ABERCROMBIE & FITCH CO /DE/
Form 10-Q/A
April 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO. 1)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number 1-12107

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

Delaware	31-1469076
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6301 Fitch Path, New Albany, OH	43054
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (614)283-6500

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class A Common Stock	Outstanding at September 3, 2004
$.01 Par Value	94,557,496 Shares

EXPLANATORY NOTE

This Amendment No. 1 to this Quarterly Report on Form 10-Q/A ("Form 10-Q/A") is being filed in order to correct the previously issued condensed consolidated financial statements of Abercrombie & Fitch Co. (the "Company") for the quarterly period ended July 31, 2004, initially filed with the Securities and Exchange Commission (the "SEC") on September 9, 2004 (the "Original Filing"). The corrections are to properly account for landlord construction allowances in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases"; and rent holidays in accordance with Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases." See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Condensed Consolidated Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A for additional discussion and a summary of the effect of these changes on the Company's condensed consolidated financial statements as of July 31, 2004 and January 31, 2004 and for the interim periods ended July 31, 2004 and August 2, 2003.

This Form 10-Q/A amends and restates only Items 1, 2 and 4 of Part I and Item 6 of Part II of the Original Filing to reflect the effects of this restatement of our financial statements for the period presented or as deemed necessary in connection with the completion of restated financial statements. The remaining Items contained within this Amendment No. 1 on Form 10-Q/A consist of all other Items originally contained on Form 10-Q for the fiscal quarter ended July 31, 2004. These remaining Items are not amended hereby, but are included for the convenience of the reader. Except for the forgoing amended information, this Form 10-Q/A continues to describe conditions as of the date of the Original Filing, and we have not updated the disclosures contained herein to reflect events that occurred at a later date.

In connection with the preparation of this Form 10-Q/A, the Company concluded that it was appropriate to classify our investments in auction rate securities as marketable securities. Previously, such investments had been classified as cash and equivalents. Accordingly, we have revised the classification to report these investments as marketable securities on the consolidated balance sheets as of July 31, 2004 and January 31, 2004. The Company has also made corresponding adjustments to the consolidated statements of cash flows for the twenty-six weeks ended July 31, 2004 and August 2, 2003, to reflect the gross purchases and sales of these investments as investing activities rather than as a component of cash and equivalents. See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Condensed Consolidated Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A for additional discussion on the effects of the change in classification.

2

ABERCROMBIE & FITCH CO.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ABERCROMBIE & FITCH

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Thousands except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003

		(Restated, See Note 2)		
NET SALES	$ 401,346	$ 355,719	$ 813,276	$ 702,442
Cost of Goods Sold, Occupancy and Buying Costs	219,703	211,869	466,642	430,014
GROSS INCOME	181,643	143,850	346,634	272,428
General, Administrative and Store Operating Expenses	112,881	88,716	231,150	176,614
OPERATING INCOME	68,762	55,134	115,484	95,814
Interest Income, Net	(1,358)	(861)	(2,343)	(1,852)
INCOME BEFORE INCOME TAXES	70,120	55,995	117,827	97,666
Provision for Income Taxes	27,232	21,467	45,622	37,353
NET INCOME	$ 42,888	$ 34,528	$ 72,205	$ 60,313
NET INCOME PER SHARE:				
BASIC	$ 0.45	$ 0.36	$ 0.76	$ 0.62
DILUTED	$ 0.44	$ 0.34	$ 0.74	$ 0.60
WEIGHTED-AVERAGE SHARES OUTSTANDING:				
BASIC	95,306	97,186	95,010	97,410
DILUTED	97,590	100,128	97,118	100,542
DIVIDENDS PER SHARE	$ 0.25	$ 0.00	$ 0.38	$ 0.00

The accompanying notes are an integral part of these condensed consolidated financial statements.

4

ABERCROMBIE & FITCH

CONDENSED CONSOLIDATED BALANCE SHEETS

(Thousands)

(Unaudited)

	July 31, 2004	January 31, 2004
	(Restated, See Note 2)	
ASSETS		
CURRENT ASSETS:		
Cash and Equivalents	$ 66,448	$ 56,373
Marketable Securities	515,700	464,700
Receivables	16,083	7,197
Inventories	199,055	170,703
Store Supplies	32,964	29,993
Other	24,953	23,689
TOTAL CURRENT ASSETS	855,203	752,655
PROPERTY AND EQUIPMENT, NET	646,198	630,022
OTHER ASSETS	444	552
TOTAL ASSETS	$ 1,501,845	$ 1,383,229
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts Payable & Outstanding Checks	$ 137,429	$ 91,364
Accrued Expenses	180,438	163,389
Deferred Lease Credits	30,088	26,627
Income Taxes Payable	12,698	29,692
TOTAL CURRENT LIABILITIES	360,653	311,072
DEFERRED INCOME TAXES	38,809	31,236
LONG-TERM DEFERRED LEASE CREDITS	152,581	154,768
OTHER LONG-TERM LIABILITIES	27,526	28,388
SHAREHOLDERS' EQUITY:		
Class A Common Stock - $.01 par value: 150,000,000 shares authorized, 103,300,000 shares outstanding at July 31, 2004 and January 31, 2004, respectively	1,033	1,033
Paid-In Capital	141,977	139,139
Retained Earnings	942,593	906,085
	1,085,603	1,046,257
Less: Treasury Stock, at Average Cost, 7,526,754 and 8,692,501 shares at July 31, 2004 and January 31, 2004, respectively	(163,327)	(188,492)
TOTAL SHAREHOLDERS' EQUITY	922,276	857,765

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,501,845	$ 1,383,229

The accompanying notes are an integral part of these condensed consolidated financial statements.

ABERCROMBIE & FITCH

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands)

(Unaudited)

	Twenty-Six Weeks Ended	
	July 31, 2004	August 2, 2003
	(Restated, See Note 2)	
OPERATING ACTIVITIES:		
Net Income	$ 72,205	$ 60,313
Impact of Other Operating Activities on Cash Flows:		
Depreciation and Amortization	51,534	42,246
Amortization of Deferred Lease Credits	(14,750)	(11,506)
Loss on Retirement of Property and Equipment	518	-
Noncash Charge for Deferred Compensation	5,224	2,669
Deferred Taxes	3,641	12,156
Lessor Construction Allowances	16,883	17,210
Changes in Assets and Liabilities:		
Inventories	(21,839)	(37,868)
Accounts Payable and Accrued Expenses	50,355	17,503
Income Taxes	(1,950)	(13,766)
Other Assets and Liabilities	(13,993)	(209)
NET CASH PROVIDED BY OPERATING ACTIVITIES	147,828	88,748
INVESTING ACTIVITIES:		
Capital Expenditures	(83,345)	(66,533)
Purchases of Marketable Securities	(2,472,870)	(1,812,745)
Proceeds from Sale of Marketable Securities	2,421,870	1,862,445
NET CASH USED FOR INVESTING ACTIVITIES	(134,345)	(16,833)
FINANCING ACTIVITIES:		
Change in Cash Overdraft	8,326	2,937
Purchases of Treasury Stock	(18,634)	(51,246)
Dividends Paid	(23,726)	-

Stock Option Exercises and Other	30,626	13,183
NET CASH USED FOR FINANCING ACTIVITIES	(3,408)	(35,126)
NET INCREASE IN CASH AND EQUIVALENTS	10,075	36,789
Cash and Equivalents, Beginning of Year	56,373	43,355
CASH AND EQUIVALENTS, END OF PERIOD	$ 66,448	$ 80,144
SIGNIFICANT NONCASH INVESTING ACTIVITIES:		
Change in Accrual for Construction in Progress	$ 859	($ 772)
SIGNIFICANT NONCASH FINANCING ACTIVITIES:		
Declaration of Cash Dividend to be Paid	$ 11,972	-

The accompanying notes are an integral part of these condensed consolidated financial statements.

ABERCROMBIE & FITCH

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

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

The condensed consolidated financial statements include the accounts of A&F and all significant subsidiaries that are more than 50 percent owned and controlled. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain amounts have been reclassified to conform with the current year presentation. The amounts reclassified did not have an effect on the Company's results of operations or shareholders' equity.

The condensed consolidated financial statements as of July 31, 2004 and for the thirteen and twenty-six week periods ended July 31, 2004 and August 2, 2003 are unaudited and are presented pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in A&F's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004 (the "2003 fiscal year"). In the opinion of management, the accompanying condensed consolidated financial statements reflect all adjustments (which are of a normal recurring nature) necessary to present fairly the financial position and results of operations and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the fiscal year ending January 29, 2005 (the "2004 fiscal year").

The condensed consolidated financial statements as of July 31, 2004 and for the thirteen and twenty-six week periods ended July 31, 2004 and August 2, 2003 included herein have been reviewed by the independent registered public accounting firm of PricewaterhouseCoopers LLP and the report of such firm follows the notes to the condensed consolidated financial statements. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 (the "Act") for its report on the condensed consolidated financial statements because that report is not a "report" within the meaning of Sections 7 and 11 of the Act.

2. RESTATEMENT AND RECLASSIFICATION OF FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's fiscal 2003 consolidated financial statements, the Company reviewed its accounting practices with respect to leasing transactions and determined that its then-current method of accounting for construction allowances was not in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases"; and its then-current method of accounting for rent holidays was not in accordance with Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases." As a result, the Company restated its consolidated financial statements as of January 31, 2004 and February 1, 2003 and for the fiscal years ended January 31, 2004, February 1, 2003 and February 2, 2002; and its consolidated financial statements as of and for the interim periods ended October 30, 2004, July 31, 2004, May 1, 2004, November 1, 2003, August 2, 2003 and May 3, 2003.

