



**AMERICAN EAGLE
OUTFITTERS**

NEWS RELEASE

American Eagle Outfitters Reports 38% Increase in First Quarter Adjusted EPS and 18% Sales Growth

5/23/2012

PITTSBURGH--(BUSINESS WIRE)--May. 23, 2012-- American Eagle Outfitters, Inc. (NYSE:AEO) today announced earnings of \$0.20 per diluted share for the first quarter ended April 28, 2012, compared to \$0.14 per diluted share for the comparable quarter last year. Adjusted earnings for the quarter were \$0.22 per diluted share, which excludes the operating results for 77kids, compared to adjusted earnings of \$0.16 per diluted share last year. Please see the following tables for a complete reconciliation of GAAP to non-GAAP results for all periods presented.

Robert Hanson , chief executive officer stated, "I'm extremely pleased by our performance this quarter and appreciate the team's accomplishments. We remain focused on delivering continued improvements in the near term, while fortifying our core brands and capabilities to pursue incremental profitable growth and consistent returns to shareholders."

GAAP First Quarter Results

- Net sales increased 18% to \$719 million, compared to \$610 million last year.
- Comparable store sales, including AE Direct, increased 17%, compared to a 7% decrease last year.
- Gross profit increased 18% to \$273 million, or 37.9% as a rate to sales, compared to \$232 million, or 38.0% as a rate to sales, last year. Higher product costs, driven by the spike in cotton and incremental incentive costs, adversely affected the merchandise margin. This was offset by a 220 basis point improvement in buying, occupancy and warehousing due to strong sales.
- Selling, general and administrative expense of \$183 million improved 60 basis points to 25.4%, as a rate to sales, compared to 26.0% last year.

- Operating income of \$57 million increased 49%, compared to \$38 million last year. The operating margin rate of 8.0% compared to 6.3% last year.
- Other income of \$4 million primarily relates to a settlement recovery from auction rate securities.
- EPS of \$0.20 compared to \$0.14 last year, a 43% increase.

Non-GAAP First Quarter Results

The following discussion of first quarter results excludes the operating results for the 77kids brand.

- Net sales increased 18% to \$709 million, compared to \$603 million last year.
- Comparable store sales, including AE Direct, increased 17%, compared to a 7% decrease last year.
- Gross profit increased 18% to \$275 million. The gross margin rate of 38.8% was flat to last year. Higher product costs, driven by the spike in cotton and incremental incentive costs, adversely affected the merchandise margin. This was offset by a 220 basis point improvement in buying, occupancy and warehousing due to strong sales.
- Selling general and administrative expense of \$179 million improved 60 basis points to 25.2%, compared to 25.8% last year.
- Operating income increased 46% to \$64 million. The operating margin expanded to 9.1% compared to 7.3% last year.
- EPS of \$0.22 compared to \$0.16 last year, a 38% increase.

77kids Update

On May 18, 2012, the company announced plans to exit its children's business, 77kids, which includes 22 stores and the online business. The company is currently exploring options for the business, which include a full or partial disposition of assets to a third party.

In fiscal 2011, the brand generated an after-tax loss of approximately \$24 million on sales of \$40 million. The company anticipates charges associated with the disposition of 77kids to be taken primarily in the second and third quarters of 2012, which will be disclosed as plans are finalized.

AEO Direct

In the first quarter, online sales increased 22%, compared to a 3% increase last year. The company's online business includes ae.com, aerie.com and 77kids.com.

Inventory

Total merchandise inventories at the end of the first quarter were \$377 million vs. \$332 million last year. At cost per foot, inventory is up 14% compared to last year. Second quarter ending inventory cost per foot is expected to be up in the mid single digits.

Capital Expenditures

For the first quarter, capital expenditures were \$25 million, compared to \$38 million last year. For fiscal 2012, the company continues to expect capital expenditures to be approximately \$100 million.

Real Estate

In the first quarter, total square footage increased slightly, reflecting seven store openings, offset by seven store closures, and 21 remodels and refurbishments. For additional first quarter 2012 actual and fiscal 2012 projected real estate information, see the accompanying table.

