ABERCROMBIE & FITCH CO /DE/
Form DEF 14A
January 20, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Abercrombie & Fitch Co.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
þ No fee required
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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o Fee paid previously with preliminary materials

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Abercrombie & Fitch Co.
6301 Fitch Path
New Albany, Ohio 43054
(614) 283-6500

January 20, 2011

Dear Fellow Stockholders:

You are cordially invited to attend a Special Meeting of Stockholders to be held at 10:00 a.m., Eastern Time, on Monday, February 28, 2011, at our executive offices located at 6301 Fitch Path, New Albany, Ohio 43054. I hope that you will all be able to attend and participate in the Special Meeting.

At the Special Meeting, our stockholders will consider and vote upon a proposal to adopt an Agreement and Plan of Merger, dated as of January 19, 2011 (the Merger Agreement), between Abercrombie & Fitch Co., a Delaware corporation (the Company), and Abercrombie & Fitch Co., an Ohio corporation and a wholly-owned subsidiary of the Company, by which the Company will effect the reincorporation of the Company from Delaware to Ohio. After careful consideration, the Board of Directors of the Company unanimously approved the Merger Agreement and the reincorporation and determined that the Merger Agreement and the reincorporation are advisable and fair to, and in the best interests of, the Company and its stockholders. **Accordingly, the Board of Directors recommends that you vote FOR the proposal to adopt the Merger Agreement.**

The formal Notice of Special Meeting of Stockholders and Proxy Statement are attached, and the matters to be acted upon by our stockholders are described in them.

It is important that your shares be represented and voted at the Special Meeting. Accordingly, after reading the accompanying Proxy Statement, please complete, date, sign and return the accompanying form of proxy. Alternatively, you may vote electronically through the Internet or by telephone by following the instructions on your form of proxy. Your vote is important regardless of the number of shares you own.

Sincerely yours,

Michael S. Jeffries
Chairman and Chief Executive Officer

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Abercrombie & Fitch Co.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

January 20, 2011

We hereby give you notice that a Special Meeting of Stockholders (the Special Meeting) of Abercrombie & Fitch Co. (the Company) will be held at the executive offices of the Company located at 6301 Fitch Path, New Albany, Ohio 43054, on Monday, February 28, 2011, at 10:00 a.m., Eastern Time, for the following purposes:

1. To consider and vote on a proposal (the Reincorporation Proposal) to adopt an Agreement and Plan of Merger, dated as of January 19, 2011 (the Merger Agreement), between the Company and Abercrombie & Fitch Co., an Ohio corporation and a wholly-owned subsidiary of the Company, by which the Company would effect the reincorporation of the Company from Delaware to Ohio;

2. To consider and vote on a proposal to approve, if necessary, the adjournment of the Special Meeting to solicit additional proxies (the Adjournment Proposal); and

3. To transact any other business that properly comes before the Special Meeting or any adjournment of the Special Meeting.

The accompanying Proxy Statement provides you with detailed information about the Special Meeting and the Reincorporation Proposal. After careful consideration, the Board of Directors of the Company unanimously approved the Merger Agreement and the reincorporation and determined that the Merger Agreement and the reincorporation are advisable and fair to, and in the best interests of, the Company and its stockholders. **Accordingly, the Board of Directors recommends that you vote FOR the Reincorporation Proposal and the Adjournment Proposal.**

If you were a stockholder of record, as shown by the transfer books of the Company, at the close of business on January 14, 2011, you will be entitled to receive notice of and to vote at the Special Meeting or at any adjournment of the Special Meeting.

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Our Investor Relations telephone number is (614) 283-6500 should you wish to obtain directions to our executive offices in order to attend the Special Meeting and vote in person. Directions to our executive offices may also be found on our website (www.abercrombie.com) on the Investors page under the Directions To A&F link.

By Order of the Board of Directors,

Michael S. Jeffries
Chairman and Chief Executive Officer

PLEASE COMPLETE, DATE AND SIGN THE ACCOMPANYING FORM OF PROXY AND RETURN IT IN THE ENVELOPE PROVIDED AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING. ALTERNATIVELY, SUBMIT YOUR VOTING INSTRUCTIONS ELECTRONICALLY VIA THE INTERNET OR TELEPHONICALLY. PLEASE SEE THE PROXY STATEMENT AND FORM OF PROXY FOR DETAILS ABOUT ELECTRONIC VOTING. IF YOU LATER DECIDE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT.

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Abercrombie & Fitch Co.
6301 Fitch Path
New Albany, Ohio 43054
(614) 283-6500

PROXY STATEMENT

Dated January 20, 2011

SPECIAL MEETING OF STOCKHOLDERS

To Be Held On February 28, 2011

This Proxy Statement is being furnished to stockholders of Abercrombie & Fitch Co. (the Company) in connection with the solicitation of proxies by the Company s Board of Directors (the Board) for use at a Special Meeting of Stockholders to be held on Monday, February 28, 2011 (the Special Meeting), or at any adjournment of the Special Meeting. The Special Meeting will be held at 10:00 a.m., Eastern Time, at the Company s executive offices located at 6301 Fitch Path, New Albany, Ohio 43054. A form of proxy for use at the Special Meeting accompanies this Proxy Statement and is solicited by the Board. This Proxy Statement and the accompanying form of proxy were first sent or given to stockholders on or about January 20, 2011.

We are holding the Special Meeting for the following purposes:

to consider and vote on a proposal (the Reincorporation Proposal) to adopt an Agreement and Plan of Merger, dated as of January 19, 2011 (the Merger Agreement), between the Company (sometimes referred to in this Proxy Statement as A&F (Delaware)) and Abercrombie & Fitch Co., an Ohio corporation and a wholly-owned subsidiary of the Company (sometimes referred to in this Proxy Statement as A&F (Ohio)), by which the Company would effect the reincorporation of the Company from Delaware to Ohio;

to consider and vote on a proposal to approve, if necessary, the adjournment of the Special Meeting to solicit additional proxies (the Adjournment Proposal); and

to transact any other business that properly comes before the Special Meeting or any adjournment of the Special Meeting.

QUESTIONS AND ANSWERS ABOUT THE REINCORPORATION

Q. What is the reincorporation?

A. The reincorporation is a proposed change of the state of incorporation of the Company from Delaware to Ohio. We would effect the reincorporation through a merger of A&F (Delaware) with and into A&F (Ohio) pursuant to the Merger Agreement. A&F (Ohio) would be the surviving corporation in the merger and the rights, obligations and duties of A&F (Ohio), the board of directors of A&F (Ohio) and the shareholders of A&F (Ohio) would be governed by Ohio law rather than Delaware law.

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Q. Why does the Company want to reincorporate into Ohio?

A. The Board unanimously approved the Merger Agreement and the reincorporation and determined that the Merger Agreement and the reincorporation are advisable and fair to, and in the best interests of, the Company and the stockholders of the Company for the following reasons:

Operational Benefits and Commitment to Ohio: We conduct the vast majority of our operations from our home office in New Albany, Ohio (other than our stores) and the vast majority of our full-time employees or, as referred to by the Company, associates, are Ohio residents. Given our significant operational presence in Ohio, we are committed to supporting the Ohio business community and believe that reincorporating into Ohio is an appropriate means to fulfill this commitment.

Reduce State Tax Liability: Reincorporating into Ohio would save us approximately $180,000 per year by decreasing our overall state tax liability.

Address Corporate Governance Matters: Reincorporating into Ohio would provide the Company with an opportunity to address a number of corporate governance matters in a manner that we believe appropriately protects and benefits the Company and its stakeholders.

Enhance Ability to Attract and Retain Qualified Directors: We believe that Ohio law affords directors a clearer balance of corporate governance rights and obligations than Delaware law and would thereby enhance our ability to attract and retain highly qualified individuals to serve as directors.

Q. What are the significant corporate governance trade-offs in connection with the reincorporation?

A. In addition to our desire to reincorporate in Ohio to take advantage of the operational benefits and tax savings that we believe Ohio provides, one of the primary elements of the reincorporation proposal is to address several corporate governance matters that have been raised in discussions or correspondence with a number of our stockholders. We take concerns about our corporate governance posture seriously, and, in connection with the Reincorporation Proposal, we seek to achieve an appropriate balance between our concern for protecting the Company and its stakeholders and maintaining our focus on the Company s long-term financial and operational success, on the one hand, and addressing expressed concerns regarding the number and scope of the protective provisions at A&F (Delaware), on the other.

Ohio law features two primary statutes relating to takeovers versus one primary provision in Delaware. Chapter 1704 of the Ohio Revised Code, known as the Merger Moratorium Statute, prohibits business combinations and certain other business transactions between an Ohio public corporation and a 10% shareholder for a period of three years after the shareholder becomes a 10% shareholder, unless certain conditions are satisfied. A similar provision of Delaware law, Section 203 of the Delaware General Corporation Law, applies to transactions with a 15% stockholder. Section 1701.831 of the Ohio General Corporation Law, known as the Control Share Acquisition Statute, requires shareholder approval of any acquisition of shares of an Ohio public corporation that would entitle the acquiring person to exercise more than one-fifth, one-third or one-half of the total voting power of the corporation in the election of directors. Delaware law does not include a similar statute.

As a trade-off for the statutory protections that would be afforded to A&F (Ohio), through the Reincorporation Proposal we are prepared to reduce the scope of, or eliminate, several of the protective provisions that we presently have in place at A&F (Delaware). Specifically, we propose to make the following corporate governance changes in connection with the reincorporation:

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eliminate our existing supermajority voting requirement (75% of the outstanding shares of A&F (Delaware)) and replace it with a voting requirement of a majority of the outstanding common shares, without par value, of A&F (Ohio);

allow shareholders of A&F (Ohio) holding at least 25% of the outstanding common shares to call a special meeting of shareholders. Currently, the stockholders of A&F (Delaware) do not have the right to call special meetings of stockholders;

redeem the Series A Participating Cumulative Preferred Stock Purchase Rights issued under A&F (Delaware) s outstanding rights plan. In addition, the Board has indicated that it would not adopt a shareholder rights plan, or poison pill, for A&F (Ohio) at the present time or, unless circumstances change, for the foreseeable future; and

allow shareholders of A&F (Ohio) to take action by written consent to the extent permitted by Ohio law (though such ability is limited by existing Ohio law). Currently, the stockholders of A&F (Delaware) do not have the right to take action by written consent.

