ABERCROMBIE & FITCH CO /DE/
Form 10-Q
December 10, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 2, 2013
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-12107

ABERCROMBIE & FITCH CO.
(Exact name of Registrant as specified in its charter)

Delaware	31-1469076
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6301 Fitch Path, New Albany, Ohio	43054
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (614) 283-6500
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). x Yes ¨ No
Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock $.01 Par Value	Outstanding at November 29, 2013 76,399,395 Shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ABERCROMBIE & FITCH CO.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)
(Thousands, except share and per share amounts)
(Unaudited)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012 (Restated - see Note 3)	November 2, 2013	October 27, 2012 (Restated - see Note 3)
NET SALES	$1,033,293	$1,169,649	$2,817,760	$3,042,274
Cost of Goods Sold	382,253	417,135	1,009,431	1,156,218
GROSS PROFIT	651,040	752,514	1,808,329	1,886,056
Stores and Distribution Expense	564,935	496,942	1,485,783	1,410,759
Marketing, General and Administrative Expense	131,326	123,381	367,752	351,562
Other Operating Income, Net	(9,851)	(1,154)	(15,079)	(5,671)
OPERATING INCOME (LOSS)	(35,370)	133,345	(30,127)	129,406
Interest Expense, Net	1,655	1,584	5,032	4,219
INCOME (LOSS) BEFORE TAXES	(37,025)	131,761	(35,159)	125,187
Tax Expense (Benefit)	(21,381)	47,725	(23,682)	45,405
NET INCOME (LOSS)	$(15,644)	$84,036	$(11,477)	$79,782
NET INCOME (LOSS) PER SHARE:				
BASIC	$(0.20)	$1.03	$(0.15)	$0.96
DILUTED	$(0.20)	$1.02	$(0.15)	$0.95
WEIGHTED-AVERAGE SHARES OUTSTANDING:				
BASIC	76,456	81,669	77,387	82,939
DILUTED	76,456	82,522	77,387	84,049
DIVIDENDS DECLARED PER SHARE	$0.200	$0.175	$0.600	$0.525
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign Currency Translation Adjustments	$10,959	$14,138	$(8,530)	$(2,362)
Unrealized Gain (Loss) on Derivative Financial Instruments, net of taxes	(4,571)	(12,797)	5,288	(10,711)
Other Comprehensive Income (Loss)	$6,388	$1,341	$(3,242)	$(13,073)
COMPREHENSIVE INCOME (LOSS)	$(9,256)	$85,377	$(14,719)	$66,709

The accompanying Notes are an integral part of these Consolidated Financial Statements

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ABERCROMBIE & FITCH CO.
CONSOLIDATED BALANCE SHEETS
(Thousands, except par value amounts)

	(unaudited) November 2, 2013	February 2, 2013
ASSETS		
CURRENT ASSETS:		
Cash and Equivalents	$257,525	$643,505
Receivables	86,726	99,622
Inventories	768,946	426,962
Deferred Income Taxes	56,699	32,558
Other Current Assets	116,714	105,177
TOTAL CURRENT ASSETS	1,286,610	1,307,824
PROPERTY AND EQUIPMENT, NET	1,160,904	1,308,232
OTHER ASSETS	404,882	371,345
TOTAL ASSETS	$2,852,396	$2,987,401
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable	$185,438	$140,396
Accrued Expenses	307,962	398,868
Deferred Lease Credits	36,050	39,054
Income Taxes Payable	59,130	112,483
Short-Term Portion of Borrowings	15,000	—
TOTAL CURRENT LIABILITIES	603,580	690,801
LONG-TERM LIABILITIES:		
Deferred Lease Credits	153,587	168,397
Long-Term Portion of Borrowings	123,750	—
Leasehold Financing Obligations	61,623	63,942
Other Liabilities	234,839	245,993
TOTAL LONG-TERM LIABILITIES	573,799	478,332
STOCKHOLDERS' EQUITY:		
Class A Common Stock - $0.01 par value: 150,000 shares authorized and 103,300 shares issued at each of November 2, 2013 and February 2, 2013	1,033	1,033
Paid-In Capital	425,934	403,271
Retained Earnings	2,505,445	2,567,261
Accumulated Other Comprehensive Income (Loss), net of tax	(16,530)	(13,288)
Treasury Stock, at Average Cost: 26,905 and 24,855 shares at November 2, 2013 and February 2, 2013, respectively	(1,240,865)	(1,140,009)
TOTAL STOCKHOLDERS' EQUITY	1,675,017	1,818,268
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,852,396	$2,987,401

The accompanying Notes are an integral part of these Consolidated Financial Statements

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ABERCROMBIE & FITCH CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands)
(Unaudited)

	Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012
OPERATING ACTIVITIES:		(Restated - see Note 3)
Net Income (Loss)	$(11,477)	$79,782
Impact of Other Operating Activities on Cash Flows:		
Depreciation and Amortization	180,609	165,516
Non-Cash Charge for Asset Impairment	81,511	—
Loss on Disposal / Write-off of Assets	10,976	8,145
Lessor Construction Allowances	16,693	14,668
Amortization of Deferred Lease Credits	(31,326)	(34,185)
Deferred Taxes	(60,805)	(31,804)
Share-Based Compensation	40,210	38,620
Changes in Assets and Liabilities:		
Inventories	(341,831)	49,919
Accounts Payable and Accrued Expenses	(49,175)	(56,502)
Income Taxes	(54,239)	(5,280)
Other Assets and Liabilities	(11,307)	(9,555)
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	(230,161)	219,324
INVESTING ACTIVITIES:		
Capital Expenditures	(124,033)	(277,951)
Proceeds from Sales of Marketable Securities	—	80,693
Other Investing	(6,316)	(6,237)
NET CASH USED FOR INVESTING ACTIVITIES	(130,349)	(203,495)
FINANCING ACTIVITIES:		
Excess Tax Benefit from Share-Based Compensation	2,432	1,080
Purchase of Treasury Stock	(115,806)	(265,498)
Repayments of Borrowings	(11,250)	(75,000)
Proceeds from Borrowings	150,000	135,000
Change in Outstanding Checks and Other	(811)	(1,999)
Dividends Paid	(46,643)	(43,710)
NET CASH USED FOR FINANCING ACTIVITIES	(22,078)	(250,127)
EFFECT OF EXCHANGE RATES ON CASH	(3,392)	473
NET DECREASE IN CASH AND EQUIVALENTS:	(385,980)	(233,825)
Cash and Equivalents, Beginning of Period	643,505	583,495
CASH AND EQUIVALENTS, END OF PERIOD	$257,525	$349,670
SIGNIFICANT NON-CASH INVESTING ACTIVITIES:		
Change in Accrual for Construction in Progress	$(2,191)	$(1,005)

The accompanying Notes are an integral part of these Consolidated Financial Statements

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ABERCROMBIE & FITCH CO.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

Abercrombie & Fitch Co. ("A&F"), through its wholly-owned subsidiaries (collectively, A&F and its wholly-owned subsidiaries are referred to as the "Company"), is a specialty retailer of high-quality, casual apparel for men, women and kids with an active, youthful lifestyle.

The accompanying Consolidated Financial Statements include the historical financial statements of, and transactions applicable to, the Company and reflect its assets, liabilities, results of operations and cash flows.

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the consolidated financial statements and notes by the calendar year in which the fiscal year commences. All references herein to "Fiscal 2013" represent the 52-week fiscal year that will end on February 1, 2014, and to "Fiscal 2012" represent the 53-week fiscal year that ended February 2, 2013.

The Consolidated Financial Statements as of November 2, 2013 and for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, these Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto contained in A&F's Annual Report on Form 10-K for Fiscal 2012 filed on April 2, 2013. The February 2, 2013 consolidated balance sheet data were derived from audited consolidated financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

In the opinion of management, the accompanying Consolidated Financial Statements reflect all adjustments (which are of a normal recurring nature) necessary to state fairly, in all material respects, the financial position and results of operations and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for Fiscal 2013.

Certain prior period amounts have been reclassified to conform to current year presentation. In addition, the thirteen and thirty-nine week periods ended November 2, 2013 include the correction of certain errors relating to prior periods. The thirteen week period ended November 2, 2013 includes a pre-tax increase in gross margin of $2.1 million and unrelated tax benefit of $1.9 million related to prior periods. The thirty-nine week period ended November 2, 2013 includes a pre-tax reduction of stores and distribution expense of $4.4 million and an increase of $1.9 million in gross margin related to prior periods. The effect of these corrections increased net income by $3.0 million and $4.7 million for the thirteen and thirty-nine week periods ended November 2, 2013. The Company does not believe these corrections were material to any current or prior interim or annual periods that were affected.

The Consolidated Financial Statements as of November 2, 2013 and for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012 included herein have been reviewed by PricewaterhouseCoopers LLP, an independent registered public accounting firm, and the report of such firm follows the Notes to Consolidated Financial Statements.

PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the "Act") for their report on the consolidated financial statements because their report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

2. SEGMENT REPORTING

The Company determines its segments on the same basis that it uses to allocate resources and assess performance. All of the Company's segments sell a similar group of products—casual sportswear apparel, personal care products and accessories for men, women and kids and bras, underwear and sleepwear for girls. The Company has three reportable segments: U.S. Stores, International Stores, and Direct-to-Consumer. Corporate functions, interest income and expense, and other income and expense are evaluated on a consolidated basis and are not allocated to the Company's segments, and therefore are included in Other.

The U.S. Stores reportable segment includes the results of store operations in the United States and Puerto Rico. The International Stores reportable segment includes the results of store operations in Canada, Europe, Asia and Australia. The Direct-to-Consumer reportable segment includes the results of operations directly associated with on-line operations, both U.S. and international.

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Operating income is the primary measure of profit the Company uses to make decisions regarding the allocation of resources to its segments. For the U.S. Stores and International Stores reportable segments, operating income is defined as aggregate income directly attributable to individual stores on a four-wall basis plus sell-off of excess merchandise to authorized third-party resellers. Four-wall operating income includes: net sales, cost of merchandise, selling payroll and related costs, rent, utilities, depreciation, repairs and maintenance, supplies and packaging and other store sales-related expenses including credit card and bank fees and indirect taxes. Operating income also reflects pre-opening charges related to stores not yet in operation. For the Direct-to-Consumer reportable segment, operating income is defined as aggregate income attributable to the direct-to-consumer business: net sales, shipping and handling revenue, call center costs, fulfillment and shipping expense, charge card fees and direct-to-consumer operations management and support expenses. The U.S. Stores, International Stores and Direct-to-Consumer segments exclude marketing, general and administrative expense; store management and support functions such as regional and district management and other functions not dedicated to an individual store; and distribution center costs. All costs excluded from the three reportable segments are included in Other.

The following table provides the Company's segment information for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012.

	U.S. Stores	International Stores	Direct-to-Consumer Operations	Segment Total	Other[1]	Total
	(in thousands):					
Thirteen Weeks Ended November 2, 2013						
Net Sales	$561,788	$296,937	$174,568	$ 1,033,293	$—	$1,033,293
Operating Income (Loss) [2]	29,512	40,641	65,602	135,755	(171,125)	(35,370)
Thirteen Weeks Ended October 27, 2012						
Net Sales	$709,517	$301,818	$158,314	$ 1,169,649	$—	$1,169,649
Operating Income (Loss) [4]	155,568	94,416	63,935	313,919	(180,574)	133,345

	U.S. Stores	International Stores	Direct-to-Consumer Operations	Segment Total	Other[1]	Total
	(in thousands):					
Thirty-Nine Weeks Ended November 2, 2013						
Net Sales	1,515,079	841,096	461,585	2,817,760	—	2,817,760
Operating Income (Loss) [3]	128,205	160,821	176,793	465,819	(495,946)	(30,127)
Thirty-Nine Weeks Ended October 27, 2012						
Net Sales	1,815,502	792,552	434,220	3,042,274	—	3,042,274
Operating Income (Loss) [4]	270,180	219,017	152,688	641,885	(512,479)	129,406

(1) Includes corporate functions such as Design, Merchandising, Sourcing, Planning, Allocation, Store Management and Support, Marketing, Distribution Center Operations, Information Technology, Real Estate, Finance, Legal, Human Resources and other corporate overhead. Operating Income includes: marketing, general and administrative expense; store management and support functions such as regional and district management and other functions not dedicated to an individual store; and distribution center costs.

(2)

Includes charges for store-related asset impairment, charges related to restructuring plans for the Gilly Hicks brand and charges related to the Company's profit improvement initiative of $51.5 million for U.S. Stores, $32.2 million for International Stores and $12.2 million for Other for the thirteen week period ended November 2, 2013.

(3) Includes charges for store-related asset impairment, charges related to restructuring plans for the Gilly Hicks brand and charges related to the Company's profit improvement initiative of $51.5 million for U.S. Stores, $32.2 million for International Stores and $14.7 million for Other for the thirty-nine week period ended November 2, 2013.

(4) Results reported above have been restated based on the change in accounting principle as noted in Note 3, “CHANGE IN ACCOUNTING PRINCIPLE.”

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Geographic Information
Financial information relating to the Company's operations by geographic area is as follows:
Net Sales:
Net sales includes net merchandise sales through stores and direct-to-consumer operations, including shipping and handling revenue. Direct-to-consumer net sales are reported by geographic area based on the location of the customer.

(in thousands):	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
United States	$674,871	$818,558	$1,807,027	$2,110,835
Europe	272,212	273,909	776,630	743,834
Other	86,210	77,182	234,103	187,605
Total	$1,033,293	$1,169,649	$2,817,760	$3,042,274

3. CHANGE IN ACCOUNTING PRINCIPLE

The Company elected to change its method of accounting for inventory from the lower of cost or market utilizing the retail method to the lower of cost or market under the weighted-average cost method effective February 2, 2013. In accordance with generally accepted accounting principles, all periods have been retroactively adjusted to reflect the period-specific effects of the change to the weighted-average cost method. The Company believes that accounting under the weighted-average cost method is preferable as it better aligns with the Company's focus on realized selling margin and improves the comparability of the Company's financial results with those of its competitors. Additionally, it will improve the matching of cost of goods sold with the related net sales and reflect the acquisition cost of inventory outstanding at each balance sheet date.

