NEWS RELEASE

# American Eagle Outfitters Reports Record Third Quarter EPS of $0.77 and Raises Fourth Quarter EPS Guidance to $1.00 - $1.03

11/11/2004

WARRENDALE, Pa.--(BUSINESS WIRE)--Nov. 11, 2004--American Eagle Outfitters, Inc. (Nasdaq:AEOS) today announced its consolidated financial results for the third quarter ended October 30, 2004. Management also stated that based on continued positive sales trends, the Company is raising its fourth quarter earnings guidance to $1.00 to $1.03 per share. This compares to $0.49 per share in the fourth quarter of last year, which included a goodwill impairment charge of $0.08 per share related to Bluenotes. The Company previously stated that it was comfortable with the First Call mean earnings estimate of $0.92 per share for the fourth quarter.

Third Quarter Ended October 30, 2004

-- Total sales increased 34.7% to $503.4 million from $373.8 million for the quarter ended November 1, 2003.

-- Consolidated comparable store sales, which include American Eagle and Bluenotes/Thriftys stores, increased 24.9% when compared to the corresponding period last year.

-- Gross profit as a percent to sales increased to 47.1% from 38.1% last year due primarily to an improvement in merchandise margins.

-- Operating income for the quarter increased to $95.8 million, or 19.0% as a percent to sales, from $21.2 million, or 5.7% as

a percent to sales last year.

-- Net income for the quarter increased to $58.0 million, or $0.77 per share on a diluted basis, from adjusted net income(a) of $18.1 million, or $0.25 per share on a diluted basis last year. Adjusted net income(a) for the prior year excludes a goodwill impairment charge related to Bluenotes of $8.0 million, or $0.11 per share on a diluted basis.

Year-to-Date for the Nine Months Ended October 30, 2004

-- Total sales increased 26.4% to $1.267 billion from $1.003 billion for the nine months ended November 1, 2003.

-- Consolidated comparable store sales, which include American Eagle and Bluenotes/Thriftys stores, increased 16.3% when compared to the corresponding period last year.

-- Gross profit as a percent to sales increased to 43.5% from 35.8% last year due primarily to an improvement in merchandise margins.

-- Operating income for the period increased to $183.7 million, or 14.5% as a percent to sales, from $43.5 million, or 4.3% as a percent to sales last year.

-- Net income for the year-to-date period increased to $112.8 million, or $1.51 per share on a diluted basis, from adjusted net income(a) of $32.6 million, or $0.45 per share on a diluted basis last year. Adjusted net income(a) for the prior year excludes a goodwill impairment charge related to Bluenotes of $8.0 million, or $0.11 per share on a diluted basis.

(a) A complete definition and discussion of the Company's use of

non-GAAP measures, identified by (a), is located at the end of

this release.

"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 fourth quarter earnings. 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 our fourth quarter sales, markdowns and/or earnings expectations may not be achieved, and those other risks described in the Company's filings 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.

At 9:00 a.m. EST, on November 11, 2004, the Company's management team will host a conference call to review the financial results. To listen to the call, dial 877-601-0864 at least ten minutes prior to the start of the call. The conference call will also be simultaneously broadcast over the Internet at www.ae.com. A replay will be available beginning November 11th at 1:00 p.m. EST through November 25th. To listen to the replay, dial 1-800-642-1687 and reference confirmation code #1162887. An audio replay of the conference call will also be available at www.ae.com.

American Eagle Outfitters (NASDAQ: AEOS) is a leading lifestyle retailer that designs, markets, and sells its own brand of relaxed, casual clothing for 15 to 25 year olds, providing high-quality merchandise at affordable prices. AE's collection includes modern basics like jeans, cargo pants, and graphic Ts as well as a stylish assortment of cool accessories, outerwear and footwear. AE's Canadian subsidiary, Bluenotes/Thriftys, offers a more urban/suburban, denim-driven collection for 12 to 22 year olds. American Eagle Outfitters currently operates 773 AE stores in 49 states, the District of Columbia and Puerto Rico, 69 AE stores in Canada, and 109 Bluenotes/Thriftys stores in Canada. AE also operates via its Web business, www.ae.com, which offers additional sizes and styles of favorite AE merchandise.

Non-GAAP Measure Disclosure

The following definitions are provided for the two non-GAAP (Generally Accepted Accounting Principles) measures used by the Company in this release. The two measures are adjusted net income and adjusted earnings per share. Each use is indicated by (a). We do not intend for these two non-GAAP measures to be considered in isolation or as a substitute for the related GAAP measures. Other companies may define the measures differently.

Adjusted Financial Results

In this release, adjusted net income and adjusted EPS each exclude the non-cash goodwill impairment charge of $8.0 million, or $0.11 per share, which was recorded during the quarter ended November 1, 2003 related to our Bluenotes operation. We believe that these adjusted measures provide investors with an important perspective on the current underlying operating performance of our businesses by isolating and excluding the impact of the non-cash impairment charge related to our acquisition of the Bluenotes business in fiscal 2000.

