms, conditions and provisions as the Plan Committee may determine to be necessary or desirable: (i) incentive stock options; (ii) nonstatutory stock options; (iii) stock appreciation rights; (iv) restricted shares; (v) performance shares; (vi) performance units; (vii) shares of unrestricted Class A Common Stock; and (viii) tax offset payments.

#### TERM OF STOCK PLAN

Unless earlier terminated by the Company's Board of Directors, the Stock Plan will terminate on the tenth anniversary of the earlier of the adoption of the Stock Plan by the Company's Board of Directors or the date of the consummation of the Offerings.

#### AMENDMENT AND TERMINATION

The Company's Board of Directors may suspend, amend, modify or terminate the Stock Plan.

#### ABERCROMBIE & FITCH 1996 STOCK PLAN FOR NON-ASSOCIATE DIRECTORS

It is anticipated that, prior to the consummation of the Offerings, the Company's Board of Directors will adopt and The Limited, as the Company's sole shareholder will approve, effective on the consummation of the Offerings, the 1996 Non-Associate Director Stock Plan. The following is a summary of the material terms of the 1996 Non-Associate Director Stock Plan, a copy of which is filed as an exhibit to the registration statement of which this Prospectus is a part. The following summary does not purport to be complete and is qualified in its entirety by the terms of the 1996 Non-Associate Director Stock Plan.

#### PURPOSE OF PLAN

The purpose of the 1996 Non-Associate Director Stock Plan is to promote the interests of the Company and its shareholders by increasing the proprietary interest of non-associate directors in the growth and performance of the Company.

#### ELIGIBILITY

The 1996 Non-Associate Director Stock Plan provides for awards of nonqualified options to directors of the Company who are not associates of the Company or its affiliates ("Eligible Directors").

#### TYPES OF AWARDS

Pursuant to the 1996 Non-Associate Director Stock Plan, on the effective date of the Offerings each Eligible Director will be granted an option to purchase 2,000 shares of Class A Common Stock at the price at which such shares are offered to the public. Subsequently, on the first business day of each fiscal year of the Company, commencing following the Offerings, each Eligible Director will be granted an option to purchase 2,000 shares of Class A Common Stock as of the first business day of such fiscal year at a per share exercise price equal to the fair market value of a share of Class A Common Stock on such date. Each option will: (i) vest in annual 25% increments commencing on the first anniversary of the grant date; and (ii) expire on the earlier of the tenth anniversary of the date of

grant and one year from the date on which an optionee ceases to be an Eligible Director. The exercise price per share of Class A Common Stock shall be 100% of the fair market value per share on the date the option is granted. The exercise price of options must be satisfied in cash.

In addition, the 1996 Non-Associate Director Stock Plan provides that each Eligible Director will receive 50% of such Eligible Director's annual retainer in unrestricted shares of Class A Common Stock, valued as of the last business day of each fiscal quarter commencing hereafter.

#### NUMBER OF AUTHORIZED SHARES

The maximum number of shares of Class A Common Stock in respect of which options may be granted and shares awarded in lieu of 50% of the annual retainer under the 1996 Non-Associate Director Stock Plan is 100,000. Shares of Class A Common Stock subject to options that are forfeited, terminated or canceled will again be available for awards. The shares of Class A Common Stock to be delivered under the 1996 Non-Associate Director Stock Plan will be made available from the authorized but unissued shares of Class A Common Stock or from treasury shares. The number and class of shares available under the 1996 Non-Associate Director Stock Plan and/or subject to outstanding options may be adjusted by the Board of Directors to prevent dilution or enlargement of rights in the event of various changes in the capitalization of the Company.

#### ADMINISTRATION

The 1996 Non-Associate Director Stock Plan will be administered by the Board of Directors. Subject to the provisions of the 1996 Non-Associate Director Stock Plan, the Board shall be authorized to interpret the 1996 Non-Associate Director Stock Plan, to establish, amend, and rescind any rules and regulations relating to it and to make all other determinations necessary or advisable for its administration; provided, however, that the Board shall have no discretion with respect to the selection of directors to receive options, the number of shares of Class A Common Stock subject to any such options, the purchase price thereunder or the timing or term of grants of options. The determinations of the Board in the administration of the 1996 Non-Associate Director Stock Plan, as described herein, shall be final and conclusive. The Secretary of the Company shall be authorized to implement the 1996 Non-Associate Director Stock Plan in accordance with its terms and to take such actions of a ministerial nature as shall be necessary to effectuate the intent and purposes thereof. The validity, construction and effect of the 1996 Non-Associate Director Stock Plan and any rules and regulations relating to it shall be determined in accordance with the laws of the State of Delaware.

#### TRANSFERABILITY

The options granted under the 1996 Non-Associate Director Stock Plan may not be assigned or transferred, except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

Shares issued under the 1996 Non-Associate Director Stock Plan in respect of 50% of the annual retainer may be assigned or transferred.

#### TERM OF PLAN

No option may be granted under the 1996 Non-Associate Director Stock Plan after the tenth annual meeting of the Company's shareholders following the consummation of the Offerings.

#### AMENDMENTS

The 1996 Non-Associate Director Stock Plan may be amended by the Company's Board of Directors, as it shall deem advisable or to conform to any change in any law or regulation applicable thereto; provided, that the Company's Board of Directors may not, except in the limited circumstances

described above, without the authorization and approval of shareholders: (i) increase the number of shares of Class A Common Stock which may be purchased pursuant to options, either individually or in the aggregate; (ii) change the requirement that option grants be priced at fair market value; (iii) modify in any respect the class of individuals who constitute Eligible Directors; or (iv) materially increase benefits thereunder. The provisions governing eligibility, the grant, terms and conditions of the options and the award of shares of Class A Common Stock in respect of the annual retainer and, for purposes of the 1996 Non-Associate Director Stock Plan, the amount of the annual retainer, may not be amended more often than once every six months, other than to comport with changes in the Code, ERISA or the rules under either such statute.

AWARDS UNDER THE PLAN

The following table sets forth amounts to be paid to the Non-Associate Director group in 1996 under the 1996 Non-Associate Director Stock Plan.

1996 NON-ASSOCIATE DIRECTOR STOCK PLAN BENEFITS TABLE

NAME AND POSITION -----	DOLLAR VALUE(\$) -----	NUMBER OF UNITS -----
Non-Associate Director Group (assuming four non-associate directors).....	\$20,000(1)	8,000(2)

- (1) Consists of unrestricted shares of the Company's Class A Common Stock to be issued in respect of 50% of each such director's annual retainer, valued as of the date such retainer is paid.
- (2) Consists of options to purchase shares of the Company's Class A Common Stock at an exercise price equal to the fair market value on the date of grant. Each such option will vest in 25% increments commencing on the first anniversary of the date of grant.

FEDERAL INCOME TAX CONSEQUENCES.

There are no federal income consequences to an Eligible Director or to the Company upon the grant of an option to an Eligible Director under the 1996 Non-Associate Director Stock Plan.

Eligible Directors, all of whom are subject to Section 16 of the Exchange Act, who receive shares of Class A Common Stock either by reason of the exercise of an option under the 1996 Non-Associate Director Stock Plan or in respect of 50% of the annual retainer will not recognize ordinary income at that time unless (i) an election is made by such Eligible Director under Section 83(b) of the Code or (ii) the sale of such shares by such optionee at a profit is no longer subject to Section 16(b) of the Exchange Act. Such Eligible Director will instead recognize ordinary income equal to the fair market value of such shares received (less the exercise price paid for the shares, if any) on the first day that such a sale is no longer subject to Section 16(b) of the Exchange Act, and the Company will generally be entitled to a deduction of an equal amount for federal income tax purposes at that time, provided that, applicable tax withholding requirements are satisfied.

In the alternative, such Eligible Director may elect under Section 83(b) of the Code, within 30 days of the transfer of such shares to the Eligible Director, to recognize income as summarized below at the time of receipt of such shares. In the case of an option exercise, the amount so recognized will be taxed as ordinary income to the Eligible Director in an amount the difference between the option price and any higher fair market value of the shares of Class A Common Stock, generally on the date of exercise, and the Company will generally be entitled to a deduction of an equal amount for federal income tax purposes at that time, provided that applicable tax withholding requirements are satisfied. In the case of shares transferred to an Eligible Director in respect of 50% of the annual retainer, the amount so recognized will be taxed as ordinary income at the time of receipt in an amount equal to the difference between the price paid, if any, for such shares and any higher fair market value of such

shares on the date of receipt, and the Company will generally be entitled to a deduction of an equal amount for federal income tax purposes at that time, provided that applicable tax withholding requirements are satisfied.

Any gain or loss realized by an Eligible Director on disposition of the Class A Common Stock so acquired generally will be taxed as capital gain or loss to such optionee, long-term or short-term depending on the holding period, and will not result in any additional tax consequences to the Company. The Eligible Director's basis in the shares for determining gain or loss on the disposition will generally be the fair market value of such shares determined under either of the procedures set forth above.

#### PRINCIPAL SHAREHOLDER

All of the 43,000,000 shares of Class B Common Stock outstanding prior to the completion of the Offerings are beneficially owned by The Limited. Upon consummation of the Offerings, The Limited will beneficially own 100% of the Class B Common Stock and, accordingly, will own Common Stock representing approximately 86.0% of the economic interest in the Company (84.2% if the Underwriters' over-allotment options are exercised in full) and representing approximately 94.9% of the combined voting power of the Company's outstanding Common Stock (or 94.1% if the Underwriters' over-allotment options are exercised in full). As of March 18, 1996 Leslie H. Wexner, Chairman of the Company and Chairman of the Board, Chief Executive Officer and President of The Limited, beneficially owned approximately 25.2% of the outstanding common stock of The Limited. The address of The Limited is Three Limited Parkway, Columbus, Ohio 43230.

#### SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the Offerings, the Company will have 7,000,000 shares of Class A Common Stock issued and outstanding (8,050,000 if the Underwriters' over-allotment options are exercised in full) and 43,000,000 shares of Class B Common Stock issued and outstanding. All of the shares of Class A Common Stock to be sold in the Offerings will be freely transferable and tradeable without restrictions under the Securities Act, except for any shares purchased by an "affiliate" of the Company (as that term is defined in Rule 144 adopted under the Securities Act ("Rule 144")), which will be subject to the resale limitations of Rule 144. All of the outstanding shares of Class B Common Stock are owned by The Limited and have not been registered under the Securities Act and may not be sold in the absence of an effective registration statement under the Securities Act other than in accordance with Rule 144 or another exemption from registration. The Limited has certain rights to require the Company to effect registration of shares of Class B Common Stock owned by The Limited, which rights may be assigned. See "Relationship with The Limited--Corporate Agreement".