Historically, the Company's consolidated balance sheets have reflected the unamortized portion of construction allowances received from landlords of properties leased by the Company for its stores as a reduction of property and equipment instead of as a deferred lease credit. Excluding tax impacts, the effect of the revised accounting for construction allowances requires the Company to increase property and equipment and establish a corresponding deferred lease credit. Further, historically, the Company's consolidated statements of cash flows have reflected construction allowances as a reduction of capital expenditures within investing activities rather than as an increase in deferred lease credits within operating activities. The impact of the revised accounting is to increase both net cash provided by operating activities and net cash used for investing activities by equal amounts.

In addition, the Company has historically recognized the straight line rent expense for leases beginning on the commencement date of the lease rather than on the date when the Company takes possession. This approach had the effect of excluding the build-out period of the Company's stores from the calculation of the period over which it expenses rent. The build-out period is generally three to four months prior to store opening date. Excluding tax impacts, the effect of the revised accounting for rent holidays requires the Company to increase accrued expenses and adjust retained earnings on the consolidated balance sheets, as well as correct amortization in cost of goods sold, occupancy and buying costs in the consolidated statements of income.

The cumulative effect of these accounting changes is a reduction of retained earnings of $11.0 million as of the beginning of fiscal 2001 and decreases to retained earnings of $2.1 million, $181 thousand and $272 thousand as of the end of the fiscal years 2001, 2002 and 2003, respectively.

The following is a summary of the effects of these changes on the Company's consolidated balance sheets as of July 31, 2004 and January 31, 2004, as well as the effect of these changes on the Company's consolidated statements of income and cash flows for the fiscal quarter ended July 31, 2004 and August 2, 2003 (thousands, except per share amounts):

8

Consolidated Statements of Income

	As Previously Reported	Adjustments	As Restated
Thirteen weeks ended July 31, 2004			
Cost of Goods Sold, Occupancy and Buying Costs	$219,758	$ (55)	$219,703
Gross Income	181,588	55	181,643
Operating Income	68,707	55	68,762
Income Before Income Taxes	70,065	55	70,120
Provision for Income Taxes	27,210	22	27,232
Net Income	42,855	33	42,888
Net Income Per Share - Basic	$ 0.45	$ -	$ 0.45
Net Income Per Share - Diluted	$ 0.44	$ -	$ 0.44
Twenty-six weeks ended July 31, 2004			
Cost of Goods Sold, Occupancy and Buying Costs	$466,098	$ 544	$466,642
Gross Income	347,178	(544)	346,634
Operating Income	116,028	(544)	115,484
Income Before Income Taxes	118,371	(544)	117,827
Provision for Income Taxes	45,840	(218)	45,622
Net Income	72,531	(326)	72,205
Net Income Per Share - Basic	$ 0.76	$ -	$ 0.76
Net Income Per Share - Diluted	$ 0.75	$(0.01)	$ 0.74
Thirteen weeks ended August 2, 2003			
Cost of Goods Sold, Occupancy and Buying Costs	$211,386	$ 483	$211,869
Gross Income	144,333	(483)	143,850
Operating Income	55,617	(483)	55,134
Income Before Income Taxes	56,478	(483)	55,995
Provision for Income Taxes	21,660	(193)	21,467
Net Income	34,818	(290)	34,528
Net Income Per Share - Basic	$ 0.36	$ -	$ 0.36
Net Income Per Share - Diluted	$ 0.35	$(0.01)	$ 0.34
Twenty-six weeks ended August 2, 2003			
Cost of Goods Sold, Occupancy and Buying Costs	$429,921	$ 93	$430,014
Gross Income	272,521	(93)	272,428
Operating Income	95,907	(93)	95,814
Income Before Income Taxes	97,759	(93)	97,666
Provision for Income Taxes	37,390	(37)	37,353
Net Income	60,369	(56)	60,313
Net Income Per Share - Basic	$ 0.62	$ -	$ 0.62
Net Income Per Share - Diluted	$ 0.60	$ -	$ 0.60

Consolidated Balance Sheets

	As Previously Reported	Adjustments	As Restated
July 31, 2004			
Property and Equipment, Net	$ 460,254	$ 185,944	$ 646,198
Total Assets	1,315,901	185,944	1,501,845
Accrued Expenses	154,133	26,305	180,438
Deferred Lease Credits	-	30,088	30,088
Income Taxes Payable	35,255	(22,557)	12,698
Total Current Liabilities	326,817	33,836	360,653
Deferred Income Taxes	25,464	13,345	38,809
Long-Term Deferred Lease Credits	-	152,581	152,581
Retained Earnings	956,411	(13,818)	942,593
Total Shareholders' Equity	936,094	(13,818)	922,276
Total Liabilities and Shareholders' Equity	1,315,901	185,944	1,501,845
January 31, 2004			
Property and Equipment, Net	$ 445,956	$ 184,066	$ 630,022
Total Assets	1,199,163	184,066	1,383,229
Accrued Expenses	138,232	25,157	163,389
Deferred Lease Credits	-	26,627	26,627
Income Taxes Payable	50,406	(20,714)	29,692
Total Current Liabilities	280,002	31,070	311,072
Deferred Income Taxes	19,516	11,720	31,236
Long-Term Deferred Lease Credits	-	154,768	154,768
Retained Earnings	919,577	(13,492)	906,085
Total Shareholders' Equity	871,257	(13,492)	857,765
Total Liabilities and Shareholders' Equity	1,199,163	184,066	1,383,229

Consolidated Statements of Cash Flows

	As Previously Reported (1)	Adjustments	As Restate
Twenty-six weeks ended July 31, 2004			
Net Cash Provided by Operating Activites	$ 130,945	$ 16,883	$ 147,828
Net Cash Used for Investing Activites	(117,462)	(16,883)	(134,345
Twenty-six weeks ended August 2, 2003			
Net Cash Provided by Operating Activites	$ 71,538	$ 17,210	$ 88,748
Net Cash Provided by (Used for) Investing Activites	377	(17,210)	(16,833

(1) The "As Previously Reported" amounts for "Net Cash Used for Investing Activities" have been adjusted to account for the effects of reclassification of certain securities, as discussed below.

Further, the Company concluded that it was appropriate to classify our investments in auction rate municipal bonds as marketable securities. Previously, such investments had been classified as cash and equivalents. Accordingly, we have revised the classification to report these investments as marketable securities on the consolidated balance sheets as of July 31, 2004 and January 31, 2004. The Company has also made corresponding adjustments to the consolidated statements of cash flows for the twenty-six weeks ended July 31, 2004 and August 2, 2003, to reflect the gross purchases and sales of these investments as investing activities rather than as a component of cash and equivalents.

As of July 31, 2004 and January 31, 2004, $505.7 million and $454.7 million, respectively, of these investments were classified as cash and equivalents on the consolidated balance sheets. These balances are in addition to the marketable securities balances previously reported.

For the twenty-six weeks ended July 31, 2004 and August 2, 2003, net cash (used for) provided by investing activities related to these investments of ($51.0) million and $39.7 million, respectively, were included in cash and equivalents in our consolidated statements of cash flows. These investing activities related to marketable securities are in addition to those previously reported.

3. STOCK-BASED COMPENSATION

The Company reports stock-based compensation through the disclosure-only requirements of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an Amendment of FASB Statement No. 123," but elects to measure compensation expense using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation expense for options has been recognized as all options are granted at fair market value at the grant date. The Company recognizes compensation expense related to restricted share and stock unit awards. If compensation expense related to options for the thirteen and twenty-six week periods ended July 31, 2004, and August 2, 2003 had been determined based on the estimated fair value of options granted, consistent with the methodology in SFAS No. 123, the pro forma effect on net income and net income per basic and diluted share would have been as follows:

(Thousands except per share amounts)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net income:				
As reported	$ 42,888	$ 34,528	$ 72,205	$ 60,313
Stock-based compensation expense included in reported net income, net of tax	1,807	854	2,971	1,650

Stock-based compensation expense determined under fair value based method, net of tax(1)	(6,878)	(7,037)	(13,049)	(13,923)
Pro forma	$ 37,817	$ 28,345	$ 62,127	$ 48,040
Basic earnings per share:				
As reported	$ 0.45	$ 0.36	$ 0.76	$ 0.62
Pro forma	$ 0.40	$ 0.29	$ 0.65	$ 0.49
Diluted earnings per share:				
As reported	$ 0.44	$ 0.34	$ 0.74	$ 0.60
Pro forma	$ 0.39	$ 0.29	$ 0.64	$ 0.48

(1) Includes stock-based compensation expense related to restricted share and stock unit awards actually recognized in earnings in each period presented.

The weighted-average fair value of all options granted during the second quarter of fiscal 2004 and fiscal 2003 were $15.03 and $13.98, respectively. The fair value of each option, which is included in the pro forma results above, was estimated using the Black-Scholes option-pricing model. For purposes of the valuation, the following weighted-average assumptions were used: a 1.36% dividend yield in 2004 and no expected dividends in 2003; price volatility of 58% in 2004 and 63% in 2003; risk-free interest rates of 3.5% in 2004 and 2.9% in 2003; assumed forfeiture rates of 28% in 2004 and 23% in 2003, respectively and expected lives of 4 years in 2004 and 2003.