As a result of the retroactive application of the change in accounting for inventory, the following items in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) and Consolidated Statements of Cash Flows have been restated:

Thirteen Weeks Ended October 27, 2012 (in thousands, except per share data)

	As Reported	Effect of Change	As Restated
Net Sales	$1,169,649	$—	$1,169,649
Cost of Goods Sold	438,082	(20,947)	417,135
Gross Profit	731,567	20,947	752,514
Operating Income (Loss)	112,398	20,947	133,345
Income (Loss) Before Taxes	110,814	20,947	131,761
Tax Expense (Benefit)	39,307	8,418	47,725
Net Income (Loss)	71,507	12,529	84,036
Net Income (Loss) Per Share:			
Basic	$0.88	$0.15	$1.03
Diluted	$0.87	$0.15	$1.02
Foreign Currency Translation Adjustments	13,904	234	14,138
Other Comprehensive Income (Loss)	1,107	234	1,341
Comprehensive Income (Loss)	72,614	12,763	85,377

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Thirty-Nine Weeks Ended October 27, 2012 (in thousands, except per share data)

	As Reported	Effect of Change	As Restated
Net Sales	$3,042,274	$—	$3,042,274
Cost of Goods Sold	1,139,941	16,277	1,156,218
Gross Profit	1,902,333	(16,277)	1,886,056
Operating Income (Loss)	145,683	(16,277)	129,406
Income (Loss) Before Taxes	141,464	(16,277)	125,187
Tax Expense (Benefit)	51,453	(6,048)	45,405
Net Income (Loss)	90,011	(10,229)	79,782
Net Income (Loss) Per Share:			
Basic	$1.09	$(0.13)	$0.96
Diluted	$1.07	$(0.12)	$0.95
Foreign Currency Translation Adjustments	(2,164)	(198)	(2,362)
Other Comprehensive Income (Loss)	(12,875)	(198)	(13,073)
Comprehensive Income (Loss)	77,136	(10,427)	66,709

Thirty-Nine Weeks Ended October 27, 2012 (in thousands, except per share data)

	As Reported	Effect of Change	As Restated
Cash flow from operating activities:			
Net Income (Loss)	$90,011	$(10,229)	$79,782
Deferred Taxes	(25,756)	(6,048)	(31,804)
Inventories	33,444	16,475	49,919

4. SHARE-BASED COMPENSATION

Financial Statement Impact

The Company recognized share-based compensation expense of $13.3 million and $40.2 million for the thirteen and thirty-nine week periods ended November 2, 2013, respectively, and $13.2 million and $38.6 million for the thirteen and thirty-nine week periods ended October 27, 2012, respectively. The Company also recognized $5.0 million and $15.3 million in tax benefits related to share-based compensation expense for the thirteen and thirty-nine week periods ended November 2, 2013, respectively, and $5.0 million and $14.7 million for the thirteen and thirty-nine week periods ended October 27, 2012, respectively.

The fair value of share-based compensation awards is recognized as compensation expense primarily on a straight-line basis over the awards' requisite service period, net of forfeitures, with the exception of performance share awards. Performance share award expense is primarily recognized in the performance period of the awards' requisite service period. For awards that are expected to result in a tax deduction, a deferred tax asset is recorded in the period in which share-based compensation expense is recognized. A current tax deduction arises upon the vesting of restricted stock units and performance share awards or the exercise of stock options and stock appreciation rights and is principally measured at the award's intrinsic value. If the tax deduction is greater than the recorded deferred tax asset, the tax benefit associated with any excess deduction is considered a "windfall tax benefit" and is recognized as additional paid-in capital. If the tax deduction is less than the recorded deferred tax asset, the resulting difference, or shortfall, is first charged to additional paid in capital, to the extent of the pool of "windfall tax benefits," with any remainder

recognized as tax expense. The Company's pool of "windfall tax benefits" as of November 2, 2013 is sufficient to fully absorb any shortfall which may develop associated with awards currently outstanding.

The Company adjusts share-based compensation expense on a quarterly basis for actual forfeitures and for changes to the estimate of expected award forfeitures. The effect of adjusting the forfeiture rate is recognized in the period the forfeiture

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estimate is changed. The effect of adjustments for forfeitures during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was $1.2 million and insignificant, respectively.

A&F issues shares of Common Stock from treasury stock upon exercise of stock options and stock appreciation rights and vesting of restricted stock units, including those converted from performance share awards. As of November 2, 2013, A&F had sufficient treasury stock available to settle stock options, stock appreciation rights, restricted stock units and performance share awards outstanding. Settlement of stock awards in Common Stock also requires that the Company has sufficient shares available in stockholder-approved plans at the applicable time.

In the event, at each reporting date during which share-based compensation awards remain outstanding, there are not sufficient shares of Common Stock available to be issued under the Amended and Restated Abercrombie & Fitch Co. 2007 Long-Term Incentive Plan (the “2007 LTIP”) and the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan (the “2005 LTIP”), or under a successor or replacement plan, the Company may be required to designate some portion of the outstanding awards to be settled in cash, which would result in liability classification of such awards. The fair value of liability-classified awards is re-measured each reporting date until such awards no longer remain outstanding or until sufficient shares of Common Stock become available to be issued under the existing plans or under a successor or replacement plan. As long as the awards are required to be classified as a liability, the change in fair value would be recognized in current period expense based on the requisite service period rendered.

Plans

As of November 2, 2013, A&F had two primary share-based compensation plans: the 2005 LTIP, under which A&F grants stock appreciation rights, restricted stock units and performance share awards to associates of the Company and non-associate members of the A&F Board of Directors, and the 2007 LTIP, under which A&F grants stock appreciation rights, restricted stock units and performance share awards to associates of the Company. A&F also has four other share-based compensation plans under which it granted stock options and restricted stock units to associates of the Company and non-associate members of the A&F Board of Directors in prior years.

The 2007 LTIP, a stockholder-approved plan, permits A&F to annually grant awards covering up to 2.0 million of underlying shares of A&F’s Common Stock for each type of award, per eligible participant, plus any unused annual limit from prior years. The 2005 LTIP, a stockholder-approved plan, permits A&F to annually grant awards covering up to 250,000 of underlying shares of A&F’s Common Stock for each award type to any associate of the Company (other than the Chairman and Chief Executive Officer (the "CEO")) who is subject to Section 16 of the Securities Exchange Act of 1934, as amended, at the time of the grant, plus any unused annual limit from prior years. In addition, any non-associate director of A&F is eligible to receive awards under the 2005 LTIP. Under both plans, stock appreciation rights and restricted stock units vest primarily over four years for associates, while performance share awards are primarily earned and vest over the performance period. Under the 2005 LTIP, restricted stock units typically vest after approximately one year for non-associate directors of A&F. Awards granted to the CEO under the 2007 LTIP have a vesting period defined as the shorter of four years or the period from the award date through the end of the CEO's employment agreement subject to the satisfaction of performance-based criteria for awards granted subsequent to May 7, 2012. Under both plans, stock options have a 10-year term and stock appreciation rights have up to a 10-year term, subject to forfeiture under the terms of the plans. The plans provide for accelerated vesting if there is a change of control as defined in the plans.

Fair Value Estimates

The Company estimates the fair value of stock appreciation rights using the Black-Scholes option-pricing model, which requires the Company to estimate the expected term of the stock appreciation rights and expected future stock price volatility over the expected term. Estimates of expected terms, which represent the expected periods of time the Company believes stock appreciation rights will be outstanding, are based on historical experience. Estimates of expected future stock price volatility are based on the volatility of A&F’s Common Stock price for the most recent historical period equal to the expected term of the stock appreciation right, as appropriate. The Company calculates the volatility as the annualized standard deviation of the differences in the natural logarithms of the weekly stock closing price, adjusted for stock splits and dividends.

In the case of restricted stock units and performance share awards, the Company calculates the fair value of awards granted using the market price of the underlying Common Stock on the date of grant reduced for anticipated dividend payments on unvested shares. In determining the fair value, the Company does not take into account any performance-based requirements. The performance-based requirements are taken into account in determining the number of awards expected to vest.

Stock Options

The Company did not grant any stock options during the thirty-nine week periods ended November 2, 2013 or October 27, 2012.

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Below is a summary of stock option activity for the thirty-nine weeks ended November 2, 2013:

Stock Options	Number of Underlying Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life
Outstanding at February 2, 2013	569,400	$ 65.40		
Granted	—	—		
Exercised	(7,500)	28.24		
Forfeited or expired	(23,800)	76.01		
Outstanding at November 2, 2013	538,100	$ 65.44	$1,048,700	3.5
Stock options exercisable at November 2, 2013	538,100	$ 65.44	$1,048,700	3.5
Stock options expected to become exercisable in the future as of November 2, 2013	—	—	—	—

The total intrinsic value of stock options which were exercised during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was insignificant.

The grant date fair value of stock options which vested during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was insignificant and $1.2 million, respectively.

As of November 2, 2013, all compensation cost related to stock options had been recognized.

Stock Appreciation Rights

The weighted-average estimated fair value of stock appreciation rights granted during the thirty-nine week periods ended November 2, 2013 and October 27, 2012, and the weighted-average assumptions used in calculating such fair value, on the date of grant, were as follows:

	Thirty-Nine Weeks Ended					
	Chairman and Chief Executive Officer		Other Executive Officers		All Other Associates	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Grant date market price	—	$—	$46.57	$52.89	$45.46	$52.02
Exercise price	—	$—	$46.57	$52.89	$45.46	$52.02
Fair value	—	$—	$20.34	$23.53	$16.82	$22.21
Assumptions:						
Price volatility	—	—%	61%	56%	54%	59%
Expected term (years)	—	—	4.7	5.0	4.1	4.1
Risk-free interest rate	—	—%	0.7%	1.3%	0.6%	0.9%
Dividend yield	—	—%	1.8%	1.1%	1.8%	1.1%

Below is a summary of stock appreciation rights activity for the thirty-nine weeks ended November 2, 2013:

Stock Appreciation Rights	Number of Underlying Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life
Outstanding at February 2, 2013	9,246,859	$ 40.17		
Granted:				
Chairman and Chief Executive Officer	—	—		
Other Executive Officers	189,700	46.57		
All Other Associates	105,500	45.46		
Exercised	(510,875)	31.99		
Forfeited or expired	(33,600)	49.97		

Outstanding at November 2, 2013	8,997,584	$ 40.80	$ 34,277,453	3.7
Stock appreciation rights exercisable at November 2, 2013	2,991,261	$ 46.03	$ 3,696,298	4.4
Stock appreciation rights expected to become exercisable in the future as of November 2, 2013	5,957,158	$ 38.11	$ 30,578,924	3.4

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The total intrinsic value of stock appreciation rights exercised during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was $8.5 million and insignificant, respectively.

The grant date fair value of stock appreciation rights which vested during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was $25.0 million and $24.0 million, respectively.

As of November 2, 2013, there was $18.4 million of total unrecognized compensation cost, net of estimated forfeitures, related to stock appreciation rights. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 11 months.

Restricted Stock Units

Below is a summary of restricted stock unit activity for the thirty-nine weeks ended November 2, 2013:

Restricted Stock Units	Number of Underlying Shares	Weighted-Average Grant Date Fair Value
Unvested at February 2, 2013	1,198,680	$46.88
Granted [1]	782,400	42.52
Vested	(358,728)	40.65
Forfeited	(135,479)	45.68
Unvested at November 2, 2013	1,486,873	$46.29

[1] Number of shares granted includes approximately 240,000 shares related to the grant of performance share awards ("PSAs") in Fiscal 2013. This reflects the target amount granted; however, the number of PSAs that ultimately are earned would vary from 0% - 200% of target depending on the level of growth of adjusted diluted earnings per share. The number also includes 15,000 of additional shares earned above the Fiscal 2012 target due to the achievement above target.

The total fair value of restricted stock units and performance share awards granted during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was $33.3 million and $28.2 million, respectively.

The total grant date fair value of restricted stock units and performance share awards which vested during the thirty-nine week periods ended November 2, 2013 and October 27, 2012 was $14.6 million and $18.7 million, respectively.

As of November 2, 2013, there was $36.1 million of total unrecognized compensation cost, net of estimated forfeitures, related to non-vested restricted stock units and performance share awards. The unrecognized compensation cost is expected to be recognized over a weighted-average period of 16 months.

5. NET INCOME (LOSS) PER SHARE

Net income (loss) per basic share is computed based on the weighted-average number of outstanding shares of Common Stock. Net income per diluted share is computed based on the weighted-average dilutive effect of stock options, stock appreciation rights, restricted stock units and performance share awards.

Weighted-Average Shares Outstanding and Anti-Dilutive Shares (in thousands):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Shares of Common Stock issued	103,300	103,300	103,300	103,300
Treasury shares	(26,844)	(21,631)	(25,913)	(20,361)
Weighted-Average—Basic Shares	76,456	81,669	77,387	82,939
Dilutive effect of stock options, stock appreciation rights, restricted stock units and performance share awards	—	853	—	1,110
Weighted-Average—Diluted Shares	76,456	82,522	77,387	84,049
Anti-Dilutive Shares [1]	11,023	6,114	11,127	5,398

[1]

Reflects the number of shares subject to outstanding stock options, stock appreciation rights, restricted stock units and performance share awards but excluded from the computation of net (loss) income per diluted share because the impact would be anti-dilutive.

6. CASH AND EQUIVALENTS

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Cash and equivalents consisted of (in thousands):

	November 2, 2013	February 2, 2013
Cash and equivalents:		
Cash	$254,129	$398,508
Cash equivalents	3,396	244,997
Total cash and equivalents	$257,525	$643,505

Cash and equivalents include amounts on deposit with financial institutions, United States treasury bills, and other investments, primarily held in money market accounts, with original maturities of less than three months. Any cash that is legally restricted from use is recorded in Other Assets on the Consolidated Balance Sheets. The restricted cash balance was $30.0 million on November 2, 2013 and $31.1 million on February 2, 2013, respectively. Restricted cash includes various cash deposits with international banks that are used as collateral for customary non-debt banking commitments and deposits into trust accounts to conform to standard insurance security requirements.

7. RABBI TRUST ASSETS

Rabbi Trust assets are included in Other Assets on the Consolidated Balance Sheets and are restricted as to their use and consist of (in thousands):

	November 2, 2013	February 2, 2013
Rabbi Trust assets:		
Money market funds	23	22
Trust-owned life insurance policies (at cash surrender value)	90,028	87,575
Total Rabbi Trust assets	90,051	87,597

The irrevocable rabbi trust (the “Rabbi Trust”) is intended to be used as a source of funds to match respective funding obligations to participants in the Abercrombie & Fitch Co. Nonqualified Savings and Supplemental Retirement Plan I, the Abercrombie & Fitch Co. Nonqualified Savings and Supplemental Retirement Plan II and the Chief Executive Officer Supplemental Executive Retirement Plan. The Rabbi Trust assets primarily consist of trust-owned life insurance policies which are recorded at cash surrender value. The change in cash surrender value of the trust-owned life insurance policies held in the Rabbi Trust resulted in insignificant realized gains for each of the thirteen weeks ended November 2, 2013 and October 27, 2012 and $2.5 million for each of the thirty-nine weeks ended November 2, 2013 and October 27, 2012, recorded in Interest Expense, Net on the Consolidated Statements of Operations and Comprehensive Income (Loss).

8. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs used to measure fair value are prioritized based on a three-level hierarchy. The three levels of inputs to measure fair value are as follows:

- Level 1—inputs are unadjusted quoted prices for identical assets or liabilities that are available in active markets.
- Level 2—inputs are other than quoted market prices included within Level 1 that are observable for assets or liabilities, directly or indirectly.
- Level 3—inputs to the valuation methodology are unobservable.

The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The three levels of the hierarchy and the distribution of the Company’s assets and liabilities, measured at fair value, within it were as follows:

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	Assets and Liabilities at Fair Value as of November 2, 2013 (in thousands):			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Money market funds	$3,419	$—	$—	$3,419
Derivative financial instruments	—	1,358	—	1,358
Total assets measured at fair value	$3,419	$1,358	$—	$4,777
LIABILITIES:				
Derivative financial instruments	—	2,782	—	2,782
Total liabilities measured at fair value	$—	$2,782	$—	$2,782
	Assets and Liabilities at Fair Value as of February 2, 2013 (in thousands):			
	Level 1	Level 2	Level 3	Total
ASSETS:				
Money market funds	$245,019	$—	$—	$245,019
Derivative financial instruments	—	2,493	—	2,493
Total assets measured at fair value	$245,019	$2,493	$—	$247,512
LIABILITIES:				
Derivative financial instruments	—	9,987	—	9,987
Total liabilities measured at fair value	$—	$9,987	$—	$9,987

The level 2 assets and liabilities consist of derivative financial instruments, primarily forward foreign currency exchange contracts. The fair value of forward foreign currency exchange contracts is determined by using quoted market prices of the same or similar instruments, adjusted for counterparty risk.

Disclosures of Fair Value of Other Assets and Liabilities:

The Company’s borrowings under its Term Loan Agreement are carried at historical cost in the accompanying Consolidated Balance Sheets. For disclosure purposes, the Company estimates the fair value of borrowings under the Term Loan Agreement using discounted cash flow analysis based on market rates obtained from independent third parties for similar types of debt. The inputs used to value the borrowings under the Term Loan Agreement are considered to be Level 2 instruments. The carrying amount of borrowings outstanding under the Term Loan Agreement as of November 2, 2013 was approximately $138.8 million. The fair value of borrowings outstanding under the Term Loan Agreement as of November 2, 2013 was approximately $138.8 million. There were no borrowings outstanding under the Amended and Restated Credit Agreement or the Term Loan Agreement at February 2, 2013. See Note 13, “BORROWINGS,” for further discussion on the Amended and Restated Credit Agreement and the Term Loan Agreement.

9. INVENTORIES

During the fourth quarter of Fiscal 2012, the Company elected to change its inventory valuation method from the lower of cost or market utilizing the retail method to the lower of cost or market under the weighted-average cost method. The Company believes the new method is preferable as it is consistent with the practices of other specialty retailers and better aligns with the way the Company manages its business with a focus on the actual margin realized. See Note 3, “CHANGE IN ACCOUNTING PRINCIPLE,” for further details on the accounting change.

Inventories are principally valued at the lower of cost or market on a weighted-average cost basis. The Company writes down inventory through a lower of cost or market adjustment, the impact of which is reflected in Cost of Goods Sold on the Consolidated Statements of Operations and Comprehensive Income (Loss). This adjustment is based on management's judgment regarding future demand and market conditions and analysis of historical experience. The lower of cost or market adjustment to inventory was $14.1 million and $9.9 million at November 2, 2013

and February 2, 2013, respectively.

Additionally, as part of inventory valuation, inventory shrinkage estimates based on historical trends from actual physical inventories are made each period that reduce the inventory value for lost or stolen items. The Company performs physical inventories on a periodic basis and adjusts the shrink reserve accordingly. The shrink reserve was $6.9 million and $11.8 million at November 2, 2013 and February 2, 2013, respectively.

The inventory balance, net of reserves, was $768.9 million and $427.0 million at November 2, 2013 and February 2, 2013, respectively.

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10. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of (in thousands):

	November 2, 2013	February 2, 2013
Property and equipment, at cost	$2,986,429	$2,915,072
Accumulated depreciation and amortization	(1,825,525)	(1,606,840)
Property and equipment, net	$1,160,904	$1,308,232

Long-lived assets, primarily comprised of property and equipment, are reviewed periodically for impairment or whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Factors used in the evaluation include, but are not limited to, management's plans for future operations, recent operating results, and projected cash flows.

In accordance with Accounting Standards Codification 820-10, "Fair Value Measurements and Disclosures," store-related assets are considered level 3 assets in the fair value hierarchy. Fair values are determined at the store level, primarily using a discounted cash flow model. The estimation of future cash flows from operating activities requires significant estimates of factors that include future sales, gross margin performance and operating expenses. In instances where the discounted cash flow analysis indicates a negative value at the store level, and impairment charges are taken, the market exit price based on historical experience is used to determine the fair value by asset type.

In the third quarter of Fiscal 2013, the Company incurred non-cash asset impairment charges of $43.6 million, as a result of the impact of current sales trends on the profitability of a number of stores. The asset impairment charges are primarily related to 23 Abercrombie & Fitch stores, three abercrombie kids stores and 70 Hollister stores.

The following table presents quantitative information related to the unobservable inputs used in the Company's level 3 fair value measurements for the impairment charges incurred in the third quarter of Fiscal 2013.

UNOBSERVABLE INPUT	VALUE
Weighted average cost of capital [1]	11%
Annual revenue growth rates [2]	2%

[1] The Company utilized the year-end weighted average cost of capital in the discounted cash flow model.

[2] The Company utilized an annual revenue growth rate in the discounted cash flow model.

See Note 17, "GILLY HICKS RESTRUCTURING," for reference on impairment charges incurred in relation to the decision to close the stand-alone Gilly Hicks stores.

In certain lease arrangements, the Company is involved in the construction of the building. If it is determined that the Company has substantially all of the risks of ownership during construction of the leased property and therefore is deemed to be the owner of the construction project, the Company records an asset for the amount of the total project costs and an amount related to the value attributed to the pre-existing, leased building in Property and Equipment, Net and the related financing obligation in Leasehold Financing Obligations on the Consolidated Balance Sheets. Once construction is complete, if it is determined that the asset does not qualify for sale-leaseback accounting treatment, the Company continues to amortize the obligation over the lease term and depreciates the asset over its useful life. The Company had $52.8 million and $55.2 million of construction project assets in Property and Equipment, Net at November 2, 2013 and February 2, 2013, respectively.

11. DEFERRED LEASE CREDITS

Deferred lease credits are derived from payments received from landlords to wholly or partially offset store construction costs and are classified between current and long-term liabilities. The amounts, which are amortized over the respective lives of the related leases, consisted of the following (in thousands):

	November 2, 2013	February 2, 2013
Deferred lease credits	$558,183	$550,527
Amortized deferred lease credits	(368,546)	(343,076)
Total deferred lease credits, net	$189,637	$207,451

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12. INCOME TAXES

The provision for income taxes is based on the current estimate of the annual effective tax rate adjusted to reflect the impact of discrete items. The effective tax rates for the thirteen weeks ended November 2, 2013 and October 27, 2012 were 57.7% and 36.2%, respectively. The effective tax rates for the thirty-nine weeks ended November 2, 2013 and October 27, 2012 were 67.4% and 36.3%, respectively. The Fiscal 2013 year-to-date effective tax rate reflects a benefit resulting from the settlement of certain state tax audits and a $4.9 million benefit related to other discrete tax matters in the third quarter.

Cash payments of income taxes made during the thirteen weeks ended November 2, 2013 and October 27, 2012 were approximately $6.0 million and $6.1 million, respectively. Cash payments of income taxes made during the thirty-nine weeks ended November 2, 2013 and October 27, 2012 were approximately $110.3 million and $85.7 million, respectively.

13. BORROWINGS

On July 28, 2011, the Company entered into an unsecured Amended and Restated Credit Agreement, as amended by Amendment No. 1, made as of February 24, 2012, and Amendment No. 2, made as of January 23, 2013 (the “Amended and Restated Credit Agreement”) under which up to $350 million is available. As stated in the Amended and Restated Credit Agreement, the primary purposes of the agreement are for trade and stand-by letters of credit in the ordinary course of business, as well as to fund working capital, capital expenditures, acquisitions and investments, and other general corporate purposes, including repurchases of A&F's Common Stock.

The Amended and Restated Credit Agreement has several borrowing options, including interest rates that are based on: (i) a defined Base Rate, plus a margin based on the Leverage Ratio, payable quarterly; (ii) an Adjusted Eurodollar Rate (as defined in the Amended and Restated Credit Agreement) plus a margin based on the Leverage Ratio, payable at the end of the applicable interest period for the borrowing and, for interest periods in excess of three months, on the date that is three months after the commencement of the interest period; or (iii) an Adjusted Foreign Currency Rate (as defined in the Amended and Restated Credit Agreement) plus a margin based on the Leverage Ratio, payable at the end of the applicable interest period for the borrowing and, for interest periods in excess of three months, on the date that is three months after the commencement of the interest period. The Base Rate represents a rate per annum equal to the highest of (a) PNC Bank, National Association’s then publicly announced prime rate, (b) the Federal Funds Open Rate (as defined in the Amended and Restated Credit Agreement) as then in effect plus 1/2 of 1.0% or (c) the Daily Adjusted Eurodollar Rate (as defined in the Amended and Restated Credit Agreement) as then in effect plus 1.0%.

The facility fees payable under the Amended and Restated Credit Agreement are based on the Company’s Leverage Ratio (i.e., the ratio, on a consolidated basis, of (a) the sum of total debt (excluding specified permitted foreign bank guarantees and trade letters of credit) plus 600% of forward minimum rent commitments to (b) consolidated earnings, as adjusted, before interest, taxes, depreciation, amortization and rent (“Consolidated EBITDAR”) for the trailing four-consecutive-fiscal-quarter periods. The facility fees accrue at a rate of 0.125% to 0.30% per annum based on the Leverage Ratio for the most recent determination date. The Amended and Restated Credit Agreement requires that the Leverage Ratio not be greater than 3.75 to 1.00 at the end of each testing period. As of November 2, 2013, the Amended and Restated Credit Agreement also required that the “Coverage Ratio” for A&F and its subsidiaries on a consolidated basis of (i) Consolidated EBITDAR for the trailing four-consecutive-fiscal-quarter period to (ii) the sum of, without duplication, (x) net interest expense for such period, (y) scheduled payments of long-term debt due within twelve months of the date of determination and (z) the sum of minimum rent and contingent store rent, not be less than 1.75 to 1.00.

The Amended and Restated Credit Agreement will mature on July 27, 2016. The Company had no trade letters of credit outstanding at November 2, 2013 and February 2, 2013. Stand-by letters of credit outstanding under the Amended and Restated Credit Agreement on November 2, 2013 and February 2, 2013 were insignificant.

As of November 2, 2013 and February 2, 2013, the Company had no borrowings outstanding under the Amended and Restated Credit Agreement.

On February 24, 2012, the Company entered into a $300 million Term Loan Agreement. On January 23, 2013, the Company amended both the Term Loan Agreement (via Amendment No. 1) (the "Term Loan Agreement") and the Amended and Restated Credit Agreement (via Amendment No. 2). The required Coverage Ratio in both agreements was lowered to 1.75 to 1.00 and the availability under the Term Loan Agreement was lowered to $150 million. On February 21, 2013, the Company elected to draw down the full $150 million available under the Term Loan Agreement. Repayments of $3.75 million are due on the last day of each quarter beginning May 2013, with the final repayment of $90.0 million due upon maturity at February 23, 2017. Interest on borrowings may be determined under several alternative methods including LIBOR plus a margin based upon the Company’s Leverage Ratio, as defined above. The Company was in compliance with the applicable ratio requirements and other covenants under both agreements at November 2, 2013.

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As of November 2, 2013, the Company had $138.8 million in borrowings outstanding under the Term Loan Agreement. The Company had no borrowings under the Term Loan Agreement as of February 2, 2013.
On November 4, 2013, the Company entered into amendments to both the Amended and Restated Credit Agreement and the Term Loan Agreement. See Note 20, "SUBSEQUENT EVENTS," for further details on the amendments.
Total interest expense and fees associated with borrowing agreements were $1.1 million and insignificant for the thirteen weeks ended November 2, 2013 and October 27, 2012, respectively, and $3.2 million and $2.3 million for the thirty-nine weeks ended November 2, 2013 and October 27, 2012, respectively.
The terms of both the Amended and Restated Credit Agreement and the Term Loan Agreement include customary events of default such as payment defaults, cross-defaults to other material indebtedness, undischarged material judgments, bankruptcy and insolvency, the occurrence of a defined change in control, or the failure to observe the negative covenants and other covenants related to the operation and conduct of the business of A&F and its subsidiaries. Upon an event of default: (i) the lenders under the Amended and Restated Credit Agreement will not be obligated to make loans or other extensions of credit and may, among other things, terminate their commitments to the Company; and (ii) the lenders under the Amended and Restated Credit Agreement and the lenders under the Term Loan Agreement may declare any then outstanding loans due and payable immediately.

14. LEASEHOLD FINANCING OBLIGATIONS

As of November 2, 2013 and February 2, 2013, the Company had $61.6 million and $63.9 million, respectively, of long-term liabilities related to leasehold financing obligations. In certain lease arrangements, the Company is involved in the construction of the building. If it is determined that the Company has substantially all of the risks of ownership during construction of the leased property and therefore is deemed to be the owner of the construction project, the Company records an asset for the amount of the total project costs and an amount related to the value attributed to the pre-existing leased building in Property and Equipment, Net and the related financing obligation in Leasehold Financing Obligations on the Consolidated Balance Sheets. Once construction is complete, if it is determined that the asset does not qualify for sale-leaseback accounting treatment, the Company continues to amortize the obligation over the lease term and depreciates the asset over its useful life. The Company does not report rent expense for the portion of the rent payment determined to be related to the assets which are determined to be owned for accounting purposes. Rather, that portion of the rental payments under the lease is recognized as a reduction of the financing obligation and interest expense.
Total interest expense related to landlord financing obligations was $1.7 million for each of the thirteen weeks ended November 2, 2013 and October 27, 2012. Total interest expense related to landlord financing obligations was $5.0 million for each of the thirty-nine weeks ended November 2, 2013 and October 27, 2012.