In general, under Rule 144 as currently in effect, a person (including an affiliate) who beneficially owns shares that are "restricted securities" as to which at least two years have elapsed since the later of the date of acquisition of such securities from the issuer or from an affiliate of the issuer, and any affiliate who owns shares that are not "restricted securities", is entitled to sell within any three-month period, a number of shares that does not exceed (together with the sales by other persons required to be aggregated) the greater of one percent of the total number of outstanding shares of the class of stock being sold or the average weekly reported trading volume of the class of stock being sold during the four calendar weeks preceding the filing of the required notice of such sale. A person (or persons whose shares are aggregated) who is not deemed an "affiliate" of the Company and who has beneficially owned restricted securities as to which at least three years have elapsed since the later of the date of the acquisition of such securities from the issuer or from an affiliate of the issuer is entitled to sell such shares without regard to the volume limitations described above. As defined in Rule 144,

an "affiliate" of an issuer is a person that directly or indirectly through the use of one or more intermediaries controls, is controlled by, or is under common control with, such issuer. The Commission has proposed reducing the periods of beneficial ownership of "restricted securities" required by Rule 144. Under the proposal, persons who have beneficially owned restricted securities for at least one year, instead of two years as currently required, would be able to resell such securities by complying with the volume limitations described above. In the case of a person who is not deemed to be an affiliate of the Company during the preceding three months, the proposal would permit sales without regard to the limitations described above as long as at least two years have elapsed since the later of the date of the acquisition of such securities from the issuer or from an affiliate of the issuer, instead of three years as currently required. There can be no assurance that the proposed revisions to Rule 144 will be adopted by the Commission.

Rule 144A under the Securities Act ("Rule 144A") provides a non-exclusive safe harbor exemption from the registration requirements of the Securities Act for specified resales of restricted securities to certain institutional investors. In general, Rule 144A allows unregistered resales of restricted securities to a "qualified institutional buyer", which generally includes an entity, acting for its own account or for the account of other qualified institutional buyers, that in the aggregate owns or invests at least \$100 million in securities of unaffiliated issuers. Rule 144A does not extend an exemption to the offer or sale of securities that, when issued, were of the same class as securities listed on a national securities exchange or quoted on an automated quotation system.

Prior to the Offerings, there has been no market for the Class A Common Stock. No predictions can be made of the effect, if any, that market sales of currently outstanding shares of Class B Common Stock or the availability of such shares for sale will have on the market price of Class A Common Stock prevailing from time to time. Nevertheless, sales of substantial amounts of Class B Common Stock in the public market, or the perception that such sales could occur, could adversely affect prevailing market prices for Class A Common Stock. Although The Limited in the future may effect or direct sales or other dispositions of Common Stock that would reduce its beneficial ownership interest in the Company, The Limited has advised the Company that its current intention is to continue to hold all of the Class B Common Stock beneficially owned by it immediately after the completion of the Offerings. However, The Limited has no agreement with the Company not to sell or distribute such shares and, other than pursuant to the Underwriting Agreement described below, there can be no assurance concerning the period of time during which The Limited will maintain its beneficial ownership of Common Stock. Beneficial ownership of at least 80% of the total voting power and value of the outstanding Common Stock is required in order for The Limited to continue to include the Company in its consolidated group for federal tax purposes and ownership of at least 80% of the total voting power and 80% of each class of nonvoting capital stock is required in order for The Limited to be able to effect a Tax-Free Spin-Off of the Company. The Limited has indicated to the Company that any decision by The Limited to reduce such beneficial ownership interest would be made in the future on the basis of all of the circumstances existing at such time, including the effect of any such reduction on The Limited (including any benefit to The Limited from the removal from The Limited's consolidated balance sheet of the Company's indebtedness (and assets) in the event The Limited's interest in the Common Stock is reduced below 50%), the needs of The Limited, the performance of The Limited, stock market conditions and other factors. In connection with the Offerings, subject to certain exceptions, the Company and The Limited will agree with the Underwriters not to sell or otherwise dispose of, directly or indirectly, any shares of Common Stock (or any security convertible into or exchangeable or exercisable for Common Stock) for a period of 180 days after the date of this Prospectus without the prior written consent of the Representatives of the Underwriters.

## DESCRIPTION OF CAPITAL STOCK

### GENERAL

The authorized capital stock of the Company will consist of (a) 300,000,000 shares of Common Stock, par value \$0.01 per share, of which: (i) 150,000,000 shares will be designated as Class A Common Stock; and (ii) 150,000,000 shares will be designated as Class B Common Stock; and (b) 15,000,000 shares of Preferred Stock, of which no shares are outstanding as of the date hereof. Of the 150,000,000 shares of Common Stock designated as Class A Common Stock, 7,000,000 shares are being offered hereby and 43,000,000 shares are reserved for issuance upon conversion of Class B Common Stock into Class A Common Stock. Of the 150,000,000 shares of Common Stock designated as Class B Common Stock, 43,000,000 shares will be outstanding and held by The Limited upon consummation of the Offerings. Each of the Class A Common Stock and Class B Common Stock constitutes a series of Common Stock under the General Corporation Law of the State of Delaware (the "DGCL"). A description of the material terms and provisions of the Company's Certificate of Incorporation affecting the relative rights of the Class A Common Stock, the Class B Common Stock and the Preferred Stock is set forth below. The description is intended as a summary and is qualified in its entirety by reference to the form of the Company's Certificate of Incorporation filed with the Registration Statement of which this Prospectus forms a part.

### COMMON STOCK

#### VOTING RIGHTS

The holders of Class A Common Stock and Class B Common Stock generally have identical rights except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to three votes per share on all matters to be voted on by shareholders. Holders of shares of Class A Common Stock and Class B Common Stock are not entitled to cumulate their votes in the election of directors. Generally all matters to be voted on by shareholders must be approved by a majority of the votes entitled to be cast by all shares of Class A Common Stock and Class B Common Stock present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any Preferred Stock. However, the Company's Certificate of Incorporation includes, among other things: (i) a requirement that a vote of at least 75% of the Common Stock held by stockholders other than an Interested Person (as defined therein) is required to effect a merger or consolidation with an Interested Person, a sale of all or substantially all of the assets of the Company to an Interested Person and certain other control transactions (unless such transaction shall have been approved by a majority of Continuing Directors (as defined therein)); and (ii) a provision specifying that certain provisions of the Company's Certificate of Incorporation and Bylaws may be amended, and directors may be removed, only with the approval of 75% of the outstanding Common Stock.

#### DIVIDENDS

The Board of Directors of the Company currently intends to retain future earnings for the development of its business and does not anticipate paying regular quarterly dividends on the Class A Common Stock or Class B Common Stock for the foreseeable future. Under Delaware law, the declaration of dividends is within the discretion of the Board of Directors and future dividends, if any, will depend upon various factors, including the Company's net income, current and anticipated cash needs and any other factors deemed relevant by the Board of Directors. By virtue of its stock ownership, The Limited will have the ability to change the size and composition of the Company's Board of Directors and thereby control the payments of dividends by the Company. Pursuant to restrictions contained in the Credit Agreement, so long as the Credit Agreement is outstanding, the Company is prohibited from paying any dividends on its capital stock, including the Class A Common Stock. See "Description of Certain Indebtedness--Credit Agreement".

## CONVERSION

Prior to the earliest to occur of the date on which shares of Class B Common Stock are issued to shareholders of The Limited or its successor in a Tax-Free Spin-Off and the date on which the number of shares of Class B Common Stock outstanding is less than a majority of the aggregate number of shares of Common Stock outstanding and a Tax-Free Spin-Off has not occurred, each share of Class B Common Stock is convertible while held by The Limited or any of its subsidiaries at such holder's option into one share of Class A Common Stock. Any shares of Class B Common Stock transferred to a person other than The Limited or any of its subsidiaries shall automatically convert to shares of Class A Common Stock upon such disposition, except for a disposition effected in connection with a transfer of Class B Common Stock to shareholders of The Limited as a dividend intended to be a Tax-Free Spin-Off. In the event of a Tax-Free Spin-Off, shares of Class B Common Stock shall automatically convert into shares of Class A Common Stock on the fifth anniversary of the Tax-Free Spin-Off unless prior to such Tax-Free Spin-Off, The Limited delivers to the Company an opinion of counsel (which counsel shall be reasonably satisfactory to the Company) to the effect that such conversion would preclude The Limited from obtaining a favorable ruling from the Internal Revenue Service that the distribution would be a Tax-Free Spin-Off under the Code. If such an opinion is received, approval of such conversion shall be submitted to a vote of the holders of the Abercrombie & Fitch Common Stock as soon as practicable after the fifth anniversary of the Tax-Free Spin-Off unless The Limited delivers to the Company an opinion of The Limited's counsel (which counsel shall be reasonably satisfactory to the Company) prior to such anniversary that such vote would adversely affect the status of the Tax-Free Spin-Off. Approval of such conversion will require the affirmative vote of the holders of a majority of the shares of both Abercrombie & Fitch's Class A Common Stock and Class B Common Stock present and voting, voting together as a single class, with each share entitled to one vote for such purpose. No assurance can be given that such conversion would be consummated. The Limited has no current plans with respect to a Tax-Free Spin-Off of Abercrombie & Fitch.

The Limited will convert its Class B Common Stock to Class A Common Stock immediately prior to a Tax-Free Spin-Off if, after such conversion, it would have beneficial ownership of at least 80% of the value as well as the voting power of the outstanding Common Stock. All shares of Class B Common Stock shall automatically convert into Class A Common Stock if a Tax-Free Spin-Off has not occurred and the number of outstanding shares of Class B Common Stock falls below 60% of the aggregate number of outstanding shares of Common Stock. This will prevent The Limited from decreasing its economic interest in the Company to less than 60% while still retaining control of approximately 81.8% of Abercrombie & Fitch's voting power. All conversions will be effected on a share-for-share basis.

The requirement that The Limited retain beneficial ownership of at least 80% of the voting power of the outstanding Common Stock after any conversion prior to a Tax-Free Spin-Off is intended to ensure that the tax treatment of the Tax-Free Spin-Off is preserved. Similarly, the requirement to submit such conversion to a vote of the holders of Common Stock is intended to preserve such tax treatment should the Internal Revenue Service challenge such automatic conversion as violating the 80% vote requirement. Automatic conversion of the Class B Common Stock into Class A Common Stock if a Tax-Free Spin-Off has not occurred and The Limited decreases its economic interest in the Company to less than 60% is intended to ensure that The Limited retains voting control by virtue of its ownership of Class B Common Stock only if it has a sizable economic interest in the Company.