12

4. EARNINGS PER SHARE

Weighted-Average Shares Outstanding (in thousands):

	Thirteen Weeks Ended	
	July 31, 2004	August 2,2003
Shares of Class A Common Stock issued	103,300	103,300
Treasury shares	(7,994)	(6,114)
Basic shares	95,306	97,186
Dilutive effect of options and restricted shares	2,284	2,942
Diluted shares	97,590	100,128

Twenty-Six Weeks Ended

	July 31, 2004	August 2,2003
Shares of Class A Common Stock issued	103,300	103,300
Treasury shares	(8,290)	(5,890)
Basic shares	95,010	97,410
Dilutive effect of options and restricted shares	2,108	3,132
Diluted shares	97,118	100,542

Options to purchase 5,481,984 and 5,631,984 shares of Class A Common Stock during the thirteen and twenty-six week periods ended July 31, 2004, respectively, and 6,035,217 and 5,760,715 shares of Class A Common Stock during the thirteen and twenty-six week periods ended August 2, 2003, respectively, were outstanding but were not included in the computation of net income per diluted share because the options' exercise prices were greater than the average market price of the underlying shares.

5. INVENTORIES

Inventories are principally valued at the lower of average cost or market, on a first-in-first-out basis, utilizing the retail method. An initial markup is applied to inventory at cost in order to establish a cost-to-retail ratio. Permanent markdowns, when taken, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship.

The fiscal year is comprised of two principal selling seasons: spring (the first and second quarters) and fall (the third and fourth quarters). The Company further reduces inventory at season end by recording an additional markdown reserve using the retail carrying value of inventory from the season just passed. Markdowns on this carryover inventory represent estimated future anticipated selling price declines. Additionally, inventory valuation at the end of the first and third quarters reflects adjustments for inventory markdowns for the total season. Further, as part of inventory valuation, inventory shrinkage estimates are made based on historical trends, which reduce the inventory value for lost or stolen items.

The inventory reserve for markdowns and valuations was $8.5 million, $5.5 million and $8.2 million at July 31, 2004, January 31, 2004 and August 2, 2003, respectively. The shrink reserve was $4.3 million, $3.3 million and $6.6 million at July 31, 2004, January 31, 2004 and August 2, 2003, respectively. The inventory valuations at July 31, 2004, January 31, 2004 and August 2, 2003 reflect adjustments for inventory markdowns for the end of the season.

6. PROPERTY AND EQUIPMENT, NET

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

	July 31, 2004	January 31, 2004

Property and equipment, at cost	$ 1,012,947	$ 961,817
Accumulated depreciation and amortization	(366,749)	(331,795)
Property and equipment, net	$ 646,198	$ 630,022

7. INCOME TAXES

The provision for income taxes is based on the current estimate of the annual effective tax rate. Income taxes paid during the twenty-six weeks ended July 31, 2004 and August 2, 2003, approximated $44.0 million and $39.6 million, respectively.

8. LONG-TERM DEBT

The Company entered into a $250 million syndicated unsecured credit agreement (the "Credit Agreement") on November 14, 2002. The primary purposes of the Credit Agreement are for trade and stand-by letters of credit and working capital. The Credit Agreement is due to expire on November 14, 2005. The Credit Agreement has several borrowing options, including interest rates that are based on the agent bank's "Alternate Base Rate," or a LIBO Rate. Facility fees payable under the Credit Agreement are based on the Company's ratio (the "leverage ratio") of the sum of total debt plus 800% of forward minimum rent commitments to consolidated EBITDAR for the trailing four-fiscal-quarter period and currently accrues at .225% of the committed amounts per annum. The Credit Agreement contains limitations on indebtedness, liens, sale-leaseback transactions, significant corporate changes including mergers and acquisitions with third parties, investments, restricted payments (including dividends and stock repurchases), hedging transactions and transactions with affiliates. The Credit Agreement also contains financial covenants requiring a minimum ratio, on a consolidated basis, of EBITDAR for the trailing four-fiscal-quarter period to the sum of interest expense and minimum rent for such period, as well as a maximum leverage ratio.

Letters of credit totaling approximately $58.0 million and $56.0 million were outstanding under the Credit Agreement at July 31, 2004 and at August 2, 2003, respectively. No borrowings were outstanding under the Credit Agreement at July 31, 2004 or at August 2, 2003.

9. RELATED PARTY TRANSACTIONS

Shahid & Company, Inc. has provided advertising and design services for the Company since 1995. Sam N. Shahid, Jr., who serves on A&F's Board of Directors, has been President and Creative Director of Shahid & Company, Inc. since 1993. Fees paid to Shahid & Company, Inc. for services provided during the thirteen and twenty-six week periods ended July 31, 2004 were approximately $0.6 million and $1.2 million, respectively. For services provided during the thirteen and twenty-six week periods ended August 2, 2003, the fees paid to Shahid & Company, Inc. were approximately $0.5 million and $1.0 million, respectively. The amounts do not include reimbursements to Shahid & Company, Inc. for expenses incurred while performing these services.

10. CONTINGENCIES

The Company is involved in a number of legal proceedings that arise out of, and are incidental to, the conduct of its business.

In 2003, five actions were filed under various states' laws on behalf of purported classes of employees and former employees of the Company alleging that the Company required its associates to wear and pay for a "uniform" in violation of applicable law. Two of the actions have been ordered coordinated. In each case, the plaintiff, on behalf of his or her purported class, seeks injunctive relief and unspecified amounts of economic and liquidated damages. For certain of the cases, the parties are in the process of discovery. In one case, the Company has filed a motion to dismiss; while in all other cases, answers have been filed. Two of those cases have been stayed, and the plaintiffs in those cases have been joined in the action described immediately below.

In 2003, an action was filed in which the plaintiff alleges that the "uniform," when purchased, drove associates' wages below the federal minimum wage. The complaint purports to state a collective action on behalf of part-time associates under the Fair Labor Standards Act. Recently, the plaintiff amended the complaint and added new named plaintiffs, asserting claims under the laws of six states as well as the Fair Labor Standards Act. The parties are in the process of settling this case and two of the five state court cases described in the immediately preceding paragraph. The Company does not expect the settlement to be material to the consolidated financial statements.

In each of 2003 and 2002, one action was filed against the Company involving overtime compensation. In each action, the plaintiffs, on behalf of their respective purported class, seek injunctive relief and unspecified amounts of economic and liquidated damages. The Company has filed a motion to dismiss in one of the cases. In the other case, the parties are in the process of discovery, and the plaintiff has filed, and the Company has opposed, a motion to certify a class of California store managers. That motion is pending.

As previously mentioned, three of the above-described cases are in the process of being settled. The Company does not believe it is feasible to predict the outcome of the other legal proceedings described above and intends to vigorously defend against each of them. The timing of the final resolution of each of these proceedings is also uncertain. Accordingly, the Company cannot estimate a range of potential loss, if any, for any of these legal proceedings.

In 2003, one action was filed on behalf of a purported class alleged to be discriminated against in hiring or employment decisions due to race and/or national origin. The plaintiffs in the action seek, on behalf of their purported class, injunctive relief and unspecified amounts of economic, compensatory and punitive damages. The parties are in the process of discovery. Additionally, the EEOC is conducting nationwide investigations relating to allegations of discrimination based on race, national origin and gender.

The Company accrues amounts related to legal matters if reasonably estimable and reviews these amounts at least quarterly. During the first quarter of fiscal 2004, the Company recorded an $8.0 million charge (net of expected proceeds of $10 million from insurance) resulting from an increase in expected defense costs related to the purported class action employment discrimination suit. The Company does not believe it is feasible to predict the outcome of this proceeding and intends to vigorously defend against it. However, if judgment is rendered in this proceeding which is unfavorable to the Company, the amount could potentially be material to the consolidated financial statements.

The Company has standby letters of credit in the amount of $4.7 million that are set to expire during the fourth quarter of fiscal 2005. The beneficiary, a merchandise supplier, has the right to draw upon the standby letters of credit if the Company has authorized or filed a voluntary petition in bankruptcy. To date, the beneficiary has not drawn upon the standby letters of credit.

The Company enters into agreements with professional services firms, in the ordinary course of business and, in most agreements, indemnifies these firms from any harm. There is no financial impact on the Company related to these indemnification agreements.

16

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Shareholders of Abercrombie & Fitch Co.:

We have reviewed the accompanying restated condensed consolidated balance sheet of Abercrombie & Fitch Co. and its subsidiaries as of July 31, 2004, and the related restated condensed consolidated statements of income for each of the thirteen and twenty-six week periods ended July 31, 2004 and August 2, 2003 and the restated condensed consolidated statements of cash flows for the twenty-six week periods ended July 31, 2004 and August 2, 2003. These interim financial statements are the responsibility of the Company's management.

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

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

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of January 31, 2004, and the related consolidated statements of income, of shareholders' equity, and of cash flows for the year then ended (not presented herein), and in our report dated February 17, 2004, except for Note 2, as to which the date is April 4, 2005 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 31, 2004, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers
Columbus, Ohio
August 10, 2004, except for Note 2, as to which
the date is April 4, 2005

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

RESTATEMENT AND RECLASSIFICATION OF FINANCIAL STATEMENTS

Subsequent to the issuance of the Company's fiscal 2003 consolidated financial statements, the Company reviewed its accounting practices with respect to leasing transactions and determined that its then-current method of accounting for construction allowances was not in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases"; and its then-current method of accounting for rent holidays was not in accordance with Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases." As a result, the Company restated its consolidated financial statements as of January 31, 2004 and February 1, 2003 and for the fiscal years ended January 31, 2004, February 1, 2003 and February 2, 2002; and its consolidated financial statements as of and for the interim periods ended October 30, 2004, July 31, 2004, May 1, 2004, November 1, 2003, August 2, 2003 and May 3, 2003.

Historically, the Company's consolidated balance sheets have reflected the unamortized portion of construction allowances received from landlords of properties leased by the Company for its stores as a reduction of property and equipment instead of as a deferred lease credit. Excluding tax impacts, the effect of the revised accounting for construction allowances requires the Company to increase property and equipment and establish a corresponding deferred lease credit. Further, historically, the Company's consolidated statements of cash flows have reflected construction allowances as a reduction of capital expenditures within investing activities rather than as an increase in deferred lease credits within operating activities. The impact of the revised accounting is to increase both net cash provided by operating activities and net cash used for investing activities by equal amounts.