Cash and Investments

The company ended the quarter with total cash and short-term investments of \$722 million compared to \$605 million last year.

Future Outlook

Assuming low to mid-single digit comparable store sales growth for the year, the company expects annual adjusted EPS of \$1.16 to \$1.22 compared to adjusted EPS of \$0.97 last year. For the second quarter the company expects adjusted EPS of \$0.13 to \$0.15, assuming mid single digit comparable store sale growth. This compares to adjusted EPS of \$0.13 last year. Guidance excludes operating results and exit charges related to 77kids in addition to other potential restructuring charges.

Conference Call and Supplemental Financial Information

Today management will host a conference call and real time webcast at 9:00 a.m. Eastern Time. To listen to the call, dial 1-877-407-0789 or internationally dial 1-201-689-8562 or go to www.ae.com to access the webcast and audio replay. Also, a financial results presentation is posted on the company's website.

About American Eagle Outfitters, Inc.

American Eagle Outfitters, Inc. (NYSE: AEO) is a leading global specialty retailer offering high-quality, on-trend clothing, accessories and personal care products at affordable prices under its American Eagle Outfitters®, Aerie®

and 77kids® brands. The company operates more than 1,000 stores in North America, and ships to 77 countries worldwide through its websites. American Eagle Outfitters and Aerie merchandise also is available at approximately 35 international franchise stores in 12 countries. For more information, please visit www.ae.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This release contains forward-looking statements, which represent our expectations or beliefs concerning future events, specifically regarding second quarter and fiscal 2012 results. All forward-looking statements made by the company involve material risks and uncertainties and are subject to change based on factors beyond the company's control. Such factors include, but are not limited to the risk that the company's operating, financial and capital plans may not be achieved and the risks described in the Risk Factor Section of the company's Form 10-K and Form 10-Q filed with the Securities and Exchange Commission. Accordingly, the company's future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. The company does not undertake to publicly update or revise its forward-looking statements even if future changes make it clear that projected results expressed or implied will not be realized.

AMERICAN EAGLE OUTFITTERS, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

| | April 28, 2012 (unaudited) | January 28, 2012 | April 30, 2011 (unaudited) |
|--|----------------------------------|---------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 713,443 | \$ 719,545 | \$ 474,668 |
| Short-term investments | 8,587 | 25,499 | 130,513 |
| Merchandise inventory | 376,688 | 378,426 | 331,588 |
| Accounts receivable | 37,472 | 40,310 | 31,464 |
| Prepaid expenses and other | 75,433 | 74,947 | 84,687 |
| Deferred income taxes | 48,358 | 48,761 | 49,023 |
| Total current assets | 1,259,981 | 1,287,488 | 1,101,943 |
| Property and equipment, net | 572,104 | 582,162 | 641,907 |
| Intangible assets, net | 39,556 | 39,832 | 40,454 |
| Goodwill | 11,544 | 11,469 | 11,710 |
| Non-current deferred income taxes | 16,579 | 13,467 | 10,030 |
| Other assets | 16,688 | 16,384 | 26,294 |
| Total Assets | \$ 1,916,452 | \$ 1,950,802 | \$ 1,832,338 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable | \$ 133,861 | \$ 183,783 | \$ 155,183 |
| Accrued compensation and payroll taxes | 21,970 | 42,625 | 14,915 |
| Accrued rent | 76,550 | 76,921 | 70,873 |
| Accrued income and other taxes | 14,333 | 20,135 | 12,242 |
| Unredeemed gift cards and gift certificates | 30,783 | 44,970 | 29,187 |
| Current portion of deferred lease credits | 14,945 | 15,066 | 15,981 |
| Other current liabilities and accrued expenses | 25,779 | 21,901 | 24,566 |
| Total current liabilities | 318,221 | 405,401 | 322,947 |
| Deferred lease credits | 73,350 | 71,880 | 79,131 |
| Non-current accrued income taxes | 31,806 | 35,471 | 40,310 |
| Other non-current liabilities | 22,544 | 21,199 | 23,486 |
| Total non-current liabilities | 127,700 | 128,550 | 142,927 |
| Commitments and contingencies | - | - | - |
| Preferred stock | - | - | - |
| Common stock | 2,496 | 2,496 | 2,496 |
| Contributed capital | 567,700 | 552,797 | 543,393 |
| Accumulated other comprehensive income | 30,532 | 28,659 | 33,573 |
| Retained earnings | 1,774,205 | 1,771,464 | 1,716,173 |
| Treasury stock | (904,402) | (938,565) | (929,171) |
| Total stockholders' equity | 1,470,531 | 1,416,851 | 1,366,464 |
| Total Liabilities and Stockholders' Equity | \$ 1,916,452 | \$ 1,950,802 | \$ 1,832,338 |
| Current Ratio | 3.96 | 3.18 | 3.41 |