We have committed to include in our proxy materials for the 2011 Annual Meeting of Stockholders a proposal to declassify the Board. The reincorporation would not affect this commitment, except that (i) if the reincorporation is not completed before the 2011 Annual Meeting of Stockholders, the declassification proposal must be adopted by the holders of 75% of the outstanding shares of Class A Common Stock, par value $0.01 per share (the Common Stock), of A&F (Delaware) and (ii) if the reincorporation is completed before the 2011 Annual Meeting of Shareholders, the declassification proposal must be adopted by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) and by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) voted on the proposal that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.

Although we believe that the substantive fiduciary duties of directors are substantially similar under both Delaware and Ohio law, the two states approach to fiduciary duty law differs somewhat. Ohio law:

has codified the directors fiduciary duties of care and, in part, loyalty;

at all times imposes the burden of proof on the person seeking to hold directors liable for the breach of their fiduciary duties (i.e., there is no shifting burden of proof or heightened scrutiny in certain instances, as has been interpreted to be the case under applicable Delaware common law); and

holds directors liable for damages only if it is proved by clear and convincing evidence that they acted with deliberate intent to cause injury to the corporation or with reckless disregard for the best interests of the corporation.

By codifying fiduciary duties and establishing evidentiary protections, Ohio law, we believe, provides directors with greater assurance regarding the range of discretion and judgment that they may exercise and enhanced protection against personal liability.

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Q. Are other large publicly-traded companies incorporated in Ohio?

A. Yes. Many well-known publicly-traded companies are incorporated in Ohio, including American Financial Group, Inc., Big Lots, Inc., Cardinal Health, Inc., Cliffs Natural Resources Inc., Diebold, Incorporated, DPL Inc., Eaton Corporation, Fifth Third Bancorp, FirstEnergy Corp., The Goodyear Tire & Rubber Company, The Kroger Co., The Lubrizol Corporation, Parker-Hannifin Corporation, The Procter & Gamble Company, The Progressive Corporation, The Scotts Miracle-Gro Company, Scripps Network Interactive, Inc., The Sherwin-Williams Company, The J.M. Smucker Company and The Timken Company.

Q. What are the principal terms of the reincorporation?

A. Upon the completion of the reincorporation of the Company into Ohio:

the separate corporate existence of A&F (Delaware) would cease;

A&F (Ohio) would succeed to the business and all of the properties, assets and liabilities of A&F (Delaware);

A&F (Ohio) would perform all of A&F (Delaware) s outstanding obligations under the Equity Plans (as defined below in the section entitled **Manner of Effecting the Reincorporation**) upon the same terms and subject to the same conditions as set forth in the Equity Plans and continue the Company s other employee benefit plans and arrangements upon the same terms and subject to the same conditions as set forth in those plans and arrangements;

all outstanding shares of Common Stock of A&F (Delaware) would convert into an equal number of common shares of A&F (Ohio); and

the existing holders of the outstanding shares of Common Stock of A&F (Delaware) would own all of the outstanding common shares of A&F (Ohio) without any change in their proportionate ownership.

Q. Would the name of the Company change as a result of the reincorporation?

A. No. The Company would retain the name Abercrombie & Fitch Co. but would be incorporated in Ohio instead of Delaware.

Q. Would the reincorporation change the business of the Company?

A. No. The reincorporation would not change the current business of the Company. Following the reincorporation, A&F (Ohio) would continue as a specialty retailer operating, through its subsidiaries, stores and direct-to-consumer operations selling products and accessories under the Abercrombie & Fitch, abercrombie kids, Hollister and Gilly Hicks brands. Our principal executive offices would remain located at 6301 Fitch Path, New Albany, Ohio 43054.

Q. Following the completion of the reincorporation, would A&F (Ohio) have the same directors, officers and associates that A&F (Delaware) has currently?

A. Yes. Upon the completion of the reincorporation, all of the directors, officers and associates of A&F (Delaware) would become directors, officers and associates of A&F (Ohio), respectively, and hold the same positions and, in the case of the directors, have the same terms of office for A&F (Ohio) as they did for A&F (Delaware).

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Q. Would the reincorporation affect my dividends?

A. No. The reincorporation would have no effect on our dividend policy. The board of directors of A&F (Ohio) would determine whether to declare future dividends on the common shares of A&F (Ohio) after reviewing the cash position and results of operations of A&F (Ohio).

Q. Would I owe any federal income tax as a result of the reincorporation?

A. No. We believe that the exchange of the shares of Common Stock of A&F (Delaware) for common shares of A&F (Ohio) would be tax-free for federal income tax purposes. We describe the federal income tax consequences of the merger in more detail below in the section entitled **Certain U.S. Federal Income Tax Consequences of the Reincorporation**.

Q. When do you expect to complete the reincorporation?

A. We expect to complete the reincorporation as promptly as practicable after our stockholders approve the Reincorporation Proposal and all of the other conditions to the completion of the reincorporation are satisfied.

Q. Would I have appraisal rights if I do not vote in favor of the reincorporation?

A. No. Stockholders of A&F (Delaware) who do not vote in favor of the Reincorporation Proposal would not be entitled to any appraisal rights in connection with the reincorporation because the Common Stock of A&F (Delaware) is listed on the New York Stock Exchange.

Q. Should I send in my certificate(s) for shares of Common Stock of A&F (Delaware)?

A. No. If the reincorporation is completed, you may, but would not be required to, exchange your certificates representing shares of Common Stock of A&F (Delaware) for certificates representing common shares of A&F (Ohio).

Q. Would the reincorporation affect my ownership or percent of ownership in the Company?

A. No. Upon the completion of the reincorporation, each outstanding share of Common Stock of A&F (Delaware) would automatically convert into one common share of A&F (Ohio) and A&F (Ohio) would not issue any additional common shares in the merger. Therefore, the number of shares and the percentage of ownership you hold in the Company would not change as a result of the reincorporation.

Q. Would the common shares of A&F (Ohio) be publicly traded?

A. Yes. After the completion of the reincorporation, the Common Stock of A&F (Delaware) would no longer be listed on the New York Stock Exchange, but the common shares of A&F (Ohio) would be listed on the New York Stock Exchange for trading under the Company s current symbol ANF. We would not complete the reincorporation unless and until the common shares of A&F (Ohio) are approved for listing on the New York Stock Exchange.

Q. What if the Reincorporation Proposal is not approved by the stockholders of the Company?

A.

The merger and the reincorporation would not occur and you would continue to hold shares of Common Stock of A&F (Delaware) and the Company would continue to be incorporated in the Delaware.

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INFORMATION ABOUT THE SPECIAL MEETING AND VOTING

Q. Who is entitled to vote at the Special Meeting?

A. The shares entitled to vote at the Special Meeting consist of the shares of the Company s Common Stock. The Board set January 14, 2011 as the record date for the Special Meeting. Only stockholders of record as of the close of business on the record date are entitled to vote at the Special Meeting. As of the close of business on the record date, 87,595,920 shares of Common Stock were outstanding.

Q. How many votes do I have?

A. On each matter presented at the Special Meeting, you are entitled to one vote for each share of Common Stock that you owned as of the close of business on the record date.

Q. How many votes must be present or represented to hold the Special Meeting?

A. A quorum for the Special Meeting is one-third of the outstanding shares of Common Stock. Shares of Common Stock represented by properly executed proxies returned to the Company prior to the Special Meeting or represented by properly authenticated Internet or telephone voting instructions (including all abstentions and broker non-votes) will be counted toward the establishment of a quorum for the Special Meeting.

Q. How do I vote?

A. If you are a registered stockholder, you may ensure your representation at the Special Meeting by completing, signing, dating and promptly returning the accompanying form of proxy. We have provided a return envelope, which requires no postage if mailed in the United States, for your use. Alternatively, you may give voting instructions electronically via the Internet or by using the toll-free telephone number stated on the form of proxy. You may also vote your shares of Common Stock in person at the Special Meeting. The Internet and telephone voting procedures are designed to authenticate stockholders identities, allow stockholders to give their voting instructions and confirm that stockholders voting instructions have been properly recorded.

If you hold your shares of Common Stock in street name with a broker, financial institution or other holder of record, you may be eligible to provide voting instructions to the holder of record electronically via the Internet or telephonically. If you hold your shares in street name, you should carefully review the information provided to you by the holder of record. This information will describe the procedures to be followed in instructing the holder of record how to vote your street name shares, including the deadline for submitting your voting instructions.

If you hold your shares of Common Stock in street name and wish to attend the Special Meeting and vote in person, you must bring an account statement or letter from your broker, financial institution or other holder of record authorizing you to vote on behalf of such holder of record. The account statement or letter must show that you were the direct or indirect beneficial owner of the shares of Common Stock on January 14, 2011, the record date for voting at the Special Meeting.

Q. What is the deadline for Internet and telephone voting?

A. The deadline for registered stockholders to transmit voting instructions electronically via the Internet or telephonically is 11:59 p.m., Eastern Time, on February 27, 2011.

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Q. How will my votes be counted?

A. The inspectors of election appointed for the Special Meeting will tabulate the results of stockholder voting. Those shares of Common Stock represented by properly executed proxies returned to the Company prior to the Special Meeting or represented by properly authenticated Internet or telephone voting instructions that are not subsequently revoked will be voted as directed by the stockholders. All valid proxies received prior to the Special Meeting that do not instruct how to vote shares of Common Stock (excluding broker non-votes) will be voted **FOR** the Reincorporation Proposal and, if necessary, **FOR** the Adjournment Proposal. No appraisal rights exist for any action proposed to be taken at the Special Meeting.

Q. What are broker non-votes?

A. Under the applicable rules of the New York Stock Exchange, brokers may not vote on any non-routine item without voting instructions from their clients. A broker non-vote occurs when a broker, financial institution or other holder of record holding shares of Common Stock for a client is unable to vote on a proposal because the proposal is non-routine and the client does not provide any voting instructions. As the Reincorporation Proposal and the Adjournment Proposal constitute non-routine items, if you hold your shares in street name, you must properly instruct your broker, financial institution or other holder of record how to vote on the Reincorporation Proposal and the Adjournment Proposal for your shares to be voted.