15. DERIVATIVES

The Company is exposed to risks associated with changes in foreign currency exchange rates and uses derivatives, primarily forward contracts, to manage the financial impacts of these exposures. The Company does not use forward contracts to engage in currency speculation and does not enter into derivative financial instruments for trading purposes.
In order to qualify for hedge accounting treatment, a derivative must be considered highly effective at offsetting changes in either the hedged item’s cash flows or fair value. Additionally, the hedge relationship must be documented to include the risk management objective and strategy, the hedging instrument, the hedged item, the risk exposure, and how hedge effectiveness will be assessed prospectively and retrospectively. The extent to which a hedging instrument has been, and is expected to continue to be, effective at offsetting changes in fair value or cash flows is assessed and documented at least quarterly. Any hedge ineffectiveness is reported in current period earnings and hedge accounting is discontinued if it is determined that the derivative is not highly effective.
For derivatives that either do not qualify for hedge accounting or are not designated as hedges, all changes in the fair value of the derivative are recognized in earnings. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded as a component of Other Comprehensive Income (Loss) (“OCI”) and

recognized in earnings when the hedged cash flows affect earnings. The ineffective portion of the derivative gain or loss, as well as changes in the fair value of the derivative's time value is recognized in current period earnings. The effectiveness of the hedge is assessed based on changes in the fair value attributable to changes in spot prices. The changes in the fair value of the derivative contract related to the changes in the difference between the spot price and the forward price are excluded from the assessment of hedge effectiveness and are also recognized in current period earnings. If the cash flow hedge relationship is terminated, the derivative gains or losses that are deferred in OCI will be recognized in earnings when the hedged cash flows occur. However, for cash flow hedges that are terminated because the forecasted transaction is not expected to occur in the original specified time period, or a two-month period thereafter, the derivative gains or losses are immediately recognized in earnings.

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The Company uses derivative instruments, primarily forward contracts designated as cash flow hedges, to hedge the foreign currency exposure associated with forecasted foreign-currency-denominated intercompany inventory sales to foreign subsidiaries and the related settlement of the foreign-currency-denominated intercompany receivable. Fluctuations in exchange rates will either increase or decrease the Company's U.S. dollar equivalent cash flows and affect the Company's U.S. dollar earnings. Gains or losses on the foreign currency exchange forward contracts that are used to hedge these exposures are expected to partially offset this variability. Foreign currency exchange forward contracts represent agreements to exchange the currency of one country for the currency of another country at an agreed-upon settlement date. As of November 2, 2013, the typical length of time over which forecasted foreign-currency-denominated intercompany inventory sales were hedged was 12 months. The sale of the inventory to the Company's customers will result in the reclassification of related derivative gains and losses that are reported in Accumulated Other Comprehensive Income (Loss). Substantially all of the remaining unrealized gains or losses related to foreign-currency-denominated intercompany inventory sales that have occurred as of November 2, 2013 will be recognized in cost of goods sold over the following two months at the values at the date the inventory was sold to the respective subsidiary.

The Company presents its derivative assets and derivative liabilities at their gross fair values on the Consolidated Balance Sheets. However, our master netting and other similar arrangements allow net settlements under certain conditions.

As of November 2, 2013, the Company had outstanding the following foreign currency exchange forward contracts that were entered into to hedge either a portion, or all, of forecasted foreign-currency-denominated intercompany inventory sales, the resulting settlement of the foreign-currency-denominated intercompany accounts receivable, or both:

	Notional Amount[(1)]
Euro	$85,125
British Pound	$40,749
Canadian Dollar	$13,996

(1) Amounts are reported in thousands and in U.S. Dollar equivalent as of November 2, 2013.

The Company also uses foreign currency exchange forward contracts to hedge certain foreign-currency-denominated net monetary assets/liabilities. Examples of monetary assets/liabilities include cash balances, receivables and payables. Fluctuations in exchange rates result in transaction gains/(losses) being recorded in earnings as U.S. GAAP requires that monetary assets/liabilities be remeasured at the spot exchange rate at quarter-end or upon settlement. The Company has chosen not to apply hedge accounting to these instruments because there are no differences in the timing of gain or loss recognition on the hedging instrument and the hedged item.

As of November 2, 2013, the Company had outstanding the following foreign currency forward contracts that were entered into to hedge foreign currency denominated net monetary assets/liabilities:

	Notional Amount[(1)]
Euro	$37,950
Swiss Franc	$23,569

(1) Amounts are reported in thousands and in U.S. Dollar equivalent as of November 2, 2013.

The location and amounts of derivative fair values on the Consolidated Balance Sheets as of November 2, 2013 and February 2, 2013 were as follows:

	Balance Sheet	Asset Derivatives		Balance Sheet	Liability Derivatives	
(in thousands):	Location	November 2, 2013	February 2, 2013	Location	November 2, 2013	February 2, 2013
Derivatives Designated as Hedging Instruments:						
Foreign Currency Exchange Forward Contracts	Other Current Assets	$506	$ 1,967	Other Liabilities	$2,224	$ 9,270

Derivatives Not Designated as Hedging Instruments:						
Foreign Currency Exchange Forward Contracts	Other Current Assets	$852	$526	Other Liabilities	$558	$717
Total	Other Current Assets	$1,358	$2,493	Other Liabilities	$2,782	$9,987

Refer to Note 8, “FAIR VALUE,” for further discussion of the determination of the fair value of derivatives.

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The location and amounts of derivative gains and losses for the thirteen and thirty-nine weeks ended November 2, 2013 and October 27, 2012 on the Consolidated Statements of Operations and Comprehensive Income (Loss) were as follows:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
(in thousands):	Location	November 2, 2013 Gain/(Loss)	October 27, 2012 Gain/(Loss)	November 2, 2013 Gain/(Loss)	October 27, 2012 Gain/(Loss)
Derivatives not designated as Hedging Instruments:					
Foreign Exchange Forward Contracts	Other Operating (Income) Expense, Net	$(805)	$(1,560)	$456	$2,897

	Amount of Gain (Loss) Recognized in OCI on Derivative Contracts (Effective Portion) (a)		Location of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)	Amount of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion) (b)		Location of Gain (Loss) Recognized in Earnings on Derivative Contracts (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Earnings on Derivative Contracts (Ineffective Portion and Amount Excluded from Effectiveness Testing) (c)	
	Thirteen Weeks Ended							
(in thousands):	November 2, 2013	October 27, 2012		November 2, 2013	October 27, 2012		November 2, 2013	October 27, 2012
Derivatives in Cash Flow Hedging Relationships								
Foreign Currency Exchange Forward Contracts	$(3,748)	$ (8,147)	Cost of Goods Sold	$ 1,359	$ 5,981	Other Operating (Income) Expense, Net	$ (9)	$ 221
	Thirty-Nine Weeks Ended							
(in thousands):	November 2, 2013	October 27, 2012		November 2, 2013	October 27, 2012		November 2, 2013	October 27, 2012
Derivatives in Cash Flow Hedging Relationships								
Foreign Currency Exchange Forward Contracts	$7,515	$ 2,566	Cost of Goods Sold	$ 1,581	$ 14,820	Other Operating (Income) Expense, Net	$ 167	$ 9

(a) The amount represents the change in fair value of derivative contracts due to changes in spot rates.

(b) The amount represents the reclassification from OCI into earnings when the hedged item affects earnings, which is when merchandise is sold to the Company's customers.

(c) The amount represents the change in fair value of derivative contracts due to changes in the difference between the spot price and forward price that is excluded from the assessment of hedge effectiveness and, therefore, recognized in earnings.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The activity in accumulated other comprehensive income (loss), for the thirteen and thirty-nine weeks ended November 2, 2013 is as follows (in thousands):

	Thirteen Weeks Ended November 2, 2013		
	Derivative Financial Instruments	Foreign Currency Translation	Total
Beginning balance at August 3, 2013	2,639	(25,557)	(22,918)
Other comprehensive income (loss) before reclassifications	(3,748)	10,959	7,211
Reclassified from accumulated other comprehensive income (loss) [1]	(1,359)	—	(1,359)
Tax effect on derivative financial instruments	536	—	536
Net current-period other comprehensive income (loss)	(4,571)	10,959	6,388
Ending balance at November 2, 2013	(1,932)	(14,598)	(16,530)

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(1) For the thirteen weeks ended November 2, 2013, the gain or loss was reclassified from Other Comprehensive Income (Loss) to the Cost of Goods Sold line item on the Consolidated Statement of Operations and Comprehensive Income (Loss).

	Thirty-Nine Weeks Ended November 2, 2013		
	Derivative Financial Instruments	Foreign Currency Translation	Total
Beginning balance at February 2, 2013	(7,220)	(6,068)	(13,288)
Other comprehensive income (loss) before reclassifications	7,515	(8,530)	(1,015)
Reclassified from accumulated other comprehensive income (loss) (1)	(1,581)	—	(1,581)
Tax effect on derivative financial instruments	(646)	—	(646)
Net current-period other comprehensive income (loss)	5,288	(8,530)	(3,242)
Ending balance at November 2, 2013	(1,932)	(14,598)	(16,530)

(1) For the thirty-nine weeks ended November 2, 2013, the gain or loss was reclassified from Other Comprehensive Income (Loss) to the Cost of Goods Sold line item on the Consolidated Statement of Operations and Comprehensive Income (Loss).

17. GILLY HICKS RESTRUCTURING

On November 1, 2013, A&F's Board of Directors approved the closure of the Company's stand-alone Gilly Hicks stores. The Company anticipates the closure will be substantially complete by the end of the first quarter of Fiscal 2014. Store closures in Europe are subject to applicable notice and consultation provisions.

In connection with its long-term strategic review, the Company has decided to focus the future development of the Gilly Hicks brand through Hollister stores and direct-to-consumer channels. This decision reflects the successful pilot of selling Gilly Hicks branded intimates in Hollister stores.

As a result of exiting the Gilly Hicks branded stores, the Company currently estimates that it will incur aggregate pre-tax charges of approximately $90 million, inclusive of the $44.7 million of charges recognized during the third quarter.

Below is a summary of pre-tax charges incurred to-date related to the closure of the Gilly Hicks branded stores (in thousands):

	Thirteen and Thirty-Nine Weeks Ended November 2, 2013 (1)
Non-Cash Charges	
Asset Impairment	$37,940
Other Charges	$4,668
Cash Charges	
Lease Terminations	$2,100
Total Charges	$44,708

(1) For the thirteen week period ended November 2, 2013, the Company incurred charges related to restructuring plans for the Gilly Hicks brand of $14.5 million for U.S. Stores segment and $30.2 million for International Stores segment.

The remaining charges, primarily lease-related, including the net present value of payments related to lease terminations, potential sub-lease losses and other lease-related costs of approximately $45 million, are expected to be substantially recognized in the fourth quarter of Fiscal 2013 and the first quarter of Fiscal 2014. These estimates are based on a number of significant assumptions and could change materially.

Based on the timing of the store closures and the applicable accounting guidance, the Company has not incurred a liability as of November 2, 2013 related to the Company's decision to close its stand-alone Gilly Hicks stores.

18. CONTINGENCIES

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A&F is a defendant in lawsuits and other adversary proceedings arising in the ordinary course of business. Legal costs incurred in connection with the resolution of claims and lawsuits are generally expensed as incurred, and the Company establishes reserves for the outcome of litigation where it deems appropriate to do so under applicable accounting rules. The Company’s assessment of the current exposure could change in the event of the discovery of additional facts with respect to legal matters pending against the Company or determinations by judges, juries, administrative agencies or other finders of fact that are not in accordance with the Company’s evaluation of claims. Actual liabilities may exceed the amounts reserved, and there can be no assurance that final resolution of these matters will not have a material adverse effect on the Company’s financial condition, results of operations or cash flows. The Company has established accruals for certain matters where losses are deemed probable and reasonably estimable. There are other claims and legal proceedings pending against the Company for which accruals have not been established.

19. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2013, the FASB issued ASU 2013-02, which amends Accounting Standards Codification Topic 220, "Comprehensive Income." The ASU contains new requirements related to the presentation and disclosure of items that are reclassified out of other comprehensive income. The new requirements give financial statement users a more comprehensive view of items that are reclassified out of other comprehensive income. ASU 2013-02 is effective for the Company's fiscal year and interim periods beginning after December 15, 2012, and is to be applied prospectively. The adoption did not have a material effect on the Company's consolidated financial statements.

20. SUBSEQUENT EVENTS

Credit Agreement

On November 4, 2013, the Company entered into an Amendment No. 3 to its existing Amended and Restated Credit Agreement and an Amendment No. 2 to its existing Term Loan Agreement. The amendments allow the Company to add back to the calculation of consolidated EBITDAR, for purposes of determining the Company's "Coverage Ratio" and the Company's "Leverage Ratio", up to $60 million of cash charges associated with the Gilly Hicks restructuring. In addition, the required minimum "Coverage Ratio" will be reduced initially for the testing period ending February 1, 2014 and each of the testing periods during the fiscal year ending January 31, 2015, to a level of 1.60 to 1.00, with such level gradually increasing to 1.75 to 1.00, for the testing period ending October 31, 2015 and thereafter.

Employment Agreement

On December 9, 2013, the Company entered into a new employment agreement (the “2013 Agreement”) with Michael S. Jeffries, effective on February 2, 2014. Mr. Jeffries will continue to serve as the Chairman and Chief Executive Officer of the Company, responsible for developing and executing the Company’s strategy and long-term business plans.

The 2013 Agreement will replace Mr. Jeffries’ current employment agreement (the “2008 Agreement”), which expires on February 1, 2014. The 2013 Agreement commences on February 2, 2014 and may be terminated by either party at any time after February 1, 2015 upon twelve months written notice or as otherwise described below.

Under the 2013 Agreement, Mr. Jeffries will continue to receive his current annual base salary of $1,500,000, which will be reviewed annually. Mr. Jeffries will continue to participate in the Company’s annual bonus plan, with an annual target bonus opportunity of 150% of his base salary and a maximum bonus opportunity of up to 300% of his base salary.

The 2013 Agreement structures Mr. Jeffries' long-term incentive opportunity differently from the structure incorporated in the 2008 Agreement. There is no retention or sign-on grant, and the formula for semi-annual equity grants contained in the 2008 Agreement has been eliminated. Instead, the 2013 Agreement provides that Mr. Jeffries is eligible to receive long-term incentive awards each year with a target value of $6,000,000, as measured for accounting purposes. This target value will be reviewed annually and may be increased at the sole discretion of the Compensation Committee if Company performance warrants such an adjustment. The vesting of at least 60% of each annual long-term incentive award (based on the target value of the total award) will be subject to performance criteria as determined by the Compensation Committee.

