CALSTRS
HOW WILL YOU SPEND YOUR FUTURE?

California State Teachers'
Retirement System
Investments
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October 6, 2011

Mr. Michael Greenlees
Chairman of the Compensation Committee
Abercrombie & Fitch Co.
6301 Fitch Path
New Albany, OH 43054

Dear Mr. Greenlees,

We are writing to you on behalf of the members of the California State Teachers' Retirement System (CalSTRS). CalSTRS was established for the benefit of California's public school teachers over 95 years ago and is currently the second-largest public pension system in the United States. The CalSTRS portfolio is currently valued at approximately $146 billion and serves the investment and retirement interests of nearly 852,000 plan participants. The long-term nature of CalSTRS' liabilities, and its responsibilities as a fiduciary to its members, makes the fund keenly interested in governance issues.

We have carefully followed the implementation of the Dodd-Frank financial reform legislation and the application of the mandatory Say-on-Pay requirement for U.S. public companies. Prior to Dodd-Frank, the overwhelming criticism we heard from issuers was the lack of clarity around what an "against" vote on Say-on-Pay meant. Currently, CalSTRS holds 266,160 shares worth $16,930,437.60 of Abercrombie & Fitch Co. and, as you may know, we voted against the Say-on-Pay at your Company's 2011 annual meeting. We believe transparent proxy voting and open communication is important, so in this vein we write to inform you of our reasons for voting against Abercrombie & Fitch Co.'s Say-on-Pay.

Pay for Performance Disconnect

The overriding tenet of any well designed compensation plan should be a link between pay and performance of the company. We believe performance goals should be disclosed and performance hurdles should be meaningful to drive long-term shareholder value. Based on our analysis, there was a disconnect between your Company's performance and the compensation awarded its executives.

We congratulate your company for having positive relative performance over the past year, but this positive performance does not justify the outsized compensation when compared to your peers. The excessive compensation is especially concerning given the Company's underperformance over 3 years and only marginal outperformance over 5 years. The lack of clarity into how your company links pay to performance is exaggerated by the overwhelming use of discretion afforded your committee. While we understand that boards of directors require some flexibility when determining compensation, we believe there should be a portion of executives' pay that is transparent and easily discernable by shareholders.

CEO Base Salary Above Tax Deductible Limit
CalSTRS believes an over-whelming majority of an executive's compensation should be performance-based. When an executive's base salary is above the tax deductible limit the company fails to maximize shareholder return by fully utilizing the tax shields. In addition, because other portions of compensation are usually factors of base salary (i.e. bonuses, pension benefits), it is not merely the dollar amount over $1 million that is problematic. It is the fact that starting with a high base can lead to overly generous compensation packages.

Significant Perquisites
Similar to our reasoning regarding base salaries over $1 million, significant perquisites are not performance based and therefore do little to align management interests with that of shareholders. Therefore, perquisites should be used only when necessary for business related purposes. Your Company was identified because the value of perquisites for your CEO was significantly above the average value of $250,000 for most CEOs. If your company continues to believe perquisites are a necessary part of compensation, care should be taken to detail the Compensation Committee's rationale for continuing the use of these perquisites.

Ratio of CEO Total Compensation to Average of NEO's
As part of the Dodd-Frank legislation, there have been discussions about various pay ratios or sometimes referred to as, internal pay equity. We at CalSTRS understand that companies operate under various business models and their use of employee capital is deployed differently. This being said, we do think the pay ratio at the top of a company gives some insight into the workings of the board. We have found on average that the CEO pay to the average of the next four named officers is generally between 2 and 3 times. A ratio over 3 causes us to question the board's succession plan, the internal culture of the company, and the CEO's influence over the board. While we would never vote against a company's say-on-pay for this one factor, your Company was identified as having an executive pay ratio over 3 in conjunction with the other factors discussed in this letter.

Employment Agreements
CalSTRS believes that in some instances employment or contractual agreements may be a necessary tool in order to recruit new executives or in times of transitions. We can be supportive of these types of arrangements when the company has described specific circumstances under which they may be used, the time periods covered by the arrangements, and the provisions for renewing or eliminating the agreements. We are less supportive of

employment agreements when applied to a founder or long-standing member of a company's executive team or in instances where agreements are evergreen. We are especially critical of employment contracts that provide for any kind of "guaranteed" compensation for seasoned executives or expose the company to liabilities with excessive transfers of the corporate treasury to executives.

We identified your Company as having entered into employment agreements with certain executives that also have an automatic renewal feature. We do not believe these types of arrangements are in the best interests of shareholders and merely serve the interests of the executives. Furthermore, the elimination of contractual arrangements is seen as a move toward best practices as more and more companies are doing away with these agreements.

We would encourage your Company to dissolve its employment agreements, or at the very least commit to not entering into future agreements. If your Company still feels these types of arrangements are necessary we urge you to provide substantial disclosure as to why employment agreements are indispensable at your firm when so many U.S. companies have managed without them.

Although your Company's Say-on-Pay proposal passed, albeit marginally, we hope you recognize the extreme outlier your company is. As of June 30, 2011, the average support for Say-on-Pay proposals was 91.26% at Russell 3000 companies. Your company received a support of only 56% and only 168 companies in the Russell 3000 received support less than 70%. We hope you view this as an opportunity to proactively engage your shareholders about the Company's compensation program. We are happy to discuss our concerns at your earliest convenience. Should you have any immediate questions or wish to set up a call, please contact Aeisha Mastagni by phone at 916-414-7418 or by email at amastagni@calstrs.com.

Thank you for your attention in this matter.

Sincerely,

Anne E. Sheehan

Anne Sheehan
Director of Corporate Governance

cc: Ms. Lauren Brisky, Member of the Compensation Committee
Mr. James Backmann, Member of the Compensation Committee
Mr. Kevin Huvane, Member of the Compensation Committee
Mr. Edward Limato, Member of the Compensation Committee
Mr. Craig Stapleton, Member of the Compensation Committee