In addition, in order to give any holder of the Class A Common Stock or Class B Common Stock the right to participate in any offer for a significant amount of the shares of the other class that is not similarly offered for the shares of such holder's class, following a Tax-Free Spin-Off shares of Common Stock of each class will be convertible, at the option of the registered holder thereof, on a share-for-share basis, into shares of the other class if any person (other than The Limited or any of its consolidated subsidiaries), or any group of persons (other than The Limited or any one or more of its subsidiaries), agreeing to act together for the purpose of acquiring, holding, voting or disposing of

shares of Common Stock, makes an offer which the Company's Board of Directors deems to be a bona fide offer, to purchase 5% or more of the other class of Common Stock for cash and/or other securities or property without making a similar offer for the shares of such class. The shares of Common Stock of a class may only be so converted during the period in which such bona fide offer is in effect. Any share of Common Stock so converted and not acquired by the offeror prior to the termination, rescission or completion of the offer will automatically reconvert to a share of the class from which it was converted upon such termination, rescission or completion.

#### OTHER RIGHTS

On liquidation, dissolution or winding up of the Company after payment in full of the amounts required to be paid to holders of Preferred Stock, all holders of Common Stock, regardless of class, are entitled to share ratably in any assets available for distribution to holders of shares of Common Stock.

No shares of either class of Common Stock are subject to redemption or have preemptive rights to purchase additional shares of Common Stock. However, see "Relationship with The Limited--Corporate Agreement".

Upon consummation of the Offerings, all the outstanding shares of Class A Common Stock and Class B Common Stock will be legally issued, fully paid and nonassessable.

#### PREFERRED STOCK

The Preferred Stock is issuable from time to time in one or more series and with such designations and preferences for each series as shall be stated in the resolutions providing for the designation and issue of each such series adopted by the Board of Directors of Abercrombie & Fitch. The Board of Directors is authorized by Abercrombie & Fitch's Certificate of Incorporation to determine the voting, dividend, redemption and liquidation preferences and limitations pertaining to such series. The Board of Directors, without shareholder approval, may issue Preferred Stock with voting and other rights that could adversely affect the voting power of the holders of the Common Stock and could have certain antitakeover effects. Abercrombie & Fitch has no present plans to issue any shares of Preferred Stock. The ability of the Board of Directors to issue Preferred Stock without shareholder approval could have the effect of delaying, deferring or preventing a change in control of Abercrombie & Fitch or the removal of existing management.

#### CERTAIN CERTIFICATE OF INCORPORATION AND BYLAW PROVISIONS

##### TRANSACTIONS WITH INTERESTED PARTIES

The Company's Certificate of Incorporation includes certain provisions addressing potential conflicts of interest between the Company and The Limited and its subsidiaries and regulating and defining the conduct of certain affairs of the Company as they may involve the Company, The Limited and their subsidiaries, directors and officers. The Company's Certificate of Incorporation provides that no contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) between the Company and The Limited or any subsidiary of The Limited (other than the Company) or between the Company and any entity in which a director of the Company has a financial interest (a "Related Entity") or between the Company and any director or officer of the Company, The Limited, any subsidiary of The Limited or any Related Entity shall be void or voidable solely for the reason that The Limited or such subsidiary, a Related Entity or any one or more of the officers or directors of the Company, The Limited or such subsidiary or any Related Entity are parties thereto, or solely because any such directors or officers are present at, participate in or vote (which vote shall be counted) with respect to the authorization of the contract, agreement, arrangement or transaction (or

any amendment, modification or termination thereof). FURTHER, THE COMPANY'S CERTIFICATE OF INCORPORATION PROVIDES THAT THE LIMITED, ITS SUBSIDIARIES AND ANY RELATED ENTITY SHALL NOT BE LIABLE TO THE COMPANY OR ITS SHAREHOLDERS FOR BREACH OF ANY FIDUCIARY DUTY OR DUTY OF LOYALTY OR FAILURE TO ACT IN (OR NOT OPPOSED TO) THE BEST INTERESTS OF THE COMPANY OR THE DERIVATION OF ANY IMPROPER PERSONAL BENEFIT BY REASON OF THE FACT THAT THE LIMITED, SUCH SUBSIDIARY OR SUCH RELATED ENTITY IN GOOD FAITH TAKES ANY ACTION OR EXERCISES ANY RIGHTS OR GIVES OR WITHHOLDS ANY CONSENT IN CONNECTION WITH ANY AGREEMENT OR CONTRACT BETWEEN THE LIMITED, SUCH SUBSIDIARY OR SUCH RELATED ENTITY AND THE COMPANY. No vote cast or other action taken by any person who is an officer, director or other representative of The Limited, such subsidiary or such Related Entity, which vote is cast or action is taken by such person in his capacity as a director of the Company, shall constitute an action of or the exercise of a right by or a consent of The Limited, such subsidiary or such Related Entity for the purpose of any such agreement or contract. See "Risk Factors".

#### CORPORATE OPPORTUNITIES

The Company's Certificate of Incorporation provides that except as The Limited may otherwise agree in writing:

(i) neither The Limited nor any subsidiary of The Limited (other than the Company) shall have a duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business as the Company; and

(ii) neither The Limited nor any subsidiary (other than the Company), officer or director of The Limited (except as provided below) will be liable to the Company or to its shareholders for breach of any fiduciary duty by reason of any such activities or of such person's participation therein.

The Company's Certificate of Incorporation also provides that if The Limited or any subsidiary of The Limited (other than the Company) acquires knowledge of a potential transaction or matter which may be a corporate opportunity both for The Limited or such subsidiary and for the Company, neither The Limited nor such subsidiary shall have a duty to communicate or offer such corporate opportunity to the Company and shall not be liable to the Company or its shareholders for breach of fiduciary duty as a shareholder of the Company or controlling person of a shareholder by reason of the fact that The Limited or such subsidiary pursues or acquires such opportunity for itself, directs such corporate opportunity to another person, or does not communicate information regarding such corporate opportunity to the Company.

Further, the Company's Certificate of Incorporation provides that in the event that a director, officer or associate of the Company who is also a director, officer or associate of The Limited or its subsidiaries acquires knowledge of a potential transaction or matter that may be a corporate opportunity for the Company, The Limited or its subsidiaries (whether such potential transaction or matter is proposed by a third party or is conceived of by such director, officer or associate of the Company), such director, officer or associate shall be entitled to offer such corporate opportunity to the Company, The Limited or such subsidiary as such director, officer or associate deems appropriate under the circumstances in his or her sole discretion, and no such director, officer or associate shall be liable to the Company or its shareholders for breach of any fiduciary duty or duty of loyalty or failure to act in (or not opposed to) the best interests of the Company or the derivation of any improper personal benefit by reason of the fact that (i) such director, officer or associate offered such corporate opportunity to The Limited or such subsidiary (rather than the Company) or did not communicate information regarding such corporate opportunity to the Company or (ii) The Limited or such subsidiary pursues or acquires such corporate opportunity for itself or directs such corporate opportunity to another person or does not communicate information regarding such corporate opportunity to the Company. The enforceability of the provisions discussed above under Delaware corporate law has not been established and, due to the absence of relevant judicial authority, counsel to the Company is not

able to deliver an opinion as to the enforceability of such provisions. These provisions of the Company's Certificate of Incorporation eliminate certain rights that might have been available to shareholders under Delaware law had such provisions not been included in the Certificate of Incorporation, although the enforceability of such provisions has not been established.

The Company's Board of Directors currently consists of six members, four of whom serve concurrently as members of the Board of Directors of The Limited and Intimate Brands and one of whom serves concurrently as a member of the Board of Directors of Intimate Brands. In addition, a significant number of associates and officers of the Company will also be associates or officers of The Limited or its subsidiaries.

The foregoing provisions of the Company's Certificate of Incorporation shall expire on the date that The Limited ceases to own beneficially Common Stock representing at least 20% of the number of outstanding shares of Common Stock and no person who is a director or officer of the Company is also a director or officer of The Limited or its subsidiaries.

The affirmative vote of the holders of more than 75% of the aggregate voting power of the Common Stock is required to alter, amend or repeal in a manner adverse to the interests of The Limited, or adopt any provision adverse to the interests of The Limited including provisions with respect to the interested party and corporate opportunity provisions described above. Accordingly, so long as The Limited beneficially owns Common Stock representing at least 25% of the number of outstanding shares of Common Stock, it can prevent any such alteration, amendment, repeal or adoption. See "Risk Factors--Control by The Limited".

#### ACTIONS UNDER INTERCOMPANY AGREEMENTS

The Company's Certificate of Incorporation also limits the liability of The Limited and its subsidiaries for certain breaches of their fiduciary duties in connection with action that may be taken or not taken in good faith under the intercompany agreements. See "Relationship with The Limited".

Any person purchasing or acquiring an interest in shares of capital stock of the Company is deemed to have consented to the foregoing provisions relating to intercompany agreements and the provisions set forth above relating to transactions with interested parties and corporate opportunities. The Certificate of Incorporation of The Limited does not include comparable provisions relating to intercompany agreements, transactions with interested parties or corporate opportunities.

#### ADVANCE NOTICE PROVISION

Abercrombie & Fitch's Bylaws provide for an advance notice procedure for the nomination, other than by or at the direction of the Board of Directors, of candidates for election as directors as well as for other shareholder proposals to be considered at annual meetings of shareholders. In general, notice of intent to nominate a director or raise matters at such meetings will have to be received by Abercrombie & Fitch not less than 120 or more than 150 days prior to the first anniversary of Abercrombie & Fitch's proxy statement in connection with the previous year's annual meeting, and must contain certain information concerning the person to be nominated or the matters to be brought before the meeting and concerning the shareholder submitting the proposal.