AMERICAN EAGLE OUTFITTERS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands, except per share amounts)
(unaudited)

| | 13 Weeks Ended | | | |
|---|-------------------|---------------|-------------------|---------------|
| | April 28, 2012 | % of Sales | April 30, 2011 | % of Sales |
| Net sales | \$ 719,093 | 100.0 % | \$ 609,562 | 100.0 % |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 446,430 | 62.1 % | 377,801 | 62.0 % |

| | | | | | | |
|--|-----------|------|---|-----------|------|---|
| Gross profit | 272,663 | 37.9 | % | 231,761 | 38.0 | % |
| Selling, general and administrative expenses | 182,605 | 25.4 | % | 158,491 | 26.0 | % |
| Depreciation and amortization | 32,798 | 4.5 | % | 34,880 | 5.7 | % |
| Operating income | 57,260 | 8.0 | % | 38,390 | 6.3 | % |
| Other income, net | 3,507 | 0.5 | % | 4,512 | 0.7 | % |
| Income before income taxes | 60,767 | 8.5 | % | 42,902 | 7.0 | % |
| Provision for income taxes | 21,070 | 3.0 | % | 14,577 | 2.4 | % |
| Net income | \$ 39,697 | 5.5 | % | \$ 28,325 | 4.6 | % |
| Net income per basic common share | \$ 0.20 | | | \$ 0.15 | | |
| Net income per diluted common share | \$ 0.20 | | | \$ 0.14 | | |
| Weighted average common shares outstanding - basic | 194,890 | | | 194,683 | | |
| Weighted average common shares outstanding - diluted | 197,252 | | | 196,633 | | |

AMERICAN EAGLE OUTFITTERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

| | 13 Weeks Ended | |
|--|-------------------|-------------------|
| | April 28, 2012 | April 30, 2011 |
| Operating activities: | | |
| Net income | \$ 39,697 | \$ 28,325 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 33,323 | 35,534 |
| Share-based compensation | 21,299 | 2,506 |
| Provision for deferred income taxes | (2,772) | 8,708 |
| Tax benefit from share-based payments | 4,422 | 256 |
| Excess tax benefit from share-based payments | (2,643) | (139) |
| Foreign currency transaction gain | (145) | (219) |
| Changes in assets and liabilities: | | |
| Merchandise inventory | 2,345 | (28,674) |
| Accounts receivable | 2,865 | 5,445 |
| Prepaid expenses and other | (347) | (30,327) |
| Other assets | (426) | (2,400) |
| Accounts payable | (46,852) | (7,301) |
| Unredeemed gift cards and gift certificates | (14,260) | (11,960) |
| Deferred lease credits | 1,203 | (174) |
| Accrued compensation and payroll taxes | (20,687) | (20,110) |
| Accrued income and other taxes | (9,498) | (18,749) |
| Accrued liabilities | 5,154 | 90 |
| Total adjustments | (27,019) | (67,514) |
| Net cash provided by (used for) operating activities | \$ 12,678 | \$ (39,189) |
| Investing activities: | | |
| Capital expenditures for property and equipment | (24,831) | (37,744) |
| Acquisition of intangible assets | (220) | (33,151) |
| Purchase of available-for-sale securities | (3,051) | (111,199) |
| Sale of available-for-sale securities | 20,119 | 48,887 |
| Net cash used for investing activities | \$ (7,983) | \$ (133,207) |
| Financing activities: | | |
| Payments on capital leases | (941) | (756) |
| Repurchase of common stock from employees | (4,100) | (2,181) |
| Net proceeds from stock options exercised | 12,165 | 2,539 |
| Excess tax benefit from share-based payments | 2,643 | 139 |
| Cash dividends paid | (21,524) | (21,430) |
| Net cash used for financing activities | \$ (11,757) | \$ (21,689) |
| Effect of exchange rates on cash | 960 | 1,160 |
| Net decrease in cash and cash equivalents | \$ (6,102) | \$ (192,925) |
| Cash and cash equivalents - beginning of period | 719,545 | 667,593 |
| Cash and cash equivalents - end of period | \$ 713,443 | \$ 474,668 |

