

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
(Unaudited)

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 29, 2016	% of Net Sales	October 31, 2015	% of Net Sales
Net sales	\$ 821,734	100.0 %	\$ 878,572	100.0 %
Cost of sales, exclusive of depreciation and amortization	310,995	37.8 %	318,785	36.3 %
Gross profit	510,739	62.2 %	559,787	63.7 %
Stores and distribution expense	386,609	47.0 %	392,942	44.7 %
Marketing, general and administrative expense	105,307	12.8 %	117,698	13.4 %
Asset impairment	—	— %	12,076	1.4 %
Other operating income, net	(822)	(0.1)%	(3,919)	(0.4)%
Operating income	19,645	2.4 %	40,990	4.7 %
Interest expense, net	4,609	0.6 %	4,586	0.5 %
Income before taxes	15,036	1.8 %	36,404	4.1 %
Tax expense (benefit)	6,762	0.8 %	(5,881)	(0.7)%
Net income	8,274	1.0 %	42,285	4.8 %
Less: Net income attributable to noncontrolling interests	393	— %	394	— %
Net income attributable to Abercrombie & Fitch Co.	\$ 7,881	1.0 %	\$ 41,891	4.8 %
Net income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ 0.12		\$ 0.61	
Diluted	\$ 0.12		\$ 0.60	
Weighted-average shares outstanding:				
Basic	67,975		68,866	
Diluted	68,277		69,265	

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(Unaudited)

	Thirty-nine Weeks Ended		Thirty-nine Weeks Ended	
	October 29, 2016	% of Net Sales	October 31, 2015	% of Net Sales
Net sales	\$ 2,290,377	100.0 %	\$ 2,405,750	100.0 %
Cost of sales, exclusive of depreciation and amortization	876,810	38.3 %	924,552	38.4 %
Gross profit	1,413,567	61.7 %	1,481,198	61.6 %
Stores and distribution expense	1,138,644	49.7 %	1,173,773	48.8 %
Marketing, general and administrative expense	331,473	14.5 %	345,077	14.3 %
Restructuring benefit	—	— %	(1,598)	(0.1)%
Asset impairment	6,356	0.3 %	18,209	0.8 %
Other operating income, net	(16,835)	(0.7)%	(7,018)	(0.3)%
Operating loss	(46,071)	(2.0)%	(47,245)	(2.0)%
Interest expense, net	13,856	0.6 %	13,792	0.6 %
Loss before taxes	(59,927)	(2.6)%	(61,037)	(2.5)%
Tax benefit	(17,540)	(0.8)%	(40,688)	(1.7)%
Net loss	(42,387)	(1.9)%	(20,349)	(0.8)%
Less: Net income attributable to noncontrolling interests	2,448	0.1 %	1,816	0.1 %
Net loss attributable to Abercrombie & Fitch Co.	\$ (44,835)	(2.0)%	\$ (22,165)	(0.9)%
Net loss per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.66)		\$ (0.32)	
Diluted	\$ (0.66)		\$ (0.32)	
Weighted-average shares outstanding:				
Basic	67,848		69,363	
Diluted	67,848		69,363	

**Abercrombie & Fitch Co.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(Unaudited)

	<u>October 29, 2016</u>	<u>January 30, 2016</u>	<u>October 31, 2015</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and equivalents	\$ 469,720	\$ 588,578	\$ 405,611
Receivables	71,235	56,868	62,132
Inventories, net	516,146	436,701	601,541
Deferred income taxes, net	—	—	34,344
Other current assets	93,170	96,833	109,527
Total current assets	<u>1,150,271</u>	<u>1,178,980</u>	<u>1,213,155</u>
Property and equipment, net	827,996	894,178	918,926
Other assets	358,201	359,881	380,663
<b>TOTAL ASSETS</b>	<b><u><u>\$ 2,336,468</u></u></b>	<b><u><u>\$ 2,433,039</u></u></b>	<b><u><u>\$ 2,512,744</u></u></b>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Current liabilities:			
Accounts payable	\$ 228,880	\$ 184,175	\$ 303,992
Accrued expenses	266,761	321,237	309,209
Short-term portion of deferred lease credits	20,623	23,303	25,031
Income taxes payable	7,654	5,988	4,665
Short-term portion of borrowings, net	2,204	—	1,513
Total current liabilities	<u>526,122</u>	<u>534,703</u>	<u>644,410</u>
Long-term liabilities:			
Long-term portion of deferred lease credits	\$ 77,800	\$ 89,256	\$ 96,993
Long-term portion of borrowings, net	285,029	286,235	288,091
Leasehold financing obligations	48,810	47,440	48,370
Other liabilities	179,085	179,683	166,002
Total long-term liabilities	<u>590,724</u>	<u>602,614</u>	<u>599,456</u>
Total Abercrombie & Fitch Co. stockholders' equity	1,211,667	1,291,063	1,265,164
Noncontrolling interests	7,955	4,659	3,714
Total stockholders' equity	<u>1,219,622</u>	<u>1,295,722</u>	<u>1,268,878</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u><u>\$ 2,336,468</u></u></b>	<b><u><u>\$ 2,433,039</u></u></b>	<b><u><u>\$ 2,512,744</u></u></b>