Q. Can I revoke or change my vote?

A. Yes. If you are a registered stockholder, you may revoke your proxy at any time before it is actually voted at the Special Meeting by giving notice of revocation to the Company in writing, by accessing the designated Internet site prior to the deadline for transmitting voting instructions electronically, by using the toll-free number stated on the form of proxy prior to the deadline for transmitting voting instructions electronically or by attending the Special Meeting and giving notice of revocation in person. You may also change your vote by executing and returning to the Company a later-dated form of proxy, submitting a later-dated vote through the designated Internet site or the toll-free telephone number stated on the form of proxy prior to the deadline for transmitting voting instructions electronically or voting at the Special Meeting. Attending the Special Meeting will not, by itself, revoke your proxy.

If you hold your shares in street name with a broker, financial institution or other holder of record, you should review the information provided to you by the holder of record that explains how to revoke previously given instructions.

Q. What vote is required to approve the proposals?

A. *Reincorporation Proposal:* The affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote thereon is required to approve the Reincorporation Proposal. Because the Reincorporation Proposal must be approved by a majority of the outstanding shares of Common Stock, abstentions and broker non-votes will have the effect of a vote **AGAINST** the Reincorporation Proposal.

Adjournment Proposal: The affirmative vote of a majority in voting interest of the stockholders present in person or by proxy at the Special Meeting and voting on the Adjournment Proposal is required to approve the Adjournment Proposal. Abstentions and broker non-votes (if any) will be counted for

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purposes of establishing a quorum but will not be treated as votes cast for purposes of the Adjournment Proposal.

Q. How does the Board recommend that I vote?

A. The Board unanimously recommends that you vote **FOR** the Reincorporation Proposal and **FOR** the Adjournment Proposal.

Q. Who will bear the costs of soliciting proxies for the Special Meeting?

A. The Company will pay the costs of preparing, assembling, printing and mailing this Proxy Statement, the accompanying form of proxy and any other related materials and all other costs incurred in connection with the solicitation of proxies on behalf of the Board, other than any costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that you incur in connection with voting through the Internet. Although the Company is soliciting proxies by mailing the proxy materials to stockholders, proxies may be solicited by Company associates via mail or by telephone, facsimile, electronic transmission or personal contact without additional compensation. The Company has retained Innisfree M&A Incorporated, New York, New York, to aid in the solicitation of proxies with respect to shares of Common Stock held by brokers, financial institutions, and other custodians, fiduciaries and holders of record for a fee of approximately $15,000, plus expenses. The Company will reimburse its transfer agent, brokers, financial institutions, and other custodians, fiduciaries and holders of record for their reasonable costs in sending proxy materials to stockholders.

Q. Who may I contact if I have any questions about the proposed reincorporation or how to vote my shares at the Special Meeting?

A. You may call the firm assisting the Company with the solicitation of proxies, Innisfree M&A Incorporated, toll-free at (877) 456-3422 (banks and brokers may call collect at (212) 750-5833).

PROPOSAL 1 APPROVAL OF THE COMPANY S REINCORPORATION INTO OHIO

After careful consideration, on December 17, 2010, the Board unanimously approved the Merger Agreement and the reincorporation and determined that the Merger Agreement and the reincorporation are advisable and fair to, and in the best interests of, the Company and its stockholders. Based on such approval and determination and the reasons set forth below, the Board unanimously recommends that you vote **FOR** the Reincorporation Proposal.

Reasons for the Reincorporation

We are seeking to reincorporate under Ohio law for a number of reasons.

Operational Benefits and Commitment to Ohio

We believe that there are a number of important operational benefits that we would derive from being domiciled in Ohio. In fact, we believe it is largely a matter of historical anachronism that we were first incorporated in Delaware as a subsidiary of our former public company parent many years ago.

The simple fact is that, other than our stores which are located throughout the United States and internationally, we conduct the vast majority of our operations from our home office in New Albany, Ohio. Our Ohio-based operations include our headquarter operations and senior management offices and our U.S.-based

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distribution centers and the meetings of our Board and stockholders are held in Ohio. The vast majority of our full-time associates are also Ohio residents. Given our significant operational presence in Ohio, we are committed to supporting the Ohio business community and the economic growth of both our company and Ohio and believe that reincorporating into Ohio is an appropriate means to fulfill this commitment. In contrast, we conduct little business in Delaware. Reincorporating into Ohio would also simplify our corporate administration and reduce costs in part by eliminating our obligation to file certain reports and other documents in Delaware.

In addition, by being a corporate citizen of Delaware, we have conceded jurisdiction to lawsuits in the State of Delaware, which effectively represents a foreign jurisdiction for us. These lawsuits may not have been brought in the State of Delaware if we had not been incorporated there.

Reduce State Tax Liability

Reincorporating into Ohio would save us money by decreasing our overall state tax liability. Delaware imposes a franchise tax on corporations incorporated under Delaware law. A&F (Delaware) s Delaware franchise tax obligation is $180,000 for the 2010 tax year. Management expects that if A&F (Delaware) remains incorporated in Delaware, it would continue to pay up to $180,000 in Delaware franchise taxes each year for the foreseeable future. As of January 1, 2010, Ohio no longer imposes a franchise tax on holding companies. Instead, Ohio imposes an annual commercial activity tax measured by the gross receipts generated by business activities in Ohio. By reincorporating into Ohio, we would eliminate our Delaware franchise tax obligation without affecting our Ohio commercial activity tax obligation. Management estimates that the completion of the reincorporation would reduce our aggregate state tax liabilities, based on present rates, by approximately $180,000 per year.

Address Corporate Governance Matters

In exchange for the operational and statutory benefits we believe Ohio law affords, reincorporating into Ohio would provide us with an opportunity to address a number of corporate governance matters in a manner that appropriately protects and benefits the Company and its stakeholders. Specifically, with the benefit of the balance we believe Ohio law provides, the Board proposes to:

eliminate our existing supermajority voting requirement (75% of the outstanding shares of A&F (Delaware)) and replace it with a voting requirement of a majority of the outstanding common shares of A&F (Ohio);

allow shareholders of A&F (Ohio) holding at least 25% of the outstanding common shares to call a special meeting of shareholders. Currently, the stockholders of A&F (Delaware) do not have the right to call special meetings of stockholders;

redeem the Series A Participating Cumulative Preferred Stock Purchase Rights issued under A&F (Delaware) s outstanding rights plan. In addition, the Board has indicated that it would not adopt a shareholder rights plan, or poison pill, for A&F (Ohio) at the present time or, unless circumstances change, for the foreseeable future; and

allow shareholders of A&F (Ohio) to take action by written consent (though such ability is limited by existing Ohio law). Currently, the stockholders of A&F (Delaware) do not have the right to take action by written consent.

Enhance Ability to Attract and Retain Qualified Directors

We believe that Ohio law affords directors a clearer balance of corporate governance rights and obligations than Delaware law and would thereby enhance our ability to attract and retain highly qualified individuals to

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serve as directors. Both Ohio and Delaware law require directors to perform their duties in a careful and disinterested manner and act in good faith, following appropriate consideration, as well as to be mindful of the best interests of the corporation and its shareholders. We believe, however, that the following provisions of Ohio law provide directors of an Ohio corporation with greater assurance regarding the range of discretion and judgment that they may exercise, which would better enable directors to make corporate decisions on their own merits and for the benefit of shareholders rather than out of a desire to avoid personal liability:

Ohio has codified the directors fiduciary duties of care and, in part, loyalty;

Ohio law provides that a person seeking to hold directors liable for damages for actions or omissions as directors, including actions or omissions involving a change in control, must prove by clear and convincing evidence that the directors acted with deliberate intent to cause injury to the corporation or with reckless disregard for the best interests of the corporation, which is a higher standard of proof than the preponderance of the evidence standard imposed by Delaware law;

Ohio law at all times imposes the burden of proof on the person seeking to hold directors liable for the breach of their fiduciary duties (i.e., there is no shifting burden of proof or heightened scrutiny in certain instances, as has been interpreted to be the case under applicable Delaware common law); and

Ohio law provides explicit guidelines regarding the matters that are appropriate for directors to consider when making corporate governance determinations generally and when deciding whether a proposed takeover is in the best interests of a corporation.

Manner of Effecting the Reincorporation

The reincorporation would be effected by merging A&F (Delaware) with and into A&F (Ohio) in accordance with the terms of the Merger Agreement attached to this Proxy Statement as Appendix C. At the effective time of the merger of A&F (Delaware) with and into A&F (Ohio):

the separate corporate existence of A&F (Delaware) would cease;

A&F (Ohio) would succeed to the business and all of the properties, assets and liabilities of A&F (Delaware);

all of the directors, officers and associates of A&F (Delaware) would become directors, officers and associates of A&F (Ohio), respectively, and hold the same positions and, in the case of the directors, have the same terms of office for A&F (Ohio) as they did for A&F (Delaware);

all shares of Common Stock of A&F (Delaware) issued and outstanding immediately prior to the effective time of the merger would, by virtue of the merger, convert into an equal number of fully paid and non-assessable common shares of A&F (Ohio); and

the existing holders of the outstanding shares of Common Stock of A&F (Delaware) would own all of the outstanding common shares of A&F (Ohio) without any change in their proportionate ownership.

Each of the common shares of A&F (Ohio) would have the same terms as the Common Stock, subject to the differences arising by virtue of the differences between Delaware and Ohio law and between the provisions of A&F (Delaware) s Amended and Restated Certificate of Incorporation (the Certificate) and

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Amended and Restated Bylaws (the Bylaws) and the provisions of A&F (Ohio) s Amended Articles of Incorporation (the Articles) and Regulations. After the consummation of the merger:

- each holder of shares of Common Stock of A&F (Delaware) would be deemed for all purposes to be the holder of the same number of common shares of A&F (Ohio);
- certificates representing shares of Common Stock of A&F (Delaware) will continue to represent common shares of A&F (Ohio); and
- where no certificate has been issued in the name of a holder of shares of Common Stock of A&F (Delaware), a book entry (i.e., a computerized or manual entry) would be made in the shareholder records of A&F (Ohio) to evidence the issuance to such holder of an equal number of common shares of A&F (Ohio).