AMERICAN EAGLE OUTFITTERS, INC.
COMPARABLE STORE SALES RESULTS BY BRAND
(unaudited)

| | First Quarter Comparable Store Sales 2012 | 2011 |
|------------------------------------|---|------|
| American Eagle Outfitters, Inc.(1) | 17% | -7% |
| AE Brand | 17% | -8% |
| erie | 20% | -7% |
| AEO Direct (1) | 22% | 3% |

(1) AEO Direct is comprised of ae.com, erie.com and 77kids.com. AEO Direct is included in consolidated comparable store sales.

AMERICAN EAGLE OUTFITTERS, INC.
REAL ESTATE INFORMATION
(unaudited)

| | First Quarter Fiscal 2011 | Fiscal 2012 Guidance |
|---|------------------------------|-------------------------|
| Consolidated stores at beginning of period | 1,090 | 1,090 |
| Consolidated stores opened during the period | | |
| AE Brand | 6 | 15 |
| 77kids | 1 | 1 |
| Consolidated stores closed during the period | | |
| AE Brand and erie | (7) | (20) - (30) |
| 77kids | - | (22) |
| Total consolidated stores at end of period | 1,090 | 1,054 - 1,064 |
| Stores remodeled and refurbished during the period | 21 | 55 - 65 |
| Total gross square footage at end of period | 6,414,420 | Not Provided |
| International franchise stores at end of period (1) | 34 | 52 |

(1)- International franchise stores are not included in the consolidated store data or the total gross square footage calculation.

AMERICAN EAGLE OUTFITTERS, INC.
GAAP TO NON-GAAP RECONCILIATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands, except per share amounts)
(unaudited)

| | First Quarter Fiscal 2012 American Eagle Outfitters, Inc. (GAAP Basis) | | | 77kids (1) | American Eagle Outfitters, Inc. (Non-GAAP Basis) | | |
|---|---|---------------|------------|------------|--|---------------|--|
| | | % of Sales | | | | % of Sales | |
| Net sales | \$719,093 | 100.0 % | \$ 10,398 | \$ 708,695 | 100.0 % | | |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 446,430 | 62.1 % | 12,648 | 433,782 | 61.2 % | | |
| Gross profit (loss) | 272,663 | 37.9 % | (2,250) | 274,913 | 38.8 % | | |
| Selling, general and administrative expenses | 182,605 | 25.4 % | 4,066 | 178,539 | 25.2 % | | |
| Depreciation and amortization | 32,798 | 4.5 % | 732 | 32,066 | 4.5 % | | |
| Operating income (loss) | 57,260 | 8.0 % | (7,048) | 64,308 | 9.1 % | | |
| Other income, net | 3,507 | 0.5 % | - | 3,507 | 0.5 % | | |
| Income (loss) before income taxes | 60,767 | 8.5 % | (7,048) | 67,815 | 9.6 % | | |
| Provision (benefit) for income taxes | 21,070 | 3.0 % | (2,710) | 23,780 | 3.4 % | | |
| Net income (loss) | \$39,697 | 5.5 % | \$ (4,338) | \$ 44,035 | 6.2 % | | |
| Net income (loss) per basic common share | \$0.20 | | \$ (0.02) | \$ 0.22 | | | |
| Net income (loss) per diluted common share | \$0.20 | | \$ (0.02) | \$ 0.22 | | | |
| Weighted average common shares outstanding - basic | 194,890 | | 194,890 | 194,890 | | | |
| Weighted average common shares outstanding - diluted | 197,252 | | 197,252 | 197,252 | | | |