-- Adjusted net income: In this release, we define "adjusted net income" to start with GAAP net income and then add back the $8.0 million Bluenotes non-cash goodwill impairment charge. The table below shows a reconciliation between GAAP net income and adjusted net income.

-- Adjusted EPS: In this release, we define "adjusted EPS" to start with GAAP EPS and then add back the $0.11 per share Bluenotes non-cash goodwill impairment charge. The table below shows a reconciliation between GAAP EPS and adjusted EPS.

Non-GAAP Financial Measures:
Reconciliation of GAAP Net Income and EPS to Adjusted Net Income and EPS

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 30, 2004 | November 1, 2003 | October 30, 2004 | November 1, 2003 |
| Reported GAAP Net Income | $58,049 | $10,139 | $112,780 | $24,646 |
| Non-Cash Goodwill Impairment Charge | - | 8,000 | - | 8,000 |
| Adjusted Net Income | $58,049 | $18,139 | $112,780 | $32,646 |
| Reported GAAP EPS | $0.77 | $0.14 | $1.51 | $0.34 |
| Non-Cash Goodwill Impairment Charge | - | 0.11 | - | 0.11 |
| Adjusted EPS | $0.77 | $0.25 | $1.51 | $0.45 |

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

| | (Unaudited) October 30, 2004 | (Unaudited) January 31, 2004 | November 1, 2003 |
|---|---|---|---|
| ASSETS | | | |
| Cash, cash equivalents and short-term investments | $ 384,640 | $ 337,812 | $ 206,078 |
| Merchandise inventory | 204,972 | 120,586 | 193,796 |
| Other current assets | 87,455 | 67,225 | 84,740 |
| Total current assets | 677,067 | 525,623 | 484,614 |
| Property and equipment, net | 310,512 | 278,689 | 288,230 |
| Goodwill, net | 10,136 | 10,136 | 15,614 |
| Other assets, net | 59,510 | 50,623 | 44,905 |
| Total Assets | $ 1,057,225 | $ 865,071 | $ 833,363 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Accounts payable | $ 84,303 | $ 71,330 | $ 98,018 |
| Accrued compensation and payroll taxes | 39,985 | 14,409 | 18,073 |
| Accrued rent | 31,749 | 30,985 | 29,079 |
| Accrued income and other taxes | 27,646 | 28,669 | 17,769 |
| Unredeemed stored value cards and gift certificates | 15,451 | 25,785 | 13,507 |
| Current portion of note payable | - | 4,832 | 4,874 |
| Other current liabilities | 15,715 | 13,025 | 13,269 |
| Total current liabilities | 214,849 | 189,035 | 194,589 |
| Note payable | - | 13,874 | 15,213 |
| Other non-current liabilities | 21,933 | 18,492 | 15,050 |
| Total non-current liabilities | 21,933 | 32,366 | 30,263 |
| Total stockholders' equity | 820,443 | 643,670 | 608,511 |
| Total Liabilities and Stockholders' Equity | $ 1,057,225 | $ 865,071 | $ 833,363 |

| | | | |
|---|---|---|---|
| Current Ratio | 3.15 | 2.78 | 2.49 |

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

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | October 30, 2004 | November 1, 2003 | October 30, 2004 | November 1, 2003 |
| Net sales | $ 503,431 | $ 373,800 | $ 1,267,233 | $ 1,002,713 |
| Cost of sales, including certain buying, occupancy and warehousing expenses | 266,041 | 231,531 | 715,682 | 643,267 |
| Gross profit | 237,390 | 142,269 | 551,551 | 359,446 |
| Selling, general and administrative expenses | 125,408 | 98,732 | 321,330 | 266,414 |
| Depreciation and amortization | 16,176 | 14,373 | 46,482 | 41,552 |
| Goodwill impairment loss | - | 8,000 | - | 8,000 |
| Operating income | 95,806 | 21,164 | 183,739 | 43,480 |
| Other income (expense), net | (596) | 483 | 901 | 1,638 |
| Income before income taxes | 95,210 | 21,647 | 184,640 | 45,118 |
| Provision for income taxes | 37,161 | 11,508 | 71,860 | 20,472 |
| Net income | $ 58,049 | $ 10,139 | $ 112,780 | $ 24,646 |
| Basic income per common share | $ 0.80 | $ 0.14 | $ 1.56 | $ 0.35 |
| Diluted income per common share | $ 0.77 | $ 0.14 | $ 1.51 | $ 0.34 |

| | | | | |
|---|---|---|---|---|
| Weighted average common shares outstanding - basic | 73,002 | 71,130 | 72,253 | 71,091 |
| Weighted average common shares outstanding - diluted | 75,785 | 72,234 | 74,468 | 72,189 |

| | | |
|---|---|---|
| Total gross square footage at end of period: | | |
| American Eagle Outfitters Stores | 4,489,606 | 4,157,046 |
| Bluenotes/Thriftys Stores | 351,659 | 354,206 |

| | | |
|---|---|---|
| Store count at end of period: | | |
| American Eagle Outfitters Stores | 839 | 798 |
| Bluenotes/Thriftys Stores | 108 | 111 |

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SOURCE: American Eagle Outfitters, Inc.