ABERCROMBIE & FITCH CO /DE/
Form 10-K
April 17, 2002

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

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended February 2, 2002

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $.01 Par Value	New York Stock Exchange, Inc.
Series A Participating Cumulative Preferred Stock Purchase Rights	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

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 and (2) has been subject to the filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Aggregate market value of the registrant's Class A Common Stock held by non-affiliates of the registrant as of March 28, 2002: $3,037,458,332.

Number of shares outstanding of the registrant's common stock as of March 28, 2002: 99,035,648 shares of Class A Common Stock.

DOCUMENT INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement for the Annual Meeting of Stockholders to be held on May 23, 2002 are incorporated by reference into Part III of this Annual Report on Form 10-K.

PART I

ITEM 1. BUSINESS.

General.

Abercrombie & Fitch Co., a Delaware corporation ("A&F"), through its subsidiaries (collectively, A&F and its subsidiaries are referred to as "Abercrombie & Fitch" or the "Company"), is a specialty retailer which operates stores selling casual apparel, personal care and other accessories for men, women and kids under the Abercrombie & Fitch, abercrombie and Hollister Co. brands. As of February 2, 2002, the Company operated 491 stores in the United States.

Description of Operations.

General.

The Abercrombie & Fitch brand was established in 1892 and became well known as a supplier of rugged, high-quality outdoor gear. Famous for outfitting the safaris of Teddy Roosevelt and Ernest Hemingway and the expeditions of Admiral Byrd to the North and South Poles, Abercrombie & Fitch goods were renowned for their durability and dependability - and Abercrombie & Fitch placed a premium on complete customer satisfaction with each item sold. In 1992, a new management team began repositioning Abercrombie & Fitch as a more fashion-oriented casual apparel business directed at men and women with a youthful lifestyle. In reestablishing the Abercrombie & Fitch brand, the Company combined its historical image for quality with a new emphasis on casual American style and youthfulness.

In 1997, the Company introduced the A&F Quarterly (a catalogue/magazine), which is a lifestyle magazine focused on the college experience, and subsequently added a catalogue format. The Company launched a web-based store featuring lifestyle pieces, such as AFTV, located at www.abercrombie.com, in 1998. Products comparable to those carried at Abercrombie & Fitch stores can be purchased through the Quarterly, catalogue and abercrombie.com.

The Company launched abercrombie, which targets 7 to 14-year-old boys and girls, in 1998. These stores offer fashion-oriented casual apparel in the tradition of Abercrombie & Fitch style and quality. A lifestyle web-based store located at www.abercrombiekids.com was introduced in 2000, where products comparable to those carried at abercrombie can be purchased on-line.

The Hollister Co. brand was launched in 2000. Hollister Co. is 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. Hollister Co. has established a lifestyle Web site at www.hollisterco.com but, as yet, no merchandise is available through the site.

At the end of fiscal year 2001, the Company operated 491 stores. The following table shows the changes in the number of retail stores operated by the Company for the past five fiscal years:

Fiscal Year	Beginning of Year	Opened	Closed	End of Year
1997	127	30	(1)	156
1998	156	41	(1)	196
1999	196	54		250
2000	250	104		354
2001	354	138	(1)	491

Suppliers.

During fiscal year 2001, the Company purchased merchandise from approximately 148 suppliers and factories located throughout the world. In fiscal year 2001, the Company sourced approximately 12% of its apparel through Koos Manufacturing and 8% through Wooliston Garment, Inc. In addition to purchases from Koos and Wooliston, the Company purchases merchandise directly in foreign markets, with additional merchandise purchased in the domestic market, some of which is manufactured overseas. Excluding purchases from Koos and Wooliston, no more than 5% of the merchandise purchased by the Company originated from any single manufacturer. The Company pursues a global sourcing strategy that includes relationships with vendors in over 40 countries. Any event causing a sudden disruption in these sourcing operations, either political or financial, could have an adverse effect on the Company's operations. Substantially all of the Company's foreign purchases of merchandise are negotiated and paid for in U.S. dollars.

Distribution and Merchandise Inventory.

Most of the merchandise and related materials for the Company's stores are shipped to its distribution center in New Albany, Ohio where the merchandise is received and inspected. Merchandise and related materials are distributed to the Company's stores using contract carriers.

The Company's policy is to maintain sufficient quantities of inventory on hand in its retail stores and distribution center so that it can offer customers a full selection of current merchandise. The Company emphasizes rapid turnover and takes markdowns where required to keep merchandise fresh and current with fashion trends.

Seasonal Business.

The Company views the retail apparel market as having two principal selling seasons, Spring and Fall. As is generally the case in the apparel industry, the Company experiences its peak sales activity during the Fall season. This seasonal sales pattern results in increased inventory during the back-to-school and Christmas selling periods. During fiscal year 2001, the highest inventory level approximated $157.7 million at the July 2001 month-end and the lowest inventory level approximated $97.5 million at the December 2001 month-end.

3

Store Operations and Expansion.

The Company's stores and point-of-sale marketing are designed to convey the principal elements and personality of each brand. The store design, furniture, fixtures and music are all carefully planned and coordinated to create a shopping experience that is consistent with the A&F lifestyle.

The Company's sales associates, or brand representatives, are a central element in creating the entertaining, yet comfortable, atmosphere of the stores. In addition to providing a high level of customer service, the brand representatives reflect the casual, energetic attitude of the brand and culture.

The Company maintains a uniform appearance throughout its store base, in terms of merchandise display and location on the selling floor. Store managers receive detailed store plans that dictate fixture and merchandise placement to ensure uniform execution of the merchandising strategy at the store level. Standardization of store design and merchandise presentation also creates a cost savings in store furnishings, maximizes usage and productivity of selling space and allows the Company to efficiently open new stores.

Trademarks.

The Abercrombie & Fitch, abercrombie and Hollister Co. trademarks, and certain other trademarks, either have been registered, or are the subject of pending trademark applications with the United States Patent and Trademark Office and with registries of many foreign countries. The Company believes that its products are identified by its trademarks and, thus, its trademarks are of significant value. Each registered trademark has a duration of 20 years and is subject to an indefinite number of renewals for a like period upon appropriate application. The Company intends to continue the use of each of its trademarks and to renew each of its registered trademarks.

Other Information.

Additional information about the Company's business, including its revenues and profits for the last three years, plus gross square footage is set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in ITEM 7, which information is incorporated herein by reference.

Competition.

The sale of apparel and personal care products through retail stores, catalogues and e-commerce is a highly competitive business with numerous competitors, including individual and chain fashion specialty stores and department stores.

Fashion, price, service, selection and quality are the principal competitive factors in retail store sales and on-line sales.

The Company is unable to estimate the number of competitors or its relative competitive position due to the large number of companies selling apparel and personal care products through retail stores, catalogues and e-commerce.

Associate Relations.

On February 2, 2002, the Company employed approximately 16,700 associates (none of whom were party to a collective bargaining agreement), approximately 13,700 of whom were part-time. In addition, temporary associates are hired during peak periods, such as the Holiday season.

The Company believes its relationship with associates is good.

ITEM 2. PROPERTIES.

At the start of fiscal year 2001, the Company's headquarters and support functions (consisting of office, distribution and shipping facilities) were located in Reynoldsburg, Ohio and were owned by The Limited, Inc. and leased by the Company under leases expiring in 2001. The Company began operating out of its new distribution and shipping facilities in February 2001 and moved to its new home office in April 2001. The new headquarters and support functions are located in New Albany, Ohio.

All of the retail stores operated by the Company are located in leased facilities, primarily in shopping centers throughout the continental United States. The leases expire at various dates principally between 2002 and 2014.

Typically, when space is leased for a retail store in a shopping center, all improvements, including interior walls, floors, ceilings, fixtures and decorations, are supplied by the tenant. In certain cases, the landlord of the property may provide a construction allowance to fund all or a portion of the cost of improvements. The cost of improvements varies widely, depending on the size and location of the store. Rental terms for new locations usually include a fixed minimum rent plus a percentage of sales in excess of a specified amount. Certain operating costs such as common area maintenance, utilities, insurance and taxes are typically paid by tenants.

As of February 2, 2002, the Company's 491 stores were located in 48 states and the District of Columbia as follows:

Alabama - 6	Hawaii - 1	Massachusetts - 18	New Mexico - 2	South
Arizona - 11	Idaho - 1	Michigan - 16	New York - 27	Tennes
Arkansas - 4	Illinois - 27	Minnesota - 9	North Carolina - 15	Texas
California - 33	Indiana - 19	Mississippi - 4	North Dakota - 1	Utah -
Colorado - 10	Iowa - 3	Missouri - 13	Ohio - 29	Vermon
Connecticut - 10	Kansas - 5	Montana - 2	Oklahoma - 8	Virgin
Delaware - 1	Kentucky - 7	Nebraska - 2	Oregon - 3	Washin
District of Columbia - 2	Louisiana - 9	Nevada - 1	Pennsylvania - 23	West V
Florida - 19	Maine - 2	New Hampshire - 3	Rhode Island - 3	Wiscon
Georgia - 21	Maryland - 7	New Jersey - 16	South Carolina - 4	

ITEM 3. LEGAL PROCEEDINGS.