| | First Quarter Fiscal 2011 American Eagle Outfitters, Inc. (GAAP Basis) | | | 77kids (1) | American Eagle Outfitters, Inc. (Non-GAAP Basis) | | |
|---|---|---------------|------------|------------|--|---------------|--|
| | | % of Sales | | | | % of Sales | |
| Net sales | \$609,562 | 100.0 % | \$ 6,478 | \$ 603,084 | 100.0 % | | |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 377,801 | 62.0 % | 8,536 | 369,265 | 61.2 % | | |
| Gross profit (loss) | 231,761 | 38.0 % | (2,058) | 233,819 | 38.8 % | | |
| Selling, general and administrative expenses | 158,491 | 26.0 % | 3,239 | 155,252 | 25.8 % | | |
| Depreciation and amortization | 34,880 | 5.7 % | 444 | 34,436 | 5.7 % | | |
| Operating income (loss) | 38,390 | 6.3 % | (5,741) | 44,131 | 7.3 % | | |
| Other income, net | 4,512 | 0.7 % | - | 4,512 | 0.7 % | | |
| Income (loss) before income taxes | 42,902 | 7.0 % | (5,741) | 48,643 | 8.0 % | | |
| Provision (benefit) for income taxes | 14,577 | 2.4 % | (2,195) | 16,772 | 2.7 % | | |
| Net income (loss) | \$28,325 | 4.6 % | \$ (3,546) | \$ 31,871 | 5.3 % | | |
| Net income (loss) per basic common share | \$0.15 | | \$ (0.02) | \$ 0.17 | | | |
| Net income (loss) per diluted common share | \$0.14 | | \$ (0.02) | \$ 0.16 | | | |
| Weighted average common shares outstanding - basic | 194,683 | | 194,683 | 194,683 | | | |
| Weighted average common shares outstanding - diluted | 196,633 | | 196,633 | 196,633 | | | |

(1) Represents 77kids store and online business operating results, as well as home office and other costs directly attributable to 77kids operations.

AMERICAN EAGLE OUTFITTERS, INC.
GAAP TO NON-GAAP RECONCILIATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars and shares in thousands, except per share amounts)
(unaudited)

| | Fiscal 2011 | | | | American Eagle Outfitters, Inc. (Non-GAAP excluding 77kids and Other Non-GAAP Items) | | |
|---|---------------------------------------|---------------|---------------|------------|--|-------------------------------------|---------------|
| | American Eagle Outfitters, Inc. | | 77kids (1) | | Non- GAAP Items (2) | 77kids and Other Non-GAAP Items) | |
| | (GAAP Basis) | % of Sales | | | | | % of Sales |
| Net sales | \$3,159,818 | 100.0% | \$39,753 | \$- | | \$ 3,120,065 | 100.0 % |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 2,031,477 | 64.3 % | 56,006 | - | | 1,975,471 | 63.3 % |
| Gross profit (loss) | 1,128,341 | 35.7 % | (16,253) | - | | 1,144,594 | 36.7 % |
| Selling, general and administrative expenses | 735,828 | 23.3 % | 17,705 | 5,536 | | 712,587 | 22.9 % |
| Loss on impairment of assets | 20,730 | 0.7 % | 1,552 | 19,178 | | - | 0.0 % |
| Depreciation and amortization | 140,647 | 4.4 % | 2,689 | - | | 137,958 | 4.4 % |
| Operating income (loss) | 231,136 | 7.3 % | (38,199) | (24,714) | | 294,049 | 9.4 % |
| Other income (expense), net | 5,874 | 0.2 % | - | (677) | | 6,551 | 0.2 % |
| Income (loss) before income taxes | 237,010 | 7.5 % | (38,199) | (25,391) | | 300,600 | 9.6 % |
| Provision (benefit) for income taxes | 85,305 | 2.7 % | (14,625) | (9,725) | | 109,655 | 3.5 % |
| Net income (loss) | \$151,705 | 4.8 % | \$(23,574) | \$(15,666) | | \$ 190,945 | 6.1 % |
| Net income (loss) per basic common share | \$0.78 | | \$(0.12) | \$(0.08) | | \$ 0.98 | |
| Net income (loss) per diluted common share | \$0.77 | | \$(0.12) | \$(0.08) | | \$ 0.97 | |
| Weighted average common shares outstanding - basic | 194,445 | | 194,445 | 194,445 | | 194,445 | |
| Weighted average common shares outstanding - diluted | 196,314 | | 196,314 | 196,314 | | 196,314 | |

