

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

	Thirteen Weeks Ended		Thirteen Weeks Ended	
	October 31, 2015	% of Net Sales	November 1, 2014	% of Net Sales
	(Unaudited)		(Unaudited)	
Net sales	\$ 878,572	100.0 %	\$ 911,453	100.0 %
Cost of goods sold	318,785	36.3 %	344,383	37.8 %
Gross profit	559,787	63.7 %	567,070	62.2 %
Stores and distribution expense	392,942	44.6 %	413,551	45.4 %
Marketing, general and administrative expense	117,698	13.4 %	104,981	11.5 %
Asset impairment	12,076	1.4 %	16,706	1.8 %
Other operating income, net	(3,919)	(0.4)%	(1,534)	(0.2)%
Operating income	40,990	4.7 %	33,366	3.7 %
Interest expense, net	4,586	0.4 %	5,572	0.6 %
Income before taxes	36,404	4.1 %	27,794	3.0 %
Tax (benefit) expense	(5,881)	(0.7)%	9,567	1.1 %
Net income	42,285	4.8 %	18,227	2.0 %
Less: Net income attributable to noncontrolling interests	394	— %	—	— %
Net income attributable to Abercrombie & Fitch Co.	<u>\$ 41,891</u>	<u>4.8 %</u>	<u>\$ 18,227</u>	<u>2.0 %</u>

Net income per share attributable to Abercrombie & Fitch Co.:

Basic	\$ 0.61	\$ 0.26
Diluted	\$ 0.60	\$ 0.25

Weighted-average shares outstanding:

Basic	68,866	70,814
Diluted	69,265	72,128

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

	Thirty-nine Weeks Ended		Thirty-nine Weeks Ended	
	October 31, 2015	% of Net Sales	November 1, 2014	% of Net Sales
	(Unaudited)		(Unaudited)	
Net sales	\$ 2,405,750	100.0 %	\$ 2,624,486	100.0 %
Cost of goods sold	924,552	38.4 %	992,801	37.8 %
Gross profit	1,481,198	61.6 %	1,631,685	62.2 %
Stores and distribution expense	1,173,773	48.8 %	1,257,422	47.8 %
Marketing, general and administrative expense	345,077	14.3 %	339,595	12.9 %
Restructuring (benefit) charge	(1,598)	(0.1)%	6,053	0.2 %
Asset impairment	18,209	0.8 %	16,706	0.6 %
Other operating income, net	(7,018)	(0.3)%	(9,444)	(0.4)%
Operating (loss) income	(47,245)	(2.0)%	21,353	0.8 %
Interest expense, net	13,792	0.6 %	9,589	0.4 %
(Loss) income before taxes	(61,037)	(2.5)%	11,764	0.4 %
Tax (benefit) expense	(40,688)	(1.7)%	4,331	0.2 %
Net (loss) income	(20,349)	(0.8)%	7,433	0.3 %
Less: Net income attributable to noncontrolling interests	1,816	0.1 %	—	— %
Net (loss) income attributable to Abercrombie & Fitch Co.	<u>\$ (22,165)</u>	<u>(0.9)%</u>	<u>\$ 7,433</u>	<u>0.3 %</u>
Net (loss) income per share attributable to Abercrombie & Fitch Co.:				
Basic	\$ (0.32)		\$ 0.10	
Diluted	\$ (0.32)		\$ 0.10	
Weighted-average shares outstanding:				
Basic	69,363		72,577	
Diluted	69,363		73,870	