## REPORTING AND USE OF GAAP AND NON-GAAP MEASURES

The company believes that each of the non-GAAP financial measures presented in this news release are useful to investors as they supplement investors' understanding of comparability across periods and provide the ability to measure the company's operating performance excluding the effect of certain items that the company believes do not reflect its future operating outlook. Management used these non-GAAP financial measures during the periods presented to assess the company's performance, to make decisions about how to allocate resources and to develop expectations for future operating performance. In addition, the company provides certain financial information on a constant currency basis to enhance investors' understanding of underlying business trends and operating performance. The effect from foreign currency, calculated on a constant currency basis, is determined by applying current period exchange rates to prior year results and is net of the year-over-year impact from hedging. Non-GAAP financial measures should be used supplemental to, not as an alternative to, the company's GAAP financial results, and may not be the same as similar measures presented by other companies.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended October 29, 2016**  
**(in thousands, except per share data)**  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded Items		Adjusted Non-GAAP
Marketing, general and administrative expense <sup>(2)</sup>	\$ 105,307	\$ (6,000)	\$	111,307
Operating income	19,645	(6,000)		13,645
Income before taxes	15,036	(6,000)		9,036
Tax expense <sup>(3)</sup>	6,762	479		7,241
Net income attributable to Abercrombie & Fitch Co.	\$ 7,881	\$ (6,479)	\$	1,402
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.12	\$ (0.09)	\$	0.02
Diluted weighted-average shares outstanding:	68,277			68,277

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded Items consist of benefits of \$6.0 million related to an indemnification recovery of certain legal settlements recognized in the second quarter of Fiscal 2015.

<sup>(3)</sup> The tax effect of excluded items is computed as the difference between the effective tax rate calculated with and without the non-GAAP adjustments on income (loss) before taxes and provision for income taxes.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirteen Weeks Ended October 31, 2015**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<b>GAAP <sup>(1)</sup></b>	<b>Excluded Items</b>	<b>Adjusted Non-GAAP</b>
Gross profit <sup>(2)</sup>	\$ 559,787	\$ (2,573)	\$ 557,214
Stores and distribution expense <sup>(3)</sup>	392,942	583	392,359
Asset impairment <sup>(4)</sup>	12,076	12,076	—
Operating income	40,990	10,086	51,076
Income before taxes	36,404	10,086	46,490
Tax (benefit) expense <sup>(5)</sup>	(5,881)	19,060	13,179
Net income attributable to Abercrombie & Fitch Co.	\$ 41,891	\$ (8,974)	\$ 32,917
Net income per diluted share attributable to Abercrombie & Fitch Co.	\$ 0.60	\$ (0.12)	\$ 0.48
Diluted weighted-average shares outstanding:	69,265		69,265

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded Items consist of benefits of \$2.6 million related to recovery on inventory previously written down.

<sup>(3)</sup> Excluded Items consist of charges of \$0.6 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures.

<sup>(4)</sup> Excluded Items consist of charges of \$12.1 million related to stores whose asset carrying value exceeded fair value.

<sup>(5)</sup> The tax effect of excluded items is computed as the difference between the effective tax rate calculated with and without the non-GAAP adjustments on income (loss) before taxes and provision for income taxes.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirty-nine Weeks Ended October 29, 2016**  
**(in thousands, except per share data)**  
**(Unaudited)**

	<u>GAAP <sup>(1)</sup></u>	<u>Excluded Items</u>	<u>Adjusted Non-GAAP</u>
Marketing, general and administrative expense <sup>(2)</sup>	\$ 331,473	\$ (6,000)	\$ 337,473
Asset impairment <sup>(3)</sup>	6,356	6,356	—
Other operating income, net <sup>(4)</sup>	(16,835)	(12,282)	(4,553)
Operating loss	(46,071)	(11,926)	(57,997)
Loss before taxes	(59,927)	(11,926)	(71,853)
Tax benefit <sup>(5)</sup>	(17,540)	(1,768)	(19,308)
Net loss attributable to Abercrombie & Fitch Co.	\$ (44,835)	\$ (10,158)	\$ (54,993)
Net loss per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.66)	\$ (0.15)	\$ (0.81)
Diluted weighted-average shares outstanding:	67,848		67,848

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded Items consist of benefits of \$6.0 million related to an indemnification recovery of certain legal settlements recognized in the second quarter of Fiscal 2015.