Stockholders do not need to surrender their certificates representing shares of Common Stock of A&F (Delaware) for certificates representing the common shares of A&F (Ohio). A stockholder may surrender the stockholder s certificate representing shares of Common Stock of A&F (Delaware) for cancellation if the stockholder desires to receive a new certificate representing the same number of common shares of A&F (Ohio). Upon request, a holder of uncertificated common shares of A&F (Ohio) would also be entitled to receive a new certificate representing such common shares.

Approval of the Reincorporation Proposal would not result in any change in the business, management, location of the principal executive offices or other facilities, capitalization, assets or liabilities of A&F (Delaware). The common shares of A&F (Ohio) would continue to be traded on the New York Stock Exchange without interruption.

The Company has six equity compensation plans (collectively, the Equity Plans) under which shares of Common Stock are authorized for issuance to eligible directors, officers and associates: (i) the 1996 Stock Option and Performance Incentive Plan (1998 Restatement) (the 1998 Associates Stock Plan); (ii) the 1996 Stock Plan for Non-Associate Directors (1998 Restatement) (the 1998 Director Stock Plan); (iii) the 2002 Stock Plan for Associates (the 2002 Associates Stock Plan); (iv) the 2003 Stock Plan for Non-Associate Directors (the 2003 Director Stock Plan); (v) the 2005 Long-Term Incentive Plan (the 2005 LTIP); and (vi) the 2007 Long-Term Incentive Plan (the 2007 LTIP). Upon the completion of the reincorporation of the Company into Ohio:

- A&F (Ohio) would perform all of A&F (Delaware) s outstanding obligations under the Equity Plans upon the same terms and subject to the same conditions as set forth in the Equity Plans;
- each outstanding option under the 1998 Associates Stock Plan, the 1998 Directors Stock Plan, the 2005 LTIP, the 2007 LTIP, the 2002 Associates Stock Plan and the 2003 Director Stock Plan would convert into an option to purchase the same number of common shares of A&F (Ohio) at the same option price per share and upon the same terms and subject to the same conditions as set forth in the applicable plan;
- common shares of A&F (Ohio) would become issuable upon the vesting of awards of the restricted stock units granted under the 2005 LTIP and the 2007 LTIP and upon the vesting of restricted shares granted under the 2002 Associates Stock Plan upon the same terms and subject to the same conditions as set forth in the applicable plan;
- compensation deferred by non-associate directors participating in the Abercrombie & Fitch Co. Directors Deferred Compensation Plan and/or the Abercrombie & Fitch Co. Directors Deferred Compensation Plan (Plan II) and distributable under the 1998 Director Stock Plan, the 2003 Director Stock Plan and the 2005 LTIP in the form of shares of Common Stock would become distributable in the form of common shares of A&F (Ohio) upon the same terms and subject to the same conditions as set forth in the applicable plan;

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the value of the stock appreciation rights granted under the 2005 LTIP and the 2007 LTIP would be based upon the increase in the fair market value of the common shares of A&F (Ohio) above the base price; and

A&F (Ohio) would continue A&F (Delaware) s other employee benefit plans and arrangements upon the same terms and subject to the same conditions as set forth in these plans and arrangements.

If our stockholders approve the Reincorporation Proposal at the Special Meeting, we anticipate that the merger would become effective shortly thereafter. However, the Merger Agreement authorizes our Board to abandon the merger regardless of whether our stockholders have approved it, if the Board determines that abandonment is in the best interests of A&F (Delaware). The Board has made no determination as to any circumstances that may prompt a decision to abandon the reincorporation. We may also amend the Merger Agreement in non-substantive ways that would not adversely affect our stockholders.

Section 262 of the Delaware General Corporation Law provides that because the Common Stock of A&F (Delaware) is listed on the New York Stock Exchange, stockholders of A&F (Delaware) who do not vote in favor of the Reincorporation Proposal will not be entitled to appraisal rights in connection with the reincorporation.

Significant Effects of the Reincorporation

The reincorporation into Ohio would change the law applicable to our corporate affairs from Delaware law to Ohio law and result in some differences in your rights. The Articles and Regulations of A&F (Ohio) that would govern our corporate affairs upon the consummation of the reincorporation are attached to this Proxy Statement as Appendix A and Appendix B, respectively. The Articles and Regulations would replace our Certificate and Bylaws. Many of the provisions in the Certificate and Bylaws would carry over to, or be replaced by substantially similar provisions in, the Articles and Regulations. However, the Articles and Regulations would also include some new provisions not contained in the Certificate and Bylaws that are largely dictated by Ohio law or inapplicable to Delaware corporations. The summaries and descriptions of the provisions of the Articles and the Regulations contained in this Proxy Statement do not purport to be complete and are qualified in their entirety by reference to the actual provisions of the Articles and the Regulations. Copies of the Certificate and the Bylaws are available for inspection at our executive offices located at 6301 Fitch Path, New Albany, Ohio 43054, and we will send any stockholder a copy, without charge, upon written request.

One of the primary elements of our proposal to reincorporate from Delaware to Ohio is to address a number of corporate governance matters that have been raised in discussions or correspondence with a number of our stockholders. In particular, in exchange for the operational benefits and statutory protections that we believe we would benefit from under Ohio law, we are proposing to:

eliminate our existing supermajority voting requirement (75% of the outstanding shares of A&F (Delaware)) and replace it with a voting requirement of a majority of the outstanding common shares of A&F (Ohio);

allow shareholders of A&F (Ohio) holding at least 25% of the outstanding common shares to call a special meeting of shareholders. Currently, the stockholders of A&F (Delaware) do not have the right to call special meetings of stockholders;

redeem the Series A Participating Cumulative Preferred Stock Purchase Rights issued under A&F (Delaware) s outstanding rights plan. In addition, the Board has indicated that it would not adopt a

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shareholder rights plan, or poison pill, for A&F (Ohio) at the present time or, unless circumstances change, for the foreseeable future; and

allow shareholders of A&F (Ohio) to take action by written consent (though such ability is limited by existing Ohio law). Currently, the stockholders of A&F (Delaware) do not have the right to take action by written consent.

The following table briefly describes certain significant provisions of the Delaware General Corporation Law and our Certificate and Bylaws applicable to A&F (Delaware) before the reincorporation and the comparable provisions of the Ohio General Corporation Law and the Articles and Regulations applicable to A&F (Ohio) after the reincorporation.

Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	**Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations**
1. *Term of Directors.* All directors serve until the third annual meeting following the annual meeting at which they were elected or their earlier removal, resignation or death. We have committed to include in our proxy materials for the 2011 Annual Meeting of Stockholders a proposal to declassify the Board. If the reincorporation is not completed before the 2011 Annual Meeting of Stockholders, the declassification proposal must be adopted by the holders of 75% of the outstanding shares of Common Stock.	1. *Term of Directors.* All directors serve until the third annual meeting following the annual meeting at which they were elected or their earlier removal, resignation or death. We have committed to include in our proxy materials for the 2011 Annual Meeting of Shareholders a proposal to declassify the Board. If the reincorporation is completed before the 2011 Annual Meeting of Shareholders, the declassification proposal must be adopted by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) and by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) voted on the proposal that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.
2. *Number of Directors.* The Board may set the number of directors from time to time, provided that the Board must consist of no less than four, and no more than thirteen, directors.	2. *Number of Directors.* The Board or the shareholders may set the number of directors from time to time, provided that the Board must consist of no less than four, and no more than thirteen, directors.
3. *Vacancies.* A majority of the remaining directors may fill any vacancy in the Board.	3. *Vacancies.* A majority of the remaining directors may fill any vacancy in the Board.
4. *Special Meetings.* Stockholders may not call special meetings of stockholders.	4. *Special Meetings.* Shareholders holding at least 25% of the outstanding common shares may call special meetings of shareholders.

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Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations
5. *Amendment of Certificate.* Holders of at least 75% of the shares of outstanding Common Stock may amend the provisions of the Certificate governing the amendment of the Certificate, the amendment of the Bylaws, classification of the Board, the prohibition of actions without a meeting by stockholders, the factors the Board must consider when evaluating specified third party offers affecting the Company s corporate status, the removal of directors, the supermajority vote required for certain business combinations involving a 5% stockholder and matters related to the former relationship with The Limited, Inc. Other provisions in the Certificate may be amended by holders of a majority of the outstanding shares of Common Stock.	5. *Amendment of Articles.* Holders of a majority of the outstanding common shares of A&F (Ohio) may amend the Articles. However, (i) any amendment to the Articles that would change or eliminate the classification of the board of directors must be adopted by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) and by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) voted on the amendment that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder and (ii) any amendment to the Articles that would opt out A&F (Ohio) from the coverage of Chapter 1704 of the Ohio Revised Code must be approved by the holders of two-thirds of the outstanding common shares of A&F (Ohio) and the holders of two-thirds of the outstanding common shares of A&F (Ohio) that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.
6. *Amendment of Bylaws.* Each of the Board and holders of at least 75% of the shares of outstanding Common Stock may amend the Bylaws. However, any amendment to the vote required for the election of directors must be approved by the holders of at least 75% of the shares of outstanding Common Stock.	6. *Amendment of Regulations.* Each of the Board (unless a provision of the Ohio Revised Code reserves such authority to the shareholders) and holders of a majority of the outstanding common shares of A&F (Ohio) may amend the Regulations.