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

	October 31, 2015	January 31, 2015	November 1, 2014
<u>ASSETS</u>	(Unaudited)		(Unaudited)
Current assets:			
Cash and equivalents	\$ 405,611	\$ 520,708	\$ 320,564
Receivables	62,132	52,910	65,083
Inventories	601,541	460,794	617,542
Deferred income taxes, net	34,344	13,986	17,543
Other current assets	109,527	116,574	116,160
Total current assets	1,213,155	1,164,972	1,136,892
Property and equipment, net	918,926	967,001	1,050,795
Other assets	380,663	373,194	387,882
TOTAL ASSETS	\$ 2,512,744	\$ 2,505,167	\$ 2,575,569
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current liabilities:			
Accounts payable	\$ 303,992	\$ 141,685	\$ 197,606
Accrued expenses	309,209	282,736	273,362
Short-term portion of deferred lease credits	25,031	26,629	28,972
Income taxes payable	4,665	32,804	9,251
Short-term portion of borrowings, net	1,513	2,102	2,102
Total current liabilities	644,410	485,956	511,293
Long-term liabilities:			
Long-term portion of deferred lease credits	\$ 96,993	\$ 106,393	\$ 119,229
Long-term portion of borrowings, net	288,091	291,310	291,836
Leasehold financing obligations	48,370	50,521	55,467
Other liabilities	166,002	181,286	202,285
Total long-term liabilities	599,456	629,510	668,817
Total Abercrombie & Fitch Co. stockholders' equity	1,265,164	1,389,701	1,395,459
Noncontrolling interests	3,714	—	—
Total stockholders' equity	1,268,878	1,389,701	1,395,459
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,512,744	\$ 2,505,167	\$ 2,575,569

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

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP ⁽⁶⁾
Gross profit ⁽²⁾	\$ 559,787	\$ (2,573)	\$ 557,214
Stores and distribution expense ⁽³⁾	392,942	583	392,359
Asset impairment ⁽⁴⁾	12,076	12,076	—
Operating income	40,990	10,086	51,076
Income before taxes	36,404	10,086	46,490
Tax (benefit) expense ⁽⁵⁾	(5,881)	19,060	13,179
Net income attributable to Abercrombie & Fitch Co.	\$ 41,891	\$ (8,974)	\$ 32,917
Net income per diluted share	\$ 0.60	\$ (0.12)	\$ 0.48

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

⁽²⁾ Excluded Items consist of benefits of \$2.6 million related to higher than expected recovery on inventory previously written-down.

⁽³⁾ 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.

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

⁽⁵⁾ Both GAAP and Adjusted Non-GAAP reflect benefits related to a change in the estimated annual effective tax rate. In addition, GAAP and Adjusted Non-GAAP include discrete benefits of \$9.7 million and \$7.7 million, respectively, related to a release of a valuation allowance and other discrete tax items.

⁽⁶⁾ Non-GAAP financial measures should not be used as alternatives to the most directly comparable GAAP financial measures and are also not intended to supersede or replace the company's GAAP financial measures. The company believes it is useful to investors to provide the non-GAAP financial measures to assess the company's operating performance.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirteen Weeks Ended November 1, 2014
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP ⁽⁵⁾
Stores and distribution expense ⁽²⁾	\$ 413,551	\$ 2,357	\$ 411,194
Marketing, general and administrative expense ⁽³⁾	104,981	1,205	103,776
Asset impairment ⁽⁴⁾	16,706	16,706	—
Operating income	33,366	20,268	53,634
Income before taxes	27,794	20,268	48,062
Tax expense	9,567	8,089	17,656
Net income attributable to Abercrombie & Fitch Co.	\$ 18,227	\$ 12,179	\$ 30,406
Net income per diluted share	\$ 0.25		\$ 0.42

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

⁽²⁾ Excluded Items consist of charges of \$2.3 million related to lease termination and store closure costs.

⁽³⁾ Excluded Items consist of charges of \$0.7 million related to the company's profit improvement initiative and \$0.6 million related to legal, advisory and other costs associated with certain corporate governance matters.

⁽⁴⁾ Excluded Items consist of charges of \$16.7 million related to stores whose asset carrying value exceeded fair value.

⁽⁵⁾ Non-GAAP financial measures should not be used as alternatives to the most directly comparable GAAP financial measures and are also not intended to supersede or replace the company's GAAP financial measures. The company believes it is useful to investors to provide the non-GAAP financial measures to assess the company's operating performance.

