NEWS RELEASE

American Eagle Outfitters, Inc. Files Lawsuit Against Payless ShoeSource

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Claim Charges Payless with Creating False and Misleading Impression That Payless Is Selling Genuine American Eagle Outfitters Merchandise

WARRENDALE, Pa.--(BUSINESS WIRE)--April 20, 2007--American Eagle Outfitters, Inc. (NYSE:AEO) today announced that it has filed a lawsuit against Payless ShoeSource, Inc. to preserve the integrity of its popular youth-oriented lifestyle AMERICAN EAGLE OUTFITTERS(R) brand and to prevent consumer confusion arising from Payless' use of the AMERICAN EAGLE footwear mark it purportedly acquired from Jimlar Corporation ("Jimlar") last year.

Since 1977, American Eagle Outfitters has developed a well-known and successful brand by selling high-quality apparel, footwear and accessories under a family of marks including AMERICAN EAGLE OUTFITTERS(R), AMERICAN EAGLE(R), AEO(R), AE(R), at more than 900 American Eagle Outfitters retail stores and through its website, www.ae.com. For over two decades, AEO and Jimlar, a shoe wholesaler, co-existed without customer confusion. Now, however, AEO contends that Payless, a discount shoe chain, is deceiving consumers by portraying itself as the owner of "the youth fashion brand American Eagle(R)" and indicating that it is selling genuine AMERICAN EAGLE OUTFITTERS merchandise when in fact it is not.

Additionally, Payless is marketing AMERICAN EAGLE shoes and accessories with advertising and promotional materials that copy the look and feel of AEO's distinctive marketing style and falsely claiming to be the exclusive source of AMERICAN EAGLE and AE "women's," "men's" and "accessories," which has resulted in consumer confusion as to the relationship between Payless and AEO. Without relief from the Court, AEO contends, consumers will continue to be confused, and Payless will continue to unfairly benefit from the commercial value of the AEO

brand. Through this action, AEO seeks an order requiring Payless to take specific steps to eliminate the misleading impression that it is selling genuine American Eagle Outfitters merchandise.

"Our most valuable asset is our brand. We are committed to providing only high-quality, authentic merchandise to our loyal customers," said American Eagle Outfitters' Vice President and General Counsel, Neil Bulman, Jr. "The mounting public confusion that Payless created has compelled us to take this action. As always, we will vigorously protect our brand as a leading lifestyle destination for 15-25 year olds."

The suit was filed in United States District Court Eastern District of New York.

About American Eagle Outfitters:

American Eagle Outfitters, Inc. (NYSE:AEO) is a leading retailer that operates under the American Eagle Outfitters and MARTIN + OSA brands.

American Eagle Outfitters designs, markets and sells its own brand of laidback, current clothing targeting 15 to 25 year-olds, providing high-quality merchandise at affordable prices. AE's original collection includes standards like jeans and graphic Ts as well as essentials like accessories, outerwear, footwear, basics and swimwear. American Eagle currently operates 834 stores in 50 states, the District of Columbia and Puerto Rico, and 73 AE stores in Canada. American Eagle also operates ae.com, which offers additional sizes and styles of favorite AE merchandise and ships around the world. The American Eagle brand also includes a new collection of dormwear and intimates, "aerie by American Eagle." aerie is available in American Eagle stores across the country and at aerie.com. It includes bras, undies, camis, hoodies, robes, boxers, sweats and leggings for the AE girl. Designed to be sweetly sexy, comfortable and cozy, aerie offers AE customers a new way to express their personal style everyday, from the dormroom to the coffee shop to the classroom.

The company introduced MARTIN + OSA, a new sportswear concept targeting 25 to 40 year-old women and men. MARTIN + OSA carries apparel, accessories and footwear, using denim and sport inspiration to design fun and sport back into sportswear. MARTIN + OSA currently operates eight stores. For additional information and updates, visit **martinandosa.com**.

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SOURCE: American Eagle Outfitters, Inc.