| | Fiscal 2010 | | | | American Eagle Outfitters, Inc. (Non-GAAP excluding 77kids and Other Non-GAAP Items) | | |
|---|---------------------------------------|---------------|---------------|------------|--|-------------------------------------|---------------|
| | American Eagle Outfitters, Inc. | | 77kids (1) | | Non- GAAP Items (3) | 77kids and Other Non-GAAP Items) | |
| | (GAAP Basis) | % of Sales | | | | | % of Sales |
| Net sales | \$2,967,559 | 100.0% | \$22,265 | \$- | | \$ 2,945,294 | 100.0 % |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 1,796,600 | 60.5 % | 33,457 | - | | 1,763,143 | 59.9 % |
| Gross profit (loss) | 1,170,959 | 39.5 % | (11,192) | - | | 1,182,151 | 40.1 % |
| Selling, general and administrative expenses | 713,197 | 24.0 % | 10,273 | - | | 702,924 | 23.9 % |
| Depreciation and amortization | 140,501 | 4.8 % | 826 | - | | 139,675 | 4.8 % |
| Operating income (loss) | 317,261 | 10.7 % | (22,291) | - | | 339,552 | 11.4 % |
| Realized loss on sale of investment securities | (24,426) | -0.8 % | - | (24,201) | | (225) | 0.0 % |
| Other income, net | 2,249 | 0.0 % | - | - | | 2,249 | 0.1 % |
| Income (loss) before income taxes | 295,084 | 9.9 % | (22,291) | (24,201) | | 341,576 | 11.5 % |
| Provision (benefit) for income taxes | 113,150 | 3.8 % | (8,494) | - | | 121,644 | 4.0 % |
| Net income (loss) | \$181,934 | 6.1 % | \$(13,797) | \$(24,201) | | \$ 219,932 | 7.5 % |
| Net income (loss) per basic common share | \$0.91 | | \$(0.07) | \$(0.12) | | \$ 1.10 | |
| Net income (loss) per diluted common share | \$0.90 | | \$(0.07) | \$(0.12) | | \$ 1.09 | |
| Weighted average common shares outstanding - basic | 199,979 | | 199,979 | 199,979 | | 199,979 | |

Weighted average common shares outstanding - diluted 201,818 201,818 201,818 201,818

(1) Represents 77kids store and online business operating results, as well as home office and other costs directly attributable to 77kids operations.

(2) Non-GAAP items for Fiscal 2011 consist of \$19.2 million of pre-tax store asset impairment charges for the AE and aerie brand and \$6.2 million of pre-tax executive transition costs.

(3) Non-GAAP items for Fiscal 2010 consist of a \$24.2 million loss on sale of investment securities for which no tax benefit was realized.

77KIDS
HISTORICAL STATEMENTS OF OPERATIONS (1)
(Dollars and shares in thousands, except per share amounts)
(unaudited)