#### THE DELAWARE GENERAL CORPORATION LAW

The Company is a Delaware corporation subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified therein, a corporation shall not engage in any business combination with any "interested shareholder" for a three-year period following the date that such shareholder becomes an interested shareholder unless: (i) prior to such date, the Board of Directors of the corporation approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder; (ii) upon consummation of the transaction

which resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding certain shares); or (iii) on or subsequent to such date, the business combination is approved by the Board of Directors of the corporation and by the affirmative vote of at least 66% of the outstanding voting stock which is not owned by the interested shareholder. Except as specified in Section 203 of the DGCL, an interested shareholder is defined to include (x) any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation, at any time within three years immediately prior to the relevant date and (y) the affiliates and associates of any such person. Under certain circumstances, Section 203 of the DGCL makes it more difficult for an "interested shareholder" to effect various business combinations with the Company for a three-year period, although the shareholders of the Company may elect to exclude the Company from the restrictions imposed thereunder. By virtue of its beneficial ownership of Class B Common Stock, The Limited is in a position to elect to exclude the Company from the restrictions under Section 203 and currently has no intention to do so.

#### TRANSFER AGENT

The Company's transfer agent and registrar for its Common Stock is First Chicago Trust Company of New York.

## DESCRIPTION OF CERTAIN INDEBTEDNESS

Following is a discussion of the material terms of certain indebtedness of the Company.

### INTERCOMPANY DEBT

Abercrombie & Fitch's subsidiaries have intercompany obligations to The Limited in an aggregate amount of approximately \$58.6 million. The long-term Mirror Note in the amount of \$50 million bears interest at the rate of 7.80% per annum and matures on May 15, 2002. The interest rate and maturity of the long-term Mirror Note parallel those of the corresponding debt of The Limited. The Working Capital Note, representing indebtedness of \$8.6 million, matures on January 31, 1997 and bears interest at a rate of 6.75% per annum. Additionally, the Company maintains an intercompany balance with The Limited to facilitate intercompany transactions and centralized cash management services. At August 3, 1996, the Company had an intercompany payable balance of \$8,557,000. The Company and The Limited's intention is that the intercompany balance will be a long-term source of financing or investment. The intercompany payable balance will bear interest based on the Federal Reserve AA composite 30-day rate.

### CREDIT AGREEMENT

Two subsidiaries of the Company, Abercrombie & Fitch Stores, Inc. and A & F Trademark, Inc. (each a "Borrower" and together, the "Borrowers"), are parties to the Credit Agreement with the banks listed therein and Chase Manhattan Bank, as agent, pursuant to which such subsidiaries entered into a five-year term loan facility. Under the Credit Agreement, such subsidiaries borrowed an aggregate amount of \$150 million. The amounts borrowed are repayable in nine consecutive semi-annual installments, commencing on June 30, 1997 and ending on June 30, 2001, provided, that borrowings must be repaid in an amount equal to the Excess Cash Flow (as defined therein) of the Company, which amount will include the net proceeds of the Offerings. The aggregate amount payable on each June 30 and December 31 is \$10 million and \$25 million, respectively. Interest on borrowings under the Credit Agreement accrues, at each of the Borrowers' option, at either a base rate or a rate based on the London Interbank Offered Rate ("LIBOR"). Base rate borrowings accrue interest at the higher of the prime rate (announced by Chase Manhattan Bank in New York), or the Federal Funds Rate plus .5%. LIBOR borrowings accrue interest at the rate of interest published by the Telerate Service (or if such rate is not available, then the rate of interest at which dollar deposits of \$5 million are available to the Agent in the London interbank market) plus a certain margin. Optional prepayments of the borrowings shall be applied to the repayment installments pro rata and may not be reborrowed.

Borrowings under the Credit Agreement are guaranteed by the Company and by Abercrombie & Fitch Holding Corporation ("Holdings"), a wholly-owned subsidiary of the Company and the holding company parent of Abercrombie & Fitch Stores, Inc. In addition, each of the Borrowers have guaranteed all obligations of the other Borrower. In the event that (a) A & F Trademark, Inc. or Holdings is neither a direct, wholly-owned subsidiary of the Company, (b) Abercrombie & Fitch Stores, Inc. ceases to be a direct, wholly-owned subsidiary of Holdings nor a direct wholly-owned subsidiary of the Company or (c) The Limited ceases to own directly at least 80% of the outstanding capital stock of the Company or the Company and its consolidated subsidiaries cease to be consolidated subsidiaries of The Limited, all borrowings will be subject to mandatory prepayment.

The Credit Agreement contains financial covenants including an interest and rental expense coverage ratio and a maximum ratio of debt to EBITDA (as defined therein). The Credit Agreement also provides for limitations on mergers, consolidations, acquisitions, sale of assets, transactions with affiliates, sale and lease-back transactions, liens, capital expenditures, debt and investments. The Credit Agreement also prohibits the payment by the Company of dividends on its capital stock, including the Class A Common Stock.

## CERTAIN UNITED STATES TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership and disposition of the Common Stock applicable to Non-United States Holders of such Common Stock. For the purpose of this discussion, a "Non-United States Holder" is any holder that is, as to the United States, a foreign corporation, a non-resident alien individual, a foreign partnership or a non-resident fiduciary of a foreign estate or trust as such terms are defined in the Code. This discussion does not deal with all aspects of United States federal income and estate taxation and does not deal with foreign, state and local tax consequences that may be relevant to Non-United States Holders in light of their personal circumstances. Furthermore, the following discussion is based on current provisions of the Code and administrative and judicial interpretations as of the date hereof, all of which are subject to change. Prospective foreign investors are urged to consult their tax advisors regarding the United States federal, state, local and non-United States income and other tax consequences of owning and disposing of Common Stock.

Proposed United States Treasury Regulations were issued on April 15, 1996 (the "Proposed Regulations") which, if adopted, would affect the United States taxation of dividends paid to a Non-United States Holder on Common Stock. The Proposed Regulations are generally proposed to be effective with respect to dividends paid after December 31, 1997, subject to certain transition rules. The discussion below is not intended to be a complete discussion of the provisions of the Proposed Regulations, and prospective investors are urged to consult their tax advisors with respect to the effect the Proposed Regulations would have if adopted.

### DIVIDENDS

Generally, any dividend paid to a Non-United States Holder of Common Stock will be subject to United States withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable tax treaty. Under current United States Treasury regulations, dividends paid to an address outside the United States are presumed to be paid to a resident of such country (absent knowledge that such presumption is not warranted) for purposes of the withholding discussed above and, under the current interpretation of United States Treasury regulations, for purposes of determining applicability of a tax treaty rate.

Under the Proposed Regulations, to obtain a reduced rate of withholding under a treaty, a Non-United States Holder would generally be required to provide an Internal Revenue Service Form W-8 certifying such Non-United States Holder's entitlement to benefits under a treaty. The Proposed Regulations would also provide special rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends paid to a Non-United States Holder that is an entity should be treated as paid to the entity or those holding an interest in that entity.

Dividends received by a Non-United States Holder that are effectively connected with a United States trade or business conducted by such Non-United States Holder are exempt from such withholding tax. However, such effectively connected dividends, net of certain deductions and credits, are taxed at the same graduated rates applicable to United States persons. A Non-United States Holder may claim exemption from withholding under the effectively connected income exception by filing Form 4224 (Statement Claiming Exemption from Withholding of Tax on Income Effectively Connected With the Conduct of Business in the United States) each year with the Company or its paying agent prior to the payment of the dividends for such year. In addition to the graduated tax described above, dividends received by a corporate Non-United States Holder that are effectively connected with a United States trade or business of the corporate Non-United States Holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

A Non-United States Holder of Common Stock eligible for a reduced rate of United States withholding tax pursuant to a tax treaty may obtain a refund of any excess amounts currently withheld by filing an appropriate claim for refund with the U.S. Internal Revenue Service.

## GAIN ON DISPOSITION OF COMMON STOCK

A Non-United States Holder generally will not be subject to United States federal income tax on any gain realized upon the sale or other disposition of his Common Stock unless: (i) such gain is effectively connected with a United States trade or business of the Non-United States Holder; (ii) the Non-United States Holder is an individual who holds such Common Stock as a capital asset and who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which such sale or disposition occurs and certain other conditions are met; or (iii) the Company is or has been a "United States real property holding corporation" for federal income tax purposes at any time within the shorter of the five-year period preceding such disposition or such holder's holding period. The Company has determined that it is not and does not believe that it will become a "United States real property holding corporation" for federal income tax purposes.

## BACKUP WITHHOLDING AND INFORMATION REPORTING

Generally, the Company must report to the U.S. Internal Revenue Service the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder. Pursuant to tax treaties or other agreements, the U.S. Internal Revenue Service may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid to a Non-United States Holder at an address within the United States may be subject to backup withholding at a rate of 31% if the Non-United States Holder fails to establish that it is entitled to an exemption or to provide a correct taxpayer identification number and other information to the payor. Backup withholding will generally not apply to dividends paid to Non-United States Holders at an address outside the United States (unless the payor has knowledge that the payee is a U.S. person).

The payment of the proceeds of the disposition of Common Stock to or through the United States office of a broker is subject to information reporting and backup withholding at a rate of 31% unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption. Generally, the payment of the proceeds of the disposition by a Non-United States Holder of Common Stock outside the United States to or through a foreign office of a broker will not be subject to backup withholding. However, information reporting requirements (but not backup withholding) will apply to a payment of disposition proceeds outside the United States through an office outside the United States of a broker that is (a) a United States person, (b) a United States "controlled foreign corporation" for U.S. tax purposes or (c) a foreign person 50% or more of whose gross income for certain periods is from the conduct of a United States trade or business unless such broker has documentary evidence in its files of the owner's foreign status and has no actual knowledge to the contrary or the holder otherwise establishes an exemption.

The Proposed Regulations would, if adopted, alter the foregoing rules in certain respects. Among other things, the Proposed Regulations would provide certain presumptions under which a Non-United States Holder would be subject to backup withholding and information reporting unless the Company receives certification from the holder of non-U.S. status.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is furnished to the U.S. Internal Revenue Service.

## ESTATE TAX

An individual Non-United States Holder who owns Common Stock at the time of his death or has made certain lifetime transfers of an interest in Common Stock will be required to include the value of such Stock in his gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

#### LEGAL MATTERS

The validity of the Class A Common Stock offered hereby will be passed upon by Davis Polk & Wardwell, New York, New York. Certain legal matters in connection with the Class A Common Stock offered hereby will be passed upon for the Underwriters by Fried, Frank, Harris, Shriver & Jacobson (a partnership including professional corporations), New York, New York.

#### EXPERTS

The balance sheet of Abercrombie & Fitch Co. as of July 11, 1996 and the consolidated balance sheet of the Abercrombie & Fitch Business as of January 28, 1995 and February 3, 1996, and the related consolidated statements of operations and cash flows for each of the three fiscal years in the period ended February 3, 1996 included in this Prospectus have been audited by Coopers & Lybrand L.L.P., independent auditors, as stated in their reports appearing herein, and have been included in reliance upon such reports given upon the authority of that firm as experts in accounting and auditing.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholder of Abercrombie & Fitch Co.