In addition, the Company has historically recognized the straight line rent expense for leases beginning on the commencement date of the lease rather than on the date the Company takes possession. This approach had the effect of excluding the build-out period of its stores from the calculation of the period over which it expenses rent. The build-out period is generally three to four months prior to store opening date. Excluding tax impacts, the effect of the revised accounting for rent holidays requires the Company to increase accrued expenses and adjust retained earnings on the consolidated balance sheets, as well as correct amortization in cost of goods sold, occupancy and buying costs in the consolidated statements of income.

The cumulative effect of these accounting changes is a reduction of retained earnings of $11.0 million as of the beginning of fiscal 2001 and decreases to retained earnings of $2.1 million, $181 thousand and $272 thousand as of the end of the fiscal years 2001, 2002 and 2003, respectively.

See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Condensed Consolidated Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A for a summary of the effect of these changes on the Company's consolidated financial statements as of July 31, 2004 and January 31, 2004 and for the fiscal quarters ended July 31, 2004 and August 2, 2003. The accompanying Management's Discussion and Analysis gives effect to these corrections.

In addition, the Company concluded that it was appropriate to classify our investments in auction rate securities as marketable securities. Previously, such investments had been classified as cash and equivalents. Accordingly, we have revised the classification to report these investments as marketable securities on the consolidated balance sheets as of July 31, 2004 and January 31, 2004. The Company has also made corresponding adjustments to the consolidated statements of cash flows for the twenty-six weeks ended July 31, 2004 and August 2, 2003, to reflect the gross purchases and sales of these investments as investing activities rather than as a component of cash and equivalents. See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Condensed Consolidated Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A for additional discussion on the effects of the change in classification.

18

OVERVIEW

The Company operates three brands: Abercrombie & Fitch, a fashion-oriented casual apparel business directed at men and women with a youthful lifestyle, targeted at 18 to 22 year-old college students; abercrombie, a fashion-oriented casual apparel brand in the tradition of Abercrombie & Fitch style and quality, targeted at 7 to 14 year-old boys and girls; and Hollister, a West Coast oriented lifestyle brand targeted at 14 to 17 year-old high school guys and girls, at lower price points than Abercrombie & Fitch. In addition to predominantly mall based store locations, all three brands also offer Web sites where products comparable to those carried at the corresponding stores can be purchased.

RESULTS OF OPERATIONS

During the second quarter of the 2004 fiscal year, net sales increased 13% to $401.3 million from $355.7 million in the second quarter of the 2003 fiscal year. Operating income improved to $68.8 million in the second quarter of 2004 from $55.1 million in the second quarter of 2003. Net income increased to $42.9 million in the second quarter of 2004 compared to $34.5 million in the second quarter of 2003. Net income per diluted share was $.44 in the second quarter of 2004 compared to $.34 in the second quarter of 2003.

The following data represent the amounts shown in the Company's condensed consolidated statements of income for the thirteen and twenty-six week periods ended July 31, 2004, and August 2, 2003, expressed as a percentage of net sales:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
NET SALES	100.0%	100.0%	100.0%	100.0%
Cost of Goods Sold, Occupancy and Buying Costs	54.7	59.6	57.4	61.2
GROSS INCOME	45.3	40.4	42.6	38.8
General, Administrative and Store Operating Expenses	28.1	24.9	28.4	25.1
OPERATING INCOME	17.2	15.5	14.2	13.7

Interest Income, Net	(0.3)	(0.2)	(0.3)	(0.3)
INCOME BEFORE INCOME TAXES	17.5	15.7	14.5	14.0
Provision for Income Taxes	6.8	6.0	5.6	5.3
NET INCOME	10.7%	9.7%	8.9%	8.7%

Financial Summary

The following summarized financial and statistical data compares the thirteen and twenty-six week periods ended July 31, 2004 to the comparable period of the 2003 fiscal year:

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	July 31, 2004	August 2, 2003	% Change	July 31, 2004	August 2, 2003	% Change
Net sales (millions)	$ 401	$ 356	13%	$ 813	$ 702	16%
Decrease in comparable store sales	(5)%	(8)%		(3)%	(7)%	
Retail sales increase attributable to new and remodeled stores, magazine, catalogue and Web sites	18%	16%		19%	16%	
Retail sales per average gross square foot	$ 74	$ 76	(3)%	$ 150	$ 151	(1)%
Retail sales per average store (thousands)	$ 528	$ 554	(5)%	$ 1,071	$1,097	(2)%
Average store size at period-end (gross square feet)	7,142	7,261	(2)%			
Gross square feet at period-end (thousands)	5,192	4,538	14%			
Number of stores and gross square feet by brand						
Abercrombie & Fitch:						
Stores at beginning of period	359	342		357	340	
Opened	1	6		5	9	
Closed	(1)	(2)		(3)	(3)	
Stores at end of period	359	346		359	346	

Gross square feet (thousands)	3,164	3,082		
abercrombie:				
Stores at beginning of period	170	165	171	164
Opened	1	2	2	3
Closed	-	-	(2)	-
Stores at end of period	171	167	171	167
Gross square feet (thousands)	754	739		
Hollister:				
Stores at beginning of period	177	95	172	93
Opened	20	17	25	19
Closed	-	-	-	-
Stores at end of period	197	112	197	112
Gross square feet (thousands)	1,274	717		

20

Current Trends and Outlook

Although the Company strives for improvement in comparable store sales, defined as sales in stores that have been open for at least one year, the strategy of maintaining a non-promotional look in-store and maintaining aspirational lifestyle brands has, at times, negatively impacted comparable store sales. The Company's focus is on building, maintaining and controlling its brands because they express a lifestyle to which their customer aspires. This strategy allows the Company to maintain high margins over the long term while driving the Company's growth in sales and profits through the development of new brands. As a result, comparable store sales may decline in the Company's more mature business as the Company strives to maintain its brands' aspirational qualities and high margins.

In order to achieve and maintain the aspirational quality of the brands, the Company is increasing its expenditures to maintain and enhance the current store base. Additionally, the Company is increasing its store based personnel to provide better customer service. Depending on the sales performance of the Company during the fall season, the initiatives may have a short-term impact on the operating margin.

SECOND QUARTER RESULTS

Net Sales

Net sales for the second quarter of 2004 were $401.3 million, an increase of 13%

over last year's second quarter net sales of $355.7 million. The net sales increase was attributable to the net addition of 102 stores, offset by a 5% comparable store sales decrease.

By merchandise brand, comparable store sales for the quarter versus the same quarter last year were as follows: Abercrombie & Fitch declined 6% with mens comparable store sales declining by a low-single digit percentage and womens declining by a high-single digit percentage. In abercrombie, comparable store sales decreased 9% with girls comparable store sales declining by a high-single digit percentage and boys declining in the low-teens. In Hollister, comparable store sales increased by 4% with guys achieving a high-single digit increase and girls a low-single digit increase for the quarter.

On a regional basis, comparable store sales results were strongest in the Northeast and weakest in the Southwest. Stores located in Florida and the New York metropolitan area had the best comparable store sales performance.

In Abercrombie & Fitch, the decrease in mens comparable store sales was driven by decreases in shorts and graphic t-shirts that were not offset by strong increases during the quarter in polos and woven knits. Womens had comparable store sales increases in polos, denim and skirts which were more than offset by decreases in pants, graphic knits and shorts for the quarter when compared to second quarter 2003.

In the kids' business, girls comparable store sales decreased during the second quarter of 2004 compared to the same quarter last year in graphic tees, pants and shorts. These decreases were somewhat offset by increases in knits, skirts and denim. Boys had comparable store sales decreases in graphic tees, shorts and active wear. Increases in knits, denim and woven shirts were not sufficient to offset the weaker performing categories.

In Hollister, guys achieved stronger comparable store sales than girls. In guys, decreases in conversation tees and shorts were offset by strong increases during the quarter in sport shirts, knits and denim. In girls, knits, skirts and denim had comparable store sales increases; however, graphic knits and pants declined.

Sales in the e-commerce business grew by approximately 44% during the second quarter of the 2004 fiscal year compared to the same period during the 2003 fiscal year. The direct to consumer business (which includes the Company's catalogue and the Company's Web sites) accounted for 5.7% of net sales in the second quarter of the 2004 fiscal year compared to 4.5% in the second quarter of fiscal 2003. The second quarter 2004 results include sales from the Hollister Web site that was launched during July 2003.

Gross Income

The Company's gross income may not be comparable to that of other retailers since all significant costs related to the Company's distribution network, excluding direct shipping costs related to the e-commerce and catalogue sales, are included in general, administrative and store operating expenses (see "General, Administrative and Store Operating Expenses" section below).

Gross income for the second quarter of the 2004 fiscal year was $181.6 million compared to $143.9 million in the comparable period during the 2003 fiscal year. The gross income rate (gross income divided by net sales) for the second quarter of the 2004 fiscal year was 45.3%, up 490 basis points from last year's rate of 40.4%. The increase in gross income rate resulted largely from an increase in initial markup (IMU), partially offset by a higher markdown rate as a percent of net sales. The improved IMU reflects continued progress in sourcing across all businesses, coupled with higher unit retail pricing in Abercrombie & Fitch and abercrombie. The increased markdown rate reflects the Company's strategy to clear merchandise quickly in order to add more items to the selling floor. All three brands had IMU improvements compared to the second quarter of 2003 and are operating at similar margins.