<sup>(3)</sup> Excluded Items consist of charges of \$6.4 million related to a store whose asset carrying value exceeded fair value.

<sup>(4)</sup> Excluded Items consist of benefits of \$12.3 million related to the settlement of certain economic loss claims.

<sup>(5)</sup> The tax effect of excluded items is computed as the difference between the effective tax rate calculated with and without the non-GAAP adjustments on income (loss) before taxes and provision for income taxes.

**Abercrombie & Fitch Co.**  
**Schedule of Non-GAAP Financial Measures**  
**Thirty-nine Weeks Ended October 31, 2015**  
**(in thousands, except per share data)**  
**(Unaudited)**

	GAAP <sup>(1)</sup>	Excluded Items	Adjusted Non-GAAP
Gross profit <sup>(2)</sup>	\$ 1,481,198	\$ 21,667	\$ 1,502,865
Stores and distribution expense <sup>(3)</sup>	1,173,773	6,665	1,167,108
Marketing, general and administrative expense <sup>(4)</sup>	345,077	17,523	327,554
Restructuring benefit <sup>(5)</sup>	(1,598)	(1,598)	—
Asset impairment <sup>(6)</sup>	18,209	18,209	—
Operating (loss) income	(47,245)	62,466	15,221
(Loss) income before taxes	(61,037)	62,466	1,429
Tax benefit <sup>(7)</sup>	(40,688)	35,961	(4,727)
Net (loss) income attributable to Abercrombie & Fitch Co.	\$ (22,165)	\$ 26,505	\$ 4,340
Net (loss) income per diluted share attributable to Abercrombie & Fitch Co.	\$ (0.32)	\$ 0.38	\$ 0.06
Diluted weighted-average shares outstanding:	69,363		69,808

<sup>(1)</sup> "GAAP" refers to accounting principles generally accepted in the United States of America.

<sup>(2)</sup> Excluded Items consist of charges of \$21.7 million related to an inventory write-down, net of recoveries.

<sup>(3)</sup> Excluded Items consist of charges of \$4.2 million related to accelerated depreciation and disposal costs associated with a decision to discontinue the use of certain store fixtures, \$1.8 million related to lease termination and store closure costs, and \$0.7 million related to the company's continuous profit improvement program.

<sup>(4)</sup> Excluded Items consist of charges of \$15.8 million related to legal settlement charges and \$1.8 million related to the company's profit improvement initiative.

<sup>(5)</sup> Excluded Items consist of benefits of \$1.6 million related to favorable terms associated with Gilly Hicks brand restructuring charges previously recognized.

<sup>(6)</sup> Excluded Items consist of charges of \$12.1 million related to stores whose asset carrying value exceeded fair value, \$4.5 million related to the discontinued use of certain store fixtures and \$1.6 million related to the company-owned aircraft which was sold in the second quarter of Fiscal 2015.

<sup>(7)</sup> The tax effect of excluded items is computed as the difference between the effective tax rate calculated with and without the non-GAAP adjustments on income (loss) before taxes and provision for income taxes.

**Abercrombie & Fitch Co.**  
**Store Count Activity**

**Thirteen Weeks Ended October 29, 2016**

	<b>Abercrombie <sup>(1)(2)</sup></b>		<b>Hollister <sup>(3)</sup></b>		<b>Total</b>	
	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>
July 30, 2016	333	39	411	143	744	182
New	1	2	2	1	3	3
Closed	(1)	—	(1)	—	(2)	—
October 29, 2016	<u>333</u>	<u>41</u>	<u>412</u>	<u>144</u>	<u>745</u>	<u>185</u>

**Thirty-nine Weeks Ended October 29, 2016**

	<b>Abercrombie <sup>(1)(2)</sup></b>		<b>Hollister <sup>(3)</sup></b>		<b>Total</b>	
	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>	<b>United States</b>	<b>International</b>
January 30, 2016	340	39	414	139	754	178
New	3	2	3	5	6	7
Closed	(10)	—	(5)	—	(15)	—
October 29, 2016	<u>333</u>	<u>41</u>	<u>412</u>	<u>144</u>	<u>745</u>	<u>185</u>

<sup>(1)</sup> Includes Abercrombie & Fitch and abercrombie kids brands.

<sup>(2)</sup> Excludes one international franchise store as of October 29, 2016, July 30, 2016 and January 30, 2016.

<sup>(3)</sup> Excludes three international franchise stores as of October 29, 2016, and excludes two international franchise stores as of July 30, 2016 and January 30, 2016.