We have audited the accompanying balance sheet of Abercrombie & Fitch Co. as of July 11, 1996. This balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

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

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Abercrombie & Fitch Co. as of July 11, 1996, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Columbus, Ohio  
July 11, 1996

ABERCROMBIE & FITCH CO.

BALANCE SHEET  
JULY 11, 1996  
(\$ IN THOUSANDS)

ASSETS

Current assets

Cash..... \$ 1  
===

SHAREHOLDER'S EQUITY

Common Stock, \$.10 par value; 1,000 shares authorized; 1,000 shares issued  
and outstanding.....  
Paid-in capital..... \$ 1  
Retained earnings..... --  
---  
Total shareholder's equity..... \$ 1  
===

The accompanying notes are an integral part of the balance sheet.

ABERCROMBIE & FITCH CO.  
NOTES TO BALANCE SHEET

1. ORGANIZATION

Abercrombie & Fitch Co. was incorporated on June 26, 1996, and, except for organizational matters and activities undertaken in connection with the proposed initial public offering of its common shares, has been inactive since that date. As a result, the Company has not had any income or expenses. On July 11, 1996 the Company issued 1,000 common shares to its sole shareholder, The Limited, Inc. ("The Limited") for cash.

2. PLANNED TRANSACTIONS

As a result of a Board Resolution by the directors of The Limited, Inc., The Limited will contribute the stock of Abercrombie & Fitch Holdings, the parent company of the Abercrombie & Fitch Business, and A&F Trademark, Inc. to Abercrombie & Fitch Co. Prior to the public offering of its shares, the Company's certificate of incorporation will be amended to authorize 15,000,000 shares of preferred stock and 150,000,000 shares of Class A common stock and 150,000,000 shares of Class B common stock, each with a par value of \$.01 per share. Holders of Class A common stock generally will have identical rights to holders of Class B common stock except that holders of Class A common stock will be entitled to one vote per share while holders of Class B common stock will be entitled to three votes per share on all matters submitted to a vote of shareholders. Each share of Class B common stock will be convertible while held by The Limited or any of its subsidiaries into one share of Class A common stock.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholder of the Abercrombie & Fitch Business

We have audited the accompanying consolidated balance sheets of the Abercrombie & Fitch Business as of January 28, 1995 and February 3, 1996, and the related consolidated statements of operations and cash flows for each of the three fiscal years in the period ended February 3, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Abercrombie & Fitch Business as of January 28, 1995 and February 3, 1996 and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended February 3, 1996 in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Columbus, Ohio  
July 11, 1996

THE ABERCROMBIE & FITCH BUSINESS  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(THOUSANDS)

	FISCAL YEAR ENDED			TWENTY-SIX WEEKS ENDED	
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	(UNAUDITED) JULY 29, AUGUST 3, 1995 1996	
Net sales.....	\$110,952	\$165,463	\$235,659	\$72,045	\$108,451
Cost of goods sold, occupancy and buying costs.....	80,390	108,643	155,865	51,594	75,505
Gross income.....	30,562	56,820	79,794	20,451	32,946
General, administrative and store operating expenses.....	30,240	43,069	55,996	21,970	31,520
Special and nonrecurring items.....	4,386	--	--	--	--
Operating income (loss) .....	(4,064)	13,751	23,798	(1,519)	1,426
Interest expense.....	--	--	--	--	1,151
Income (loss) before income taxes	(4,064)	13,751	23,798	(1,519)	275
Provision for (benefit from) income taxes.....	(1,600)	5,500	9,500	(600)	100
Net income (loss).....	\$ (2,464)	\$ 8,251	\$ 14,298	\$ (919)	\$ 175

The accompanying notes are an integral part of these consolidated financial statements.

THE ABERCROMBIE & FITCH BUSINESS

CONSOLIDATED BALANCE SHEETS  
(THOUSANDS)

	JANUARY 28, 1995	FEBRUARY 3, 1996	AUGUST 3, 1996
	-----	-----	-----
			(UNAUDITED)
ASSETS			
CURRENT ASSETS			
Cash.....	\$ 592	\$ 874	\$ 1,427
Accounts receivable.....	3,632	3,617	2,553
Inventories.....	16,551	30,388	52,919
Store supplies.....	1,974	3,529	3,729
Deferred income taxes.....	--	--	1,208
Other.....	357	448	1,357
	-----	-----	-----
Total current assets.....	23,106	38,856	63,193
Property and equipment, net.....	34,904	47,203	44,570
Deferred income taxes.....	--	1,624	1,624
Other assets.....	8	10	7
	-----	-----	-----
Total assets.....	\$ 58,018	\$ 87,693	\$ 109,394
	=====	=====	=====
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)			
CURRENT LIABILITIES			
Accounts payable.....	\$ 4,379	\$ 4,359	\$ 6,730
Accrued expenses.....	10,411	14,500	15,754
Intercompany debt.....	--	86,045	--
Credit agreement.....	--	--	150,000
Working capital note.....	--	--	8,616
Income taxes payable.....	3,434	4,892	500
	-----	-----	-----
Total current liabilities.....	18,224	109,796	181,600
	-----	-----	-----
Intercompany payable.....	74,101	--	8,557
Long-term mirror note.....	--	--	50,000
Deferred income taxes.....	2,359	--	--
Other long-term liabilities.....	404	519	684
SHAREHOLDER'S EQUITY (DEFICIT)			
Paid-in capital.....	155	305	305
Retained earnings (deficit).....	(37,225)	(22,927)	(131,752)
	-----	-----	-----
Total shareholder's equity (deficit)...	(37,070)	(22,622)	(131,447)
	-----	-----	-----
Total liabilities and shareholder's equity (deficit).....	\$ 58,018	\$ 87,693	\$ 109,394
	=====	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

THE ABERCROMBIE & FITCH BUSINESS  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(THOUSANDS)

	FISCAL YEAR ENDED			TWENTY-SIX WEEKS ENDED	
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
	(UNAUDITED)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Net income (loss).....	\$ (2,464)	\$ 8,251	\$ 14,298	\$ (919)	\$ 175
<b>IMPACT OF OTHER OPERATING ACTIVITIES ON CASH FLOWS</b>					
Depreciation and amortization.....	7,054	7,799	9,104	4,406	5,487
Special and nonrecurring items.....	4,386	--	--	--	--
<b>CHANGE IN ASSETS AND LIABILITIES</b>					
Accounts receivable...	(171)	(2,058)	15	1,270	1,064
Inventories.....	5,023	(6,499)	(13,837)	(21,329)	(22,531)
Accounts payable and accrued expenses.....	4,809	4,117	4,069	3,912	3,625
Income taxes.....	2,770	5,914	1,458	(5,300)	(5,600)
Other assets and liabilities.....	(768)	2,631	(2,393)	(343)	(962)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....</b>	<b>20,639</b>	<b>20,155</b>	<b>12,714</b>	<b>(18,303)</b>	<b>(18,742)</b>
<b>INVESTING ACTIVITIES</b>					
Capital expenditures..	(4,694)	(12,603)	(24,526)	(5,255)	(2,833)
<b>CASH USED FOR INVESTING ACTIVITIES.....</b>	<b>(4,694)</b>	<b>(12,603)</b>	<b>(24,526)</b>	<b>(5,255)</b>	<b>(2,833)</b>
<b>FINANCING ACTIVITIES</b>					
Change in intercompany balances.....	(15,796)	(7,387)	11,944	23,515	22,128
Dividend paid to parent.....	--	--	--	--	(27,000)
Proceeds from credit agreement.....	--	--	--	--	150,000
Repayment of trademark obligations.....	--	--	--	--	(32,000)
Repayment of intercompany debt....	--	--	--	--	(91,000)
Other changes in shareholder's equity (deficit).....	--	20	150	150	--
<b>NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES.....</b>	<b>(15,796)</b>	<b>(7,367)</b>	<b>12,094</b>	<b>23,665</b>	<b>22,128</b>
<b>NET INCREASE IN CASH....</b>	<b>149</b>	<b>185</b>	<b>282</b>	<b>107</b>	<b>553</b>
Cash, beginning of period.....	258	407	592	592	874
<b>Cash, end of period.....</b>	<b>\$ 407</b>	<b>\$ 592</b>	<b>\$ 874</b>	<b>\$ 699</b>	<b>\$ 1,427</b>
	=====	=====	=====	=====	=====

In the twenty-six weeks ended August 3, 1996, non-cash financing activities included the distribution of a note representing preexisting obligations of Abercrombie & Fitch's operating subsidiary in respect of certain trademarks in the amount of \$32 million by Abercrombie & Fitch's trademark subsidiary to The Limited, distribution of the \$50 million long-term mirror note and the

conversion of \$8.6 million of intercompany debt into the working capital note.

The accompanying notes are an integral part of these consolidated financial statements.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements include the accounts of the Abercrombie & Fitch Business and its subsidiaries. The Abercrombie & Fitch Business is a direct subsidiary of The Limited, Inc. ("The Limited").

The Abercrombie & Fitch Business is a specialty retailer of high-quality, casual apparel for men and women with an active, youthful lifestyle. The business was established in 1892 and was subsequently acquired by The Limited in 1988.

The accompanying consolidated financial statements include the historical financial statements of and transactions applicable to the Abercrombie & Fitch Business and reflect the assets, liabilities, results of operations and cash flows on a historical cost basis, including the fair value acquisition adjustments related to the acquisition, primarily the recognition of beneficial leaseholds on certain store locations. Certain investment assets unrelated to the Company have been excluded from the historical financial statements and will not be retained by the Abercrombie & Fitch Business.

The consolidated financial statements are prepared for inclusion in a registration statement relating to the public offering of Class A common shares of Abercrombie & Fitch Co., a wholly-owned subsidiary of The Limited. Prior to the aforementioned public offering, The Limited will contribute the stock of Abercrombie & Fitch Holdings, the parent company of the Abercrombie & Fitch Business, and A&F Trademark, Inc. to Abercrombie & Fitch.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Abercrombie and Fitch Business and all significant subsidiaries which are more than 50% owned and controlled. All significant intercompany balances and transactions have been eliminated in consolidation.

FISCAL YEAR

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. The results for fiscal year 1995 represent the 53-week period ended February 3, 1996 and the results for fiscal years 1993 and 1994 represent the 52-week periods ended January 29, 1994 and January 28, 1995.