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Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations
7. *Advance Notice Requirements.* The Bylaws require stockholders to comply with detailed advance notice deadlines, procedures and informational requirements to submit business (including the nomination of any individual for election to the Board) to a meeting of stockholders. To submit business to an annual meeting, stockholders must provide advance notice of such business not less than 120, nor more than 150, days before the first anniversary date of A&F (Delaware) s proxy statement for the last annual meeting of stockholders.	7. *Advance Notice Requirements.* The Regulations require shareholders to comply with detailed advance notice deadlines, procedures and informational requirements to submit business (including the nomination of any individual for election to the board of directors of A&F (Ohio)) to a meeting of shareholders. To submit business to an annual meeting, shareholders must provide advance notice of such business not earlier than the 120th, and not later than the 90th, day prior to the first anniversary of the preceding year s annual meeting of shareholders. The informational requirements set forth in the Regulations are significantly more detailed than those set forth in the Bylaws and include the disclosure of all derivative and synthetic instruments and short interests held by the proposing shareholder relating to any of our securities. The advance notice provisions set forth in the Regulations also address the new Securities and Exchange Commission (SEC) requirements relating to proxy access (which requirements are presently subject to a stay pending existing legal proceedings).
8. *Action Without a Meeting.* Stockholders may not take action by written consent without a meeting.	8. *Action Without a Meeting.* Shareholders may take action by written consent without a meeting to the extent permitted by Ohio law (currently must be unanimous except in the case of an amendment to the Regulations).
9. *Cumulative Voting.* Stockholders have no right of cumulative voting in the election of directors.	9. *Cumulative Voting.* Shareholders have no right of cumulative voting in the election of directors.
10. *Quorum.* The presence of the holders of at least one-third of the voting power of A&F (Delaware) constitutes a quorum for all stockholder meetings called by the Board and the presence of the holders of at least a majority of the voting power of A&F (Delaware) constitutes a quorum for all other stockholder meetings.	10. *Quorum.* The presence of the holders of at least a majority of the voting power of A&F (Ohio) constitutes a quorum for all shareholder meetings.
11. *Removal of Directors.* The holders of at least 75% of the voting power of A&F (Delaware) may remove any director from office for cause at any annual or special meeting of the stockholders.	11. *Removal of Directors.* The holders of at least a majority of the voting power of A&F (Ohio) may remove any director from office without assigning any cause. However, if the directors are classified, as is currently the

case, the shareholders may effect any such removal only for cause.

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Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations
12. *Takeover Statutes.* Section 203 of the Delaware General Corporation Law prohibits business combinations between A&F (Delaware) and a 15% stockholder for a period of three years after the stockholder becomes such, unless certain conditions are satisfied.	12. *Takeover Statutes.* Chapter 1704 of the Ohio Revised Code, known as the Merger Moratorium Statute, prohibits business combinations and certain other business transactions between A&F (Ohio) and a 10% shareholder for a period of three years after the shareholder becomes a 10% shareholder, unless certain conditions are satisfied. After the three-year period, the transaction must be approved by two-thirds of the voting power of the corporation in the election of directors and a majority of the disinterested shares or must satisfy certain other conditions. A&F (Ohio) would not opt out in the Articles from the coverage of the Merger Moratorium Statute. Section 1701.831 of the Ohio General Corporation Law, known as the Control Share Acquisition Statute, requires shareholder approval of any acquisition of shares of an Ohio public corporation that would entitle the acquiring person to exercise more than one-fifth, one-third or one-half of the total voting power of the corporation in the election of directors. The required shareholder approval is a majority of the voting power of the corporation in the election of directors represented at the meeting in person or by proxy and a majority of the disinterested shares represented at the meeting in person or by proxy. A&F (Ohio) would not opt out, in either the Articles or the Regulations, from the coverage of the Control Share Acquisition Statute.
13. *Stockholder Approval of Certain Business Combinations Involving 5% Stockholder.* Under the Certificate, the affirmative vote of the holders of at least 75% of the disinterested shares of voting stock of A&F (Delaware) is required to approve certain business combination transactions involving a person who owns at least 5% of the voting stock of A&F (Delaware).	13. *Shareholder Approval of Certain Business Combinations Involving 5% Shareholder.* Neither the Articles nor the Regulations impose a similar requirement.

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Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations
14. *Stockholder Approval of Material Transactions.* The affirmative vote of at least a majority of the voting power of A&F (Delaware) is required to approve mergers and consolidations involving A&F (Delaware), the dissolution of A&F (Delaware) and the sale, lease or exchange of all or substantially all of the assets of A&F (Delaware). However, (i) if a 5% stockholder is involved, the Certificate may require the affirmative vote of the holders of at least 75% of the disinterested shares of voting stock of A&F (Delaware) to approve the transaction and (ii) if a 15% stockholder is involved, Section 203 of the Delaware General Corporation Law may also apply.	14. *Shareholder Approval of Material Transactions.* The affirmative vote of at least a majority of the outstanding voting power of A&F (Ohio) is required to approve mergers and consolidations involving A&F (Ohio), the dissolution of A&F (Ohio), the sale, lease, exchange, transfer or other disposition of all or substantially all of the assets of A&F (Ohio) and certain combinations or majority share acquisitions involving more than one-sixth of the common shares of A&F (Ohio). However, if a 10% shareholder is involved, the Merger Moratorium Statute may also apply.
15. *Personal Liability of Directors.* Personal liability of directors for monetary damages for breach of fiduciary duty eliminated except in the instance of: a breach of the director s duty of loyalty to A&F (Delaware) or its stockholders; acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; the payment of a dividend or the approval of a stock repurchase or redemption which is illegal under the Delaware General Corporation Law; or any transaction from which the director derived an improper personal benefit.	15. *Personal Liability of Directors.* Personal liability of directors for monetary damages for breach of fiduciary duty eliminated unless the plaintiff proves by clear and convincing evidence that the director s action or failure to act was undertaken with deliberate intent to cause injury to, or with reckless disregard for the best interests of, the corporation or, subject to certain limitations, if the director approved: an illegal dividend, distribution or share repurchase by the corporation; a distribution to shareholders during the winding up of affairs without paying or making provision for the payment of all known obligations of the corporation; or the making of a loan, other than in the usual course of business, to an officer, director or shareholder of the corporation.
16. *Indemnification of Directors and Officers.* Broad mandatory indemnification of directors and officers consistent with the Delaware General Corporation Law is provided.	16. *Indemnification of Directors and Officers.* Broad mandatory indemnification of directors and officers consistent with the Ohio General Corporation Law is provided.
17. *Authorized Capital Stock.* The Certificate authorizes 150,000,000 shares of Class A Common Stock, 106,400,000 shares of Class B Common Stock and	17. *Authorized Capital Stock.* The Articles authorize 250,000,000 common shares and 15,000,000 preferred shares.

15,000,000 shares of preferred stock.

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Provisions Applicable to A&F (Delaware) Before the Reincorporation Under the Delaware General Corporation Law and the Certificate and Bylaws	Provisions Applicable to A&F (Ohio) After the Reincorporation Under the Ohio General Corporation Law and the Articles and Regulations
18. *Provisions Regarding The Limited, Inc.* The Certificate contains several provisions that relate to The Limited, Inc., the Company s former parent company, that have become irrelevant.	18. *Provisions Regarding The Limited, Inc.* The Articles do not contain the provisions set forth in the Certificate relating to The Limited, Inc.

Significant Carryover Provisions

Authorized Shares

In Delaware, the capital stock of a corporation is typically referred to as common stock or preferred stock. In Ohio, the equivalent capital stock is typically referred to as common shares or preferred shares. Similarly, Delaware law commonly refers to stockholders, while Ohio law commonly refers to shareholders. These distinctions do not have any substantive significance.

Under its Certificate, A&F (Delaware) is authorized to issue 150,000,000 shares of Class A Common Stock, 106,400,000 shares of Class B Common Stock and 15,000,000 shares of preferred stock. Under the Articles, A&F (Ohio) would be authorized to issue 250,000,000 common shares and 15,000,000 preferred shares. Because no shares of Class B Common Stock are outstanding and we do not believe that having a class of common stock with the rights and privileges of the Class B Common Stock serves any significant purpose, the Articles combine the 150,000,000 authorized shares of Class A Common Stock and the 106,400,000 authorized shares of Class B Common Stock of A&F (Delaware) into a single class consisting of 250,000,000 authorized common shares.

Under both the Certificate and the Articles, the Board has the authority to issue the preferred stock, in the case of A&F (Delaware), or preferred shares, in the case of A&F (Ohio), in one or more series and to establish the designations, preferences and rights, including voting rights, of each series. The authority of the Board to issue preferred shares without the additional approval of the shareholders could have a possible anti-takeover effect, which we describe in more detail below in the section entitled **Possible Anti-Takeover Effect of Provisions** ***Authorized Preferred Shares.***

Classification, Term, Nomination and Election of Directors

The Certificate and the Articles both divide the Board into three classes. After the second anniversary of the initial election of directors, all directors of A&F (Ohio) will serve for a term ending on the date of the third annual meeting following the annual meeting at which they were elected or until their earlier removal, resignation or death. We have, however, committed to include in our proxy materials for the 2011 Annual Meeting of Stockholders a proposal to declassify the Board. The reincorporation does not affect this commitment, except that (i) if the reincorporation is not completed before the 2011 Annual Meeting of Stockholders, the declassification proposal must be adopted by the holders of 75% of the outstanding shares of Common Stock and (ii) if the reincorporation is completed before the 2011 Annual Meeting of Shareholders, the declassification proposal must be adopted by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) and by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) voted on the proposal that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.

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The Bylaws provide that the nomination of persons for election to the Board may be made by the Board or any committee designated by the Board or by any stockholder entitled to vote for the election of directors at the applicable meeting of stockholders. Stockholder nominations of persons for election to the Board must comply with the procedures discussed below in the section entitled **Certain Other Effects of the Reincorporation** ***Advance Notice Requirements.***

The Regulations provide that the nomination of persons for election to the board of directors of A&F (Ohio) may be made by or at the direction of the board (or any committee designated by the board) or by a shareholder of A&F (Ohio) who (i) is a shareholder of record at the time the board of directors of A&F (Ohio) gives notice of the meeting of shareholders and at the time of the meeting of shareholders, (ii) is entitled to vote at the meeting of shareholders and (iii) complies with the procedures discussed below in the section entitled **Certain Other Effects of the Reincorporation** ***Advance Notice Requirements.***

Both the Bylaws and the Articles provide for majority voting in uncontested elections of directors. The Bylaws require the approval of the holders of at least 75% of the shares of outstanding Common Stock to amend the vote required for the election of directors. The Articles, however, only require the approval of the holders of a majority of the outstanding common shares of A&F (Ohio) to amend the vote required for the election of directors.

Filling of Vacancies on Board of Directors

Both the Bylaws and the Regulations authorize a majority of the remaining directors to fill any vacancy in the Board.

No Cumulative Voting

The stockholders of A&F (Delaware) do not have, and the shareholders of A&F (Ohio) will not have, the right of cumulative voting in the election of directors.

No Preemptive Rights

The stockholders of A&F (Delaware) do not have, and the shareholders of A&F (Ohio) will not have, preemptive rights to acquire newly issued capital stock.