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

On January 13, 1999, a complaint was filed against many national retailers in the United States District Court for the Central District of California. The complaint (1) purported to be filed on behalf of a class of unnamed garment workers, (2) related to labor practices allegedly employed on the island of Saipan, Commonwealth of the Northern Mariana Islands, by apparel manufacturers unrelated to the Company, some of which have sold goods to the Company, and (3) sought injunctive, unspecified monetary and other relief. On September 29, 1999, the action was transferred to the United States District Court for the District of Hawaii. Thereafter, the plaintiffs moved for leave to amend their complaint to add A&F and others as additional defendants. That motion was granted and, on April 28, 2000, an amended complaint was filed which adds A&F and others as defendants, but does not otherwise significantly alter either the claims alleged or the relief sought by the

plaintiffs. A&F moved to dismiss the amended complaint. Certain of the other defendants also moved to transfer the action to Saipan. On June 23, 2000, the District Court of Hawaii ordered the case to be transferred to the United States District Court for the District of the Northern Mariana Islands. Plaintiffs filed a Petition for Writ of Mandamus challenging the transfer and on March 22, 2001, the Ninth Circuit Court of Appeals issued an order denying the Petition for Writ of Mandamus, thus allowing the case to be transferred to the United States District Court for the Northern Mariana Islands. The motion to dismiss was denied in part and granted in part on November 26, 2001. As to the partial granting of the motion, the Court also granted the plaintiffs leave to amend to cure any pleading defects in a second amended complaint. Plaintiffs filed their motion for class certification on December 13, 2001 and their second amended complaint on December 17, 2001. The motion for class certification was heard on February 14, 2002. The motion for preliminary approval of the other defendants' settlement was also heard the same date.

On June 2, 1998, A&F filed suit against American Eagle Outfitters, Inc. alleging an intentional and systematic copying of the "Abercrombie & Fitch" brand, its images and business practices, including the design and look of the Company's merchandise, marketing and catalogue/magazine. The lawsuit, filed in Federal District Court in Columbus, Ohio, sought to enjoin American Eagle's practices, recover lost profits and obtain punitive damages. In July 1999, the District Court granted a summary judgment dismissing the lawsuit against American Eagle. A&F filed a motion for reconsideration of the District Court judgment which was subsequently denied by court order dated September 10, 1999. In October 1999, A&F filed an appeal in the United States Court of Appeals for the Sixth Circuit (the "Sixth Circuit") regarding the decisions of the District Court on the motions for summary judgment and reconsideration. The appeal was fully briefed and oral arguments were held before the Sixth Circuit on December 7, 2000. On February 15, 2002, the Sixth Circuit affirmed the decision of the District Court granting summary judgment in favor of American Eagle.

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.

A&F believes that the actions against it are without merit and intends to defend vigorously against them. However, A&F does not believe it is feasible to predict the outcome of these proceedings. The timing of the final resolution of these proceedings is also uncertain.

In addition, the United States Securities and Exchange Commission initiated a formal investigation regarding trading in the securities of A&F and the disclosure of sales forecasts in October 1999, and the Ohio Division of Securities requested information from A&F regarding these same matters. A&F has cooperated in the investigations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT.

Set forth below is certain information regarding the executive officers of A&F as of March 28, 2002.

Michael S. Jeffries, 57, has been Chairman of the Board and Chief Executive Officer since May 1998. From February 1992 to May 1998, Mr. Jeffries held the position of President and Chief Executive Officer. Mr. Jeffries has also been a director of A&F since 1996.

Seth R. Johnson, 48, has been Executive Vice President-Chief Operating Officer since February 2000. Prior thereto, Mr. Johnson had been Vice President-Chief Financial Officer since 1992. Mr. Johnson has been a director of A&F since 1998.

Diane Chang, 46, has been Senior Vice President-Sourcing since February 2000. Prior thereto, she held the position of Vice President-Sourcing from May 1998 to February 2000 and for six and one-half years prior thereto, Ms. Chang held the position of Senior Vice President - Manufacturing at J. Crew, Inc.

Raymond C. Attanasio, 50, has been Senior Vice President, General Merchandise Manager for Abercrombie & Fitch Boys' since December 2001. Prior thereto, Mr. Attanasio was Senior Vice President, General Merchandise Manager for Abercrombie & Fitch Men's and Boys' from January 2001 to December 2001, Senior Vice President-Human Resources from February 2000 to January 2001 and Vice President-Human Resources from August 1998 to February 2000. Mr. Attanasio also held the position of Vice President-General Merchandising Manager-Men's at J. Crew, Inc. from May 1991 to June 1998.

Leslee K. O'Neill, 41, has been Senior Vice President-Planning & Allocation since February 2000. Prior thereto, Ms. O'Neill held the position of Vice President-Planning & Allocation from February 1994 to February 2000.

Wesley S. McDonald, 39, has been Vice President-Chief Financial Officer since June 2000. Prior thereto, Mr. McDonald held a variety of positions in finance and distribution at Target Corporation from 1988 to May 2000. His last position at Target Corporation was Director-Information Systems Finance and Administration.

The executive officers serve at the pleasure of the Board of Directors of A&F and in the case of Messrs. Jeffries and Johnson, pursuant to employment agreements.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The following is a summary of A&F's sales prices as reported on the New York Stock Exchange ("ANF") for the 2001 and 2000 fiscal years:

	Sales Price	
	High	Low
2001 Fiscal Year		
4th Quarter	$30.40	$18.06
3rd Quarter	$38.50	$16.21
2nd Quarter	$47.50	$33.10
1st Quarter	$37.90	$26.28
2000 Fiscal Year		
4th Quarter	$31.31	$14.75
3rd Quarter	$26.56	$15.31
2nd Quarter	$16.69	$ 8.00
1st Quarter	$24.50	$10.06

A&F has not paid dividends on its shares of Class A Common Stock in the past and does not presently plan to pay dividends on the shares. It is presently anticipated that earnings will be retained and reinvested to support the growth of the Company's business. The payment of any future dividends on shares will be determined by the A&F Board of Directors in light of conditions then existing, including earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors.

On February 2, 2002, there were approximately 5,000 shareholders of record. However, when including active associates who participate in A&F's stock purchase plan, associates who own shares through A&F-sponsored retirement plans and others holding shares in broker accounts under street name, A&F estimates the shareholder base at approximately 65,000.

ITEM 6. SELECTED FINANCIAL DATA.

ABERCROMBIE & FITCH

FINANCIAL SUMMARY

(Thousands except per share and per square foot amounts, ratios and store and associate data)

Fiscal Year	2001	2000*	1999	1998	
SUMMARY OF OPERATIONS					
Net Sales	$1,364,853	$1,237,604	$1,030,858	$ 805,180	$
Gross Income	$ 558,034	$ 509,375	$ 450,383	$ 331,354	$
Operating Income	$ 271,458	$ 253,652	$ 242,064	$ 166,958	$
Operating Income as a Percentage of Net Sales	19.9%	20.5%	23.5%	20.7%	
Net Income	$ 168,672	$ 158,133	$ 149,604	$ 102,062	$
Net Income as a Percentage of Net Sales	12.4%	12.8%	14.5%	12.7%	
PER SHARE RESULTS (1)					
Net Income Per Basic Share	$ 1.70	$ 1.58	$ 1.45	$ .99	$
Net Income Per Diluted Share	$ 1.65	$ 1.55	$ 1.39	$ .96	$
Weighted Average Diluted Shares Outstanding	102,524	102,156	107,641	106,202	
OTHER FINANCIAL INFORMATION					
Total Assets	$ 770,546	$ 589,577	$ 458,166	$ 319,161	$
Return on Average Assets	25%	30%	38%	41%	
Capital Expenditures	$ 126,515	$ 153,481	$ 73,377	$ 37,483	$
Long-Term Debt	-	-	-	-	$
Shareholders' Equity (Deficit)	$ 595,434	$ 422,700	$ 311,094	$ 186,105	$
Comparable Store Sales Increase (Decrease)	(9%)	(7%)	10%	35%	
Retail Sales Per Average Gross Square Foot	$ 401	$ 474	$ 505	$ 476	$
STORES AND ASSOCIATES AT END OF YEAR					
Total Number of Stores Open	491	354	250	196	
Gross Square Feet	3,673,000	2,849,000	2,174,000	1,791,000	
Number of Associates	16,700	13,900	11,300	9,500	

*Fifty-three week fiscal year.

(1) Per share amounts have been restated to reflect the two-for-one stock split on A&F's Class A Common Stock, distributed on June 15, 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

Net sales for the fourth quarter of the 2001 fiscal year were $466.6 million, an increase of 6% from $439.4 million for the fourth quarter a year ago. Operating income was $128.6 million compared to $124.1 million last year. A&F recorded its 38th consecutive quarter of record earnings as net income increased to $79.2 million in the fourth quarter of 2001 as compared to $77.2 million last year. Earnings per diluted share were $.78, up 3% from $.76 last year.

Net sales for the 2001 fiscal year increased 10% to $1.36 billion from $1.24 billion last year. Operating income for the year increased 7% to $271.5 million from $253.7 million in 2000. Net income per diluted share was $1.65 compared to $1.55 a year ago, an increase of 6%.