INTERIM FINANCIAL STATEMENTS

The consolidated financial statements as of and for the periods ended July 29, 1995 and August 3, 1996 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments (which are of normal recurring nature) necessary to present fairly the financial position and results of operations and cash flows for the interim periods, but are not necessarily indicative of the results of operations for a full fiscal year.

STORE SUPPLIES

The initial inventory of supplies for new stores including, but not limited to, hangers, signage, sensormatic tags and point-of-sale supplies are capitalized at the store opening date. Subsequent shipments are expensed except for new merchandise presentation programs which are capitalized.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

INVENTORY

Inventories are principally valued at the lower of average cost or market, on a first-in first-out basis, utilizing the retail method.

PROPERTY AND EQUIPMENT

Depreciation and amortization of property and equipment are computed for financial reporting purposes on a straight-line basis, using service lives ranging principally from 10-15 years for building improvements and 3-10 years for other property and equipment. Beneficial leaseholds represent the present value of the excess of fair market rent over contractual rent of existing stores at the 1988 purchase of the Company by The Limited and are being amortized over the lives of the related leases. The cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend service lives are capitalized. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. Factors used in the valuation include, but are not limited to, management's plans for future operations, recent operating results and projected cash flows.

REVENUE RECOGNITION

Sales are recorded upon purchase by customers.

PROVISION FOR INCOME TAXES

Income taxes are calculated using the liability method. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse.

The Company is included in The Limited's consolidated federal and certain state income tax groups for income tax reporting purposes and is responsible for its proportionate share of income taxes calculated upon its federal taxable income at a current estimate of the annual effective tax rate.

ADVERTISING

Advertising costs consist of in-store photographs and advertising in selected national publications and are expensed when the photographs or publications first appear. Advertising costs amounted to \$519 thousand in 1993, \$1.215 million in 1994, \$3.121 million in 1995 and \$977 thousand and \$1.140 million for the twenty-six weeks ended July 29, 1995 and August 3, 1996.

STORE PRE-OPENING EXPENSES

Pre-opening expenses related to new store openings are charged to operations as incurred.

STORE CLOSING COSTS

When a store is relocated or closed, estimated unrecoverable costs are charged to operations.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The recorded values of financial instruments, including cash, accounts receivable and accounts payable, approximate fair value due to the short maturity and because the average interest rate approximates current market origination rates.

EARNINGS PER SHARE

Historical earnings per share data is omitted from the consolidated statements of operations as it is not meaningful.

ADOPTION OF NEW ACCOUNTING STANDARDS

The Company will make the new disclosures for SFAS No. 123, "Accounting for Stock-Based Compensation" beginning with fiscal year-end 1996.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Since actual results may differ from those estimates, the Company revises its estimates and assumptions as new information becomes available.

3. SPECIAL AND NONRECURRING ITEMS

During 1993, the Abercrombie & Fitch Business participated in a plan of The Limited which provided for the closure, downsizing and remodeling of seven under-performing stores of the Abercrombie & Fitch Business. In developing this program, specific stores were identified based upon historical operating results of such stores and assessment of the quality of real estate. The provision for store closure, downsizing and remodeling aggregated approximately \$4.4 million and included the net book value of abandoned fixed assets and lease termination payments. As of October 28, 1995, the Abercrombie & Fitch Business had completed the program.

4. PROPERTY AND EQUIPMENT

Property and equipment, at cost, consisted of (thousands):

	JANUARY 28, 1995	FEBRUARY 3, 1996	AUGUST 3, 1996
	-----	-----	-----
			(UNAUDITED)
Furniture, fixtures and equipment.....	\$50,871	\$71,590	\$73,678
Beneficial leaseholds.....	9,387	7,925	7,925
Building improvements and leaseholds..	2,565	1,267	1,850
Construction in progress.....	212	85	219
	-----	-----	-----
	63,035	80,867	83,672
Less--accumulated depreciation and am- ortization.....	28,131	33,664	39,102
	-----	-----	-----
Property and equipment, net.....	\$34,904	\$47,203	\$44,570
	=====	=====	=====

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

5. LEASED FACILITIES AND COMMITMENTS

Annual store rent is comprised of a fixed minimum amount, plus contingent rents based upon percentage of sales exceeding a stipulated amount. Store lease terms generally require additional payments covering taxes, common area costs and certain other expenses.

A summary of rent expense for fiscal year 1993, 1994 and 1995 and the twenty-six weeks ended July 29, 1995 and August 3, 1996 follows (thousands):

	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
	-----				
	(UNAUDITED)				
Store rent					
Fixed minimum.....	\$8,112	\$11,308	\$17,465	\$7,693	\$11,102
Contingent.....	1,010	1,475	1,322	420	716
	-----	-----	-----	-----	-----
Total store rent.....	9,122	12,783	18,787	8,113	11,818
Buildings, equipment and other.....	643	613	1,058	370	604
	-----	-----	-----	-----	-----
Total rent expense....	\$9,765	\$13,396	\$19,845	\$8,483	\$12,422
	=====	=====	=====	=====	=====

Rent expense includes charges from The Limited and other divisions of The Limited for space used. The Abercrombie & Fitch Business intends to execute formal agreements for use of such space (see Note 10). The Abercrombie & Fitch Business was committed to noncancelable leases with remaining terms of one to twenty years. These commitments include store leases with initial terms ranging from ten to fifteen years and offices and a distribution center leased from an affiliate of The Limited with an initial term of 15 years. Substantially all of the Abercrombie & Fitch Business store leases are guaranteed by The Limited. A summary of minimum rent commitments under noncancelable leases follows (thousands):

1996.....	\$ 23,949
1997.....	22,824
1998.....	22,848
1999.....	23,153
2000.....	23,193
Thereafter.....	139,615

6. SHORT-TERM BORROWINGS (UNAUDITED)

The Abercrombie & Fitch Business is party to a bank credit agreement pursuant to which it borrowed \$150 million on July 2, 1996. The agreement has interest rates which are based on either the lender's "Base Rate," as defined, or a LIBOR-related rate. The agreement places restrictions on mergers, consolidations, acquisitions, sales of assets, transactions with affiliates, sale and leaseback transactions, liens, restricted payments, debt and investments. It also contains an interest and rental expense coverage ratio and a maximum ratio of debt to EBITDA. The scheduled final maturity of the borrowings under the credit agreement is June 30, 2001 although such amounts must be repaid by the excess cash flow of the Abercrombie & Fitch Business, which includes the net proceeds of any public offering. It is anticipated that a substantial portion of the borrowings under the credit agreement will be repaid in connection with the proposed public offering and by cash provided by operations in the second half of the 1996 fiscal year. Such amounts are considered short-term borrowings.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

7. ACCRUED EXPENSES

Accrued expenses consisted of the following (thousands):

	JANUARY 28, 1995	FEBRUARY 3, 1996	AUGUST 3, 1996
	(UNAUDITED)		
Accrued taxes, other than income.....	\$ 1,252	\$ 1,882	\$ 2,087
Accrued compensation.....	2,185	3,025	3,509
Accrued rent.....	2,071	2,872	3,507
Other.....	4,903	6,721	6,651
Total.....	<u>\$10,411</u>	<u>\$14,500</u>	<u>\$15,754</u>

8. INCOME TAXES

The Abercrombie & Fitch Business consolidated financial statements reflect a charge for federal and state income taxes as if the Abercrombie & Fitch Business had been subject to tax on a separate company basis during the periods presented. The charge is based on the then current tax rates.

This provision for (benefit from) income taxes consisted of (thousands):

	FISCAL YEAR ENDED			TWENTY-SIX WEEKS ENDED	
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	JULY 29, 1995	AUGUST 3, 1996
	(UNAUDITED)				
Current:					
Federal.....	\$(1,400)	\$4,300	\$6,900	\$(600)	\$100
State.....	(400)	1,100	1,700	(100)	--
	<u>(1,800)</u>	<u>5,400</u>	<u>8,600</u>	<u>(700)</u>	<u>100</u>
Deferred:					
Federal.....	200	100	700	100	--
State.....	--	--	200	--	--
	<u>200</u>	<u>100</u>	<u>900</u>	<u>100</u>	<u>--</u>
Total provision (benefit).....	<u>\$(1,600)</u>	<u>\$5,500</u>	<u>\$9,500</u>	<u>\$(600)</u>	<u>\$100</u>

For the twenty-six weeks ended July 29, 1995 and August 3, 1996, the statements of operations reflect a provision for federal and state income taxes based on the Company's expected annual tax rates.

A reconciliation between the statutory federal income tax rate and the effective income tax rate follows:

	1993	1994	1995	TWENTY-SIX WEEKS ENDED	
	----	----	----	JULY 29, 1995	AUGUST 3, 1996
	(UNAUDITED)				
Federal income tax rate.....	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %
State income tax, net of federal income tax effect..	5.2	5.2	5.2	5.2	5.2
Other items, net.....	(1.1)	(0.2)	(0.3)	(0.7)	(3.8)
	<u>39.1 %</u>	<u>40.0 %</u>	<u>39.9 %</u>	<u>39.5 %</u>	<u>36.4 %</u>



THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Income taxes payable included current deferred tax assets of \$1.566 million and \$1.208 million at January 28, 1995 and February 3, 1996.

Current income tax obligations are treated as having been settled through the intercompany accounts as if the Company were filing its income tax returns on a separate company basis. Such amounts were \$.8 million and \$7.5 million in fiscal years 1994 and 1995 and were \$4.6 million and \$5.7 million for the twenty-six weeks ended July 29, 1995 and August 3, 1996.

The effect of temporary differences which give rise to deferred income tax balances was as follows (thousands):

	1994			1995		
	ASSETS	LIABILITIES	TOTAL	ASSETS	LIABILITIES	TOTAL
Fixed assets.....	\$ --	\$(2,765)	\$(2,765)	\$1,159	\$ --	\$1,159
Accrued expenses.....	1,469	--	1,469	1,504	--	1,504
Other, net.....	503	--	503	169	--	169
Total deferred income taxes.....	\$1,972	\$(2,765)	\$ (793)	\$2,832	\$ --	\$2,832

No valuation allowance has been provided for deferred tax assets because management believes that it is more likely than not that the full amount of the net deferred tax assets will be realized in the future.

The Internal Revenue Service has assessed The Limited for additional taxes and interest for the years 1989-1992. The portion of the assessment relating to the Company was based on treatment of construction allowances. Although The Limited made a deposit to mitigate further interest being assessed, the Company strongly disagrees with the assessment and is vigorously contesting the matter. Management believes resolution of this matter will not have a material adverse effect on the Company's results of operations or financial condition. The Limited has allocated a portion of the deposit to the Company which is included in deferred tax assets.