The Company ended the second quarter of the 2004 fiscal year with inventories, at cost, down 12% per gross square foot versus the second quarter of the 2003 fiscal year. The inventory decrease reflects a conservative spring merchandising plan and reduced costs in the ending inventory.

General, Administrative and Store Operating Expenses

General, administrative and store operating expenses during the second quarter of the 2004 fiscal year were $112.9 million compared to $88.7 million during the same period in the 2003 fiscal year. The second quarter of the 2004 fiscal year general, administrative and store operating expense rate (general, administrative and store operating expenses divided by net sales) was 28.1% compared to 24.9% in the second quarter of the 2003 fiscal year. The increase in rate versus the 2003 comparable period was primarily due to the following: higher store expenses due to an increase in aggregate payroll; higher home office expenses, largely due to higher payroll; higher bonus accruals resulting from improved financial performance and expenses related to the retirement of an executive officer. Wage levels, in all three brands, decreased slightly or held flat compared to the second quarter of 2003.

The distribution center continued to achieve record levels of productivity during the second quarter of the 2004 fiscal year. Productivity, as measured in units processed per labor hour, was 15% higher than the second quarter of the 2003 fiscal year. Costs related to the distribution center, excluding direct shipping costs related to the e-commerce and catalogue sales, included in general, administrative and store operating expenses were $4.4 million for the second quarter of the 2004 fiscal year compared to $4.5 million for the second quarter of the 2003 fiscal year.

Operating Income

Operating income for the second quarter of the 2004 fiscal year increased to $68.8 million from $55.1 million in the 2003 fiscal year second quarter, an increase of 24.9%. The operating income rate (operating income divided by net sales) was 17.2% for the second quarter of the 2004 fiscal year compared to 15.5% for the second quarter of the 2003 fiscal year. The increase in the operating income during the second quarter of fiscal 2004 was a result of higher merchandise margins and higher unit retail pricing in Abercrombie & Fitch and abercrombie, partially offset by higher general, administrative and store operating expenses during the quarter.

Interest Income and Income Tax Expense

Second quarter net interest income was $1.4 million in 2004 compared to $861 thousand last year. The Company continued to invest in tax-free securities. The effective tax rate for the second quarter was 38.8% compared to 38.4% for the 2003 comparable period.

Off-Balance Sheet Arrangements and Contractual Obligations

The Company does not have any off-balance sheet arrangements or debt obligations. The contractual obligations of the Company as of July 31, 2004 have not significantly changed from the ones disclosed in A&F's Annual Report on Form

10-K/A for the fiscal year ended January 31, 2004. There have been changes in the ordinary course of the Company's business during the quarterly period ended July 31, 2004 in the Company's contractual obligations included within both the "operating leases" category and the "purchase obligations and other" category.

YEAR-TO-DATE RESULTS

Net Sales

Year-to-date net sales in 2004 were $813.3 million, an increase of 16% over last year's net sales of $702.4 million for the same period. The net sales increase was attributable to the net addition of 102 stores, offset by a 3% comparable store sales decrease.

Year-to-date comparable store sales by merchandise concept were as follows: Abercrombie & Fitch comparable store sales declined 4%, abercrombie comparable stores sales declined 5% and Hollister achieved a 6% comparable store sales increase. The women's business in each concept continued to be more significant than mens. Year-to-date, womens and girls represented over 60% of net sales for each of the brands. Womens had a mid-single digit decline in comparable store sales year-to-date, while girls was relatively flat. Hollister girls achieved a mid-single digit comparable store sales increase on a year-to-date basis.

For the year-to-date period, Hollister continued to gain in productivity relative to Abercrombie & Fitch. For the 2004 year-to-date period, sales per square foot in Hollister stores were approximately 133% of the sales per square foot of Abercrombie & Fitch stores in the same malls compared to 113% for the 2003 year-to-date period.

Sales in the e-commerce business grew by approximately 53% during the year-to-date period as compared to the same period last year. The direct to consumer business (which includes the Company's catalogue and the Company's Web sites) accounted for 6.0% of net sales compared to 4.6% for the year-to-date period ended July 31, 2004 and August 2, 2003, respectively. The year-to-date 2004 results include sales from the Hollister Web site that was launched during July 2003.

Gross Income

The Company's gross income may not be comparable to that of other retailers since all significant costs related to the Company's distribution network, excluding direct shipping costs related to the e-commerce and catalogue sales, are included in general, administrative and store operating expenses (see "General, Administrative and Store Operating Expenses" section below).

Year-to-date gross income increased to $346.6 million for the 2004 fiscal year from $272.4 million in the comparable period during the 2003 fiscal year. The gross income rate (gross income divided by net sales) for the period was 42.6%, up 380 basis points from last year's rate of 38.8%. The increase was driven by improvements in IMU across all three brands and increases in average unit retail pricing in Abercrombie & Fitch and abercrombie that were partially offset by increased markdowns, as a percentage of net sales.

As previously mentioned, improved sourcing has been an important factor in improving the IMU in all three concepts. Improvement was most dramatic in Hollister and Abercrombie & Fitch. The markdown rate was higher for the 2004 year-to-date period than the comparable period in 2003 due to the Company's strategy to clear merchandise quickly in order to add more items to the selling floor.

General, Administrative and Store Operating Expenses

Year-to-date general, administrative and store operating expenses as of the end of the second quarter of the 2004 fiscal year were $231.2 million versus $176.6 million for the same time period the previous year. The general, administrative and store operating expense rate in 2004 was 28.4% versus 25.1% in 2003. The increased rate in the 2004 year-to-date period was primarily due to higher home office and store expenses. Home office expenses increased largely due to higher payroll, higher bonus accruals resulting from improved financial performance, higher legal expense due to a charge taken during the first quarter of the 2004 fiscal year related to expected defense costs in a legal proceeding and expenses related to the retirement of an executive officer. Store expenses increased due to an increase in aggregate payroll. Wage levels, in all three brands, decreased slightly or held flat compared to the comparable period last year.

Costs related to the distribution center, excluding direct shipping costs related to the e-commerce and catalogue sales, included in general, administrative and store operating expenses were $8.9 million and $8.8 million for the year-to-date periods ended July 31, 2004 and August 2, 2003, respectively.

Operating Income

Year-to-date operating income for the 2004 fiscal year increased to $115.5 million from $95.8 million in the 2003 fiscal year comparable period, an increase of 20.6%. The operating income rate (operating income divided by net sales) was 14.2% for the 2004 year-to-date period compared to 13.7% for the comparable period in the 2003 fiscal year. The increase was primarily due to sales increases due to new stores, higher gross margin and increases in average unit retail pricing in Abercrombie & Fitch and abercrombie, partially offset by higher home office expenses and store expenses.

Interest Income and Income Tax Expense

Year-to-date net interest income for the 2004 fiscal year was $2.3 million compared to $1.9 million for the comparable period in 2003. The Company continued to invest in tax-free securities. The effective tax rate for the 2004 year-to-date period was 38.7% compared to 38.2% for the 2003 comparable period.

FINANCIAL CONDITION

Liquidity and Capital Resources

Cash provided by operating activities provides the resources to support operations, including projected growth, seasonal requirements and capital expenditures. A summary of the Company's working capital position and capitalization follows (in thousands):

	July 31, 2004	January 31, 2004

Working capital	$494,550	$441,583
	========	========
Capitalization:		
Shareholders' equity	$922,276	$857,765
	========	========

Net cash provided by operating activities, the Company's primary source of liquidity, totaled $147.8 million for the twenty-six weeks ended July 31, 2004 versus $88.7 million in the comparable period of 2003. Cash was provided primarily by current year net income adjusted for depreciation and amortization and by increases in lessor construction allowances and accounts payable and accrued expenses. Uses of cash primarily consisted of increases in inventories and other assets and liabilities.

Accounts payable increased to support the cost of growth in the number of new stores and the timing of payments. Accrued expenses also increased for items such as higher payroll, higher bonus accruals resulting from improved financial performance, higher legal accruals related to expected defense costs in a legal proceeding, accruals related to the retirement of an executive officer and property taxes.

Inventories increased as a result of preparation for the back-to-school season as well as the growth in the store base during the first two quarters of 2004. Other assets and liabilities increased primarily as a result of an increase in accounts receivables related to expected proceeds from an insurance claim pertaining to legal expenses and an increase in supplies as result of the growth in the store base.

The Company's operations are seasonal in nature and typically peak during the back-to-school and Christmas selling periods. Accordingly, cash requirements for inventory expenditures are highest during these periods.

Cash outflows for investing activities were for capital expenditures (see the discussion in the "Capital Expenditures" section below) related primarily to new stores and construction in process and purchases of marketable securities in 2004. Cash inflows from investing activities consisted of proceeds from the sale of marketable securities. As of July 31, 2004, the Company held $515.7 million of marketable securities with original maturities of greater than 90 days.

Financing activities, for the twenty-six week period ended July 31, 2004, consisted of $30.6 million received in connection with stock option exercises, $23.7 million for the payment of the quarterly $0.125 dividends on March 30, 2004 and June 22, 2004, $18.6 million for the repurchase of A&F's Class A Common Stock and $8.3 million for cash overdrafts which are outstanding checks reclassified from cash to accounts payable.

26

During the first quarter of 2004, the Company repurchased 599 thousand shares of A&F's Class A Common Stock at an average cost of $31.11 for a total of $18.6 million pursuant to a previously authorized stock repurchase program. The repurchase completed the 5 million share repurchase authorized by the Board of Directors on August 8, 2002. On July 29, 2004, the Company's Board of Directors authorized the repurchase of an additional 6 million shares of A&F's Class A Common Stock.

The Company expects that substantially all future capital expenditures will be funded with cash from operations. In addition, the Company has $250 million available (less outstanding letters of credit) under its Credit Agreement to support operations.