The following data represents the Company's consolidated statements of income for the last 3 fiscal years expressed as a percentage of net sales:

	2001	2000
NET SALES	100.0%	100.0%
Cost of Goods Sold, Occupancy and Buying Costs	59.1	58.8
GROSS INCOME	40.9	41.2
General, Administrative and Store Operating Expenses	21.0	20.7
OPERATING INCOME	19.9	20.5
Interest Income, Net	(0.4)	(0.6)
INCOME BEFORE INCOME TAXES	20.3	21.1
Provision for Income Taxes	7.9	8.3
NET INCOME	12.4	12.8

FINANCIAL SUMMARY

The following summarized financial data compares the 2001 fiscal year to the comparable periods for 2000 and 1999:

	2001	2000	1999	200
Net sales (millions)	$1,364.9	$1,237.6	$1,030.9	1
Increase (decrease) in comparable store sales	(9%)	(7%)	10%	
Retail sales increase attributable to new and remodeled stores, magazine, catalogue and Web sites	19%	27%	18%	
Retail sales per average gross square foot	$ 401	$ 474	$ 505	(1
Retail sales per average store (thousands)	$ 3,095	$ 3,944	$ 4,487	(2
Average store size at year-end (gross square feet)	7,480	8,047	8,695	(
Gross square feet at year-end (thousands)	3,673	2,849	2,174	2
Number of stores:				
Beginning of year	354	250	196	
Opened	138	104	54	
Closed	(1)	--	--	
End of year	491	354	250	

NET SALES

Fourth quarter 2001 net sales increased 6% to $466.6 million from $439.4 million in 2000. The increase was due to the addition of new stores offset by a 9% decline in comparable store sales as compared with last year's 13 week period ended February 3, 2001. The fourth quarter of 2001 was highly promotional and a number of promotional strategies, including direct mail, bouncebacks and selective price point reductions, were employed to improve the sales trend from the previous quarter. Although total Company comparable store sales remained negative, the addition of new and noncomparable store sales resulted in an addition to net sales of $63.6 million. The decrease in comparable store sales amounted to a $35.6 million decrease in net sales and was primarily due to continued weakness in the men's business. Comparable store sales were roughly flat in the women's business for the quarter. Stronger performing categories were in graphic knits, denim, skirts and women's accessories. Men's comparable store sales decreased in the mid-teens for the quarter; however, denim and knits performed well. The kids' business followed a similar trend to the adult business with girls' comparable store sales much stronger than boys'. The adult e-commerce business continued to become a larger part of the business as Internet sales grew by over 27% during the fourth quarter compared to last year. The Company's catalogue, the A&F Quarterly (a catalogue/magazine) and the Company's Web sites accounted for 4.5% of net sales in the fourth quarter of 2001 as compared to 5.0% in 2000. The decrease is primarily due to the Company not producing an A&F Quarterly in the fourth quarter of 2001.

Fourth quarter 2000 net sales increased 21% to $439.4 million from $363.7 million in 1999. The increase was due to the addition of new stores offset by a 9% decline in comparable store sales. The addition of new and noncomparable store sales resulted in an addition to net sales of $98.4 million. The decline in comparable store sales, based on a 14 week quarter for both 2000 and 1999, totaled $30.9 million and was primarily due to comparable store sales decreases in the men's graphic tees and pants departments due to the difficulty in anniversarying paratroop pants. Comparable store sales were positive in the women's business for the quarter based on strong increases in the sweaters, denim and outerwear departments. The Company's catalogue, the A&F Quarterly and the Company's Web sites accounted for 5.0% of net sales in the fourth quarter of 2000 as compared to 3.8% in 1999.

Net sales for the 2001 fiscal year increased 10% to $1.36 billion from $1.24 billion in 2000. The sales increase was attributable to the net addition of 137 stores offset by a 9% comparable store sales decrease. The addition of new and noncomparable store sales resulted in an addition to net sales of $215.4 million. The decline in comparable store sales, as compared with last year's 52 week period ended February 3, 2001, amounted to $98.9 million and was mostly due to continued weakness in the men's business. Men's comparable store sales decreased in the high-teens for the year; however, denim, knits and gymwear performed well. Comparable store sales were up in the mid-single digits in the women's business for the year. The strongest performing categories were in denim, knits, skirts, gymwear and women's accessories. Overall, the women's business has increased to become a larger percentage of the overall business and the trend is expected to continue. In fiscal 2001, the women's business accounted for 55% of the total adult business. The kids' business had a mid-teen decline in comparable store sales for the year with girls' performing better than boys'. The Company's catalogue, the A&F Quarterly and the Company's Web sites represented 4.2% of 2001 net sales compared to 3.8% last year. Operating improvements in e-commerce fulfillment helped reduce the number of backorders, increasing sales by improving in-stocks. The Company produced only three A&F Quarterly's in fiscal 2001 versus four in 2000, dampening the increase over last year in the direct business.

Net sales for the 2000 fiscal year increased 20% to $1.24 billion from $1.03 billion in 1999. The sales increase was attributable to the addition of 104 stores offset by a 7% comparable store sales decrease. The addition of new and noncomparable store sales resulted in an increase to net sales of $255.4 million. The decline in comparable store sales, based on a 53 week fiscal year for both 2000 and 1999, totaled $64.9 million and was across both the men's and women's businesses. During the year, the assortment in each business was repositioned to be more balanced and less focused on graphics and included items at key opening price points. The Company's catalogue, the A&F Quarterly and the Company's Web sites represented 3.8% of 2000 net sales compared to 2.9% last year.

GROSS INCOME

The gross income rate (gross income divided by net sales) during the fourth quarter of 2001 was 44.7%, down from 46.2% for the same period in 2000. The decrease was primarily due to an increase in the markdown rate, attributable to the expected higher level of promotional business. The planned promotional strategies for the quarter resulted in selling at lower average retail prices. For the quarter, average unit retail prices decreased in the low-double digits. Additionally, buying and occupancy costs, expressed as a percentage of net sales, increased as a result of the inability to leverage fixed expenses with lower sales volume per average store. These decreases were partially offset by higher initial markup (IMU) and tight control of inventory. The increase in IMU was a result of continued improvement in the sourcing of merchandise, particularly in the women's business. The tight control of inventory resulted in inventories being down 30% per gross square foot at year-end as compared with last year. These low levels of inventory provided downside profit protection as season-end merchandise was significantly lower on a per square foot basis as compared to the same period in 2000.

For the fourth quarter of 2000, gross income, expressed as a percentage of net sales, decreased to 46.2% from 50.9% for the same period in 1999. The decrease was attributable to lower merchandise margins (representing gross income before the deduction of buying and occupancy costs) due to lower IMU and higher markdowns. The IMU was affected by both a change in sales mix and the planned strategy of offering lower opening price points in key product classifications.

For the year, the gross income rate decreased to 40.9% in 2001 from 41.2% in 2000. The decrease was primarily attributable to higher buying and occupancy costs. Buying and occupancy costs increased, as a percentage of net sales, due to the deleveraging created by the decrease in comparable store sales. The decrease was almost entirely offset by higher IMU as continued improvements in sourcing merchandise have reduced costs. The other factors in protecting gross income were tight control of inventory, which resulted in disciplined markdown control, and lower inventory shrinkage as a result of the Company's continued emphasis on in-store operational controls.

For the year, the gross income rate decreased to 41.2% in 2000 from 43.7% in 1999. The decrease was attributable to lower merchandise margins, primarily due to lower IMU caused by both a change in sales mix and the planned strategy of offering lower opening price points in key product classifications.

GENERAL, ADMINISTRATIVE AND STORE OPERATING EXPENSES

The fourth quarter general, administrative and store operating expenses rate (general, administrative and store operating expenses divided by net sales) improved to 17.1% as compared to 17.9% in the fourth quarter of 2000. The Company continues to tightly control expenses in both the stores and the home office. These cost controls include limiting headcount additions, reducing home office travel and store payroll hours, and decreasing relocation and recruiting expenses. Savings were also recognized in the new distribution center and in the e-commerce business. During the fourth quarter, productivity in the distribution center, as measured in units processed per labor hour, was over 50% higher than last year. In the e-commerce business, fulfillment costs per order were down by over 10%. Last year's general, administrative and store operating expenses were unfavorably affected by one-time expenses related to the move to the new distribution center and home office and the inclusion of a 14th week in the fourth quarter of 2000. These savings in general, administrative and store operating expenses were partially offset by marketing costs incurred as part of the promotional strategy implemented during the fourth quarter of 2001.

General, administrative and store operating expenses, expressed as a percentage of net sales, were 17.9% in the fourth quarter of 2000 and 16.4% in the comparable period in 1999. The increase in the percentage was primarily due to the inability to leverage fixed expenses as a result of the decrease in comparable store sales. The increase was also due to planned one-time expenses related to the Company's move to a new home office and distribution center. The increases were offset by tightly controlled headcount additions, travel expenses, store payroll hours, outside services and compensation expense related to management bonuses.