Consistent with the 2008 Agreement, Mr. Jeffries will continue to be entitled to term life insurance coverage in the amount of $10,000,000, as well as participation in the Company's employee benefit plans and arrangements generally made available to the Company's other senior executive officers. Mr. Jeffries also will be entitled to use, for security purposes, the Company's aircraft for up to $200,000 of personal travel, as provided under the 2008 Agreement. In addition, Mr. Jeffries remains eligible to receive benefits under the Company's Supplemental Executive Retirement Plan.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and

Stockholders of Abercrombie & Fitch Co.:

We have reviewed the accompanying consolidated balance sheet of Abercrombie & Fitch Co. and its subsidiaries as of November 2, 2013 and the related consolidated statements of operations and comprehensive income (loss) for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012 and the consolidated statements of cash flows for the thirty-nine week periods ended November 2, 2013 and October 27, 2012. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of February 2, 2013, and the related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated April 2, 2013, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of February 2, 2013, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Columbus, Ohio

December 10, 2013

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is a specialty retailer that operates stores in North America, Europe, Asia and Australia and direct-to-consumer operations in North America and Europe that service its brands throughout the world. The Company sells casual sportswear apparel, including knit tops and woven shirts, graphic t-shirts, fleece, jeans and woven pants, shorts, sweaters, outerwear, personal care products and accessories for men, women and kids under the Abercrombie & Fitch, abercrombie kids and Hollister brands. In addition, the Company operates stores and direct-to-consumer operations under the Gilly Hicks brand offering bras, underwear, personal care products, sleepwear and at-home products for girls.

Abercrombie & Fitch is rooted in East Coast traditions and Ivy League heritage, the essence of privilege and casual luxury. Abercrombie & Fitch is a combination of classic and sexy creating an atmosphere that is confident and just a bit provocative. abercrombie kids directly follows in the footsteps of its older sibling, Abercrombie & Fitch. abercrombie kids has an energetic attitude and is popular, wholesome and athletic – the signature of All-American cool. Hollister is young, spirited, with a sense of humor and brings Southern California to the world. Gilly Hicks is the cheeky cousin of Abercrombie & Fitch, inspired by the free spirit of Sydney, Australia. Gilly Hicks is classic and vibrant, always confident and is the All-American brand with a Sydney sensibility.

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the consolidated financial statements and notes by the calendar year in which the fiscal year commences. All references herein to "Fiscal 2013" represent the 52-week fiscal year that will end on February 1, 2014, and to "Fiscal 2012" represent the 53-week fiscal year that ended February 2, 2013.

RESULTS OF OPERATIONS

During the third quarter of Fiscal 2013, net sales decreased 12% to $1.033 billion from $1.170 billion for the third quarter of Fiscal 2012. The gross profit rate for the third quarter of Fiscal 2013 was 63.0% compared to 64.3% for the third quarter of Fiscal 2012. Operating loss was $35.4 million for the third quarter of Fiscal 2013 compared to operating income of $133.3 million for the third quarter of Fiscal 2012. The Company had a net loss of $15.6 million and net loss per basic and diluted share of $0.20 for the third quarter of Fiscal 2013 compared to net income of $84.0 million and net income per diluted share of $1.02 for the third quarter of Fiscal 2012.

During the Fiscal 2013 year-to-date period, net sales decreased 7% to $2.818 billion from $3.042 billion for the comparable period of Fiscal 2012. The gross profit rate for the Fiscal 2013 year-to-date period was 64.2% compared to 62.0% for the comparable period of Fiscal 2012. Operating loss was $30.1 million for the Fiscal 2013 year-to-date period compared to operating income of $129.4 million for the comparable period of Fiscal 2012. The Company had a net loss of $11.5 million and net loss per basic and diluted share of $0.15 for the Fiscal 2013 year-to-date period compared to net income of $79.8 million and net income per diluted share of $0.95 for the comparable period of Fiscal 2012.

During the third quarter of Fiscal 2013, the Company's results included the correction of certain errors relating to prior periods. The effect of these corrections increased net income by $3.0 million and $4.7 million for the thirteen and thirty-nine week periods ended November 2, 2013.

Excluding charges related to restructuring plans for Gilly Hicks, other store asset impairment charges, and charges related to the profit improvement initiative, the Company reported adjusted non-GAAP net income of $40.5 million and adjusted non-GAAP net income per diluted share of $0.52 and adjusted non-GAAP net income of $46.4 million and adjusted non-GAAP net income per diluted share of $0.59 for the thirteen and thirty-nine week periods ended November 2, 2013, respectively.

The Company believes that the non-GAAP financial measures are useful to investors as they provide the ability to measure the Company's operating performance and compare it against that of prior periods without reference to the statement of operations impact of non-cash asset impairment charges, charges related to the restructuring plans for the

Gilly Hicks brand and other charges associated with the profit improvement initiative. These non-GAAP financial measures should not be used as alternatives to net income per diluted share or as indicators of the ongoing operating performance of the Company and are also not intended to supersede or replace the Company's GAAP financial measures. The table below reconciles the GAAP financial measures to the non-GAAP financial measures discussed above for the thirteen and thirty-nine week periods ended November 2, 2013.

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Thirteen Weeks Ended November 2, 2013
(in thousands, except per share data)

	GAAP	Asset Impairment Charges [1]	Gilly Hicks Restructuring [2]	Profit Improvement Initiative [3]	Tax Impact [4]	Adjusted Non-GAAP
Stores and Distribution Expense	$564,935	$(43,571)	$ (40,132)	$ (639)	—	$480,593
Marketing, General and Administrative Expense	131,326	—	(4,576)	(6,951)	—	119,799
Operating Income (Loss)	(35,370)	43,571	44,708	7,590	—	60,499
Tax Expense (Benefit)	(21,381)				39,680	18,299
Net Income (Loss)	$(15,644)					$40,545
Net Income (Loss) Per Share:						
Basic	$(0.20)					$0.53
Diluted	$(0.20)					$0.52

Thirty-Nine Weeks Ended November 2, 2013
(in thousands, except per share data)

	GAAP	Asset Impairment Charges [1]	Gilly Hicks Restructuring [2]	Profit Improvement Initiative [3]	Tax Impact [4]	Adjusted Non-GAAP
Stores and Distribution Expense	$1,485,783	$(43,571)	$ (40,132)	$ (639)	—	$1,401,441
Marketing, General and Administrative Expense	367,752	—	(4,576)	(9,526)	—	353,650
Operating Income (Loss)	(30,127)	43,571	44,708	10,165	—	68,317
Tax Expense (Benefit)	(23,682)				40,610	16,928
Net Income (Loss)	$(11,477)					$46,357
Net Income (Loss) Per Share:						
Basic	$(0.15)					$0.60
Diluted	$(0.15)					$0.59

[1] The store-related asset impairment charges relate to stores whose asset carrying value exceeded the fair value. For the thirteen week period and thirty-nine week period ended November 2, 2013, the charge was primarily associated with 23 Abercrombie & Fitch, three abercrombie kids and 70 Hollister stores.
[2] For the thirteen and thirty-nine week period ended November 2, 2013, the charges related to restructuring plans for Gilly Hicks include $37.9 million in asset impairment charges and $6.8 million lease-related and other charges.
[3] For the thirteen and thirty-nine week period ended November 2, 2013, the charges related to the Company's profit improvement initiative include $7.6 million and $10.2 million, respectively, of consulting and other services, and severance charges.
[4] Indicates the tax impact on the charges

As of November 2, 2013, the Company had $257.5 million in cash and equivalents and $138.8 million in borrowings outstanding under the Term Loan Agreement. Net cash used for operating activities was $230.2 million for the thirty-nine weeks ended November 2, 2013 primarily related to inventory. The Company also used cash of $124.0 million for capital expenditures, $115.8 million to repurchase approximately 2.4 million shares of A&F's Common Stock and $46.6 million for dividends paid during the thirty-nine weeks ended November 2, 2013.
Due to the seasonal nature of the retail apparel industry, the results of operations for any current period are not necessarily indicative of the results expected for the full fiscal year. The seasonality of the Company's operations may also lead to significant fluctuations in certain asset and liability accounts.

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The following data represents the amounts shown in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss) for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012, expressed as a percentage of net sales:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012 (Restated)	November 2, 2013	October 27, 2012 (Restated)
NET SALES	100.0 %	100.0 %	100.0 %	100.0 %
Cost of Goods Sold	37.0 %	35.7 %	35.8 %	38.0 %
GROSS PROFIT	63.0 %	64.3 %	64.2 %	62.0 %
Stores and Distribution Expense [1]	54.7 %	42.5 %	52.7 %	46.4 %
Marketing, General and Administrative Expense [2]	12.7 %	10.5 %	13.1 %	11.6 %
Other Operating Income, Net	(1.0)%	(0.1)%	(0.5)%	(0.2)%
OPERATING INCOME (LOSS)	(3.4)%	11.4 %	(1.1)%	4.3 %
Interest Expense, Net	0.2 %	0.1 %	0.2 %	0.1 %
INCOME (LOSS) BEFORE TAXES	(3.6)%	11.3 %	(1.2)%	4.1 %
Tax Expense (Benefit) [3]	(2.1)%	4.1 %	(0.8)%	1.5 %
NET INCOME (LOSS)	(1.5)%	7.2 %	(0.4)%	2.6 %

[1] Includes $43.6 million, or 4.2% of net sales, in other store asset impairment charges, $40.1 million, or 3.9% of net sales, of charges related to the restructuring plans for the Gilly Hicks brand and $0.6 million, or 0.1% of net sales, in charges related to the Company's profit improvement initiative for the thirteen weeks ended November 2, 2013 and $43.6 million, or 1.5% of net sales, in other store asset impairment charges, $40.1 million, or 1.4% of net sales, of charges related to the restructuring plans for the Gilly Hicks brand and $0.6 million, or a negligible percentage of net sales, in charges related to the Company's profit improvement initiative for the thirty-nine week period ended November 2, 2013

[2] Includes $4.6 million, or 0.4% of net sales, of charges related to the restructuring plans for the Gilly Hicks brand and $7.0 million, or 0.7% of net sales, in charges related to the Company's profit improvement initiative for the thirteen weeks ended November 2, 2013 and $4.6 million, or 0.2% of net sales, related to the restructuring plans for the Gilly Hicks brand and $9.5 million, or 0.3% of net sales, in charges related to the Company's profit improvement initiative for the thirty-nine week period ended November 2, 2013.

[3] Includes $39.7 million, or 3.8% of net sales, of tax effect related to the charges for other store asset impairment, restructuring plans for the Gilly Hicks brand and charges related to the Company's profit improvement initiative for the thirteen weeks ended November 2, 2013 and tax effect related to other charges for other store asset impairment, restructuring plans for the Gilly Hicks brand and charges related to the Company's profit improvement initiative of $40.6 million, or 1.4% of net sales, for the thirty-nine week period ended November 2, 2013.

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Financial Summary

The following summarized financial and statistical data compare the thirteen and thirty-nine week periods ended November 2, 2013 to the thirteen and thirty-nine week periods ended October 27, 2012:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 2, 2013	October 27, 2012	November 2, 2013	October 27, 2012
Net sales by segment (millions)	$1,033.3	$1,169.6	$2,817.8	$3,042.3
U.S. Stores	$561.8	$709.5	$1,515.1	$1,815.5
International Stores	$296.9	$301.8	$841.1	$792.6
Direct-to-Consumer	$174.6	$158.3	$461.6	$434.2
Net sales as a % of total sales				
U.S. Stores	54 %	61 %	54 %	60 %
International Stores	29 %	26 %	30 %	26 %
Direct-to-Consumer	17 %	13 %	16 %	14 %
Net sales by brand (millions)	$1,033.3	$1,169.6	$2,817.8	$3,042.3
Abercrombie & Fitch	$387.8	$440.0	$1,069.4	$1,162.9
abercrombie	$89.9	$99.8	$238.9	$253.8
Hollister	$534.0	$602.5	$1,443.7	$1,551.8
Gilly Hicks**	$21.6	$27.3	$65.8	$73.8
Increase (decrease) in comparable sales*	(14)%	0 %	(13)%	(1)%
Abercrombie & Fitch	(13)%	(2)%	(11)%	(4)%
abercrombie	(4)%	2 %	(4)%	(2)%
Hollister	(16)%	2 %	(15)%	0 %
U.S.	(14)%	3 %	(13)%	2 %
International	(15)%	(11)%	(13)%	(12)%

* A store is included in comparable sales when it has been open as the same brand 12 months or more and its square footage has not been expanded or reduced by more than 20% within the past year. Comparable sales include comparable direct-to-consumer sales. Due to the fifty-third week in Fiscal 2012, third quarter comparable sales are compared to the thirteen and thirty-nine week periods ended November 3, 2012.

** Net sales for the thirteen and thirty-nine week periods ended November 2, 2013 and October 27, 2012, reflect the activity of 28 and 25 stores, respectively.

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CURRENT TRENDS AND OUTLOOK

Our results for the third quarter of Fiscal 2013 reflect continued weakness in topline performance. The weak sales trend that began in July continued through the third quarter. Despite the challenges in the young apparel retail market, we are pleased by strong growth in our direct-to-consumer business and the progress we are making in Asia.

While we are prepared for business conditions to remain difficult in the fourth quarter, we are aggressively pursuing initiatives we believe will improve the sales trend going forward. Our priorities lie in four areas.

First, getting female fashion right. While many of our initiatives will help with this, we believe that our evolution to testing close to 100 percent of our assortment, shortening our lead times, and increasing style differentiation will be the most significant.

Second, increasing brand engagement through enhanced marketing initiatives and campaigns. We plan to have national campaigns in place for back-to-school next year, building on small-scale initiatives we will test in the meantime.

Third, completing the restructuring of our cost base. We continue to make progress on our profit improvement initiative, and expect to realize net incremental annualized savings of at least $100 million beyond what is realized this year. We expect to complete our in-store pilot studies during the fourth quarter of Fiscal 2013, which will provide insight into additional savings opportunities.

Finally, ensuring we are properly organized to execute against our strategic plan.

We believe the best path to growth and shareholder value creation is to leverage the strengths of our brands, which have global appeal and a clearly defined aesthetic. While we recognize that we must adapt to changing markets and consumer dynamics, we intend to do so while staying true to our brands, which have a reputation for quality, heritage and timeless fashion.

Our priority remains on driving operating margin improvement through execution of our strategic plan and maintaining a disciplined approach to capital allocation.

In connection with our recently completed long-term strategic review, we have also decided to focus the future development of the Gilly Hicks brand through Hollister stores and direct-to-consumer channels. This decision was based on the successful test of selling Gilly Hicks branded intimates in Hollister stores. As a result, we made the decision to close all Gilly Hicks stand-alone stores. We believe it is critical to focus our efforts and resources where we have the greatest opportunities to drive profitable growth for our brands.