9. LONG-TERM MIRROR NOTE (UNAUDITED)

Long-term mirror note consists of an unsecured note in the amount of \$50 million that matures May 15, 2002, and bears interest at 7.80% per annum. The note was distributed by Abercrombie & Fitch's operating subsidiary to The Limited on July 2, 1996. The interest rate and maturity of the note parallels that of corresponding debt of The Limited. The note is to be automatically prepaid concurrently with any prepayment of the corresponding debt of The Limited. The note is not subject to early redemption by The Limited.

10. RELATED PARTY TRANSACTIONS

Transactions between the Abercrombie & Fitch Business, The Limited, and its subsidiaries and affiliates, commonly occur in the normal course of business and principally consist of the following:

- Merchandise purchases
- Real estate management and leasing
- Capital expenditures
- Inbound and outbound shipping
- Corporate services

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

Information with regard to these transactions is as follows:

Significant purchases are made from Mast, a wholly owned subsidiary of The Limited. Purchases are also made from Gryphon, an indirect subsidiary of The Limited. Mast is a contract manufacturer and apparel importer while Gryphon is a developer of fragrance and personal care products and also a contract manufacturer. Prices are negotiated on a competitive basis by merchants of the Abercrombie & Fitch Business with Mast, Gryphon and the manufacturers.

The Abercrombie & Fitch Business' real estate operations, including all aspects of lease negotiations and ongoing dealings with landlords and developers, are handled centrally by the real estate division of The Limited ("Real Estate Division"). Real Estate Division expenses are allocated to the Abercrombie & Fitch Business based on a combination of new and remodeled store construction projects and open selling square feet.

The Abercrombie & Fitch Business' store design and construction operations are coordinated centrally by the store planning division of The Limited ("Store Planning Division"). The Store Planning Division facilitates the design and construction of the stores and upon completion transfers the stores to the Abercrombie & Fitch Business at actual cost. Store Planning Division expenses are charged to the Abercrombie & Fitch Business based on a combination of new and remodeled store construction projects and open selling square feet.

The Abercrombie & Fitch Business' inbound and outbound freight is managed centrally by Limited Distribution Services ("LDS"), a wholly owned subsidiary of The Limited. Inbound freight is charged to the Abercrombie & Fitch Business based on actual receipts, which is in turn charged back to Abercrombie & Fitch's FOB Columbus suppliers. Outbound freight is charged on percentage of cartons shipped.

The Limited provides certain services to the Abercrombie & Fitch Business including, among other things, certain tax, treasury, legal, corporate secretary, accounting, auditing, corporate development, risk management, associate benefit plan administration, human resource and compensation, government affairs and public relation services. Identifiable costs are charged directly to the Abercrombie & Fitch Business. Aircraft costs are charged based on usage and, effective January 29, 1995, include minimum usage charges. All other services-related costs not specifically attributable to an operating business have been allocated to the Abercrombie & Fitch Business based upon a percentage of sales.

The Abercrombie & Fitch Business participates in The Limited's centralized cash management system. Under this system, cash received from The Abercrombie & Fitch Business' operations is transferred to The Limited's centralized cash accounts and cash disbursements are funded from the centralized cash accounts on a daily basis. For all periods presented intercompany transactions have been reported as financing activities in the accompanying consolidated statements of cash flows. Effective July 11, 1996, the intercompany accounts became an interest earning asset (interest bearing liability).

The Abercrombie & Fitch Business is charged rent expense, common area maintenance charges and utilities for stores shared with other consolidated subsidiaries of The Limited. The charges are based on square footage and represent the proportionate share of the underlying leases with third parties.

The Abercrombie & Fitch Business is also charged rent expense and utilities for the distribution and home office space occupied (which approximates fair market value).

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

The Abercrombie & Fitch Business and The Limited plan to enter into intercompany agreements in connection with the Offerings pursuant to which The Limited will continue to provide the services on similar terms as those described above. The prices charged to the Company for services provided under these agreements may be higher or lower than prices that may be charged by third parties. It is not practicable therefore, to estimate what these costs would be if The Limited were not providing these services and the Abercrombie & Fitch Business was required to purchase these services from outsiders or develop internal expertise. Management believes the charges and allocations described above are fair and reasonable.

The following table summarizes the related party transactions between the Abercrombie & Fitch Business and The Limited and its other wholly owned subsidiaries, for the periods indicated (thousands):

	FISCAL YEAR ENDED			TWENTY-SIX
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	WEEKS ENDED AUGUST 3, 1996
				(UNAUDITED)
Mast and Gryphon purchases....	\$11,019	\$25,325	\$35,167	\$23,178
Capital expenditures.....	4,139	10,519	20,280	2,117
Inbound and outbound freight..	646	2,153	2,869	1,618
Corporate charges.....	2,086	2,865	4,019	1,704
Store leases and other occu- pancy.....	289	380	1,397	747
Distribution center, MIS and home office expense.....	1,566	1,676	2,564	1,417
Centrally managed benefits....	1,239	1,289	2,417	1,722
Interest charges.....	--	--	--	342
	=====	=====	=====	=====
	\$20,984	\$44,207	\$68,713	\$32,845

The following is a summary of the activity in the long-term intercompany debt account (thousands):

	FISCAL YEAR ENDED			TWENTY-SIX
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	WEEKS ENDED AUGUST 3, 1996
				(UNAUDITED)
Beginning balance.....	\$ 97,284	\$ 80,084	\$ 74,101	\$ 86,045
Transactions with related par- ties.....	20,984	44,207	68,713	32,845
Centralized cash management...	(36,784)	(50,990)	(64,269)	(16,417)
Settlement of current period income taxes.....	(1,400)	800	7,500	5,700
Payment to The Limited.....	--	--	--	(91,000)
Conversion to Working Capital Note.....	--	--	--	(8,616)
	=====	=====	=====	=====
Ending balance.....	\$ 80,084	\$ 74,101	\$ 86,045	\$ 8,557

The Company has no arrangements with The Limited which result in the Company's guarantee, pledge of assets or stock to provide security for The Limited's debt obligations.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

11. SHAREHOLDER'S EQUITY (DEFICIT)

A reconciliation of shareholder's equity (deficit) follows (thousands):

	FISCAL YEAR ENDED			TWENTY-SIX
	JANUARY 29, 1994	JANUARY 28, 1995	FEBRUARY 3, 1996	WEEKS ENDED AUGUST 3, 1996
				(UNAUDITED)
Beginning balance.....	\$(42,877)	\$(45,341)	\$(37,070)	\$ (22,622)
Net income (loss).....	(2,464)	8,251	14,298	175
Dividend paid to parent.....	--	--	--	(27,000)
Transfer of equity to debt....	--	--	--	(82,000)
Other changes in shareholder's equity.....	--	20	150	--
Ending balance.....	\$(45,341)	\$(37,070)	\$(22,622)	\$(131,447)

12. RETIREMENT BENEFITS (THOUSANDS)

The Abercrombie & Fitch Business participated in a defined contribution retirement plan sponsored by The Limited. Participation in this plan is available to all associates who have completed 1,000 or more hours of service with the Abercrombie & Fitch Business during certain 12 month periods and attained the age of 21. The Abercrombie & Fitch Business' contributions to this plan are based on a percentage of the associates' annual compensation. The cost of this plan was \$257 in 1993, \$343 in 1994 and \$549 in 1995.

13. EMPLOYEE BENEFITS (THOUSANDS)

Officers and key employees were granted options to participate in The Limited's stock option and restricted stock plans. Compensation expense related to these awards has been reflected in the financial statements and amounted to \$26 in 1993, \$224 in 1994 and \$437 in 1995.

It is anticipated that prior to the consummation of the Offerings, Abercrombie & Fitch Co. will establish a stock option plan for officers and key associates. The stock plan provides for awards with respect to a maximum of 3,500,000 shares of Class A Common Stock during the term of the Stock plan. No associate may be granted in any calendar year awards covering more than 400,000 shares of Class A Common Stock.

The Company may grant awards to eligible associates in a number of forms, including: (i) incentive stock options; (ii) nonstatutory stock options; (iii) stock appreciation rights; and (iv) restricted shares.

Effective upon the consummation of the Offerings, it is expected that certain executive officers and non-executive officer associates will receive options to purchase an aggregate of up to 220,000 shares of the Company's Class A Common Stock under the stock plan. Certain of these options will be composed of three equal tranches which will vest generally in four equal annual installments commencing on the first, second and third anniversaries of February 9, 1996. The remaining options would vest in annual increments of 25% commencing on various dates beginning with the first anniversary of the original grant date. The exercise price of these options will be equal to the initial public offering price of the Class A Common Stock to the public.

THE ABERCROMBIE & FITCH BUSINESS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

In addition, in consideration for the cancellation of certain previously granted restricted shares of The Limited's common stock, it is expected that certain executive officers and non-executive officer associates will be granted, effective upon the consummation of the Offerings, an aggregate of 49,500 restricted shares of the Company's Class A Common Stock under the stock plan. These restricted shares would vest on the fifth anniversary of such consummation.

14. LEGAL MATTERS

There are various claims, lawsuits and pending actions against the Abercrombie & Fitch Business incident to the operations of its business. It is the opinion of management that the ultimate resolution of these matters will not have a material effect on the Abercrombie & Fitch Business' results of operations or financial position.

15. QUARTERLY FINANCIAL DATA (UNAUDITED) (THOUSANDS)

	FIRST	SECOND	THIRD	FOURTH
	-----	-----	-----	-----
1994 Quarter				
Net sales.....	\$23,399	\$29,045	\$38,584	\$ 74,435
Gross income.....	5,643	8,285	11,815	31,077
Net income (loss).....	(1,225)	(530)	466	9,540
	FIRST	SECOND	THIRD	FOURTH
	-----	-----	-----	-----
1995 Quarter				
Net sales.....	\$33,377	\$38,668	\$57,222	\$106,392
Gross income.....	8,428	12,023	19,503	39,840
Net income (loss).....	(1,169)	250	2,583	12,634

16. SUBSEQUENT EVENTS (UNAUDITED)

Subsequent to February 3, 1996, Abercrombie & Fitch Co. was incorporated and The Limited contributed the stock of Abercrombie & Fitch Holdings, the parent company of the Abercrombie & Fitch Business, and A&F Trademark, Inc. to Abercrombie & Fitch Co. effective July 15, 1996.