The general, administrative and store operating expenses rate for the year was 21.0%, 20.7% and 20.2% in 2001, 2000 and 1999, respectively. The rate increases in 2001 and 2000 were primarily due to the inability to leverage fixed expenses as a result of the decrease in sales volume per average store. The increases were partially offset by the Company's continued focus on discretionary expense controls.

13

OPERATING INCOME

The operating income rate (operating income divided by net sales) was 27.6% and 19.9% for the fourth quarter and fiscal year of 2001, respectively, compared to 28.2% and 20.5% for the same periods in 2000. The decline in operating income rate in these periods was primarily due to lower gross income percentages resulting from planned promotional strategies executed in the fourth quarter. Lower general, administrative and store operating expenses, expressed as a percentage of net sales, partially offset the lower gross income rate in the fourth quarter. For the year, higher general, administrative and store operating expenses, expressed as a percentage of net sales, added to the decrease in operating income rate.

Operating income, expressed as a percentage of net sales, was 28.2% and 20.5% for the fourth quarter and fiscal year of 2000, respectively, compared to 34.5% and 23.5% for the same periods in 1999. The decline in operating income as a percentage of net sales in these periods was primarily a result of lower gross income percentages. Higher general, administrative and store operating expenses, expressed as a percentage of net sales, also added to the decrease in the operating income percentage of net sales.

INTEREST INCOME/EXPENSE

Net interest income was $1.2 million in the fourth quarter of 2001 and $5.1 million for the 2001 fiscal year compared with net interest income of $2.5 million and $7.8 million for the corresponding periods last year. The decrease in net interest income for both the quarter and the year was due to the decline in interest rates. Net interest income in 2001 and 2000 was primarily from short-term investments.

Net interest income was $2.5 million in the fourth quarter of 2000 and $7.8 million for all of 2000 compared with net interest income of $2.5 million and $7.3 million for the corresponding periods in 1999. The increase in net interest income for the year was due to an increase in interest rates, which was partially offset by lower cash and equivalents balances. Net interest income in 2000 and 1999 was primarily from short-term investments.

FINANCIAL CONDITION

The Company's continuing growth in net income affords it financial strength and flexibility. A more detailed discussion of liquidity, capital resources and capital requirements follows.

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 (thousands):

	2001	2000	1999
Working capital	$241,616	$146,939	$162,351
Capitalization			
Shareholders' equity	$595,434	$422,700	$311,094

14

The Company considers the following to be measures of liquidity and capital resources:

	2001	2000	1999
Current ratio (current assets divided by current liabilities)	2.48	1.94	2.18
Cash flow to capital investment (net cash provided by operating activities divided by capital expenditures)	184%	99%	208%
Free cash flow (net cash provided by operating activities less capital expenditures) (in thousands)	$106,687	($ 2,292)	$ 79,374

Net cash provided by operating activities, the Company's primary resource of liquidity, totaled $233.2 million, $151.2 million and $152.8 million for 2001, 2000 and 1999, respectively. Cash was provided primarily by current year net income adjusted for depreciation and amortization. Additionally in 2001, cash was provided from increases in deferred income tax liabilities and accrued expenses and decreases in inventories. Deferred income tax liabilities increased in the current year as a result of increasing differences in tax and book depreciation methods due to the number of stores opened in the past few years. Accrued expenses, including unredeemed gift card revenue and catalogue and advertising costs, increased in the current year as a result of the continued growth and development of the business. Inventories decreased $12.1 million during 2001 due to the tight management of inventory, which resulted in a 30% decrease in inventory per gross square foot at year-end. Uses of cash were directly related to store growth and primarily consisted of increases in capitalized store supplies, construction allowance receivables and prepaid rent related to stores (classified in other assets).

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 primarily for capital expenditures (see the discussion in the "Capital Expenditures" section below) related to new stores (net of construction allowances) and the construction costs of the new office and distribution center. Investing activities also included purchases and maturities of marketable securities. As of February 2, 2002, the Company held marketable securities with original maturities of three to five months.

Financing activities during 2001, 2000 and 1999 consisted primarily of the repurchase of 600,000 shares, 3,550,000 shares and 1,510,000 shares, respectively, of A&F's Class A Common Stock pursuant to previously authorized stock repurchase programs. As of February 2, 2002, A&F is authorized to repurchase up to an additional 1,850,000 shares under the current repurchase program. Financing activities also consisted of stock option exercises and restricted stock issuances.

The Company has available a $150 million syndicated unsecured credit agreement. No amounts are currently outstanding. Additional details regarding the credit agreement can be found in the Notes to Consolidated Financial Statements (Note 8).

The Company also has a $75 million facility for trade letters of credit. The trade letters of credit are issued to numerous overseas suppliers and serve as guarantees to the suppliers. As of February 2, 2002, $39.7 million was outstanding under this trade letter of credit facility.

15

The Company has standby letters of credit in the amount of $8.5 million. The beneficiaries, two of the Company's suppliers, have 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 beneficiaries have not drawn upon the standby letters of credit.

As of February 2, 2002, the Company was committed to noncancelable leases with remaining terms of one to fourteen years. These commitments include store leases with initial terms ranging primarily from ten to fifteen years. A summary of minimum rent commitments under noncancelable leases follows (thousands):

		Payments Due by Period	
Total	Less than 1 Year	1-3 Years	4-5 Years
$822,920	$104,085	$211,270	$198,459

STORES AND GROSS SQUARE FEET

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

	February 2, 2002		February 3, 2001	
	Number of Stores	Gross Square Feet (thousands)	Number of Stores	Gross Square Feet (thousands
Abercrombie & Fitch	309	2,798	265	2,44
abercrombie	148	662	84	37
Hollister Co.	34	213	5	3
Total	491	3,673	354	2,84

CAPITAL EXPENDITURES

Capital expenditures, net of construction allowances, totaled $126.5 million, $153.5 million and $73.4 million for 2001, 2000 and 1999, respectively. Additionally, the noncash accrual for construction in progress totaled $1.0 million, $9.5 million and $10.4 million in 2001, 2000 and 1999, respectively. Capital expenditures related to the construction of a new office and distribution center, including the noncash accrual for construction in progress, accounted for approximately $17 million, $92 million and $27 million of total capital expenditures in 2001, 2000 and 1999, respectively. The office and distribution center were completed in 2001. The balance of capital expenditures related primarily to new stores.

The Company anticipates spending $105 to $115 million in 2002 for capital expenditures, of which $85 to $95 million will be for new stores construction. The balance of expenditures primarily relates to improving the in-store information technology structure and improvements in the distribution center. The Company intends to add approximately 815,000 gross square feet in 2002, which will represent a 22% increase over year-end 2001. It is anticipated the increase will result from the addition of approximately 40 new Abercrombie & Fitch stores, 30 abercrombie stores and 60 Hollister Co. stores.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for Abercrombie & Fitch stores opened in 2002 will approximate $600,000 per store, after giving effect to landlord allowances. In addition, inventory purchases are expected to average approximately $300,000 per store.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for abercrombie stores opened in 2002 will approximate $500,000 per store, after giving effect to landlord allowances. In addition, inventory purchases are expected to average approximately $150,000 per store.

The Company estimates that the average cost for leasehold improvements and furniture and fixtures for Hollister Co. stores opened in 2002 will approximate $750,000 per store, after giving effect to landlord allowances. However, the Company is in the early stages of developing Hollister Co. and, as a result, current average costs for leasehold improvements and furniture and fixtures are not representative of future costs. In addition, inventory purchases are expected to average approximately $250,000 per store.

The Company expects that substantially all future capital expenditures will be funded with cash from operations. In addition, the Company has available a $150 million credit agreement to support operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Since actual results may differ from those estimates, the Company revises its estimates and assumptions as new information becomes available.

The Company's significant accounting policies can be found in the Notes to Consolidated Financial Statements (Note 2). The Company believes that the following policies are most critical to the portrayal of the Company's financial condition and results of operations.

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 shipment of merchandise. Amounts relating to shipping and handling billed to customers in a sale transaction are classified as revenue and the related 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 A&F, 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 taking 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 the future anticipated selling prices. 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 resulting gross margins. Management believes that this inventory valuation method provides a conservative inventory valuation as it preserves the cost-to-retail relationship in inventory.

Property and Equipment - Depreciation and amortization of property and equipment are computed for financial reporting purposes on a straight-line basis, using service lives ranging principally from 10-15 years for

leasehold improvements and 3-10 years for other property and equipment. Beneficial leaseholds represent the present value of the excess of fair market rent over contractual rent of existing stores at the 1988 purchase of the

Abercrombie & Fitch business by The Limited, Inc. ("The Limited") and are being amortized over the lives of the related leases. The cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend service lives are capitalized. Long-lived assets are reviewed at the store level at least annually for impairment or whenever events or changes in circumstances indicate that full recoverability is questionable. Factors used in the evaluation include, but are not limited to, management's plans for future operations, recent operating results and projected cash flows.

Income Taxes - Income taxes are calculated in accordance with Statement of Financial Accounting Standards ("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.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets." The standard is effective starting with fiscal years beginning after December 15, 2001 (February 3, 2002 for the Company). SFAS No. 142 addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. It also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Management anticipates that the adoption of SFAS No. 142 will not have an impact on the Company's results of operations or its financial position.