The Company's full year non-GAAP adjusted diluted earnings per share projection of $1.40 to $1.50 is based on an assumption that fourth quarter comparable sales will be down low double digits. This projection also assumes significant gross margin rate erosion in the fourth quarter and a flat full year gross margin rate as compared to last year. Our projected diluted earnings per share guidance does not include the impact of any potential impairment and store closure charges, charges related to the restructuring of the Gilly Hicks brand, charges related to the implementation of the profit improvement initiative or the effect of additional share repurchases.

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THIRD QUARTER AND YEAR-TO-DATE RESULTS

Net Sales

Net sales for the third quarter of Fiscal 2013 were $1.033 billion, a decrease of 12% from net sales of $1.170 billion during the third quarter of Fiscal 2012. The net sales decrease was attributable to a 14% decrease in total comparable sales partially off-set by new international stores. Including direct-to-consumer sales, U.S. sales decreased 18% to $674.9 million and international sales increased 2% to $358.4 million. The impact of changes in foreign currency benefited sales by approximately $6.6 million for the thirteen weeks ended November 2, 2013 (based on converting prior year sales at current year exchange rates).

Year-to-date net sales in Fiscal 2013 were $2.818 billion, a decrease of 7% from net sales of $3.042 billion during the year-to-date period in Fiscal 2012. The net sales decrease was attributable to a 13% decrease in total comparable sales partially off-set by new international stores. Including direct-to-consumer sales, U.S. sales decreased 14% to $1.807 billion and international sales increased 9% to $1.011 billion. The impact of changes in foreign currency benefited sales by approximately $4.8 million for the thirty-nine weeks ended November 2, 2013.

By brand, comparable sales for the third quarter of Fiscal 2013, including direct-to-consumer, were as follows: Abercrombie & Fitch decreased 13%, abercrombie kids decreased 4% and Hollister decreased 16%. Across the brands, the male business continued to outperform the female business.

Total comparable sales for the quarter, including direct-to-consumer sales, decreased 14% with comparable U.S. sales decreasing 14% and international decreasing 15%. Within the quarter, comparable sales were weakest in August and September.

Due to the 53rd week in Fiscal 2012, third quarter comparable sales are compared to the thirteen and thirty-nine week period ended November 3, 2012. The thirteen week period ended November 3, 2012 had approximately $23 million less in sales versus the reported thirteen week period October 27, 2012.

Direct-to-consumer sales, including shipping and handling revenue, for the third quarter of Fiscal 2013 were $174.6 million, an increase of 10% from Fiscal 2012 third quarter direct-to-consumer sales of $158.3 million. The direct-to-consumer sales increase was primarily driven by an increase in the international business. The direct-to-consumer business, including shipping and handling revenue, accounted for 16.9% of total net sales in the third quarter of Fiscal 2013 compared to 13.5% in the third quarter of Fiscal 2012.

Direct-to-consumer sales, including shipping and handling revenue, for the Fiscal 2013 year-to-date period were $461.6 million, an increase of 6% from Fiscal 2012 year-to-date direct-to-consumer sales of $434.2 million. The direct-to-consumer sales increase was primarily driven by an increase in the international business. The direct-to-consumer business, including shipping and handling revenue, accounted for 16.4% of total net sales for the year-to-date period of Fiscal 2013 compared to 14.3% in the Fiscal 2012 year-to-date period.

Gross Profit

Gross profit for the third quarter of Fiscal 2013 was $651.0 million compared to $752.5 million for the comparable period in Fiscal 2012. The gross profit rate (gross profit divided by net sales) for the third quarter of Fiscal 2013 was 63.0%, down 130 basis points from the third quarter of Fiscal 2012 rate of 64.3%.

The decrease in the gross profit rate for the third quarter was primarily driven by increased promotional activity partially offset by a calendar shift benefit. Gross profit included $5.3 million of inventory write-downs related to Gilly Hicks.

Year-to-date gross profit for Fiscal 2013 was $1.808 billion compared to $1.886 billion for the comparable period in Fiscal 2012. The gross profit rate for the year-to-date period of Fiscal 2013 was 64.2%, up 220 basis points from the year-to-date period of Fiscal 2012 rate of 62.0%.

The increase in the gross profit rate for the year-to-date period was primarily driven by a selling mix benefit and a decrease in product costs.

Stores and Distribution Expense

Stores and distribution expense for the third quarter of Fiscal 2013 was $564.9 million compared to $496.9 million for the comparable period in Fiscal 2012. Stores and distribution expense for the third quarter of Fiscal 2013 included

$40.1 million of charges related to the restructuring of the Gilly Hicks brand and $43.6 million of other store asset impairment charges. Excluding these charges, the stores and distribution expense rate was 46.5% of net sales compared to 42.5% in the third quarter of Fiscal 2012.

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Stores and distribution expense for the Fiscal 2013 year-to-date period was $1.486 billion compared to $1.411 billion for the comparable period in Fiscal 2012. Stores and distribution expense for the Fiscal 2013 year-to-date period included charges as referenced above. Excluding these charges, the stores and distribution expense rate was 49.7% of net sales compared to 46.4% for the Fiscal 2012 year-to-date period.

Expense savings in store payroll, store management and support and other stores and distribution expense were more than offset by the deleveraging effect of negative comparable sales and higher direct-to-consumer expense during the third quarter and year-to-date periods of Fiscal 2013.

Shipping and handling costs, including costs incurred to store, move and prepare the products for shipment and costs incurred to physically move the product to the customer, associated with direct-to-consumer operations were $20.2 million for the thirteen weeks ended November 2, 2013 compared to $16.4 million for the thirteen weeks ended October 27, 2012 and $54.5 million for the thirty-nine weeks ended November 2, 2013 compared to $47.7 million for the thirty-nine weeks ended October 27, 2012. These amounts are included in Stores and Distribution Expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Handling costs, including costs incurred to store, move and prepare the products for shipment to stores, were $13.6 million for the thirteen weeks ended November 2, 2013 compared to $15.1 million for the thirteen weeks ended October 27, 2012 and $39.6 million for the thirty-nine weeks ended November 2, 2013 compared to $44.1 million for the thirty-nine weeks ended October 27, 2012. These amounts are included in Stores and Distribution Expense on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Marketing, General and Administrative Expense

Marketing, general and administrative expense during the third quarter of Fiscal 2013 was $131.3 million compared to $123.4 million during the same period in Fiscal 2012. Marketing, general and administrative expense for the third quarter of Fiscal 2013 included $7.0 million of charges related to the profit improvement initiative and $4.6 million of charges related to the restructuring of the Gilly Hicks brand. Excluding these charges, marketing, general and administrative expense was $119.8 million, a decrease of 3% from last year.

Marketing, general and administrative expense during the Fiscal 2013 year-to-date period was $367.8 million compared to $351.6 million during the same period in Fiscal 2012. Marketing, general and administrative expense for the Fiscal 2013 year-to-date period included $9.5 million of charges related to the profit improvement initiative and $4.6 million of charges related to the restructuring of the Gilly Hicks brand. Excluding these charges, marketing, general and administrative expense was $353.7 million, an increase of 1% from last year.

Other Operating Income, Net

Third quarter other operating income, net for Fiscal 2013 was $9.9 million compared to other operating income, net, of $1.2 million for the third quarter of Fiscal 2012. Other operating income, net included insurance recoveries of approximately $6.0 million in the third quarter of Fiscal 2013.

Year-to-date other operating income, net for Fiscal 2013 was $15.1 million compared to $5.7 million for the year-to-date period of Fiscal 2012. Other operating income, net included insurance recoveries of approximately $9.0 million in Fiscal 2013.

Operating (Loss) Income

Operating loss for the third quarter of Fiscal 2013 was $35.4 million, compared to operating income of $133.3 million during the third quarter of Fiscal 2012. Excluding charges of $95.9 million related to restructuring plans for the Gilly Hicks brand, other store asset impairment charges, and charges related to its profit improvement initiative, operating income was $60.5 million for the third quarter of Fiscal 2013.

Year-to-date operating loss in Fiscal 2013 was $30.1 million, compared to operating income of $129.4 million during the comparable period of Fiscal 2012. Excluding charges of $98.4 million related to restructuring plans for the Gilly Hicks brand, other store asset impairment charges, and charges related to its profit improvement initiative, operating income was $68.3 million for the year-to-date period of Fiscal 2013.

The reduction in operating income was primarily driven by the deleveraging effect of negative comparable store sales, both U.S. and international, partially offset by new international stores, direct-to-consumer operations and expense reductions during the third quarter and year-to-date periods of Fiscal 2013.

Interest Expense, Net and Tax (Benefit) Expense

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Third quarter interest expense was $2.7 million in Fiscal 2013, offset by interest income of $1.1 million, compared to interest expense of $2.6 million, offset by interest income of $1.0 million in the third quarter of Fiscal 2012.
Year-to-date interest expense was $8.2 million in Fiscal 2013, offset by interest income of $3.1 million, compared to interest expense of $7.3 million in Fiscal 2012, offset by interest income of $3.1 million.
The effective tax rate for the third quarter of Fiscal 2013 was 57.7%. Excluding the effect of charges related to restructuring plans for Gilly Hicks, other store asset impairment charges, and charges related to the Company's profit improvement initiative, the tax rate was 31.1% compared to 36.2% for the third quarter of Fiscal 2012.
The effective tax rate for the year-to-date period of Fiscal 2013 was 67.4%. Excluding the effect of charges related to restructuring plans for Gilly Hicks, other store asset impairment charges, and charges related to the Company's profit improvement initiative, the tax rate was 26.7% compared to 36.3% for the Fiscal 2012 year-to-date period.
The Fiscal 2013 effective tax rate reflects a benefit resulting from the settlement of state income tax audits and a benefit of $4.9 million related to certain discrete tax matters in the third quarter.
On a full-year basis, the Company expects the effective tax rate to be in the upper 30's on a GAAP basis and in the mid 30's on an adjusted non-GAAP basis. The rate remains sensitive to the U.S./international profit mix, including the effect of foreign currencies.
As of November 2, 2013, there were approximately $22.5 million of net deferred tax assets in Japan. The realization of the net deferred tax assets is dependent upon the future generation of sufficient taxable profits in Japan. While the Company believes it is more likely than not that the net deferred tax assets will be realized, it is not certain. Should circumstances change, the net deferred tax assets not currently subject to a valuation allowance may become subject to one in the future. Additional valuation allowances would result in additional tax expense.
Net (Loss) Income and Net (Loss) Income per Share
Net loss for the third quarter of Fiscal 2013 was $15.6 million compared to net income of $84.0 million for the third quarter of Fiscal 2012. Net loss per basic and diluted share for the third quarter of Fiscal 2013 was $0.20 compared to net income per diluted share of $1.02 for the third quarter of Fiscal 2012. Excluding charges related to restructuring plans for the Gilly Hicks brand, other store asset impairment charges, and charges related to its profit improvement initiative, adjusted non-GAAP net income was $40.5 million and net income per diluted share was $0.52.
Net loss for the year-to-date period of Fiscal 2013 was $11.5 million compared to net income of $79.8 million for the year-to-date period of Fiscal 2012. Net loss per basic and diluted share for the year-to-date period of Fiscal 2013 was $0.15 compared to net income per diluted share of $0.95 for the year-to-date period of Fiscal 2012. Excluding charges related to restructuring plans for the Gilly Hicks brand, other store asset impairment charges, and charges related to its profit improvement initiative, adjusted non-GAAP net income was $46.4 million and net income per diluted share was $0.59.

FINANCIAL CONDITION
Liquidity and Capital Resources
Historical Sources and Uses of Cash
Seasonality of Cash Flows
The Company’s business has two principal selling seasons: the Spring season which includes the first and second fiscal quarters (“Spring”) and the Fall season which includes the third and fourth fiscal quarters ("Fall"). As is typical in the apparel industry, the Company experiences its greatest sales activity during the Fall season due to Back-to-School and Holiday sales periods, particularly in the U.S. The Company relies on excess operating cash flows, which are largely generated in the Fall season, to fund operating expenses throughout the year and to reinvest in the business to support future growth. The Company also has a credit facility available as a source of additional funding.
Credit Agreements
On July 28, 2011, the Company entered into an unsecured amended and restated credit agreement (the “Amended and Restated Credit Agreement”) under which up to $350 million is available. The Company had no borrowings outstanding under the Amended and Restated Credit Agreement on November 2, 2013 or February 2, 2013.

On February 24, 2012, the Company entered into a $300 million Term Loan Agreement. On January 23, 2013, the Company amended both the Amended and Restated Credit Agreement and Term Loan Agreement to reduce the amount available for

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borrowing under the Term Loan Agreement to $150 million and lower the applicable Coverage Ratio to 1.75 to 1.00. On February 21, 2013, the Company elected to draw down the full $150 million available under the Term Loan Agreement. Repayments of $3.75 million are due on the last day of each quarter beginning May 2013, with the final repayment of $90.0 million due upon maturity at February 23, 2017. The Company had $138.8 million in borrowings outstanding under the Term Loan Agreement on November 2, 2013 and no borrowings outstanding under the Term Loan Agreement as of February 2, 2013.

On November 4, 2013, the Company entered into an Amendment No. 3 to its existing Amended and Restated Credit Agreement and an Amendment No. 2 to its existing Term Loan Agreement. The amendments allow the Company to add back to the calculation of consolidated EBITDAR, for purposes of determining the Company's "Coverage Ratio" and the Company's "Leverage Ratio", up to $60 million of cash charges associated with the Gilly Hicks restructuring. In addition, the required minimum "Coverage Ratio" will be reduced initially for the testing period ending February 1, 2014 and each of the testing periods during the fiscal year ending January 31, 2015, to a level of 1.60 to 1.00, with such level gradually increasing to 1.75 to 1.00, for the testing period ending October 31, 2015 and thereafter.

The Amended and Restated Credit Agreement and the Term Loan Agreement are described in Note 13, “BORROWINGS” and Note 20, "SUBSEQUENT EVENTS," of the Notes to Consolidated Financial Statements.

The Amended and Restated Credit Agreement and the Term Loan Agreement have a Leverage Ratio covenant and a Coverage Ratio financial covenant. The Company was in compliance with the applicable ratio requirements and other covenants at November 2, 2013.

Stand-by letters of credit outstanding on November 2, 2013 and February 2, 2013 were insignificant.

Operating Activities

Net cash used for operating activities was $230.2 million for the thirty-nine weeks ended November 2, 2013 compared to net cash provided by operating activities of $219.3 million for the thirty-nine weeks ended October 27, 2012. The change in cash flow associated with operating activities was primarily related to inventory. Inventory increased 22% from $630.0 million in the third quarter of Fiscal 2012 to $768.9 million at the end of the third quarter of Fiscal 2013.