The historical balance sheet as of August 3, 1996 reflects the following transactions:

- (1) Borrowings by the Abercrombie & Fitch Business of \$150 million under the credit agreement on July 2, 1996.
- (2) Transfer of the Trademark Obligations to The Limited in the amount of \$32 million.
- (3) Distribution to The Limited of the \$50 million long-term Mirror Note, which is an unsecured note in the amount of \$50 million that matures May 15, 2002 and bears interest at 7.8% per annum. The note was distributed by Abercrombie & Fitch's operating subsidiary to The Limited on July 2, 1996. The interest rate and maturity of the note parallels certain debt of The Limited and will be automatically prepaid concurrently with any prepayment of the corresponding debt of The Limited. The note is not subject to early redemption by The Limited.
- (4) Payment of the \$32 million Trademark Obligations, payment of \$91 million of intercompany debt owed to The Limited and a \$27 million dividend to The Limited.
- (5) Conversion of \$8.6 million of intercompany debt into the Working Capital Note.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Company has agreed to sell to each of the U.S. Underwriters named below, and each of such U.S. Underwriters, for whom Goldman, Sachs & Co., Lazard Freres & Co. LLC, Montgomery Securities and J.P. Morgan Securities Inc. are acting as representatives (the "Representatives of the Underwriters"), has severally agreed to purchase from the Company, the respective number of shares of Class A Common Stock set forth opposite its name below:

U.S. UNDERWRITER -----	NUMBER OF SHARES OF CLASS A COMMON STOCK -----
Goldman, Sachs & Co. ....	828,750
Lazard Freres & Co. LLC.....	828,750
Montgomery Securities.....	828,750
J.P. Morgan Securities Inc. ....	828,750
Bear, Stearns & Co. Inc. ....	85,000
Black & Company, Inc. ....	40,000
William Blair & Company, L.L.C. ....	70,000
Alex. Brown & Sons Incorporated.....	85,000
The Buckingham Research Group, Incorporated.....	40,000
CS First Boston Corporation.....	85,000
Chase Securities Inc. ....	85,000
The Chicago Corporation.....	70,000
Citicorp Securities, Inc. ....	85,000
Deutsche Morgan Grenfell / C.J. Lawrence Inc. ....	85,000
Dillon, Read & Co. Inc. ....	85,000
Donaldson, Lufkin & Jenrette Securities Corporation.....	85,000
Furman Selz LLC.....	70,000
Gerard Klauer Mattison & Co., LLC.....	40,000
Gruntal & Co., Incorporated.....	40,000
HSBC Securities Inc. ....	85,000
J.J.B. Hilliard, W.L. Lyons, Inc. ....	40,000
Legg Mason Wood Walker Incorporated.....	70,000
McDonald & Company Securities, Inc. ....	70,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	85,000
Morgan Stanley & Co. Incorporated.....	85,000
NatCity Investments, Inc. ....	40,000
The Ohio Company.....	70,000
Oppenheimer & Co., Inc. ....	85,000
Prudential Securities Incorporated.....	85,000
Raymond James & Associates, Inc. ....	70,000
Robertson, Stephens & Company LLC. ....	85,000
Rodman & Renshaw, Inc. ....	40,000
Salomon Brothers Inc ....	85,000
Schroder Wertheim & Co. Incorporated.....	85,000
Stephens Inc. ....	70,000
UBS Securities LLC.....	85,000
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Total.....	5,600,000
	=====

Under the terms and conditions of the Underwriting Agreement, the U.S. Underwriters are committed to take and pay for all of the shares offered hereby, if any are taken.

The Underwriters propose to offer the shares of Class A Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain securities dealers at such price less a concession of \$.60 per share. The U.S. Underwriters may allow, and such dealers may reallow, a concession not in excess of \$.10 per share to certain brokers and dealers. After the shares of Class A Common Stock are released for sale to the public, the offering price and the other selling terms may from time to time be varied by the Representatives of the Underwriters.

The Company has entered into an underwriting agreement (the "International Underwriting Agreement") with the underwriters of the International Offering (the "International Underwriters") providing for the concurrent offer and sale of 1,400,000 shares of Class A Common Stock in an International Offering outside the United States. The initial public offering price and aggregate underwriting discounts and commissions per share for the Offerings are identical. The closing of the offering made hereby is a condition to the closing of the International Offering, and vice versa. The representatives of the International Underwriters are Goldman Sachs International, Lazard Capital Markets, Montgomery Securities and J.P. Morgan Securities Ltd.

Pursuant to the agreement between the U.S. and International Underwriting Syndicates (the "Agreement Between") relating to the Offerings, each of the U.S. Underwriters named herein has agreed that, as a part of the distribution of the shares offered as a part of the U.S. Offering and subject to certain exceptions, it will offer, sell or deliver the shares of Class A Common Stock, directly or indirectly, only in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "United States") and to U.S. persons, which term shall mean, for purposes of this paragraph: (i) any individual who is a resident of the United States or (ii) any corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof and whose office most directly involved with the purchase is located in the United States. Each of the International Underwriters has agreed or will agree pursuant to the Agreement Between that, as a part of the distribution of the shares offered as a part of the International Offering, and subject to certain exceptions, it will (i) not, directly or indirectly, offer, sell or deliver shares of Class A Common Stock (a) in the United States or to any U.S. persons or (b) to any person who it believes intends to reoffer, resell or deliver the shares in the United States or to any U.S. persons, and (ii) cause any dealer to whom it may sell such shares at any concession to agree to observe a similar restriction.

Pursuant to the Agreement Between, sales may be made between the U.S. Underwriters and the International Underwriters of such number of shares of Class A Common Stock as may be mutually agreed. The price of any shares so sold shall be the initial public offering price, less an amount not greater than the selling concession.

The Company has granted the U.S. Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 840,000 additional shares of Class A Common Stock solely to cover over-allotments, if any. If the U.S. Underwriters exercise their over-allotment option, the U.S. Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by each of them, as shown in the foregoing table, bears to the 5,600,000 shares of Class A Common Stock offered hereby. The Company has granted the International Underwriters a similar option exercisable for up to an aggregate of 210,000 additional shares of Class A Common Stock.

The Company and The Limited have agreed that, during the period beginning from the date of this Prospectus and continuing to and including the date 180 days after the date of this Prospectus, they will not offer, sell, contract to sell or otherwise dispose of, except as provided in the U.S. Underwriting Agreement and the International Underwriting Agreement, any securities of the Company that are substantially similar to the shares of Class A Common Stock, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of Class A Common Stock or any such substantially similar securities (other than any issuances or sales of any of the foregoing securities (i) in connection with the acquisition of or merger with any other corporation or other entity or the acquisition of any assets or properties thereof provided that, prior to the issuance of such securities, the Company shall obtain and deliver to the Underwriters executed copies of an agreement from any such corporation or entity substantially to the effect set forth in the Underwriting Agreement in form satisfactory to the Representatives, (ii) pursuant to employee stock option, or other employee benefit plans existing on the date of the Underwriting Agreement or (iii) to The Limited or its

subsidiaries in accordance with the terms of the Corporate Agreement between the Company and The Limited or its subsidiaries) without the prior written consent of the Representatives.

The Representatives of the Underwriters have informed the Company that they do not expect sales to accounts over which they exercise discretionary authority to exceed five percent of the total number of shares of Class A Common Stock offered by them.

The Underwriters have reserved for sale, at the initial public offering price, 350,000 shares of Class A Common Stock for associates and directors of the Company and certain other businesses operated by The Limited who have expressed an interest in purchasing such shares of Class A Common Stock in the Offerings. It is expected that such associates will purchase, in the aggregate, less than 5% of the Class A Common Stock offered in the Offerings. The number of shares available for sale to the general public in the Offerings will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

Prior to the Offerings, there has been no public market for the shares of Class A Common Stock. The initial public offering price was negotiated between the Company and the Representatives of the U.S. Underwriters and the International Underwriters. Among the factors considered in determining the initial public offering price of the Class A Common Stock, in addition to prevailing market conditions, are the Company's historical performance, estimates of the business potential and earnings prospects of the Company, an assessment of the Company's management and the consideration of the above factors in relation to market valuation of companies in related businesses.

This Prospectus may be used by underwriters and dealers in connection with offers and sales of Class A Common Stock, including shares initially sold in the International Offering, to persons located in the United States.

The Class A Common Stock has been approved for listing on the New York Stock Exchange under the symbol ANF, subject to official notice of issuance. In order to meet one of the requirements for listing the Class A Common Stock on the New York Stock Exchange, the U.S. Underwriters will undertake to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders.

The Company has agreed to indemnify the several U.S. Underwriters against certain liabilities, including liabilities under the Securities Act.

Certain of the Underwriters have provided from time to time, and expect to provide in the future, investment banking services to The Limited, the Company and their subsidiaries, for which such Underwriters have received and will receive customary fees and commissions. In addition, from time to time, in the ordinary course of their respective businesses, certain of the Underwriters and certain of their affiliates engage and may in the future engage in investment banking and commercial banking transactions with The Limited and certain of its affiliates. Morgan Guaranty Trust Company of New York ("MGT"), an affiliate of J.P. Morgan Securities Inc., is the agent bank on The Limited's \$1 billion Revolving Credit Facility maturing December 14, 2000 and a lender under the Credit Agreement. The Chase Manhattan Bank, an affiliate of Chase Securities Inc., one of the Underwriters, is the agent under the Credit Agreement. As lenders under the Credit Agreement, MGT and The Chase Manhattan Bank will receive in excess of 10% of the net proceeds of the Offerings. See "Use of Proceeds". Accordingly, this offering will be conducted in accordance with Rule 2710(c)(8) of the National Association of Securities Dealers, Inc. ("NASD") which requires that the public offering price of an equity security be no higher than the price recommended by a "qualified independent underwriter" meeting the requirements of NASD Rule 2720(b)(15) which has participated in the preparation of the registration statement and performed its usual standard of due diligence with respect thereto. Goldman, Sachs & Co. has agreed to act as "qualified independent underwriter" for the Offerings, and the public offering price of the Class A Common Stock will be no higher than the price recommended by Goldman, Sachs & Co.

[ GRAPHIC APPEARS HERE -- CONSISTING OF PICTURES OF MEN AND  
WOMEN WEARING ABERCROMBIE & FITCH CLOTHING ]



LAZARD FRERES & CO. LLC

MONTGOMERY SECURITIES

J.P. MORGAN & CO.

REPRESENTATIVES OF THE UNDERWRITERS

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