SFAS No. 143, "Accounting for Asset Retirement Obligations," will be effective for fiscal years beginning after June 15, 2002 (February 2, 2003 for the Company). The standard requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related obligation for its recorded amount or the entity incurs a gain or loss upon settlement. Because costs associated with exiting leased properties at the end of lease terms are minimal, management anticipates that the adoption of SFAS No. 143 will not have a significant effect on the Company's results of operations or its financial position.

SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets," will be effective for fiscal years beginning after December 15, 2001 (February 3, 2002 for the Company), and interim periods within those fiscal years. The standard addresses financial accounting and reporting for the impairment or disposal of long-lived assets. Management anticipates that the adoption of SFAS No. 144 will not have an impact on the Company's results of operations or its financial position.

RELATIONSHIP WITH THE LIMITED

Effective May 19, 1998, The Limited completed a tax-free exchange offer to establish A&F as an independent company. Subsequent to the exchange offer (see Note 1 of the Notes to Consolidated Financial Statements), A&F and The Limited entered into various service agreements for terms ranging from one to three years. A&F hired associates with the appropriate expertise or contracted with outside parties to replace those services which expired in May 1999. Service agreements were also entered into for the continued use by the Company of its distribution and home office space and transportation and logistic services. The distribution space agreement terminated in April 2001. The home office space and transportation and logistic services agreements expired in May 2001. The cost of these services generally was equal to The Limited's cost in providing the relevant services plus 5% of such costs.

Costs incurred to replace the services provided by The Limited did not have a material adverse impact on the Company's financial condition.

IMPACT OF INFLATION

The Company's results of operations and financial condition are presented based upon historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, the Company believes that the effects of inflation, if any, on its results of operations and financial condition have been minor.

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 Form 10-K or made by management of A&F involve risks and uncertainties and are subject to change based on various important factors. The following factors, among others, in some cases have affected and in the future could affect the Company's financial performance and actual results and could cause actual results for 2002 and beyond to differ materially from those expressed or implied in any of the forward-looking statements included in this Form 10-K 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; 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company maintains its cash and equivalents in financial instruments with original maturities of three months or less. The Company also holds marketable securities with original maturities of three to five months. These financial instruments bear interest at fixed rates and are subject to interest rate risk through lost income should interest rates increase. The Company does not enter into financial instruments for trading purposes.

As of February 2, 2002, the Company has no long-term debt outstanding. Future borrowings would bear interest at negotiated rates and would be subject to interest rate risk. The Company does not believe that a hypothetical adverse change of 10% in interest rates would have a material affect on the Company's financial condition.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

ABERCROMBIE & FITCH

CONSOLIDATED STATEMENTS OF INCOME

(Thousands except per share amounts)

	2001	2000	199
NET SALES	$1,364,853	$1,237,604	$1,03
Cost of Goods Sold, Occupancy and Buying Costs	806,819	728,229	58
GROSS INCOME	558,034	509,375	45
General, Administrative and Store Operating Expenses	286,576	255,723	20
OPERATING INCOME	271,458	253,652	24
Interest Income, Net	(5,064)	(7,801)	(
INCOME BEFORE INCOME TAXES	276,522	261,453	24
Provision for Income Taxes	107,850	103,320	9
NET INCOME	$ 168,672	$ 158,133	$ 14
NET INCOME PER SHARE:			
BASIC	$ 1.70	$ 1.58	$
DILUTED	$ 1.65	$ 1.55	$

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

ABERCROMBIE & FITCH

CONSOLIDATED BALANCE SHEETS

(Thousands)

	February 2, 2002
ASSETS	
CURRENT ASSETS:	
Cash and Equivalents	$167,664
Marketable Securities	71,220
Receivables	20,456
Inventories	108,876
Store Supplies	21,524
Other	15,455
TOTAL CURRENT ASSETS	405,195
PROPERTY AND EQUIPMENT, NET	365,112
DEFERRED INCOME TAXES	-
OTHER ASSETS	239
TOTAL ASSETS	$770,546
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES:	
Accounts Payable	$31,897
Accrued Expenses	109,586
Income Taxes Payable	22,096
TOTAL CURRENT LIABILITIES	163,579
DEFERRED INCOME TAXES	1,165
OTHER LONG-TERM LIABILITIES	10,368
SHAREHOLDERS' EQUITY:	
Common Stock - $.01 par value	1,033
Paid-In Capital	141,394
Retained Earnings	519,540
	661,967
Less: Treasury Stock, at Average Cost	(66,533)
TOTAL SHAREHOLDERS' EQUITY	595,434
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$770,546

The accompanying Notes are an intergral part of these Consolidated Financial Statements.

ABERCROMBIE & FITCH

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Thousands)

	Common Stock			
	Shares Outstanding	Par Value	Paid-In Capital	Retained Earnings
Balance, January 30, 1999	102,814	$1,033	$143,626	$ 43,131
Purchase of Treasury Stock	(1,510)	-	-	-
Net Income	-	-	-	149,604
Tax Benefit from Exercise of Stock Options and Vesting of Restricted Stock	-	-	9,389	-
Stock Options, Restricted Stock and Other	700	-	(5,710)	-
Balance, January 29, 2000	102,004	$1,033	$147,305	$ 192,735
Purchase of Treasury Stock	(3,550)	-	-	-
Net Income	-	-	-	158,133
Tax Benefit from Exercise of Stock Options and Vesting of Restricted Stock	-	-	462	-
Stock Options, Restricted Stock and Other	342	-	(11,277)	-
Balance, February 3, 2001	98,796	$1,033	$136,490	$ 350,868
Purchase of Treasury Stock	(600)	-	-	-
Net Income	-	-	-	168,672
Tax Benefit from Exercise of Stock Options and Vesting of Restricted Stock	-	-	5,056	-
Stock Options, Restricted Stock and Other	677	-	(152)	-
Balance, February 2, 2002	98,873	$1,033	$141,394	$ 519,540

The accompanying Notes are an intergral of these Consolidated Financial Statements.

22

ABERCROMBIE & FITCH

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands)

	2001	2000
OPERATING ACTIVITIES:		
Net income	$ 168,672	$ 158,133
Impact of Other Operating Activities on Cash Flows:		
Depreciation and Amortization	41,155	30,731
Noncash Charge for Deferred Compensation	3,936	4,340
Changes in Assets and Liabilities:		
Inventories	12,121	(45,735)
Accounts Payable and Accrued Expenses	5,272	21,626
Income Taxes	13,787	(8,420)
Other Assets and Liabilities	(11,741)	(9,486)
NET CASH PROVIDED BY OPERATING ACTIVITIES	233,202	151,189
INVESTING ACTIVITIES:		
Capital Expenditures	(126,515)	(153,481)
Proceeds from Maturities of Marketable Securities	-	45,601
Purchase of Marketable Securities	(71,220)	-
Note Receivable	(454)	(3,000)
NET CASH USED FOR INVESTING ACTIVITIES	(198,189)	(110,880)
FINANCING ACTIVITIES:		
Purchase of Treasury Stock	(11,069)	(43,929)
Other Changes in Shareholders' Equity	6,139	(6,707)
NET CASH USED FOR FINANCING ACTIVITIES	(4,930)	(50,636)
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	30,083	(10,327)
Cash and Equivalents, Beginning of Year	137,581	147,908
CASH AND EQUIVALENTS, END OF YEAR	$ 167,664	$ 137,581
SIGNIFICANT NONCASH INVESTING ACTIVITIES:		
Accrual for Construction in Progress	$ 967	$ 9,531

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

ABERCROMBIE & FITCH

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 business was established in 1892 and subsequently acquired by The Limited, Inc. ("The Limited") in 1988.

A&F was established as an independent Company through an initial public offering (the "Offering") which was consummated on October 1, 1996. As a result of the Offering, 84.2% of the outstanding common stock of A&F was owned by The Limited, until the completion of a tax-free exchange offer (the "Exchange Offer") on May 19, 1998.

The accompanying consolidated financial statements include the historical financial statements of, and transactions applicable to, A&F and its subsidiaries and reflect the assets, liabilities, results of operations and cash flows on a historical cost basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

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

FISCAL YEAR

The Company's fiscal year ends on the Saturday closest to January 31. Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. The results for fiscal years 2001 and 1999 represent the fifty-two week periods ended February 2, 2002 and January 29, 2000. The results for fiscal year 2000 represent the fifty-three week period ended February 3, 2001.

CASH AND EQUIVALENTS

Cash and equivalents include amounts on deposit with financial institutions and investments with original maturities of less than 90 days.

MARKETABLE SECURITIES

All investments with original maturities of greater than 90 days are accounted for in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company determines the appropriate classification at the time of purchase. At February 2, 2002, the Company held investments in marketable securities which were classified as held to maturity based on the Company's positive intent and ability to hold the securities to maturity. All securities held by the Company at February 2, 2002 were corporate debt securities which mature within one year and are stated at amortized cost which approximates market value.

INVENTORIES

Inventories are principally valued at the lower of average cost or market, on a first-in first-out basis, utilizing the retail method.

STORE SUPPLIES

The initial inventory of supplies for new stores including, but not limited to, hangers, signage, security tags and point-of-sale supplies are capitalized at the store opening date. Subsequent shipments are expensed except for new merchandise presentation programs which are capitalized.