| | Fiscal 2011 Quarterly Periods Ended | | | | | | | |
|---|-------------------------------------|------------|---------------|------------|------------------|------------|------------------|------------|
| | April 30, 2011 | % of Sales | July 30, 2011 | % of Sales | October 29, 2011 | % of Sales | January 28, 2012 | % of Sales |
| Net sales | \$6,478 | 100.0% | \$6,583 | 100.0% | \$12,407 | 100.0% | \$14,285 | 100.0% |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 8,536 | 131.8% | 10,700 | 162.5% | 15,695 | 126.5% | 21,075 | 147.5% |
| Gross profit | (2,058) | -31.8% | (4,117) | -62.5% | (3,288) | -26.5% | (6,790) | -47.5% |
| Selling, general and administrative expenses | 3,239 | 50.0% | 3,986 | 60.6% | 4,896 | 39.5% | 5,584 | 39.1% |
| Loss on impairment of assets | - | 0.0% | - | 0.0% | - | 0.0% | 1,552 | 10.9% |
| Depreciation and amortization | 444 | 6.8% | 678 | 10.3% | 784 | 6.3% | 783 | 5.5% |
| Operating loss | (5,741) | -88.6% | (8,781) | - | (8,968) | -72.3% | (14,709) | - |
| Other income, net | - | 0.0% | - | 0.0% | - | 0.0% | - | 0.0% |
| Loss before income taxes | (5,741) | -88.6% | (8,781) | - | (8,968) | -72.3% | (14,709) | - |
| Benefit for income taxes | (2,195) | -33.9% | (3,358) | -51.0% | (3,444) | -27.8% | (5,628) | -39.4% |
| Net loss | \$(3,546) | -54.7% | (5,423) | -82.4% | (5,524) | -44.5% | (9,081) | -63.6% |
| Net loss per basic common share | \$(0.02) |) | \$(0.03) |) | \$(0.03) |) | \$(0.05) |) |
| Net loss per diluted common share | \$(0.02) |) | \$(0.03) |) | \$(0.03) |) | \$(0.05) |) |
| Weighted average common shares outstanding - basic | 194,683 | | 194,909 | | 194,378 | | 193,798 | |
| Weighted average common shares outstanding - diluted | 196,633 | | 196,578 | | 195,985 | | 195,913 | |

| | Fiscal 2010 Quarterly Periods Ended | | | | | | | |
|---|-------------------------------------|------------|---------------|------------|------------------|------------|------------------|------------|
| | May 1, 2010 | % of Sales | July 31, 2010 | % of Sales | October 30, 2010 | % of Sales | January 29, 2011 | % of Sales |
| Net sales | \$3,342 | 100.0% | \$2,761 | 100.0% | \$6,658 | 100.0% | \$9,504 | 100.0% |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 4,769 | 142.7% | 4,363 | 158.0% | 9,769 | 146.7% | 14,556 | 153.2% |

| | | | | | | | | |
|--|-----------|----------|----------|----------|----------|----------|----------|----------|
| Gross profit | (1,427) |)-42.7 % | (1,602) |)-58.0 % | (3,111) |)-46.7 % | (5,052) |)-53.2 % |
| Selling, general and administrative expenses | 1,578 | 47.2 % | 1,752 | 63.5 % | 3,509 | 52.7 % | 3,434 | 36.1 % |
| Depreciation and amortization | 71 | 2.1 % | 98 | 3.5 % | 270 | 4.1 % | 387 | 4.1 % |
| Operating loss | (3,076) |)-92.0 % | (3,452) |)- | (6,890) |)- | (8,873) |)-93.4 % |
| | | | | 125.0 | | 103.5 | | |
| Other income, net | - | 0.0 % | - | 0.0 % | - | 0.0 % | - | 0.0 % |
| Loss before income taxes | (3,076) |)-92.0 % | (3,452) |)- | (6,890) |)- | (8,873) |)-93.4 % |
| | | | | 125.0 | | 103.5 | | |
| Benefit for income taxes | (1,169) |)-35.0 % | (1,304) |)-47.2 % | (2,630) |)-39.5 % | (3,391) |)-35.7 % |
| Net loss | \$(1,907) |)-57.2 % | (2,148) |)-77.8 % | (4,260) |)-64.0 % | (5,482) |)-57.7 % |
| Net loss per basic common share | \$(0.01) |) | \$(0.01) |) | \$(0.02) |) | \$(0.03) |) |
| Net loss per diluted common share | \$(0.01) |) | \$(0.01) |) | \$(0.02) |) | \$(0.03) |) |
| Weighted average common shares outstanding - basic | 207,718 | | 201,764 | | 195,590 | | 194,878 | |
| Weighted average common shares outstanding - diluted | 210,285 | | 203,153 | | 197,323 | | 196,789 | |

(1) Represents 77kids store and online business operating results, as well as home office and other costs directly attributable to 77kids operations.

Source: American Eagle Outfitters, Inc.

American Eagle Outfitters Inc.

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