Letters of credit totaling approximately $58.0 million and $56.0 million were outstanding under the Credit Agreement at July 31, 2004 and August 2, 2003, respectively. No borrowings were outstanding under the Credit Agreement at July 31, 2004 and August 2, 2003.

The Company has standby letters of credit in the amount of $4.7 million that are set to expire during the fourth quarter of fiscal 2005. The beneficiary, a merchandise supplier, has the right to draw upon the standby letters of credit if the Company has authorized or filed a voluntary petition in bankruptcy. To date, the beneficiary has not drawn upon the standby letters of credit.

Store Count and Gross Square Feet

Store count and gross square footage by brand were as follows:

	July 31, 2004		August 2, 2003	
	Number of Stores	Gross Square Feet (thousands)	Number of Stores	Gross Square Feet (thousands)
Abercrombie & Fitch	359	3,164	346	3,082
abercrombie	171	754	167	739
Hollister	197	1,274	112	717
Total	727	5,192	625	4,538

Capital Expenditures and Landlord Construction Allowances

Capital expenditures totaled $83.3 million and $66.5 million for the twenty-six weeks ended July 31, 2004 and August 2, 2003, respectively. Additionally, the non-cash accrual for construction in progress decreased $14.4 million in the first half of 2004 and increased $16.5 million in the first half of 2003. Capital expenditures related primarily to new store construction, including the non-cash accrual for construction in progress. The balance of capital expenditures related primarily to miscellaneous store remodeling projects.

Construction allowances are an integral part of the decision making process for assessing the viability of new store leases. In making the decision whether to invest in a store location, the Company calculates the estimated future return on its investment based on the cost of construction, less any construction allowances to be received from the landlord. During the twenty-six weeks ended July 31, 2004 and August 2, 2003, the Company received $16.9 million and $17.2 million in construction allowances, respectively. For accounting purposes, the Company treats construction allowances as a deferred lease credit which reduces rent expense in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases".

The Company anticipates spending $175.0 million to $185.0 million in the 2004 fiscal year for capital expenditures, of which $135.0 million to $145.0 million will be for new/remodel store construction. The balance of the capital expenditures will primarily relate to home office and distribution center projects and other miscellaneous projects.

The Company intends to add approximately 700,000 gross square feet of store space in the 2004 fiscal year, which will represent a 14% increase over year-end 2003. It is anticipated the increase will result from the addition of approximately 12 new Abercrombie & Fitch stores, 9 new abercrombie stores and 85 new Hollister stores. In addition, earlier in the year the Company announced plans for a new lifestyle brand that will target an older customer than its current brands. The Company expects to open four test stores by the end of September 2004. Additionally, the Company plans to remodel 10 to 15 Abercrombie & Fitch stores.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for Abercrombie & Fitch stores opened during the 2004 fiscal year will approximate $605,000 per store, net of construction allowances. In addition, initial inventory purchases are expected to average approximately $270,000 per store.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for abercrombie stores opened during the 2004 fiscal year will approximate $510,000 per store, net of construction allowances. In addition, initial inventory purchases are expected to average approximately $130,000 per store.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for Hollister stores opened during the 2004 fiscal year will approximate $587,000 per store, net of construction allowances. In addition, initial inventory purchases are expected to average approximately $190,000 per store.

The Company expects that substantially all future capital expenditures will be funded with cash from operations. In addition, the Company has $250 million available (less outstanding letters of credit) under its Credit Agreement to support operations.

28

Critical Accounting Policies and Estimates

The Company's significant and critical accounting policies and estimates can be found in the Notes to Consolidated Financial Statements contained in Item 8 of A&F's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004 (Note 3). Additionally, the Company believes that the following policies are critical to the portrayal of the Company's financial condition and results of operations for interim periods.

Revenue Recognition - The Company recognizes retail sales at the time the customer takes possession of the merchandise and purchases are paid for, primarily with either cash or credit card. Catalogue and e-commerce sales are recorded upon customer receipt of merchandise. Amounts relating to shipping and handling billed to customers in a sale transaction are classified as revenue and the direct shipping costs are classified as cost of goods sold. Employee discounts are classified as a reduction of revenue. The Company reserves for sales returns through estimates based on historical experience and various other assumptions that management believes to be reasonable.

Inventory Valuation - Inventories are principally valued at the lower of average cost or market, on a first-in first-out basis, utilizing the retail method. The retail method of inventory valuation is an averaging technique applied to different categories of inventory. At the Company, the averaging is determined at the stock keeping unit ("SKU") level by averaging all costs for each SKU. An initial markup is applied to inventory at cost in order to establish a cost-to-retail ratio. Permanent markdowns, when taken, reduce both the retail and cost components of inventory on hand so as to maintain the already established cost-to-retail relationship. The use of the retail method and the recording of markdowns effectively values inventory at the lower of cost or market. The Company further reduces inventory by recording an additional markdown reserve using the retail carrying value of inventory from the season just passed. Markdowns on this carryover inventory represent estimated future anticipated selling price declines.

Additionally, as part of inventory valuation, an inventory shrinkage estimate is made each period that reduces the value of inventory for lost or stolen items. Inherent in the retail method calculation are certain significant judgments and estimates including, among others, initial markup, markdowns and shrinkage, which could significantly impact the ending inventory valuation at cost as well as the resulting gross margins. Management believes that this inventory valuation method is appropriate since it preserves the cost-to-retail relationship in ending inventory.

Income Taxes - Income taxes are calculated in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires the use of the liability method. Deferred tax assets and liabilities are recognized based on the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Inherent in the measurement of deferred balances are certain judgments and interpretations of enacted tax law and published guidance with respect to applicability to the Company's operations. Significant examples of this concept include capitalization policies for various tangible and intangible costs, income and expense recognition and inventory valuation methods. No valuation allowance has been provided for deferred tax assets because management believes the full amount of the net deferred tax assets will be realized in the future. The effective tax rate utilized by the Company reflects management's judgment of the expected tax liabilities within the various taxing jurisdictions.

Contingencies - In the normal course of business, the Company must make continuing estimates of potential future legal obligations and liabilities, which requires the use of management's judgment on the outcome of various issues. Management may also use outside legal advice to assist in the estimating process. However, the ultimate outcome of various legal issues could be different than management estimates, and adjustments may be required.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

A&F cautions that any forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) contained in this Quarterly Report on Form 10-Q/A or made by management of A&F involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond the Company's control. Words such as "estimate," "project," "plan," "believe," "expect," "anticipate," "intend," and similar expressions may identify forward-looking statements. The following factors, in addition to those included in the disclosure under the heading "RISK FACTORS" in "ITEM 1. BUSINESS" of A&F's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004, in some cases have affected and in the future could affect the Company's financial performance and could cause actual results for the 2004 fiscal year and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this Quarterly

Report on Form 10-Q/A or otherwise made by management:

- changes in consumer spending patterns and consumer preferences;
- the effects of political and economic events and conditions domestically and in foreign jurisdictions in which the Company operates, including, but not limited to, acts of terrorism or war;
- the impact of competition and pricing;
- changes in weather patterns;
- postal rate increases and changes;
- paper and printing costs;
- market price of key raw materials;
- ability to source product from its global supplier base;
- political stability;
- currency and exchange risks and changes in existing or potential duties, tariffs or quotas;
- availability of suitable store locations at appropriate terms;
- ability to develop new merchandise; and
- ability to hire, train and retain associates.

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

31

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk of the Company's financial instruments as of July 31, 2004 has not significantly changed since January 31, 2004. The Company's market risk profile as of January 31, 2004 is disclosed in "Item 7A - Quantitative and Qualitative Disclosures about Market Risk" of A&F's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004.

32

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

The Company's management, with the participation of the Chairman and Chief Executive Officer and the Senior Vice President - Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's design and operation of its disclosure controls and procedures as of the end of the period covered by this Form 10-Q/A. The evaluation included consideration of facts and circumstances surrounding corrections of the Company's lease accounting practices. These corrections resulted in the restatement of the Company's consolidated financial statements as of July 31, 2004 and January 31, 2004 and for the interim periods ended July 31, 2004 and August 2, 2003, as described in Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Condensed Consolidated Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A. As a result of the restatements and the related material weakness discussed below, the Chief Executive Officer and the Chief Financial Officer concluded that, as of July 31, 2004, the Company's disclosure controls and procedures were not effective at a reasonable level of assurance. Notwithstanding this material weakness discussed below, the Company's management has concluded that the restated consolidated financial statements included in this report present fairly, in all material respects the Company's financial position and results of operations and cash flows for the periods presented in conformity with generally accepted accounting principles.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. As of July 31, 2004, the Company's controls over the selection and application of its lease accounting policies related to construction allowances and the recording of rent between the date the Company takes possession of the property and the commencement date of the lease were ineffective to ensure that such leasing transactions were recorded in accordance with generally accepted accounting principles. Specifically, because of the deficiency in the Company's controls over the selection and application of its lease accounting policies, the Company failed to identify and properly classify and account for property and equipment, deferred lease credits from landlords, rent expense, depreciation

expense and the related impact of these items on cash provided by operating activities and cash used for investing activities in the consolidated statements of cash flows, which resulted in restatements of the Company's consolidated financial statements as of July 31, 2004 and January 31, 2004. Additionally, if the control deficiency is not remediated it could result in a misstatement of the aforementioned financial statement accounts and disclosures that would result in a material misstatement to annual or interim financial statements that would not be prevented or detected. Accordingly, management of the Company has concluded that this control deficiency constitutes a material weakness and that internal control over financial reporting was not effective as of July 31, 2004.