PROPERTY AND EQUIPMENT

Depreciation and amortization of property and equipment are computed for financial reporting purposes on a straight-line basis, using service lives ranging principally from 10-15 years for leasehold improvements and 3-10 years for other property and equipment. Beneficial leaseholds represent the present value of the excess of fair market rent over contractual rent of existing stores at the 1988 purchase of the Abercrombie & Fitch business by The Limited and are being amortized over the lives of the related leases. The cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss included in net income. Maintenance and repairs are charged to expense as incurred. Major renewals and betterments that extend service lives are capitalized. Long-lived assets are reviewed at the store level at least annually for impairment or whenever events or changes in circumstances indicate that full recoverability is questionable. Factors used in the evaluation include, but are not limited to, management's plans for future operations, recent operating results and projected cash flows.

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.

Deferred tax assets and liabilities are measured using enacted tax rates in effect in the years in which those temporary differences are expected to reverse. Under SFAS No. 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

Prior to the Exchange Offer, the Company was included in The Limited's consolidated federal and certain state income tax groups for income tax reporting purposes and was responsible for its proportionate share of income taxes calculated upon its federal taxable income at a current estimate of the Company's annual effective tax rate. Subsequent to the Exchange Offer, the Company began filing its tax returns on a separate basis.

SHAREHOLDERS' EQUITY

The Board of Directors declared a two-for-one stock split on A&F's Class A Common Stock, distributed on June 15, 1999 to shareholders of record at the close of business on May 25, 1999. All share and per share amounts in the accompanying consolidated financial statements for all periods have been restated to reflect the stock split.

At February 2, 2002, there were 150 million shares of $.01 par value Class A Common Stock authorized, of which 98.9 million and 98.8 million shares were outstanding at February 2, 2002 and February 3, 2001, respectively, and 106.4 million shares of $.01 par value Class B Common Stock authorized, none of which were outstanding at February 2, 2002 or February 3, 2001. In addition, 15 million shares of $.01 par value Preferred Stock were authorized, none of which have been issued. See Note 13 for information about Preferred Stock Purchase Rights.

Holders of Class A Common Stock generally have identical rights to holders of Class B Common Stock, except that holders of Class A Common Stock are entitled to one vote per share while holders of Class B Common Stock are entitled to three votes per share on all matters submitted to a vote of shareholders.

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 shipment of merchandise. Amounts relating to shipping and handling billed to customers in a sale transaction are classified as revenue and the related 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.

CATALOGUE AND ADVERTISING COSTS

Costs related to the A&F Quarterly, a catalogue/magazine, primarily consist of catalogue production and mailing costs and are expensed as incurred. Advertising costs consist of in-store photographs and advertising in selected national publications and are expensed when the photographs or publications first appear. Catalogue and advertising costs amounted to $30.7 million in 2001, $30.4 million in 2000 and $30.3 million in 1999.

STORE PREOPENING EXPENSES

Preopening expenses related to new store openings are charged to operations as incurred.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The recorded values of current assets and current liabilities, including receivables, marketable securities and accounts payable, approximate fair value due to the short maturity and because the average interest rate approximates current market origination rates.

EARNINGS PER SHARE

Net income per share is computed in accordance with SFAS No. 128, "Earnings Per Share." Net income per basic share is computed based on the weighted average number of outstanding shares of common stock. Net income per diluted share includes the weighted average effect of dilutive stock options and restricted shares.

Weighted Average Shares Outstanding (thousands):

	2001	2000
Shares of common stock issued	103,300	103,300
Treasury shares	(4,198)	(3,239)
Basic shares	99,102	100,061
Dilutive effect of options and restricted shares	3,422	2,095
Diluted shares	102,524	102,156

Options to purchase 5,630,000, 9,100,000 and 5,600,000 shares of Class A Common Stock were outstanding at year-end 2001, 2000 and 1999, respectively, 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.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Since actual results may differ from those estimates, the Company revises its estimates and assumptions as new information becomes available.

RECLASSIFICATIONS

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

3. ISSUANCES OF ACCOUNTING STANDARDS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets." The standard is effective starting with fiscal years beginning after December 15, 2001 (February 3, 2002 for the Company). SFAS No. 142 addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. It also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Management anticipates that the adoption of SFAS No. 142 will not have an impact on the Company's results of operations or its financial position.

SFAS No. 143, "Accounting for Asset Retirement Obligations," will be effective for fiscal years beginning after June 15, 2002 (February 2, 2003 for the Company). The standard requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related obligation for its recorded amount or the entity incurs a gain or loss upon settlement. Because costs associated with exiting leased properties at the end of lease terms are minimal, management anticipates that the adoption of SFAS No. 143 will not have a significant effect on the Company's results of operations or its financial position.

SFAS No.144, "Accounting for Impairment or Disposal of Long-Lived Assets," will be effective for fiscal years beginning after December 15, 2001 (February 3, 2002 for the Company), and interim periods within those fiscal years. The standard addresses financial accounting and

reporting for the impairment or disposal of long-lived assets. Management anticipates that the adoption of SFAS No. 144 will not have an impact on the Company's results of operations or its financial position.

4. PROPERTY AND EQUIPMENT

Property and equipment, at cost, consisted of (thousands):

	2001	2000
Land	$ 15,414	$ 14,007
Building	91,531	-
Furniture, fixtures and equipment	303,606	212,674
Beneficial leaseholds	7,349	7,349
Leasehold improvements	54,702	31,613
Construction in progress	28,721	118,553
Total	$ 501,323	$ 384,196
Less: accumulated depreciation and amortization	136,211	105,411
Property and equipment, net	$ 365,112	$ 278,785

5. LEASED FACILITIES AND COMMITMENTS

Annual store rent is comprised of a fixed minimum amount, plus contingent rent based on a percentage of sales exceeding a stipulated amount. Store lease terms generally require additional payments covering taxes, common area costs and certain other expenses.

A summary of rent expense follows (thousands):

	2001	2000
Store rent:		
Fixed minimum	$ 83,608	$ 65,716
Contingent	4,897	7,079
Total store rent	$ 88,505	$ 72,795
Buildings, equipment and other	1,566	2,777
Total rent expense	$ 90,071	$ 75,572

At February 2, 2002, the Company was committed to noncancelable leases with remaining terms of one to fourteen years. These commitments include store leases with initial terms ranging primarily from ten to fifteen years. A summary of minimum rent commitments under noncancelable leases follows (thousands):

2002	$104,085
2003	105,953
2004	105,317
2005	102,533
2006	95,926
Thereafter	309,106

28

6. ACCRUED EXPENSES

Accrued expenses consisted of the following (thousands):

	2001	2000
Accrual for construction in progress	$ 25,338	$ 24,371
Unredeemed gift card revenue	17,031	11,636
Rent and landlord charges	16,247	15,634
Catalogue and advertising costs	11,178	7,818
Compensation and benefits	9,492	11,771
Taxes, other than income	3,552	5,102
Other	26,748	24,970
Total	$ 109,586	$ 101,302

7. INCOME TAXES

The provision for income taxes consisted of (thousands):

	2001	2000	1999

Currently Payable:			
Federal	$ 80,126	$ 80,856	$ 84,33
State	14,567	18,403	20,25
	$ 94,693	$ 99,259	$ 104,58
Deferred:			
Federal	11,133	2,814	(3,88
State	2,024	1,247	(97
	$ 13,157	$ 4,061	$ (4,85
Total provision	$ 107,850	$ 103,320	$ 99,73

A reconciliation between the statutory Federal income tax rate and the effectice income tax rate follows:

	2001	2000	1999
Federal income tax rate	35.0%	35.0%	35.
State income tax, net of Federal income tax effect	3.9%	4.1%	4.
Other items, net	0.1%	0.4%	0.
Total	39.0%	39.5%	40.

Income taxes payable included net current deferred tax assets of $4.9 million and $12.6 million at February 2, 2002 and February 3, 2001, respectively.

Subsequent to the Exchange Offer, the Company began filing its tax returns on a separate basis and made tax payments directly to taxing authorities. Prior to the Exchange Offer, the Company was included in the consolidated federal and certain state income tax groups of The Limited for income tax purposes. Under this arrangement, the Company was responsible for and paid The Limited its proportionate share of income taxes, calculated upon its separate taxable income at the estimated annual effective tax rate. Amounts paid to The Limited totaled $20 thousand, $829 thousand and

29

$9.1 million in 2001, 2000 and 1999, respectively. Amounts paid directly to taxing authorities were $94.3 million, $111.7 million and $81.1 million in 2001, 2000 and 1999, respectively.

The effect of temporary differences which gives rise to deferred income tax assets (liabilities) was as follows (thousands):

	2001	2000
Deferred tax assets:		
Deferred compensation	$ 8,833	$ 8,311
Rent	1,525	2,414
Accrued expenses	7,216	8,144
Inventory	1,747	2,767
Other, net	139	-
Total deferred tax assets	19,460	21,636
Deferred tax liabilities:		
Store supplies	(7,417)	(2,061)
Property and equipment	(8,307)	(85)
Total deferred tax liabilities	(15,724)	(2,146)
Net deferred income tax assets	$ 3,736	$19,490

No valuation allowance has been provided for deferred tax assets because management believes that it is more likely than not that the full amount of the net deferred tax assets will be realized in the future.