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

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP ⁽⁷⁾
Gross profit ⁽²⁾	\$ 1,481,198	\$ 21,667	\$ 1,502,865
Stores and distribution expense ⁽³⁾	1,173,773	6,665	1,167,108
Marketing, general and administrative expense ⁽⁴⁾	345,077	17,523	327,554
Restructuring benefit ⁽⁵⁾	(1,598)	(1,598)	—
Asset impairment ⁽⁶⁾	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	(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	\$ (0.32)	\$ 0.38	\$ 0.06

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

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

⁽³⁾ 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.

⁽⁴⁾ Excluded Items consist of charges of \$15.8 million related to legal settlement charges and \$1.8 million related to the company's continuous profit improvement program.

⁽⁵⁾ Excluded Items consist of benefits of \$1.6 million related to the Gilly Hicks brand.

⁽⁶⁾ 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 a company owned aircraft.

⁽⁷⁾ Non-GAAP financial measures should not be used as alternatives to the most directly comparable GAAP financial measures and are also not intended to supersede or replace the company's GAAP financial measures. The company believes it is useful to investors to provide the non-GAAP financial measures to assess the company's operating performance.

Abercrombie & Fitch Co.
Schedule of Non-GAAP Financial Measures
Thirty-nine Weeks Ended November 1, 2014
(in thousands, except per share data)
(Unaudited)

	GAAP ⁽¹⁾	Excluded Items	Adjusted Non-GAAP ⁽⁶⁾
Stores and distribution expense ⁽²⁾	\$ 1,257,422	\$ 4,365	\$ 1,253,057
Marketing, general and administrative expense ⁽³⁾	339,595	11,125	328,470
Restructuring charge ⁽⁴⁾	6,053	6,053	—
Asset impairment ⁽⁵⁾	16,706	16,706	—
Operating income	21,353	38,249	59,602
Income before taxes	11,764	38,249	50,013
Tax expense	4,331	14,193	18,524
Net income attributable to Abercrombie & Fitch Co.	\$ 7,433	\$ 24,056	\$ 31,489
Net income per diluted share	\$ 0.10	\$ 0.33	\$ 0.43

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

⁽²⁾ Excluded Items consist of charges of \$2.3 million related to lease termination and store closure costs and \$2.1 million related to the company's profit improvement initiative.

⁽³⁾ Excluded Items consist of charges of \$7.5 million related to legal, advisory and other costs associated with certain corporate governance matters and \$3.6 million related to the company's profit improvement initiative.

⁽⁴⁾ Excluded Items consist of charges of \$6.1 million related to the Gilly Hicks brand.

⁽⁵⁾ Excluded Items consist of charges of \$16.7 million related to stores whose asset carrying value exceeded fair value.

⁽⁶⁾ Non-GAAP financial measures should not be used as alternatives to the most directly comparable GAAP financial measures and are also not intended to supersede or replace the company's GAAP financial measures. The company believes it is useful to investors to provide the non-GAAP financial measures to assess the company's operating performance.

Abercrombie & Fitch Co.
Store Count Activity

Thirteen Weeks Ended October 31, 2015

	Abercrombie ⁽¹⁾	Hollister	Total
<u>U.S. Stores</u>			
August 1, 2015	354	429	783
New	7	2	9
Closed	(2)	—	(2)
October 31, 2015	359	431	790
<u>International Stores</u>			
August 1, 2015	34	137	171
New	2	2	4
Closed	—	—	—
October 31, 2015	36	139	175

Thirty-nine Weeks Ended October 31, 2015

	Abercrombie ⁽¹⁾	Hollister	Total
<u>U.S. Stores</u>			
January 31, 2015	361	433	794
New	11	2	13
Closed	(13)	(4)	(17)
October 31, 2015	359	431	790
<u>International Stores</u>			
January 31, 2015	32	135	167
New	4	6	10
Closed	—	(2)	(2)
October 31, 2015	36	139	175

⁽¹⁾ Abercrombie includes the company's Abercrombie & Fitch and abercrombie kids brands. Locations with abercrombie kids carveouts with Abercrombie & Fitch are represented as a single store count.