Changes in Internal Control Over Financial Reporting

In the first quarter of 2005, the Company remediated the material weakness in internal control over financial reporting by correcting its method of accounting for construction allowances and recording of rent between the date Company takes possession of the property and the commencement date of the lease. The Company implemented controls to ensure that all future leases are reviewed and accounted for in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases"; and Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases."

Other than the foregoing, there have been no changes in the Company's internal control over financial reporting that occurred since July 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is a defendant in lawsuits arising in the ordinary course of business.

A&F is aware of 20 actions that have been filed against A&F and certain of its officers and directors on behalf of a purported, but as yet uncertified, class of shareholders who purchased A&F's Class A Common Stock between October 8, 1999 and October 13, 1999. These 20 actions have been filed in the United States District Courts for the Southern District of New York and the Southern District of Ohio, Eastern Division, alleging violations of the federal securities laws and seeking unspecified damages. On April 12, 2000, the Judicial Panel on Multidistrict Litigation issued a Transfer Order transferring the 20 pending actions to the Southern District of New York for consolidated pretrial proceedings under the caption In re Abercrombie & Fitch Securities Litigation. On November 16, 2000, the Court signed an Order appointing the Hicks Group, a group of seven unrelated investors in A&F's securities, as lead plaintiff, and appointing lead counsel in the consolidated action. On December 14, 2000, plaintiffs filed a Consolidated Amended Class Action Complaint (the "Amended Complaint") in which they did not name as defendants Lazard Freres & Co. and Todd Slater, who had formerly been named as defendants in certain of the 20 complaints. A&F and other defendants filed motions to dismiss the Amended Complaint on February 14, 2001. On November 14, 2003, the motions to dismiss the Amended Complaint were denied. On December 2, 2003, A&F moved for reconsideration or reargument of the November 14, 2003 order denying the motions to dismiss. The motions for reconsideration or reargument were fully briefed and submitted to the Court on January 9, 2004. The motions were denied on February 23, 2004.

A&F is aware of six actions that have been filed on behalf of purported classes of employees and former employees of the Company alleging that the Company required its associates to wear and pay for a "uniform" in violation of applicable law. In each case, the plaintiff, on behalf of his or her purported class, seeks injunctive relief and unspecified amounts of economic and liquidated damages. Two of these cases, Jennifer M. Solis v. Abercrombie & Fitch Stores, Inc. and A&F California, LLC and Sarah Stevenson v. Abercrombie & Fitch

Co., allege violations of California law and were filed on February 10, 2003 and February 4, 2003 in the California Superior Courts for Los Angeles County and San Francisco County, respectively. An answer was filed in the Solis case on March 26, 2003. Pursuant to a Petition for Coordination, the Solis and the Stevenson cases were coordinated by order issued November 17, 2003. Shelby Port v. Abercrombie & Fitch Stores, Inc., which alleges violations of Washington law, was filed on or about July 18, 2003 in the Washington Superior Court of King County. The defendant filed a motion to dismiss the complaint in the Port case on September 5, 2003. Plaintiff since filed an amended complaint on or about August 9, 2004, adding three new named plaintiffs. The defendant intends to re-file its motion to dismiss. The Company does not believe it is feasible to predict the outcome of the legal proceedings identified in this paragraph and intends to defend vigorously against them. The timing of the final resolution of each of these proceedings is also uncertain. Accordingly, the Company cannot estimate a range of potential loss, if any, for any of these legal proceedings.

Jadii Mohme v. Abercrombie & Fitch, which alleges violations of Illinois law, was filed on July 18, 2003 in the Illinois Circuit Court of St. Clair County. A first amended complaint was filed in the Mohme case on September 10, 2003 to change the defendant to "Abercrombie & Fitch Stores, Inc." from "Abercrombie & Fitch." An answer to the first amended complaint was filed in the Mohme case on September 26, 2003. Holly Zemany v. Abercrombie & Fitch, which alleges violations of Pennsylvania law, was filed on July 18, 2003 in the Pennsylvania Court of Common Pleas of Allegheny County. A first amended complaint was filed in the Zemany case on September 9, 2003 to change the defendant to "Abercrombie & Fitch Stores, Inc." from "Abercrombie & Fitch." A second amended complaint was filed November 10, 2003, adding some factual allegations. Defendant filed an answer to the second amended complaint on January 22, 2004. In Michael Gualano v. Abercrombie & Fitch, which was filed in the United States District Court for the Western District of Pennsylvania on March 14, 2003, the plaintiff alleges that the "uniform," when purchased, drove associates' wages below the federal minimum wage. The complaint purports to state a collective action on behalf of part-time associates under the Fair Labor Standards Act. A first amended complaint was filed in the Gualano case on September 9, 2003, to change the defendant to "Abercrombie & Fitch Stores, Inc." from "Abercrombie & Fitch." An answer to the first amended complaint was filed in the Gualano case on or about September 24, 2003. Jadii Mohme and Holly Zemany have stayed their claims in state court and joined their claims with Michael Gualano along with four other named plaintiffs in four other states in a second amended complaint, which the defendant has answered. The parties are in the process of settling these claims. The Company does not expect the settlement to be material to the consolidated financial statements.

A&F is aware of two actions that have been filed against the Company involving overtime compensation. In each action, the plaintiffs, on behalf of their respective purported class, seek injunctive relief and unspecified amounts of economic and liquidated damages. In Bryan T. Kimbell, Individually and on Behalf of All Others Similarly Situated and on Behalf of the Public v. Abercrombie & Fitch Stores, Inc., which was filed on July 10, 2002 in the California Superior Court for Los Angeles County, the plaintiffs allege that California general and store managers were entitled to receive overtime pay as "non-exempt" employees under California wage and hour laws. An answer was filed in the Kimbell case on September 4, 2002 and the parties are in the process of discovery. Plaintiff has filed, and the defendant has opposed, a motion to certify a class of store managers in California. That motion is pending. In Melissa Mitchell, et al. v. Abercrombie & Fitch Co. and Abercrombie & Fitch Stores, Inc., which was filed on June 13, 2003 in the United States District Court for the Southern District of Ohio, the plaintiffs allege that assistant managers and store managers were not paid overtime compensation in violation of the Fair Labor Standards Act and Ohio law. The defendants filed a motion to dismiss the Mitchell case on July 28, 2003. The case was transferred from the Western Division to the Eastern Division of the Southern District of Ohio on April 21, 2004. The defendants subsequently renewed their motion to dismiss, which is pending.

The Company does not believe it is feasible to predict the outcome of the legal proceedings described in the immediately preceding paragraph and intends to defend vigorously against them. The timing of the final resolution of each of these proceedings is also uncertain. Accordingly, the Company cannot estimate a range of potential loss, if any, for any of these legal proceedings.

36

A&F is aware of one action that has been filed on behalf of a purported class alleged to be discriminated against in hiring or employment decisions due to race and/or national origin. Eduardo Gonzalez, et al. v. Abercrombie & Fitch Co. was filed on June 16, 2003 in the United States District Court for the Northern District of California. The plaintiffs subsequently amended their complaint to add A&F California, LLC, Abercrombie & Fitch Stores, Inc. and A&F Ohio, Inc. as defendants. The plaintiffs allege, on behalf of their purported class, that they were discriminated against in hiring and employment decisions due to their race and/or national origin. The plaintiffs seek, on behalf of their purported class, injunctive relief and unspecified amounts of economic, compensatory and punitive damages. A second amended complaint, which added two additional plaintiffs, was filed on or about January 9, 2004. Defendants filed an answer to the second amended complaint on or about January 26, 2004. A third amended complaint was filed June 10, 2004, restating the original claims and adding two individual, but not class, claims of gender discrimination. The defendants filed an answer on or about June 21, 2004. During the first quarter of fiscal 2004, the Company recorded an $8.0 million charge (net of expected proceeds of $10 million from insurance) resulting from an increase in expected defense costs related to this purported class action employment discrimination suit. The Company does not believe it is feasible to predict the outcome of this proceeding and intends to vigorously defend against it. However, if judgment is rendered in this proceeding which is unfavorable to the Company, the amount could potentially be material to the Company's financial statements. The parties are in the process of discovery. In addition, the EEOC is conducting nationwide investigations relating to allegations of discrimination based on race, national origin and gender.

37

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

(a) Not applicable

(b) Not applicable

(c) The following table provides information regarding A&F's purchase of its Class A Common Stock during each fiscal month of the quarterly period ended July 31, 2004:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Shares Purchased as Part of Publicly Announced Plans or Program	Maximum Number of Shares that May Yet be Purchased under the Plans or Programs (1)

May 2 through May 29, 2004		$	-	-
May 30 through July 3, 2004	113 (2)	$ 37.12 (2)	-	-
July 4 through July 31, 2004	-	$	-	6,000,000
Total	113 (2)	$ 37.12 (2)	-	6,000,000

(1) The number shown represents, as of the end of each period, the maximum number of shares of Class A Common Stock that may yet be purchased under A&F's publicly announced stock purchase authorizations. As disclosed in A&F's Quarterly Report on Form 10-Q/A for the quarterly period ended May 1, 2004, during the quarterly period ended May 1, 2004, A&F had repurchased all of the shares of Class A Common Stock which had remained available at that time under the stock repurchase authorization announced on August 8, 2002, and, as a result, that authorization had expired. On July 29, 2004, A&F announced the authorization of the repurchase of 6,000,000 shares of Class A Common Stock. The shares may be purchased from time-to-time, depending on market conditions.

(2) Reflects shares of Class A Common Stock withheld from employees for payment of taxes due upon the vesting of restricted share awards.

38

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3. Certificate of Incorporation and Bylaws.