Certain Other Effects of the Reincorporation

The rights of shareholders of A&F (Ohio) will be governed by the Ohio General Corporation Law and the Articles and Regulations rather than the Delaware General Corporation Law and the Certificate and Bylaws. It is not practical to summarize in this Proxy Statement all of the differences between the Ohio General Corporation Law and the Delaware General Corporation Law or between the Articles and Regulations and the Certificate and Bylaws. Instead, this section summarizes some of the significant differences and describes how those differences may affect the rights and interests of stockholders of A&F (Delaware).

Director Liability and Indemnification

The Certificate and the Bylaws require that A&F (Delaware) indemnify the directors and officers of A&F (Delaware) to the greatest extent permissible under Delaware law. The Regulations would require that A&F (Ohio) indemnify the directors and officers of A&F (Ohio) to the fullest extent permitted or authorized under the laws of Ohio. Through its General Corporation Law, Ohio has codified the directors common law

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duty of care and, in part, their common law duty of loyalty. Because of this codification, Ohio law is generally more protective of directors and officers than Delaware law.

Under Section 1701.59 of the Ohio General Corporation Law, a director of an Ohio corporation would be liable in damages for actions taken or not taken as a director only if the plaintiff proves by clear and convincing evidence that the director s action or failure to act was undertaken with deliberate intent to cause injury to, or with reckless disregard for the best interests of, the corporation or if the director approved (i) an illegal dividend, distribution or share repurchase by the corporation, (ii) a distribution to shareholders during the winding up of the corporation s affairs without paying or making provision for the payment of all known obligations of the corporation or (iii) the making of a loan, other than in the usual course of business, to an officer, director or shareholder of the corporation. Each officer and director of A&F (Ohio) would be entitled to advancement of expenses incurred in connection with lawsuits or proceedings arising out of his or her service to the fullest extent permitted or authorized by the laws of Ohio. The officers and directors of A&F (Ohio) would also be entitled to a broad scope of indemnification against not only expenses but also costs, liability, judgments, fines, excise taxes assessed with respect to employee benefit plans, penalties and amounts paid in settlement to the fullest extent permitted or authorized by the laws of Ohio.

The Board believes that a broad right of indemnification is necessary to encourage and retain capable individuals to serve as corporate directors. We believe that the quality of a corporation s board of directors represents a significant factor in its long-term success and, accordingly, any steps that improve the capacity of a corporation to attract and retain the best possible directors provides value to the stockholders. The Board also believes that a broad right of indemnification and limitations upon directors liability for monetary damages encourage directors to vigorously resist what they consider to be unjustified suits and claims brought against them in their corporate capacities. At the same time, the Board believes that directors should not be completely immunized from personal liability resulting from egregious breaches of their duties by means of overly broad indemnification and limitation of liability provisions. The indemnification provisions in the Regulations are structured to balance these competing concerns.

We believe that the indemnification provisions of the Regulations are largely confirmatory of Ohio law. The Board recognizes that, notwithstanding any provision in the Regulations to the contrary, the ability of A&F (Ohio) to indemnify its officers and directors pursuant to the provisions of the Regulations or any indemnification agreement would be subject at all times to federal and state public policy limitations that may prevent indemnification. The Board believes that public policy would prevent indemnification for egregious, intentional wrongdoing, such as self-dealing or willful fraud. In addition, while the indemnification provisions of both the Certificate and Bylaws of A&F (Delaware) and the Regulations of A&F (Ohio) may permit indemnification for liabilities under the Securities Act of 1933, we understand that the SEC takes the position that such indemnification is against public policy and, therefore, unenforceable.

Ohio s Merger Moratorium Statute in lieu of Section 203 of Delaware General Corporation Law

Section 203 of the Delaware General Corporation Law imposes limits on a broad range of business combinations between a Delaware corporation, such as A&F (Delaware), and an interested stockholder. Under Section 203, an interested stockholder is defined as any person (other than the corporation or any of its majority-owned subsidiaries and any person whose ownership of shares in excess of the 15% limitation resulted from actions taken solely by the corporation) who beneficially owns, directly or indirectly, 15% or more of the outstanding voting stock of the corporation. Section 203 prohibits a corporation from engaging in

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a business combination with an interested stockholder for a period of three years following the time that the stockholder became an interested stockholder, unless:

prior to such time, the board of directors approved either the business combination or the transaction that resulted in the stockholder crossing the 15% threshold;

at the time the stockholder crossed the 15% threshold, the stockholder owned at least 85% of the outstanding voting stock, excluding any outstanding shares owned by persons who are both directors and officers and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

the board of directors approved the business combination at or after the time the stockholder crossed the 15% threshold and the business combination was approved at a meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

A&F (Delaware) has not opted out of Section 203 of the Delaware General Corporation Law.

Chapter 1704 of the Ohio Revised Code is similar to Section 203 of the Delaware General Corporation Law although the Merger Moratorium Statute is somewhat more protective. The key differences between the two statutes are:

the list of business combinations and other transactions subject to moratorium under Ohio s Merger Moratorium Statute is more extensive than the corresponding list under Section 203 of the Delaware General Corporation Law and includes loans, disproportionate distributions of property, voluntary dissolutions, transactions that increase the interested person s proportionate share ownership and the receipt by the interested person of any other benefit that is not shared proportionately by all shareholders;

the applicable threshold for a shareholder to be deemed interested under Ohio s Merger Moratorium Statute is beneficial ownership of shares entitling the shareholder to exercise, directly or indirectly, 10% of the voting power in the election of directors rather than beneficial ownership of 15% of the outstanding voting stock;

the Merger Moratorium Statute does not contain an exception for an acquisition resulting in the ownership of at least 85% of the outstanding voting shares of the corporation;

if the business combination or the transaction that resulted in the shareholder crossing the 10% threshold were not approved by the board of directors specifically for purposes of Chapter 1704 prior to the shareholder becoming an interested shareholder, then no business combination or other prohibited transaction may occur during the three-year moratorium period regardless of whether the shareholders approve the business combination or other prohibited transaction during such three-year period; and

under the Merger Moratorium Statute, after the three-year moratorium period:

the business combination or other prohibited transaction must be approved by the affirmative vote of the holders of shares entitling them to exercise at least two-thirds of the voting power of the corporation in the election of directors (or of such different proportion as the articles of

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incorporation may provide) and by the affirmative vote of the holders at least a majority of the disinterested shares; or

the shareholders other than the interested shareholder must receive in the transaction the amount for their shares mandated by the Merger Moratorium Statute.

For purposes of the Merger Moratorium Statute, disinterested shares means voting shares that are not beneficially owned by any of the following persons:

an interested shareholder (i.e., a person other than the corporation, a subsidiary of the corporation, any employee stock ownership or benefit plan of the corporation or a subsidiary of the corporation, or any trustee or fiduciary with respect to any such plan acting in such capacity who is the beneficial owner of shares of the corporation that would entitle such person, directly or indirectly, alone or with others, to exercise or direct the exercise of at least 10% of the voting power of the corporation in the election of directors);

any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, is under common control with, or acts in concert with, the interested shareholder;

a corporation, partnership or other entity of which the interested shareholder is an officer, director or partner or is the beneficial owner of shares entitling the interested shareholder to exercise at least 10% of the voting power in the election of the directors or other governing body of that corporation, partnership or other entity;

a trust or other estate, including any employee stock ownership or benefit plan, in which the interested shareholder has a substantial beneficial interest or as to which the interested shareholder serves as trustee or in a similar fiduciary capacity; and

a relative or spouse of the interested shareholder, or a relative of the spouse of the interested shareholder, who has the same principal residence as the interested shareholder.

A&F (Ohio) would not opt out from the coverage of the Merger Moratorium Statute. The shareholders of A&F (Ohio) subsequently may amend the Articles to opt out from the coverage of the Merger Moratorium Statute, provided, that any such amendment must be approved by the holders of two-thirds of the outstanding common shares of A&F (Ohio) and the holders of two-thirds of the outstanding common shares of A&F (Ohio) that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.

Ohio s Control Share Acquisition Statute

Ohio s other significant takeover statute is the Control Share Acquisition Statute. There is no corresponding provision in the Delaware General Corporation Law. The Control Share Acquisition Statute requires shareholder approval of any acquisition, directly or indirectly, by any person of shares of an Ohio public corporation that, together with shares as to which the person may exercise or direct the exercise of voting power, would entitle the person to exercise or direct the exercise of more than one-fifth, one-third or a majority of the total voting power of the corporation in the election of directors. The control share acquisition must be approved in advance by the holders of:

at least a majority of the voting power of the corporation in the election of directors represented at a meeting at which a quorum is present; and

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the holders of a majority of the portion of the voting power of the corporation represented at the meeting excluding the voting power of interested shares.

For purposes of the Control Share Acquisition Statute, interested shares mean the shares of the corporation in respect of which any of the following persons may exercise or direct the exercise of voting power of the corporation in the election of directors:

the acquiring person in the proposed control share acquisition;

any officer of the corporation elected or appointed by the directors of the corporation;

any employee of the corporation who is also a director of the corporation;

any person that acquires such shares for valuable consideration during the period beginning on the date of the first public disclosure of (i) the control share acquisition, (ii) the lease, sale, exchange, transfer or other disposition of all, or substantially all, of the assets of the corporation not made in the usual and regular course of its business, (iii) the merger, consolidation, combination, majority share acquisition or dissolution of the corporation or (iv) any action that would directly or indirectly result in a change in control of the corporation or its assets, and ending on the record date established by the directors for the shareholder meeting to vote on the control share acquisition, if (x) the aggregate consideration paid or given by the acquired person, and any other persons acting in concert with the acquiring person, for such shares exceeds $250,000 or (y) the number of shares acquired by the acquiring person, and any other person acting in concert with the acquiring person, exceeds 0.5% of the outstanding shares of the corporation entitled to vote in the election of directors; and

any person that transfers such shares for valuable consideration after such record date if accompanied by the voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee or otherwise.

The Control Share Acquisition Statute is intended to give shareholders of an Ohio public corporation a reasonable opportunity to express their views on a proposed shift in control of the corporation, thereby reducing the coercion inherent in an unfriendly takeover. However, the Control Share Acquisition Statute is neutral in approach and would apply not only to traditional tender offers but also to open market purchases, privately-negotiated transactions and original issuances by an Ohio public corporation, whether friendly or unfriendly.