8. LONG-TERM DEBT

The Company entered into a $150 million syndicated unsecured credit agreement (the "Agreement") on April 30, 1998. Borrowings outstanding under the Agreement are due April 30, 2003. The Agreement has several borrowing options, including interest rates that are based on the bank agent's "Alternate Base Rate," a LIBO Rate or a rate submitted under a bidding process. Facility fees payable under the 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 trailing four-quarters EBITDAR and currently accrues at .225% of the committed amount per annum. The Agreement contains limitations on debt, liens, restricted payments (including dividends), mergers and acquisitions, sale-leaseback transactions, investments, acquisitions, hedging transactions, and transactions with affiliates. It also contains financial covenants requiring a minimum ratio of EBITDAR to interest expense and minimum rent and a maximum leverage ratio. No amounts were outstanding under the Agreement at February 2, 2002 or February 3, 2001.

9. RELATED PARTY TRANSACTIONS

Subsequent to the Exchange Offer, A&F and The Limited entered into various service agreements for terms ranging from one to three years. A&F hired associates with the appropriate expertise or contracted with outside parties to replace those services which expired in May 1999. Service agreements were also entered into for the continued use by the Company of its distribution and home office space and transportation and logistic services. The agreement for use of distribution space terminated in April 2001. The agreements for home office space and transportation and logistics services expired in May 2001. The cost of these services generally was equal to The Limited's cost in providing the relevant services plus 5% of such costs.

Costs incurred to replace the services provided by The Limited did not have a material adverse impact on the Company's financial condition.

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 fiscal years 2001, 2000 and 1999 were approximately $1.8 million, $1.7 million and $1.4 million, respectively.

On January 1, 2002, A&F loaned the amount of $4,953,833 to its Chairman of the Board, a major shareholder of A&F, pursuant to the terms of a replacement promissory note, which provides that such amount is due and payable on December 31, 2002. If A&F records net sales of at least $1,156,100,000 during the period from February 3, 2002 through November 30, 2002, the outstanding principal under the note will not bear interest. If A&F does not record net sales exceeding that threshold, the outstanding principal under the note will bear interest from January 1, 2002 at the rate of 4.5% per annum. This note constitutes a replacement of, and substitute for, the replacement promissory note dated as of May 18, 2001 in the amount of $4,817,146, which has been cancelled. The replacement promissory note dated May 18, 2001 constituted a replacement of, and substitute for, the replacement promissory note dated as of August 28, 2000 in the amount of $4.5 million. The replacement promissory note dated August 28, 2000 constituted a replacement of, and substitute for, the promissory note dated March 1, 2000 and the replacement promissory note dated May 19, 2000 in the amounts of $1.5 million and $3.0 million, respectively. The replacement promissory note dated May 19, 2000 constituted a replacement of, and substitute for, the promissory note dated as of November 17, 1999 in the amount of $1.5 million.

10. STOCK OPTIONS AND RESTRICTED SHARES

Under A&F's stock plans, associates and non-associate directors may be granted up to a total of 21.3 million restricted shares and options to purchase A&F's common stock at the market price on the date of grant. In 2001, associates of the Company were granted approximately 600 thousand options, with vesting periods from four to five years. A total of 84,000 options were granted to non-associate directors in 2001, all of which vest over four years. All options have a maximum term of ten years.

The Company adopted the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation," in 1996, but elected to continue to measure compensation expense in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, no compensation expense for stock options has been recognized. If compensation expense had been determined based on the estimated fair value of options granted in 2001, 2000 and 1999, consistent with the methodology in SFAS No. 123, the pro forma effect on net income and net income per diluted share would have been a reduction of approximately $20.6 million or $.20 per share in 2001, $20.0 million or $.20 per share in 2000 and $18.5 million or $.17 per share in 1999. The weighted-average fair value of all options granted during fiscal 2001, 2000 and 1999 was $14.96, $8.90 and $23.34, respectively. The fair value of each option was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2001, 2000 and 1999: no expected dividends; price volatility of 54% in 2001, 50% in 2000 and 45% in 1999; risk-free interest rates of 4.7%, 6.2% and 6.0% in 2001, 2000 and 1999, respectively; assumed forfeiture rates of 15% in 2001 and 10% in 2000 and 1999; and expected lives of 5 years in 2001 and 2000 and 6.5 years in 1999.

The pro forma effect on net income for 2001, 2000 and 1999 is not representative of the pro forma effect on net income in future years because it takes into consideration pro forma compensation expense related only to those grants made subsequent to the Offering.

31

Options Outstanding at February 2, 2002

Options Outstanding				Options E
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable
$ 8 - $23	4,449,000	6.3	$13.02	1,762,000
$23 - $38	3,304,000	7.2	$26.29	1,126,000
$38 - $52	5,208,000	7.5	$43.50	177,000
$ 8 - $52	12,961,000	7.0	$28.65	3,065,000

A summary of option activity for 2001, 2000 and 1999 follows:

	2001		2000	
	Shares	Weighted Average Option Price	Shares	Weighted Average Option Price
Outstanding at beginning of year	12,994,000	$28.01	12,809,000	$28.03
Granted	648,000	29.38	1,414,000	17.25
Exercised	(521,000)	15.00	(193,000)	14.57
Canceled	(160,000)	24.09	(1,036,000)	16.06
Outstanding at end of year	12,961,000	$28.65	12,994,000	$28.01
Options exercisable at year-end	3,065,000	$18.49	2,164,000	$16.13

A total of 19,000, 102,000 and 140,000 restricted shares were granted in 2001, 2000 and 1999, respectively, with a total market value at grant date of $.6 million, $2.3 million and $5.4 million, respectively. The restricted share grants generally vest either on a graduated scale over four years or 100% at the end of a fixed vesting period, principally five years. The market value of restricted shares is being amortized as compensation expense over the vesting period, generally four to five years. Compensation expenses related to restricted share awards amounted to $3.9 million, $4.3 million and $5.2 million in 2001, 2000 and 1999, respectively.

11. RETIREMENT BENEFITS

The Company participates in a qualified defined contribution retirement plan and a nonqualified supplemental retirement plan. Participation in the qualified plan is available to all associates who have completed 1,000 or more hours of service with the Company during certain 12-month periods and attained the age of 21. Participation in the nonqualified plan is subject to service and compensation requirements. The Company's contributions to these plans are based on a percentage of associates' eligible annual compensation. The cost of these plans was $3.9 million in 2001, $3.0 million in 2000 and $2.6 million in 1999.

12. CONTINGENCIES

The Company is involved in a number of legal proceedings. Although it is not possible to predict with any certainty the eventual outcome of any legal proceedings, it is the opinion of management that the ultimate resolution of these matters will not have a material impact on the Company's results of operations, cash flows or financial position.

13. PREFERRED STOCK PURCHASE RIGHTS

On July 16, 1998, A&F's Board of Directors declared a dividend of .50 of a Series A Participating Cumulative Preferred Stock Purchase Right (Right) for each outstanding share of Class A Common Stock, par value $.01 per share (Common Stock), of A&F. The dividend was paid to shareholders of record on July 28, 1998. Shares of Common Stock issued after July 28, 1998 and prior to the Distribution Date described below will be issued with .50 Right attached. Under certain conditions, each whole Right may be exercised to purchase one one-thousandth of a share of Series A Participating Cumulative Preferred Stock at an initial price of $250. The Rights initially will be attached to the shares of Common Stock. The Rights will separate from the Common Stock and a Distribution Date will occur upon the earlier of 10 business days after a public announcement that a person or group has acquired beneficial ownership of 20% or more of A&F's outstanding shares of Common Stock and become an "Acquiring Person" (Share Acquisition Date) or 10 business days (or such later date as the Board shall determine before any person has become an Acquiring Person) after commencement of a tender or exchange offer which would result in a person or group beneficially owning 20% or more of A&F's outstanding Common Stock. The Rights are not exercisable until the Distribution Date.

In the event that any person becomes an Acquiring Person, each holder of a Right (other than the Acquiring Person and certain affiliated persons) will be entitled to purchase, upon exercise of the Right, shares of Common Stock having a market value two times the exercise price of the

Right. At any time after any person becomes an Acquiring Person (but before any person becomes the beneficial owner of 50% or more of the outstanding shares), A&F's Board of Directors may exchange all or part of the Rights (other than Rights beneficially owned by an Acquiring Person and certain affiliated persons) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right. In the event that, at any time following the Share Acquisition Date, A&F is acquired in a merger or other business combination transaction in which A&F is not the surviving corporation, the Common Stock is exchanged for other securities or assets or 50% or more of A&F's assets or earning power is sold or transferred, the holder of a Right will be entitled to buy, for the exercise price of the Rights, the number of shares of Common Stock of the acquiring company which at the time of such transaction will have a market value of two times the exercise price of the Right.

The Rights, which do not have any voting rights, expire on July 16, 2008, and may be redeemed by A&F at a price of $.01 per whole Right at any time before a person becomes an Acquiring Person.