Investing Activities

Cash outflows for investing activities for the thirty-nine week periods ended November 2, 2013 and October 27, 2012 were used primarily for capital expenditures related to new store construction and information technology investments. Cash outflows for capital expenditures were lower in Fiscal 2013 than in Fiscal 2012, due to fewer new international stores, as well as a decrease in home office, distribution centers and information technology infrastructure projects. Cash inflows from investing activities for the thirty-nine weeks ended October 27, 2012 included proceeds from sales of auction rate marketable securities.

Financing Activities

For the thirty-nine week periods ended November 2, 2013 and October 27, 2012, cash outflows for financing activities consisted primarily of the repurchase of A&F’s Common Stock, the payment of dividends and the repayment of borrowings. For the thirty-nine week periods ended November 2, 2013 and October 27, 2012, cash inflows from financing activities consisted primarily of proceeds from borrowings.

During the thirty-nine weeks ended November 2, 2013, A&F repurchased approximately 2.4 million shares of A&F’s Common Stock in the open market with a market value of approximately $115.8 million. During the thirty-nine weeks ended October 27, 2012, A&F repurchased approximately 6.3 million shares of A&F’s Common Stock in the open market with a market value of approximately $265.5 million. Repurchases of A&F’s Common Stock were made pursuant to the A&F Board of Directors authorizations.

As of November 2, 2013, A&F had approximately 16.3 million remaining shares available for repurchase as part of the A&F Board of Directors’ previously approved authorizations.

Future Cash Requirements and Sources of Cash

Over the next twelve months, the Company’s primary cash requirements will be to fund operating activities, including the acquisition of inventory, and obligations related to compensation, leases, taxes and other operating activities, as well as to fund capital expenditures and quarterly dividends to stockholders subject to approval by the Company's Board of Directors'. As referenced below, the Company will incur additional cash expenses related to the closures of

the Gilly Hicks stores. The Company has availability under the Amended and Restated Credit Agreement as a source of additional funding.

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Subject to suitable market conditions and available liquidity, A&F expects to continue to repurchase shares of its Common Stock. The Company anticipates funding these cash requirements with available cash and, as appropriate, borrowings under the Amended and Restated Credit Agreement.

The Company is not dependent on dividends from its foreign subsidiaries to fund its U.S. operations or make distributions to A&F's shareholders. Unremitted earnings from foreign subsidiaries, which are considered to be invested indefinitely, would become subject to income tax if they were remitted as dividends or were lent to A&F or a U.S. affiliate.

Off-Balance Sheet Arrangements

As of November 2, 2013, the Company did not have any off-balance sheet arrangements.

Contractual Obligations

The Company’s contractual obligations consist primarily of operating leases, purchase orders for merchandise inventory, unrecognized tax benefits, certain retirement obligations, lease deposits and other agreements to purchase goods and services that are legally binding and that require minimum quantities to be purchased. These contractual obligations impact the Company’s short- and long-term liquidity and capital resource needs. During the thirty-nine weeks ended November 2, 2013, there were no material changes in the contractual obligations as of February 2, 2013, with the exception of those obligations which occurred in the normal course of business (primarily changes in the Company’s merchandise inventory-related purchases and lease obligations, which fluctuate throughout the year as a result of the seasonal nature of the Company’s operations) and the borrowings under the Term Loan Agreement.

Gilly Hicks Restructuring

On November 1, 2013, A&F’s Board of Directors approved the closure of the Company’s stand-alone Gilly Hicks stores. The Company anticipates the closure will be substantially complete by the end of the first quarter of Fiscal 2014. Store closures in Europe are subject to applicable notice and consultation provisions.

In connection with its long-term strategic review, the Company has decided to focus the future development of the Gilly Hicks brand through Hollister stores and direct-to-consumer channels. This decision reflects the successful pilot of selling Gilly Hicks branded intimates in Hollister stores.

As a result of exiting the Gilly Hicks branded stores, the Company currently estimates that it will incur aggregate pre-tax charges of approximately $90 million, inclusive of the $44.7 million recognized during the third quarter.

Below is a summary of pre-tax charges incurred related to the closure of the Gilly Hicks branded stores (in thousands):

	Thirteen and Thirty-Nine Weeks Ended November 2, 2013 [1]
Non-Cash Charges	
Asset Impairment	$37,940
Other Charges	$4,668
Cash Charges	
Lease Terminations	$2,100
Total Charges	$44,708

[1] For the thirteen week period November 2, 2013, the Company incurred charges related to restructuring plans for the Gilly Hicks brand of $14.5 million for U.S. Stores segment and $30.2 million for International Stores segment.

Excluding the charges above, the Company incurred an operating loss of approximately $12 million related to its Gilly Hicks operations for the third quarter. The operating loss for the third quarter included $5.3 million of inventory write-downs. These charges are not included in the charges referenced above.

The remaining charges, primarily lease-related, including the net present value of lease terminations, potential sub-lease losses and other lease-related costs of approximately $45 million, are expected to be substantially recognized in the fourth quarter of Fiscal 2013 and the first quarter of Fiscal 2014. This estimate is based on a number of significant assumptions and could change materially.

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Store Activity

During the third quarter ending November 2, 2013, the Company opened five international Hollister chain stores, including its first store in Japan, and an Abercrombie & Fitch flagship store in Seoul. Additionally, the Company opened a combined Abercrombie & Fitch and abercrombie kids outlet and a Hollister outlet in Italy.

The Company continues to anticipate opening approximately 20 international Hollister chain stores throughout the year. In addition, the Company will open a small number of international and U.S. outlet stores during the year. The planned opening of an Abercrombie & Fitch flagship store in Shanghai is expected in the Spring of 2014.

The Company expects total capital expenditures for Fiscal 2013 to be approximately $200 million. Capital expenditures totaled $124.0 million and $278.0 million for the thirty-nine week periods ended November 2, 2013 and October 27, 2012, respectively. Capital expenditures were lower in Fiscal 2013 than in Fiscal 2012, due to fewer new international stores, as well as a decrease in home office, distribution centers and information technology infrastructure projects.

During the thirty-nine weeks ended November 2, 2013, the Company closed 10 U.S. and one Canadian store. For Fiscal 2013, the Company anticipates closing a total of approximately 50 U.S. stores, inclusive of the 10 which were closed in the first three quarters of Fiscal 2013 and excluding closures related to Gilly Hicks. The remaining store closures are expected to be through natural lease expirations and will occur at the end of the fiscal year.

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Third Quarter Store Count and Gross Square Feet

Store count and gross square footage by brand for the thirteen weeks ended November 2, 2013 and October 27, 2012, respectively, were as follows:

Store Activity	Abercrombie & Fitch	abercrombie	Hollister	Gilly Hicks	Total
U.S. Stores					
August 3, 2013	265	144	478	20	907
New	—	—	—	—	—
Closed	—	—	(3)	—	(3)
November 2, 2013	265	144	475	20	904
Gross Square Feet at November 2, 2013	2,367	675	3,241	169	6,452
International Stores					
August 3, 2013	20	6	116	8	150
New	2	1	6	—	9
Closed	—	—	—	—	—
November 2, 2013	22	7	122	8	159
Gross Square Feet at November 2, 2013	431	66	1,071	49	1,617
Total Stores	287	151	597	28	1,063
Total Gross Square Feet at November 2, 2013	2,798	741	4,312	218	8,069

Store Activity	Abercrombie & Fitch	abercrombie	Hollister	Gilly Hicks	Total
U.S. Stores					
July 28, 2012	278	154	486	18	936
New	—	—	—	—	—
Closed	—	—	—	—	—
October 27, 2012	278	154	486	18	936
Gross Square Feet at October 27, 2012	2,495	727	3,311	176	6,709
International Stores					
July 28, 2012	15	5	92	7	119
New	2	1	9	—	12
Closed	—	—	—	—	—
October 27, 2012	17	6	101	7	131
Gross Square Feet at October 27, 2012	339	71	875	47	1,332
Total Stores	295	160	587	25	1,067
Total Gross Square Feet at October 27, 2012	2,834	798	4,186	223	8,041

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Year-To-Date Store Count and Gross Square Feet

Store count and gross square footage by brand for the thirty-nine weeks ended November 2, 2013 and October 27, 2012, respectively, were as follows:

Store Activity	Abercrombie & Fitch	abercrombie	Hollister	Gilly Hicks	Total
U.S. Stores					
February 2, 2013	266	144	482	20	912
New	1	1	—	—	2
Closed	(2)	(1)	(7)	—	(10)
November 2, 2013	265	144	475	20	904
Gross Square Feet at November 2, 2013	2,367	675	3,241	169	6,452
International Stores					
February 2, 2013	19	6	107	7	139
New	3	2	15	1	21
Closed	—	(1)	—	—	(1)
November 2, 2013	22	7	122	8	159
Gross Square Feet at November 2, 2013	431	66	1,071	49	1,617
Total Stores	287	151	597	28	1,063
Total Gross Square Feet at November 2, 2013	2,798	741	4,312	218	8,069

Store Activity	Abercrombie & Fitch	abercrombie	Hollister	Gilly Hicks	Total
U.S. Stores					
January 28, 2012	280	154	494	18	946
New	1	—	—	—	1
Closed	(3)	—	(8)	—	(11)
October 27, 2012	278	154	486	18	936
Gross Square Feet at October 27, 2012	2,495	727	3,311	176	6,709
International Stores					
January 28, 2012	14	5	77	3	99
New	3	1	24	4	32
Closed	—	—	—	—	—
October 27, 2012	17	6	101	7	131
Gross Square Feet at October 27, 2012	339	71	875	47	1,332
Total Stores	295	160	587	25	1,067
Total Gross Square Feet at October 27, 2012	2,834	798	4,186	223	8,041

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Recent Accounting Pronouncements

In February 2013, the FASB issued ASU 2013-02, which amends Accounting Standards Codification Topic 220, "Comprehensive Income." The ASU contains new requirements related to the presentation and disclosure of items that are reclassified out of other comprehensive income. The new requirements give financial statement users a more comprehensive view of items that are reclassified out of other comprehensive income. ASU 2013-02 is effective for the Company's fiscal year and interim periods beginning after December 15, 2012, and is to be applied prospectively. The adoption did not have a material effect on the Company's consolidated financial statements.

Critical Accounting Estimates

We describe our significant accounting policies in Note 3, “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES” of the Notes to Consolidated Financial Statements contained in “ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA” of A&F’s Annual Report on Form 10-K for Fiscal 2012. We discuss our critical accounting estimates in "ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS", in our Annual Report on Form 10-K for Fiscal 2012. There have been no significant changes in our significant accounting policies or critical accounting estimates since the end of Fiscal 2012 with the exception of the items below:

Policy	Effect if Actual Results Differ from Assumptions
Property and Equipment	The Company has not made any material changes in the accounting methodology used to determine impairment loss over the past three fiscal years.
Long-lived assets, primarily comprised of property and equipment, are reviewed whenever events or changes in circumstances indicate that full recoverability of net asset group balances through future cash flows is in question. In addition, the Company conducts an annual impairment analysis in the fourth quarter of each year. For the purposes of the annual review, the Company reviews long-lived assets associated with stores that have an operating loss in the current year and have been open for at least two full years.	Based on the impact of current sales trends a number of stores were tested for impairment during the third quarter. Of the stores not impaired, stores with an aggregate net asset group value of $0.2 million, had undiscounted cash flows which were 150% or more of this net asset group value. Stores with an aggregate net asset group value of $2.8 million, had undiscounted cash flows which were in the range of 100% to 150% of this net asset group value. Net asset group value includes the value of construction allowances.
The Company’s impairment calculation requires management to make assumptions and judgments related to factors used in the evaluation for impairment, including, but not limited to, management’s expectations for future operations and projected cash flows. The key assumptions used in our undiscounted future cash flow model include sales, gross margin and, to a lesser extent, operating expenses.	The Company does not expect material changes in the near term to the assumptions underlying its impairment calculations as of November 2, 2013. However, if changes in these assumptions do occur, and, should those changes be significant, they could have a material impact on the Company’s determination of whether or not there has been an impairment. A 10% decrease in the sales assumption used to project future cash flows in the third quarter of Fiscal 2013 impairment test would have increased the impairment charge by approximately $4.7 million.

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 Quarterly Report on Form 10-Q or made by the Company, its management or spokespeople involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the Company's control. Words such as "estimate," "project," "plan," "believe," "expect "anticipate," "intend," and similar expressions may identify forward-looking statements.

The following factors, including the disclosures under the heading "FORWARD-LOOKING STATEMENTS AND RISK FACTORS" in "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for Fiscal 2012 filed on April 2, 2013, in some cases have affected and in the future could affect the Company's financial performance and could cause actual results for Fiscal 2013 and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this Quarterly Report on Form 10-Q or otherwise made by management:

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- changes in economic and financial conditions, and the resulting impact on consumer confidence and consumer spending, could have a material adverse effect on our business, results of operations and liquidity;
- changing fashion trends and consumer preferences, and the ability to manage our inventory commensurate with customer demand, could adversely impact our sales levels and profitability;
- fluctuations in the cost, availability and quality of raw materials, labor and transportation, could cause manufacturing delays and increase our costs;
- our growth strategy relies significantly on international expansion, which requires significant capital investment, adds complexity to our operations and may strain our resources and adversely impact current store performance;
- our international expansion plan is dependent on a number of factors, any of which could delay or prevent successful penetration into new markets or could adversely affect the profitability of our international operations;
- our direct-to-consumer operations are subject to numerous risks that could adversely impact sales;
- equity-based compensation awarded under the employment agreement with our Chief Executive Officer could adversely impact our cash flows, financial position or results of operations and could have a dilutive effect on our outstanding Common Stock;
- our development of a new brand concept could have a material adverse effect on our financial condition or results of operations;
- fluctuations in foreign currency exchange rates could adversely impact our financial condition and results of operations;
- our business could suffer if our information technology systems are disrupted or cease to operate effectively;
- comparable sales, including direct-to-consumer, may continue to fluctuate on a regular basis and impact the volatility of the price of our Common Stock;
- our market share may be negatively impacted by increasing competition and pricing pressures from companies with brands or merchandise competitive with ours;
- our ability to attract customers to our stores depends, in part, on the success of the shopping malls or area attractions in which most of our stores are located;
- our net sales fluctuate on a seasonal basis, causing our results of operations to be susceptible to changes in Back-to-School and Holiday shopping patterns;
- our failure to protect our reputation could have a material adverse effect on our brands;
- we rely on the experience and skills of our senior executive officers, the loss of whom could have a material adverse effect on our business;
- interruption in the flow of merchandise from our key vendors and international manufacturers could disrupt our supply chain, which could result in lost sales and could increase our costs;
- in a number of our European stores, associates are represented by workers' councils and unions, whose demands could adversely affect our profitability or operating standards for our brands;
- we depend upon independent third parties for the manufacture and delivery of all our merchandise;
- our reliance on two distribution centers in the U.S. and two international third-party distribution centers makes us susceptible to disruptions or adverse conditions affecting our distribution centers;
- we may be exposed to risks and costs associated with credit card fraud and identity theft that would cause us to incur unexpected expenses and loss of revenues;
- our facilities, systems and stores, as well as the facilities and systems of our vendors and manufacturers, are vulnerable to natural disasters, pandemic disease and other unexpected events, any of which could result in an interruption to our business and adversely affect our operating results;
- our litigation exposure could have a material adverse effect on our financial condition and results of operations;
- our inability or failure to adequately protect our trademarks could have a negative impact on our brand image and limit our ability to penetrate new markets;
- fluctuations in our tax obligations and effective tax rate may result in volatility in our operating results;
- the effects of war or acts of terrorism could have a material adverse effect on our operating results and financial condition;

- our inability to obtain commercial insurance at acceptable prices or our failure to adequately reserve for self-insured exposures might increase our expenses and adversely impact our financial results;
- operating results and cash flows at the store level may cause us to incur impairment charges;
- we are subject to customs, advertising, consumer protection, privacy, zoning and occupancy and labor and employment laws that could require us to modify our current business practices, incur increased costs or harm our reputation if we do not comply;
- changes in the regulatory or compliance landscape could adversely affect our business and results of operations;
- our unsecured Amended and Restated Credit Agreement (the "Amended and Restated Credit Agreement") and our Term Loan Agreement include financial and other covenants that impose restrictions on our financial and business operations;
- compliance with changing regulations and standards for accounting, corporate governance and public disclosure could adversely affect our business, results of operations and reported financial results;

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- our inability to implement our profit improvement plan across all work-streams could have a negative impact on our financial results; and
- our estimates of the expenses that we may incur in connection with the closures of the Gilly Hicks stores could prove to be inaccurate.