A&F (Ohio) would not opt out from the coverage of the Control Share Acquisition Statute. The shareholders of A&F (Ohio) subsequently may amend the Articles or the Regulations to opt out from the coverage of the Control Share Acquisition Statute, which amendment would require the affirmative vote of a majority of the outstanding common shares of A&F (Ohio).

Size of Board of Directors

The Bylaws provide that the Board shall consist of such number of directors as set from time to time by a resolution adopted by the affirmative vote of a majority of the whole Board, assuming there were no vacancies, provided, that the Board must consist of no less than four, and no more than thirteen, directors. The Regulations authorize both the shareholders, at a meeting of the shareholders properly called for the purpose of electing directors, and the directors to fix or change the number of directors, provided, that the Board must consist of no less than four, and no more than thirteen, directors.

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Advance Notice Requirements

In order to submit any business to an annual meeting of stockholders (including the nomination of any individual for election to the Board), the Bylaws require a stockholder to give timely notice of such business in writing to the secretary of A&F (Delaware) not less than 120, nor more than 150, days before the first anniversary date of A&F (Delaware) s proxy statement for the last annual meeting of stockholders; provided, however, that if the date of the applicable annual meeting changed by more than 30 days from the date contemplated at the time of the previous year s proxy statement, such notice must be provided by a reasonable number of days prior to the date of the annual meeting determined by the Board. To nominate a person for election to the Board at a special meeting, called for the election of directors, a stockholder must deliver such notice not later than the close of business on the seventh day following the date on which notice of the meeting is first given to stockholders. The Bylaws also describe the information the stockholder must provide in its notice to submit business.

In order to submit any business to an annual meeting of shareholders (including the nomination of any individual for election to the Board), the Regulations require a shareholder to give timely notice in writing to the secretary of A&F (Ohio) not earlier than the 120th, and not later than the 90th, day prior to the first anniversary of the preceding year s annual meeting of shareholders; provided, however, that if the date of the annual meeting of shareholders is more than 30 days before or 60 days after such anniversary date, such notice must be delivered not earlier than the 120th, and not later than the 90th, day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such annual meeting is first made by A&F (Ohio). To nominate an individual for election to the Board at a special meeting of shareholders called for the election of directors, a shareholder must deliver such notice not earlier than the 120th day prior to the date of such special meeting and not later than the later of (i) the 90th day prior to the date of such special meeting or (ii) if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. The Regulations also describe the information the shareholder must provide in its notice to submit business. These informational requirements are significantly more detailed than those set forth in the Bylaws and include the disclosure of all derivative and synthetic instruments and short interests held by the proposing shareholder relating to any of our securities. The advance notice provisions set forth in the Regulations also address the new SEC requirements relating to proxy access (which requirements are presently subject to a stay pending existing legal proceedings).

Special Meetings of Shareholders

The Bylaws and the Regulations authorize the chairman of the Board, the chief executive officer, the president (or, in the case of the president s death, absence or disability, any vice president authorized to exercise the authority of the president) and the majority of the Board to call special meetings of shareholders. The Bylaws do not authorize stockholders to call special meetings of the stockholders. The Regulations, on the other hand, provide that shareholders holding at least 25% of the outstanding shares entitled to vote thereat may call special meetings of shareholders.

Quorum

The Bylaws provide that (i) at any meeting of stockholders called by the Board, the presence in person or by proxy of the holders of at least one-third of the voting power of A&F (Delaware) constitutes a quorum for

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such meeting and (ii) at any meeting of stockholders called other than by the Board, the presence in person or by proxy of the holders of at least a majority of the voting power of A&F (Delaware) constitutes a quorum for such meeting. The Regulations provide that, at any meeting of the shareholders, the presence in person, by proxy or by the use of communications equipment of the holders of at least a majority of the voting power of A&F (Ohio) constitutes a quorum for such meeting.

Removal of Directors

The Certificate provides that the holders of at least 75% of the voting power of A&F (Delaware) may remove any director for cause at any annual or special meeting of the stockholders if notice of the basis for the removal is delivered to the director at least ten days prior to the meeting. The Regulations provide that the holders of at least a majority of the voting power of A&F (Ohio) entitling them to elect directors in place of those to be removed may remove any director from office without assigning any cause; provided, however, that if the directors are classified, as is currently the case, the shareholders may effect any such removal only for cause.

Amendments to Certificate and Articles

To amend a corporation s certificate of incorporation, the Delaware General Corporation Law requires the directors of the corporation to adopt a resolution that sets forth and declares the advisability of the proposed amendment and either calls a special meeting of the stockholders to consider and vote on the proposed amendment or directs that the proposed amendment be considered and voted on at the next annual meeting of stockholders. The Delaware General Corporation Law further provides that an amendment to the certificate of incorporation must be adopted by the affirmative vote of the holders of a majority of the outstanding voting shares of the corporation, or by a greater vote as provided in the certificate of incorporation. The Certificate requires the approval of the holders of at least 75% of the outstanding shares of common stock to amend or repeal the provisions of the Certificate governing the amendment of the Certificate, the amendment of the Bylaws, classification of the Board, the prohibition of actions without a meeting by stockholders, the factors the Board must consider when evaluating specified third party offers affecting A&F (Delaware) s corporate status, the removal of directors, the supermajority vote required for certain business combinations involving a 5% stockholder and matters related to the former relationship with The Limited, Inc.

Under the Ohio General Corporation Law, an amendment to a corporation s articles of incorporation must be adopted by the affirmative vote of the holders of at least two-thirds of the voting power of the corporation, or a different proportion, but not less than a majority of the voting power, as provided in the articles. Rather than adopting Ohio s default two-thirds approval requirement, the Articles require the affirmative vote of a majority of the voting power of A&F (Ohio) to approve any amendment thereto, except where the Ohio General Corporation Law specifically requires a higher percentage. The Ohio General Corporation Law specifically requires (i) any amendment to the Articles that would change or eliminate the classification of the board of directors to be adopted by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) and by the affirmative vote of the holders of a majority of the outstanding common shares of A&F (Ohio) voted on the amendment that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder and (ii) any amendment to the Articles that would opt out A&F (Ohio) from the coverage of the Merger Moratorium Statute must be approved by the holders of two-thirds of the outstanding common shares of A&F (Ohio) and the holders of two-thirds of the outstanding common shares of A&F (Ohio) that are not held by a 10% shareholder or any affiliate or associate of a 10% shareholder.

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Amendments to Bylaws and Regulations

Both the Board and the holders of at least 75% of the outstanding shares of Common Stock of A&F (Delaware) may amend the Bylaws. The holders of at least a majority of the voting power of A&F (Ohio) would be permitted to amend the Regulations either at a meeting of shareholders held for such purpose or by written consent without a meeting. The board of directors of A&F (Ohio) would also be permitted to amend the Regulations, unless a provision of the Ohio Revised Code reserves such authority to the shareholders of A&F (Ohio).

Approval Requirements Applicable to Certain Transactions

Under the Delaware General Corporation Law, an agreement of merger or consolidation must be approved and declared advisable by the board of directors of each constituent corporation and adopted by the affirmative vote of the stockholders of each constituent corporation holding at least a majority of the outstanding voting power, or by a greater vote as provided in the certificate of incorporation. Additionally, the Delaware General Corporation Law provides that, unless its certificate of incorporation provides otherwise, no vote of the stockholders of the surviving corporation is required to approve a merger if:

- the agreement of merger does not amend in any respect the corporation s certificate of incorporation;
- each share of stock of such surviving corporation outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger; and
- either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered in the merger or the number of shares of common stock of the surviving corporation to be issued or delivered in the merger plus the number of shares of common stock into which any other shares, securities or obligations to be issued or delivered in the merger are initially convertible does not exceed 20% of the shares of common stock of the corporation outstanding immediately prior to the effective date of the merger.

Under the Delaware General Corporation Law, the merger of a 90%-owned subsidiary into its parent corporation only needs to be approved by the board of directors of the parent corporation.

The Delaware General Corporation Law does not require stockholder approval in the case of combinations and majority share acquisitions. The Delaware General Corporation Law requires the approval by the holders of a majority of the outstanding voting stock of the corporation of (i) the disposition of all or substantially all of a corporation s property and assets and (ii) the dissolution of the corporation, unless a greater vote is provided for in the certificate of incorporation.

The Certificate requires the affirmative vote of the holders of at least 75% of the disinterested shares of voting stock of A&F (Delaware) to approve any of the following business combination transactions involving a person who beneficially owns, together with its affiliates and associates, at least 5% of the voting stock of A&F (Delaware) (an interested person) if the transaction is not approved by a majority of the Continuing Directors (as defined in the Certificate):

- any merger or consolidation of A&F (Delaware), or any subsidiary thereof, with or into an interested person;

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any sale, lease, exchange, transfer or other disposition of assets of A&F (Delaware), or any subsidiary thereof, representing more than 20% of the fair market value of the total consolidated assets of A&F (Delaware) and its subsidiaries, to an interested person;

any merger or consolidation of an interested person with or into A&F (Delaware) or any subsidiary thereof;

any sale, lease, exchange, transfer or other disposition of more than 20% of the fair market value of the assets of any interested person to A&F (Delaware) or any subsidiary thereof;

the issuance or transfer by A&F (Delaware), or any subsidiary thereof, of any securities of A&F (Delaware), or any subsidiary thereof, to an interested person;

any reclassification of securities, recapitalization or other comparable transaction involving A&F (Delaware) that would have the effect of increasing the voting power of any interested person with respect to the voting stock of A&F (Delaware); and

any agreement, contract or other arrangement providing for any of these transactions.