Rights holders have no rights as a shareholder of A&F, including the right to vote and to receive dividends.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial results for 2001 and 2000 follow (thousands except per share amounts):

2001 Quarter	First	Second	Third
Net sales	$263,680	$280,116	$354,473
Gross income	97,840	108,327	143,403
Net income	20,603	25,038	43,863
Net income per basic share	$.21	$.25	$.44
Net income per diluted share	$.20	$.24	$.43

2000 Quarter	First	Second	Third
Net sales	$205,006	$229,031	$364,122
Gross income	75,403	87,765	143,283
Net income	16,163	21,163	43,592
Net income per basic share	$.16	$.21	$.44
Net income per diluted share	$.16	$.21	$.43

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Report of Independent Accountants

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Abercrombie & Fitch and its subsidiaries at February 2, 2002 and February 3, 2001, and the results of their operations and their cash flows for each of the three years in the period ended February 2, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Columbus, Ohio
February 19, 2002

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information regarding directors of A&F is set forth under the captions "ELECTION OF DIRECTORS - Nominees and Directors", "- Business Experience", "- Information Concerning the Board of Directors" and "- Security Ownership of Directors and Management" and "EXECUTIVE COMPENSATION - Employment Agreements and Other Transactions with Certain Executive Officers" in A&F's definitive proxy statement for the Annual Meeting of Shareholders to be held on May 23, 2002 (the "Proxy Statement") and is incorporated herein by reference. Information regarding executive officers of A&F is set forth under the captions "ELECTION OF DIRECTORS - Business Experience", " - Executive Officers", and "- Security Ownership of Directors and Management" and "EXECUTIVE COMPENSATION - Employment Agreements and Other Transactions with Certain Executive Officers" in the Proxy Statement and is incorporated herein by reference. In addition, information regarding executive officers of A&F is included in this Annual Report on Form 10-K under the caption "SUPPLEMENTAL ITEM. EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I and is incorporated herein by reference. No disclosure is required to be made under Item 405 of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding executive compensation is set forth under the caption "EXECUTIVE COMPENSATION" in the Proxy Statement and is incorporated herein by reference. Such incorporation by reference shall not be deemed to specifically incorporate by reference the information referred to in Item 402(a)(8) of Regulation S-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information regarding the security ownership of certain beneficial owners and management is set forth under the captions "PRINCIPAL HOLDERS OF SHARES" and "ELECTION OF DIRECTORS - Security Ownership of Directors and Management" in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information regarding certain relationships and related transactions is set forth under the captions "ELECTION OF DIRECTORS - Business Experience" and "EXECUTIVE COMPENSATION - Employment Agreements and Other Transactions with Certain Executive Officers" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)(1) List of Financial Statements.

The following consolidated financial statements of Abercrombie & Fitch and the related notes are filed as a part of this report pursuant to ITEM 8:

Consolidated Statements of Income for the fiscal years ended February 2, 2002, February 3, 2001 and January 29, 2000.

Consolidated Balance Sheets as of February 2, 2002 and February 3, 2001.

Consolidated Statements of Shareholders' Equity for the fiscal years ended February 2, 2002, February 3, 2001 and January 29, 2000.

Consolidated Statements of Cash Flows for the fiscal years ended February 2, 2002, February 3, 2001 and January 29, 2000.

Notes to Consolidated Financial Statements.

Report of Independent Accountants.

(a)(2) List of Financial Statement Schedules.

All schedules are omitted because the required information is either presented in the consolidated financial statements or notes thereto, or is not applicable, required or material.

(a)(3) List of 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 by reference to Exhibit 3.1 to A&F's Quarterly Report on Form 10-Q for the quarter 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 by reference to Exhibit 3.2

to A&F's Annual Report on Form 10-K for the year ended January 30, 1999. (File No. 1-12107)

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

3.4 Amended and Restated Bylaws of A&F, effective January 31, 2002.

4. Instruments Defining the Rights of Security Holders.

4.1 Credit Agreement, dated as of April 30, 1998, among Abercrombie & Fitch Stores, Inc., as Borrower, A&F, as Guarantor, the Lenders party thereto, The Chase Manhattan Bank, as Administrative Agent, and Chase Securities, Inc., as Arranger,

incorporated by reference to Exhibit 4.1 to A&F's Current Report on Form 8-K dated May 7, 1998. (File No. 1-12107)

4.2 First Amendment and Waiver, dated as of July 30, 1999, to the Credit Agreement, dated as of April 30, 1998, among Abercrombie & Fitch Stores, Inc., A&F, the lenders party thereto and The Chase Manhattan Bank, as Administrative Agent, incorporated by reference to Exhibit 4.3 to A&F's Quarterly Report on Form 10-Q for the quarter ended July 31, 1999. (File No. 1-12107)

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

4.4 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 by reference to Exhibit 2 to A&F's Amendment No. 1 to Form 8-A dated April 23, 1999. (File No. 1-12107)

4.5 Certificate of adjustment of number of Rights associated with each share of Class A Common Stock, dated May 27, 1999, incorporated by reference to Exhibit 4.6 to A&F's Quarterly Report on Form 10-Q for the quarter ended July 31, 1999. (File No. 1-12107)

4.6 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 by reference to Exhibit 4.6 to A&F's Quarterly Report on Form 10-Q for the quarter ended August 4, 2001. (File No. 1-12107)

10. Material Contracts.

10.1 Abercrombie & Fitch Co. Incentive Compensation Performance Plan, incorporated by reference to Exhibit A to A&F's Proxy Statement dated April 14, 1997. (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 by reference to Exhibit 10.2 to A&F's Annual Report on Form 10-K for the 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 November 1, 2001 and the two-for-one stock split distributed June 15, 1999 to stockholders of record on May 25, 1999), incorporated by reference to Exhibit 10.3 to A&F's Quarterly Report on Form 10-Q for the quarter ended November 3, 2001. (File No. 1-12107)

10.4 Abercrombie & Fitch Co. 2002 Stock Option Plan for Associates.

10.5 Employment Agreement by and between A&F and Michael S. Jeffries dated as of May 13, 1997 with exhibits and amendment, incorporated by reference to Exhibit 10.4 to A&F's Quarterly Report on Form 10-Q for the quarter ended November 1, 1997. (File No. 1-12107)

10.6 Employment Agreement by and between A&F and Seth R. Johnson dated as of December 5, 1997, incorporated by reference to Exhibit 10.10 to A&F's

Amendment No. 4 to Form S-4 Registration Statement filed on April 14, 1998 (Registration No. 333-46423).

10.7 Tax Disaffiliation Agreement dated as of May 19, 1998 between The Limited, Inc. and A&F, incorporated by reference to Exhibit 10.7 to A&F's Quarterly Report on Form 10-Q for the quarter ended May 2, 1998. (File No. 1-12107)

10.8 Abercrombie & Fitch, Inc. Directors' Deferred Compensation Plan, incorporated by reference to Exhibit 10.14 to A&F's Annual Report on Form 10-K for the year ended January 30, 1999. (File No. 1-12107)

10.9 Replacement Promissory Note, dated January 1, 2002, issued by Michael S. Jeffries to A&F.

21. Subsidiaries of the Registrant.

23. Consent of Independent Accountants.

24. Powers of Attorney.

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the fiscal quarter ended February 2, 2002.

(c) Exhibits.

The exhibits to this report are listed in section (a)(3) of Item 14 above.

(d) Financial Statement Schedules.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: April 17, 2002

ABERCROMBIE & FITCH CO.

By /s/ SETH R. JOHNSON

Seth R. Johnson,
Executive Vice President - Chief Operating Officer
Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on April 17, 2002.

Signature	Title
/s/ MICHAEL S. JEFFRIES* Michael S. Jeffries	Chairman of the Board of Directors and Chief Executive Officer
/s/ SETH R. JOHNSON Seth R. Johnson	Executive Vice President - Chief Operating Officer and Director
/s/ RUSSELL M. GERTMENIAN* Russell M. Gertmenian	Director
/s/ JOHN A. GOLDEN* John A. Golden	Director
/s/ ARCHIE M. GRIFFIN* Archie M. Griffin	Director
/s/ JOHN W. KESSLER* John W. Kessler	Director
/s/ SAM N. SHAHID* Sam N. Shahid	Director
/s/ KATHRYN D. SULLIVAN, Ph.D.* Kathryn D. Sullivan, Ph.D.	Director

*The undersigned, by signing his name hereto, does hereby sign this report on behalf of each of the above-indicated directors and executive officers of the registrant pursuant to powers of attorney executed by such directors and executive officers.

By /s/ SETH R. JOHNSON

Seth R. Johnson
Attorney-in-fact

40

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED FEBRUARY 2, 2002

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

EXHIBITS

EXHIBIT INDEX

Exhibit No.	Document
3.4	Amended and Restated Bylaws of A&F, effective January 31, 2002.
10.4	Abercrombie & Fitch Co. 2002 Stock Option Plan For Associates.
10.9	Replacement Promissory Note, dated January 1, 2002, issued by Michael S. Jeffries to A&F.
21	Subsidiaries of the Registrant.
23	Consent of Independent Accountants.
24	Powers of Attorney.