3.1 Amended and Restated Certificate of Incorporation of A&F as filed with the Delaware Secretary of State on August 27, 1996, incorporated herein by reference to Exhibit 3.1 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended November 2, 1996. (File No. 1-12107)

3.2 Certificate of Designation of Series A Participating Cumulative Preferred Stock of A&F as filed with the Delaware Secretary of State on July 21, 1998, incorporated herein by reference to Exhibit 3.2 to A&F's Annual Report on Form 10-K for the fiscal year ended January 30, 1999. (File No. 1-12107)

3.3 Certificate of Decrease of Shares Designated as Class B Common Stock of A&F as filed with the Delaware Secretary of State on July 30, 1999, incorporated herein by reference to Exhibit 3.3 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended July 31, 1999. (File No. 1-12107)

3.4 Amended and Restated Bylaws of A&F, effective January 31, 2002, incorporated herein by reference to Exhibit 3.4 to A&F's Annual Report on Form 10-K for the fiscal year ended February 2, 2002. (File No. 1-12107)

3.5 Certificate regarding adoption of amendment to Section 2.02 of Amended and Restated Bylaws of A&F by Board of Directors on July 10, 2003, incorporated herein by reference to Exhibit 3.5

to A&F's Quarterly Report on Form 10-Q for the quarterly period ended November 1, 2003 (File No. 1-12107)

3.6 Certificate regarding adoption of amendments to Sections 1.02, 1.06, 3.01, 3.05, 4.02, 4.03, 4.04, 4.05, 4.06, 6.01 and 6.02 of Amended and Restated Bylaws of A&F by Board of Directors on May 20, 2004, incorporated herein by reference to Exhibit 3.6 to A&F's Quarterly Report on Form 10-Q/A for the quarterly period ended May 1, 2004 (File No. 1-12107)

3.7 Amended and Restated Bylaws of A&F (reflecting amendments through May 20, 2004) [for SEC reporting compliance purposes only], incorporated herein by reference to Exhibit 3.7 to A&F's Quarterly Report on Form 10-Q/A for the quarterly period ended May 1, 2004 (File No. 1-12107)

4. Instruments Defining the Rights of Security Holders.

4.1 Credit Agreement, dated as of November 14, 2002, among Abercrombie & Fitch Management Co., as Borrower, A&F, as Guarantor, the Lenders party thereto, and National City Bank, as Administrative Agent and Lead Arranger (the "Credit Agreement"), incorporated herein by reference to Exhibit 4.1 to A&F's Current Report on Form 8-K dated November 26, 2002. (File No. 1-12107)

4.2 Guarantee Agreement, dated as of November 14, 2002, among A&F, each direct and indirect domestic subsidiary of A&F other than Abercrombie & Fitch Management Co., and National City Bank, as Administrative Agent for the Lenders party to the Credit Agreement, incorporated herein by reference to Exhibit 4.2 to A&F's Current Report on Form 8-K dated

November 26, 2002. (File No. 1-12107)

4.3 First Amendment and Waiver, dated as of January 26, 2004, to the Credit Agreement, dated as of November 14, 2002, among Abercrombie & Fitch Management Co., A&F, the Lenders party thereto and National City Bank, as Administrative Agent, incorporated herein by reference to Exhibit 4.3 to A&F's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2004 (File No. 1-12107)

4.4 Rights Agreement, dated as of July 16, 1998, between A&F and First Chicago Trust Company of New York, as Rights Agent, incorporated herein by reference to Exhibit 1 to A&F's Registration Statement on Form 8-A dated July 21, 1998. (File No. 1-12107)

4.5 Amendment No. 1 to Rights Agreement, dated as of April 21, 1999, between A&F and First Chicago Trust Company of New York, as Rights Agent, incorporated herein by reference to Exhibit 2 to A&F's Amendment No. 1 to Form 8-A dated April 23, 1999. (File No. 1-12107)

4.6 Certificate of adjustment of number of Rights associated with each share of Class A Common Stock, dated May 27, 1999, incorporated herein by reference to Exhibit 4.6 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended

July 31, 1999. (File No. 1-12107)

4.7 Appointment and Acceptance of Successor Rights Agent, effective as of the opening of business on October 8, 2001, between A&F and National City Bank, incorporated herein by reference to Exhibit 4.6 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended August 4, 2001. (File No. 1-12107)

10. Material Contracts.

10.1 Abercrombie & Fitch Co. Incentive Compensation Performance Plan, incorporated herein by reference to Exhibit 10.1 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2002. (File No. 1-12107)

10.2 1998 Restatement of the Abercrombie & Fitch Co. 1996 Stock Option and Performance Incentive Plan (reflects amendments through December 7, 1999 and the two-for-one stock split distributed June 15, 1999 to stockholders of record on May 25, 1999), incorporated herein by reference to Exhibit 10.2 to A&F's Annual Report on Form 10-K for the fiscal year ended January 29, 2000. (File No. 1-12107)

10.3 1998 Restatement of the Abercrombie & Fitch Co. 1996 Stock Plan for Non-Associate Directors (reflects amendments through January 30, 2003 and the two-for-one stock split distributed June 15, 1999 to stockholders of record on May 25, 1999), incorporated herein by reference to Exhibit 10.3 to A&F's Annual Report on Form 10-K for the fiscal year ended February 1, 2003. (File No. 1-12107)

10.4 Abercrombie & Fitch Co. 2002 Stock Plan for Associates (as amended and restated May 22, 2003), incorporated herein by reference to Exhibit 10.4 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended May 3, 2003. (File No. 1-12107)

10.5 Amended and Restated Employment Agreement, dated as of January 30, 2003, by and between A&F and Michael S. Jeffries, including as Exhibit A

thereto the Supplemental Executive Retirement Plan (Michael S. Jeffries), effective February 2, 2003, incorporated herein by reference to Exhibit 10.1 to A&F's Current Report on Form 8-K dated February 11, 2003. (File No. 1-12107)

10.6 Abercrombie & Fitch Co. Directors' Deferred Compensation Plan (as amended and restated May 22, 2003), incorporated herein by reference to Exhibit 10.7 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended May 3, 2003. (File No. 1-12107)

10.7 Abercrombie & Fitch Nonqualified Savings and Supplemental Retirement Plan (formerly known as the Abercrombie & Fitch Co. Supplemental Retirement Plan), as amended and restated effective January 1, 2001, incorporated herein by reference to Exhibit 10.9 to A&F's Annual Report on Form 10-K for the fiscal year ended February 1, 2003. (File No. 1-12107)

10.8 Abercrombie & Fitch Co. 2003 Stock Plan for Non-Associate Directors, incorporated herein by reference to Exhibit 10.9 to A&F's Quarterly Report on Form 10-Q for the quarterly period ended May 3, 2003. (File No. 1-12107)

10.9 Retirement Agreement, executed on May 20, 2004, by and between Seth R. Johnson and A&F, incorporated herein by reference to Exhibit 10.9 to A&F's Quarterly Report on Form 10-Q/A for the quarterly period ended May 1, 2004 (File No. 1-12107)

10.10 Employment Agreement, entered into as of May 17, 2004, by and between A&F and Robert S. Singer, including as Exhibit A thereto the Supplemental Executive Retirement Plan II (Robert S. Singer), effective May 17, 2004, incorporated herein by reference to Exhibit 10.10 to A&F's Quarterly Report on Form 10-Q/A for the quarterly period ended May 1, 2004 (File No. 1-12107)

15. Letter re: Unaudited Interim Financial Information to Securities and Exchange Commission re: Inclusion of Report of Independent Registered Public Accounting Firm.

31.1 Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)

31.2 Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)

32 Section 1350 Certifications (Principal Executive Officer and Principal Financial Officer)

(b) Reports on Form 8-K.

On May 20, 2004, A&F filed a Current Report on Form 8-K to report under "Item 5. Other Events and Regulation FD Disclosure," the issuance of a news release on May 18, 2004 announcing the retirement of Seth R. Johnson from A&F effective June 18, 2004 and the issuance of a second news release on May 18, 2004 announcing that Robert S. Singer had been named President and Chief Operating Officer of A&F.

On May 21, 2004, A&F filed a Current Report on Form 8-K to report under "Item 5. Other Events and Regulation FD Disclosure," the issuance of a news release on May 20, 2004 announcing the declaration of a quarterly cash dividend of $0.125 per share, payable June 22, 2004 to A&F shareholders of record on June 1, 2004 and the issuance of a second news release on May 20, 2004 announcing the election of Robert S. Singer to the A&F Board of Directors.

On May 28, 2004, A&F filed a Current Report on Form 8-K to report under "Item 5. Other Events and Regulation FD Disclosure," the issuance of a news release on May 28, 2004 announcing the resignation of Seth R. Johnson from the A&F Board of Directors, effective July 26, 2004.

On July 29, 2004, A&F filed a Current Report on Form 8-K to report under "Item 5. Other Events and Regulation FD Disclosure," the issuance of a news release on July 29, 2004 announcing the declaration of a quarterly cash dividend of $0.125 per share, payable September 21, 2004 to A&F shareholders of record on August 31, 2004 and the issuance of a second news release on July 29, 2004 announcing that the A&F Board of Directors had authorized a stock repurchase program to repurchase up to 6 million shares of A&F's Class A Common Stock.

SIGNATURES

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

ABERCROMBIE & FITCH CO.

Date: April 11, 2005

By /s/ Susan J. Riley

Susan J. Riley,
Senior Vice President - Chief Financial Officer

* Ms. Riley has been duly authorized to sign on behalf of the Registrant as its principal financial officer.

EXHIBIT INDEX

Exhibit No.	Document
15	Letter re: Unaudited Interim Financial Information to Securities and Exchange Commission re: Inclusion of Report of Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer)
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer)
32	Section 1350 Certifications (Principal Executive Officer and Principal Financial Officer)