Future economic and industry trends that could potentially impact revenue and profitability are difficult to predict. Therefore, there can be no assurance that the forward-looking statements included in this Quarterly Report on Form 10-Q will prove to be accurate. In light of the significant uncertainties in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company, or any other person, that the objectives of the Company will be achieved. The forward-looking statements included herein are based on information presently available to the management of the Company. Except as may be required by applicable law, the Company assumes no obligation to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Investment Securities

The Company maintains its cash equivalents in financial instruments, primarily money market funds and United States treasury bills, with original maturities of three months or less.

The irrevocable rabbi trust (the "Rabbi Trust") is intended to be used as a source of funds to match respective funding obligations to participants in the Abercrombie & Fitch Co. Nonqualified Savings and Supplemental Retirement Plan I, the Abercrombie & Fitch Co. Nonqualified Savings and Supplemental Retirement Plan II and the Chief Executive Officer Supplemental Executive Retirement Plan. The Rabbi Trust assets are consolidated and recorded at fair value, with the exception of the trust-owned life insurance policies which are recorded at cash surrender value. The Rabbi Trust assets are included in Other Assets on the Consolidated Balance Sheets and are restricted as to their use as noted above. The change in cash surrender value of the trust-owned life insurance policies held in the Rabbi Trust resulted in insignificant realized gains for each of the thirteen week periods ended November 2, 2013 and October 27, 2012 and realized gains of $2.5 million for each of the thirty-nine week periods ended November 2, 2013 and October 27, 2012.

Interest Rate Risks

As of November 2, 2013, the Company had $138.8 million in borrowings outstanding under its Term Loan Agreement. These borrowings and any future borrowings will bear interest at negotiated rates and would be subject to interest rate risk. Interest on borrowings may be determined under several alternative methods including LIBOR plus a margin based upon the Company's Leverage Ratio, which represents the ratio of (a) the sum of total debt (excluding specified permitted foreign bank guarantees and trade letters of credit) plus 600% of forward minimum rent commitments to (b) Consolidated EBITDAR (as defined in the Term Loan Agreement) for the trailing four-consecutive-fiscal-quarter period. Covenants are generally consistent with those in the Company's Amended and Restated Credit Agreement. The average interest rate was 1.69% for the thirteen-week period ended November 2, 2013. Additionally, as of November 2, 2013, the Company had $350 million available, less outstanding letters of credit, under its Amended and Restated Credit Agreement. Assuming no changes in the Company's financial structure as it stood at November 2, 2013, if market interest rates average an increase of 100 basis points over the next thirty-nine week period compared to the interest rates being incurred for the thirty-nine week period ended November 2, 2013, there would be an insignificant change in interest expense. This amount was determined by calculating the effect of the average hypothetical interest rate increase on the Company's variable rate Term Loan Agreement. This hypothetical increase in interest rate for the fifty-two week period ended February 1, 2014 may be different from the actual increase in interest expense due to varying interest rate reset dates under the Company's Term Loan Agreement.

Foreign Exchange Rate Risk

A&F's international subsidiaries generally operate with functional currencies other than the U.S. Dollar. The Company's Consolidated Financial Statements are presented in U.S. Dollars. Therefore, the Company must translate revenues, expenses, assets and liabilities from functional currencies into U.S. Dollars at exchange rates in effect during or at the end of the reporting period. The fluctuation in the value of the U.S. Dollar against other currencies affects the reported amounts of revenues, expenses, assets and liabilities. The potential impact of currency fluctuation increases as international expansion increases.

A&F and its subsidiaries have exposure to changes in currency exchange rates associated with foreign currency transactions and forecasted foreign currency transactions, including the sale of inventory between subsidiaries and foreign denominated assets and liabilities. Such transactions are denominated primarily in U.S. Dollars, Australian Dollars, British Pounds, Canadian Dollars, Chinese Yuan, Danish Kroner, Euros, Hong Kong Dollars, Japanese Yen, Polish Zloty, South Korean Won, Singapore Dollars, Swedish Kroner, Swiss Francs and UAE Dirham. The Company has established a program that primarily utilizes foreign currency forward contracts to partially offset the risks associated with the effects of certain foreign currency transactions and forecasted transactions. Under this program, increases or decreases in foreign currency exposures are partially offset by gains or losses on forward contracts, to mitigate the impact of foreign currency gains or losses. The Company does not use forward contracts to engage in

currency speculation. All outstanding foreign currency forward contracts are recorded at fair value at the end of each fiscal period.

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

A&F maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the reports that A&F files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to A&F's management, including the Chairman and Chief Executive Officer of A&F (the principal executive officer) and the Executive Vice President and Chief Financial Officer of A&F (the principal financial officer), as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

A&F's management, including the Chairman and Chief Executive Officer of A&F and the Executive Vice President and Chief Financial Officer of A&F, evaluated the effectiveness of A&F's design and operation of its disclosure controls and procedures as of the end of the fiscal quarter ended November 2, 2013. Based upon that evaluation, the Chairman and Chief Executive Officer of A&F and the Executive Vice President and Chief Financial Officer of A&F concluded that A&F's disclosure controls and procedures were effective at a reasonable level of assurance as of November 2, 2013, the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control Over Financial Reporting

There were no changes in A&F's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during A&F's fiscal quarter ended November 2, 2013 that materially affected, or are reasonably likely to materially affect, A&F's internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A&F is a defendant in lawsuits and other adversary proceedings arising in the ordinary course of business. Legal costs incurred in connection with the resolution of claims and lawsuits are generally expensed as incurred, and the Company establishes reserves for the outcome of litigation where it deems appropriate to do so under applicable accounting rules. The Company's assessment of the current exposure could change in the event of the discovery of additional facts with respect to legal matters pending against the Company or determinations by judges, juries, administrative agencies or other finders of fact that are not in accordance with the Company's evaluation of claims. Actual liabilities may exceed the amounts reserved, and there can be no assurance that final resolution of these matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company has established accruals for certain matters where losses are deemed probable and reasonably estimable. There are other claims and legal proceedings pending against the Company for which accruals have not been established.

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ITEM 1A. RISK FACTORS

The Company's risk factors as of November 2, 2013 have not changed materially from those disclosed in Part I, "ITEM 1A. RISK FACTORS" of A&F's Annual Report on Form 10-K for Fiscal 2012 filed on April 2, 2013.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no sales of equity securities during the third quarter of Fiscal 2013 that were not registered under the Securities Act of 1933.

The following table provides information regarding the purchase of shares of Common Stock of A&F made by or on behalf of A&F or any "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934, as amended, during each fiscal month of the thirteen-week period ended November 2, 2013:

Period (Fiscal Month)	Total Number of Shares Purchased [1]	Average Price Paid per Share [2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [3]	Maximum Number of Shares that May Yet Be Purchased under the Plans or Programs [4]
August 4, 2013 through August 31, 2013	3,989	$48.23	—	16,288,339
September 1, 2013 through October 5, 2013	1,122	$37.18	—	16,288,339
October 6, 2013 through November 2, 2013	70	$43.29	—	16,288,339
Total	5,181	$45.77	—	16,288,339

(1) All of the 5,181 shares of A&F's Common Stock purchased during the thirteen-week period ended November 2, 2013 represented shares which were withheld for tax payments due upon the vesting of employee restricted stock unit and restricted share awards.

(2) The average price paid per share includes broker commissions, as applicable.

(3) No shares were repurchased during the thirteen-week period ended November 2, 2013 pursuant to A&F's publicly announced stock repurchase authorizations. On May 15, 2012, A&F's Board of Directors authorized the repurchase of an aggregate of 10.0 million shares of A&F's Common Stock. On August 14, 2012, A&F's Board of Directors authorized the repurchase of an additional 10.0 million shares of A&F's Common Stock.

(4) The number shown represents, as of the end of each period, the maximum number of shares of Common Stock that may yet be purchased under A&F's publicly announced stock repurchase authorizations described in footnote 3 above. The shares may be purchased, from time-to-time, depending on market conditions.

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ITEM 6. EXHIBITS

Exhibit No.	Document
4.1	Amendment No. 3 to Amended and Restated Credit Agreement, made as of November 4, 2013, among Abercrombie & Fitch Management Co., as borrower; Abercrombie & Fitch Co., as a guarantor; Abercrombie & Fitch Europe S.A., Abercrombie & Fitch (UK) Limited, AFH Stores UK Limited, AFH Canada Stores Co. and AFH Japan, G.K., as foreign subsidiary borrowers; PNC Bank, National Association, as Global Agent, the Swing Line Lender, an LC Issuer and a Lender; JPMorgan Chase Bank, N.A., as a Lender; Fifth Third Bank, as a Lender; The Huntington National Bank, as a Lender; PNC Bank Canadian Branch, as a Canadian Lender; JPMorgan Chase Bank, N.A., Toronto Branch, as a Canadian Lender; Bank of America, N.A., as a Lender; U.S. Bank National Association, as a Lender; Citizens Bank of Pennsylvania, as a Lender; and Sumitomo Mitsui Banking Corporation, as a Lender [Incorporated herein by reference to Exhibit 4.1 to A&F's Current Report on Form 8-K dated November 7, 2013 (File No. 1-12107)]
4.2	Amendment No. 2 to Term Loan Agreement, made as of November 4, 2013, among Abercrombie & Fitch Management Co., as borrower; Abercrombie & Fitch Co., as a guarantor; PNC Bank, National Association, as Agent and a Lender; JPMorgan Chase Bank, N.A., as Syndication Agent and as a Lender; Fifth Third Bank, as a Lender; The Huntington National Bank, as a Lender; HSBC Bank USA, N.A., as a Lender; U.S. Bank National Association, as a Lender; Citizens Bank of Pennsylvania, as a Lender; and Sumitomo Mitsui Banking Corporation, as a Lender [Incorporated herein by reference to Exhibit 4.2 to A&F's Current Report on Form 8-K dated November 7, 2013 (File No. 1-12107)]
10.1	Stock Appreciation Right Award Agreement to be used for grants of awards after August 20, 2013 under the Amended and Restated Abercrombie & Fitch Co. 2007 Long-Term Incentive Plan [For employees; grant of award is to form all or part of the consideration for the execution by employee of Non-Competition and Non-Solicitation Agreement] *
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10.5	Performance Share Award Agreement to be used for grants of awards after August 20, 2013 under the Amended and Restated Abercrombie & Fitch Co. 2007 Long-Term Incentive Plan [For employees; grant of award is to form all or part of the consideration for the execution by employee of Non-Competition and Non-Solicitation Agreement] *
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10.7	Performance Share Award Agreement to be used for grants of awards to employees involved in the profit improvement initiative under the Amended and Restated Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award will not be associated with execution of

	Non-Competition and Non-Solicitation Agreement] *
10.8	Stock Appreciation Right Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award is to form all or part of the consideration for the execution by employee of Non-Competition and Non-Solicitation Agreement] *
10.9	Stock Appreciation Right Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award will not be associated with execution of Non-Competition and Non-Solicitation Agreement] *
10.10	Restricted Stock Unit Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award is to form all or part of the consideration for the execution by employee of Non-Competition and Non-Solicitation Agreement] *
10.11	Restricted Stock Unit Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award will not be associated with execution of Non-Competition and Non-Solicitation Agreement] *

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10.12	Performance Share Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award is to form all or part of the consideration for the execution by employee of Non-Competition and Non-Solicitation Agreement] *
10.13	Performance Share Award Agreement to be used for grants of awards after August 20, 2013 under the Abercrombie & Fitch Co. 2005 Long-Term Incentive Plan [For employees; grant of award will not be associated with execution of Non-Competition and Non-Solicitation Agreement] *
10.14	Employment Agreement, dated as of December 9, 2013, between Abercrombie & Fitch Co. and Michael S. Jeffries, incorporated herein by reference to Exhibit 10.1 to Abercrombie & Fitch Co.'s Current Report on Form 8-K dated and filed December 9, 2013 (File No. 001-12107).
15	Letter re: Unaudited Interim Financial Information to Securities and Exchange Commission re: Inclusion of Report of Independent Registered Public Accounting Firm – PricewaterhouseCoopers LLP.*
31.1	Certifications by Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certifications by Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32	Certifications by Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101	The following materials from Abercrombie & Fitch Co.’s Quarterly Report on Form 10-Q for the quarterly period ended November 2, 2013, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations and Comprehensive Income (Loss) for the Thirteen and Thirty-Nine Weeks Ended November 2, 2013 and October 27, 2012; (ii) Consolidated Balance Sheets at November 2, 2013 and February 2, 2013; (iii) Consolidated Statements of Cash Flows for the Thirty-Nine Weeks Ended November 2, 2013 and October 27, 2012; and (iv) Notes to Consolidated Financial Statements***

* Filed herewith.
** Furnished herewith.
*** Electronically submitted herewith

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABERCROMBIE & FITCH CO.

Date: December 10, 2013

By /s/ JONATHAN E. RAMSDEN
Jonathan E. Ramsden
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

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