Under the Ohio General Corporation Law, an agreement of merger or consolidation must be approved by the directors of each constituent corporation and adopted by the affirmative vote of the shareholders of each constituent Ohio corporation (other than the surviving corporation in the case of a merger) holding at least two-thirds of the corporation s voting power, or a different proportion, but not less than a majority of the voting power, as provided in the articles of incorporation. In the case of a merger, the Ohio General Corporation Law also requires the adoption of the agreement of merger by the shareholders of the surviving corporation by similar vote, if one or more of the following conditions exist:

the articles of incorporation or regulations of the surviving corporation then in effect require that the agreement be adopted by the shareholders or by the holders of a particular class of shares of that corporation;

the agreement of merger conflicts with the articles of incorporation or the regulations of the surviving corporation then in effect, or changes the articles of incorporation or the regulations, or authorizes any action that, if it were being made or authorized apart from the merger, would otherwise require adoption by the shareholders or by the holders of a particular class of shares of that corporation;

the merger involves the issuance or transfer by the surviving corporation to the shareholders of the other constituent corporation or corporations of shares of the surviving corporation that would entitle the holders of the shares immediately after the consummation of the merger to exercise one-sixth or more of the voting power of that corporation in the election of directors; or

the agreement of merger makes a change in the directors of the surviving corporation that would otherwise require action by the shareholders or by the holders of a particular class of shares of that corporation.

Under the Ohio General Corporation Law, the merger of a 90%-owned subsidiary into its parent corporation only needs to be approved by the board of directors of each constituent Ohio corporation.

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Subject to limited exceptions, the Ohio General Corporation Law requires the approval of two-thirds of the voting power of the corporation, or a different proportion as provided in the articles of incorporation (not less than a majority of the corporation s voting power), for:

the consummation of combinations or majority share acquisitions involving the transfer or issuance by the acquiring corporation of shares that would entitle the holders to exercise at least one-sixth of the voting power of the corporation in the election of directors immediately after the consummation of the transaction;

the disposition of all or substantially all of the corporation s assets other than in the usual and regular course of business; and

voluntary dissolutions.

Rather than adopt Ohio s default two-thirds approval requirement for combinations, majority share acquisitions, asset sales, dissolutions, mergers and consolidations, the Articles only require the affirmative vote of a majority of the outstanding voting power of A&F (Ohio) to approve such transactions.

Actions by Shareholders Without a Meeting

Under the Delaware General Corporation Law, unless the certificate of incorporation provides otherwise, any action which may be authorized or taken at a meeting of the stockholders may be authorized or taken without a meeting, without prior notice and without a vote, by written consent of the holders of shares of outstanding stock having the votes necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted. The Certificate, however, prohibits the stockholders of A&F (Delaware) from taking actions by written consent without a meeting.

Under the Ohio General Corporation Law, unless the articles of incorporation or the regulations adopted by the shareholders prohibit the authorization or taking of any action of the shareholders without a meeting, any action which may be authorized or taken at a meeting of the shareholders may be authorized or taken without such meeting by the written approval of all the shareholders entitled to notice of the meeting. However, in the case of an amendment to or adoption or repeal of a corporation s regulations, the Ohio General Corporation Law only requires the written approval of two-thirds of all outstanding shares entitled to vote, or a different proportion but not less than a majority of the voting power, as provided in the articles of incorporation or the regulations. The Articles and Regulations do not prohibit the shareholders from taking actions by written consent without a meeting and the Articles would permit the holders of at least a majority of the voting power of A&F (Ohio) to amend the Regulations by written consent without a meeting.

Class Voting

The Delaware General Corporation Law requires voting by separate classes only with respect to amendments to the certificate of incorporation which adversely affect the holders of such classes or which increase or decrease the aggregate number of authorized shares or the par value of the shares of any such classes, and as otherwise provided in the certificate of incorporation. Under the Ohio General Corporation Law, holders of a particular class of shares are entitled to vote as a separate class if the rights of such class are affected by mergers, consolidations or amendments to the articles of incorporation, and as otherwise provided in the articles of incorporation.

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Appraisal and Dissenters Rights

Under the Delaware General Corporation Law, appraisal rights are available only in connection with statutory mergers or consolidations. Even in those cases, unless the certificate of incorporation provides otherwise (and the Certificate does not so provide), the Delaware General Corporation Law does not provide appraisal rights for any class or series of stock (i) listed on a national securities exchange or (ii) held of record by more than 2,000 stockholders, except that appraisal rights are available for stockholders who, by the terms of the agreement of merger or consolidation, are required to accept anything other than:

shares of the corporation surviving or resulting from the merger or consolidation;

shares of any other corporation which at the effective time of the merger or consolidation are either listed on a national securities exchange or held of record by more than 2,000 shareholders;

cash in lieu of fractional shares; or

any combination of the foregoing shares and cash in lieu of fractional shares.

Under the Ohio General Corporation Law, dissenting shareholders are entitled to dissenters rights in connection with (i) the lease, sale, exchange, transfer or other disposition of all or substantially all of the assets of a corporation and (ii) amendments to a corporation s articles of incorporation that change either the rights of shareholders in a substantially prejudicial manner, the purpose of the corporation substantially or the corporation into a nonprofit corporation. In addition, the following shareholders of Ohio corporations are also entitled to appraisal rights:

shareholders of a corporation being merged, consolidated or converted into a surviving or new entity;

shareholders of a corporation that survives a merger who are entitled to vote on the adoption of an agreement of merger;

shareholders of the acquiring corporation in a combination or a majority share acquisition who are entitled to vote on the adoption of the transaction; and

shareholders of a subsidiary corporation (at least 90%-owned by its parent corporation) into which the parent corporation is merged.

Dividends

The directors of a Delaware corporation may declare and pay dividends upon the shares of its capital stock out of any surplus of the corporation (the excess of its assets over the sum of its liabilities and capital) and, if it has no surplus, out of any net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year, provided that such payment will not reduce capital below the amount of capital represented by all classes of shares having a preference upon the distribution of assets.

The directors of an Ohio corporation may declare and pay dividends on outstanding shares of the corporation in an amount that does not exceed the surplus of the corporation (the excess of its assets over the sum of its liabilities and stated capital). An Ohio corporation may not pay any dividend to the holders of shares of any class in violation of the rights of the holders of shares of any other class, or when a corporation is insolvent or there is reasonable ground to believe that by such payment it would be rendered insolvent. An Ohio corporation must notify its shareholders if a dividend is paid out of capital surplus.

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Repurchases

Under the Delaware General Corporation Law, a corporation may repurchase its common stock out of capital if no shares of preferred stock are outstanding, if the common stock will be retired upon its acquisition and if the capital of the corporation will be reduced in accordance with the applicable provisions of the Delaware General Corporation Law. Otherwise, shares of common stock must be purchased out of surplus.

Under the Ohio General Corporation Law, a corporation may repurchase its own shares if authorized to do so by its articles of incorporation or under certain additional limited circumstances but may not do so if immediately thereafter its assets would be less than its liabilities plus its stated capital, if any, or if the corporation is insolvent or would be rendered insolvent by such a purchase. The Articles permit A&F (Ohio) to repurchase its shares.

Revocability of Proxies

Under the Delaware General Corporation Law, a duly executed proxy is irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. Under the Ohio General Corporation Law, a duly executed proxy is revocable unless the appointment is coupled with an interest, except that proxies given in connection with the shareholder authorization of a control share acquisition are revocable at all times prior to obtaining shareholder authorization, whether or not coupled with an interest.

Comparison of Director and Officer Liability and Indemnification Under Delaware and Ohio Law

Delaware

Section 102(b)(7) of the Delaware General Corporation Law permits a Delaware corporation to limit or eliminate a director s personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except with respect to:

a breach of the director s duty of loyalty to the corporation or its stockholders;

acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

the payment of a dividend or the approval of a stock repurchase or redemption which is illegal under the Delaware General Corporation Law; or

any transaction from which the director derived an improper personal benefit.

The Certificate eliminates the personal liability of the directors of A&F (Delaware) to the fullest extent permitted by Section 102(b)(7) of the Delaware General Corporation Law.

Section 145 of the Delaware General Corporation Law authorizes corporations to indemnify any person who was or is a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another entity, against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person s conduct was

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unlawful. This indemnification does not apply to an action by or in the right of the corporation a derivative action. The standard differs in the case of derivative actions, in that indemnification only extends to attorneys fees and other expenses actually and reasonably incurred in connection with the defense or settlement of such actions. The Delaware General Corporation Law requires court approval before a corporation may indemnify a person who has been found liable to the corporation. To the extent that a present or former director or officer of a corporation is successful on the merits or otherwise in defense of any action, suit or proceeding, including derivative actions, brought against such person or in defense of any claim, issue or matter asserted in any such proceeding, indemnification for attorneys fees and other expenses is mandated by the Delaware General Corporation Law. Advancement of expenses incurred by a director or officer is permissive only and the indemnified person must repay such expenses if it is ultimately determined that he or she is not entitled to indemnification. Section 145 of the Delaware General Corporation Law states that the indemnification and advancement of expenses provided thereby is not exclusive of any other rights to which any person seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

The Bylaws require A&F (Delaware) to indemnify and hold harmless any person who was or is a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director or officer of A&F (Delaware), or is or was serving at the request of A&F (Delaware) as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or as a member of any committee or similar body, to the fullest extent permitted by the laws of Delaware as they may exist from time to time. The right to indemnification conferred in the Bylaws also includes the right to be paid by A&F (Delaware) for the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent permitted by the laws of Delaware as they may exist from time to time.

Section 145 of the Delaware General Corporation Law authorizes Delaware corporations to purchase liability insurance for their directors, officers, employees and agents, regardless of whether any such individual is otherwise eligible for indemnification by the corporation. Similarly, the Bylaws permit A&F (Delaware) to purchase and maintain liability insurance on behalf of any person who is or was a director, officer, employee or agent of A&F (Delaware), or is or was serving at the request of A&F (Delaware) as a director, officer, employee or agent for another corporation, partnership, joint venture, trust or other enterprise against any liability.

Ohio

Section 1701.13(E) of the Ohio General Corporation Law authorizes corporations to indemnify or agree to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding (other than derivative actions) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, trustee, officer, employee, member, manager or agent of another entity, against expenses, including attorneys fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, if the person had no reasonable cause to believe the person s conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the

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best interests of the corporation and, with respect to any criminal action or proceeding, the person had reasonable cause to believe that the person s conduct was unlawful. An Ohio corporation may also provide indemnification in derivative actions for expenses and attorneys fees actually and reasonably incurred in connection with the defense or settlement of an action if the officer, director, employee or agent acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the corporation. Ohio law does not expressly authorize indemnification against judgments, fines and amounts paid in settlement in such actions. An Ohio corporation may not indemnify a director, officer, employee or agent in derivative actions for expenses and attorneys&#14