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AMERICAN EAGLE OUTFITTERS INC

FORM 10-Q
(Quarterly Report)

Filed 06/12/98 for the Period Ending 05/02/98

Address	77 HOT METAL STREET PITTSBURGH, PA 15203
Telephone	4124323300
CIK	0000919012
Symbol	AEO
SIC Code	5651 - Family Clothing Stores
Industry	Retail (Apparel)
Sector	Services
Fiscal Year	01/28

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

FORM 10-Q

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

For the quarterly period ended May 2, 1998

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: 0-23760

AMERICAN EAGLE OUTFITTERS, INC.

(Exact name of registrant as specified in its charter)

OHIO (State or other jurisdiction of incorporation or organization)	NO. 25-1724320 (I.R.S. Employer Identification No.)
150 THORN HILL DRIVE, WARRENDALE, PA (Address of principal executive offices)	15086-7528 (Zipcode)

(724) 776-4857
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

COMMON STOCK, NO PAR VALUE, 23,016,742 SHARES OUTSTANDING AS OF MAY 21, 1998

AMERICAN EAGLE OUTFITTERS, INC.

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	PAGE NO.
Item 1.	Financial Statements	
	Consolidated Balance Sheets	
	May 2, 1998 (unaudited) and January 31, 1998	3
	Consolidated Statements of Operations (unaudited)	
	Three months ended May 2, 1998 and May 3, 1997	4
	Consolidated Statements of Cash Flows (unaudited)	
	Three months ended May 2, 1998 and May 3, 1997	5
	Notes to Consolidated Financial Statements	6-8
	Review By Independent Accountants	9
	Independent Accountants' Review Report	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	10-12
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	N/A
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	13
Item 2.	Changes in Securities	N/A
Item 3.	Defaults Upon Senior Securities	N/A
Item 4.	Submission of Matters to a Vote of Security Holders	13
Item 5.	Other Information	N/A
Item 6.	Exhibits and Reports on Form 8-K	13
Signatures		14
Exhibit 23	Acknowledgment of Independent Accountants	15

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	May 2, 1998 (Unaudited)	January 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 44,274	$ 48,359
Merchandise inventory	41,366	36,278
Accounts and note receivable, including related party	5,771	7,647
Prepaid expenses and other	6,142	5,388
Deferred income taxes	5,851	4,801
Total current assets	103,404	102,473
Fixed assets:		
Fixtures and equipment	28,530	25,842
Leasehold improvements	40,046	35,978
	68,576	61,820
Less: Accumulated depreciation and amortization	27,163	23,273
	41,413	38,547
Other assets	4,968	3,775
Total assets	$149,785	$144,795
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 23,989	$ 24,606
Accrued compensation and payroll taxes	9,635	9,227
Accrued rent	9,095	7,909
Accrued income and other taxes	4,098	8,738
Other liabilities and accrued expenses	4,159	3,507
Total current liabilities	50,976	53,987
Shareholders' equity:		
Common stock, 30,000,000 shares authorized, 22,700,092 shares issued (22,997,842 shares outstanding at May 2, 1998)	54,325	53,837
Contributed capital	6,241	4,832
Retained earnings	41,561	35,756
	102,127	94,425
Less: Deferred compensation	2,362	1,992
Treasury stock, 297,750 shares	956	1,625
Total shareholders' equity	98,809	90,808
Total liabilities and shareholders' equity	$149,785	$144,795

See Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended	
	May 2, 1998	May 3, 1997
Net sales	$99,694	$60,952
Cost of sales, including certain buying, occupancy and warehousing expenses	62,477	46,699
Gross profit	37,217	14,253
Selling, general and administrative expenses	26,223	18,910
Depreciation and amortization	1,975	1,669
Operating income (loss)	9,019	(6,326)
Interest income, net	542	330
Income (loss) before income taxes	9,561	(5,996)
Provision (benefit) for income taxes	3,756	(2,377)
Net income (loss)	$ 5,805	$(3,619)
Basic income (loss) per common share	$ 0.26	$ (0.16)
Diluted income (loss) per common share	$ 0.24	$ (0.16)
Weighted average common shares outstanding - basic	22,417	21,983
Weighted average common shares outstanding - diluted	23,705	21,983
Retained earnings, beginning	$35,756	$17,119
Net income (loss)	5,805	(3,619)
Retained earnings, ending	$41,561	$13,500

See Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH
(In thousands)
(Unaudited)

	Three Months Ended	
	May 2, 1998	May 3, 1997
Net income (loss)	$ 5,805	$ (3,619)
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Depreciation and amortization	1,975	1,669
Loss on impairment and write-off of fixed assets	675	401
Restricted stock compensation	1,514	262
Deferred income taxes	(2,427)	(45)
CHANGES IN ASSETS AND LIABILITIES:		
Merchandise inventory	(5,088)	(8,369)
Accounts and note receivable	1,440	1,782
Prepaid expenses and other	(778)	(523)
Accounts payable	(356)	(2,066)
Accrued liabilities	(1,964)	(5,725)
Total adjustments	(5,009)	(12,614)
Net cash provided by (used for) operating activities	796	(16,233)
INVESTING ACTIVITIES:		
Capital expenditures	(5,568)	(3,845)
Net cash used for investing activities	(5,568)	(3,845)
FINANCING ACTIVITIES:		
Net proceeds from stock options exercised	677	13
Net cash provided by financing activities	677	13
Net decrease in cash	(4,085)	(20,065)
Cash - beginning of period	48,359	34,326
Cash - end of period	$ 44,274	$ 14,261

See Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL STATEMENTS

The accompanying Consolidated Financial Statements of American Eagle Outfitters, Inc. (the "Company") at May 2, 1998 and for the three month periods ended May 2, 1998 (the "current period") and May 3, 1997 (the "prior period") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The Consolidated Balance Sheet at January 31, 1998 was derived from the audited financial statements. The Company's business is affected by the pattern of seasonality common to most retail apparel businesses. The results for the current and prior periods are not necessarily indicative of future financial results.

Certain notes and other information have been condensed or omitted from the interim Consolidated Financial Statements presented in this Quarterly Report on Form 10-Q. Therefore, these Consolidated Financial Statements should be read in conjunction with the Company's Fiscal 1997 Annual Report.

2. BASIS OF PRESENTATION

ESTIMATES

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

STOCK SPLIT

On April 13, 1998, the Company's Board of Directors approved a three-for-two stock split to be distributed on May 8, 1998, to shareholders of record on April 24, 1998. Accordingly, all share amounts and per share data have been restated to reflect the stock split.

EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share" (FASB 128), which was adopted for Fiscal 1997. Earnings per share amounts for all periods have been restated to give effect to the application of FASB 128. The effect of the restatement on earnings per share for the restated periods is immaterial.

The following table shows the amounts used in computing earnings per share and the effect on income and the weighted average number of shares of dilutive potential common stock.

	Three Months Ended	
	May 2, 1998	May 3, 1997
Net income (loss) used in basic EPS	$ 5,805	$(3,619)
Weighted average number of common shares used in basic EPS	22,417	21,983
Effect of dilutive stock options and nonvested restricted stock	1,288	--
Weighted average number of common shares and dilutive potential common stock used in diluted EPS	23,705	21,983

RECLASSIFICATION

Certain reclassifications have been made to the Consolidated Financial Statements for the prior period in order to conform to the May 2, 1998 presentation.

3. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Because no borrowings were required under the terms of the Company's line of credit, there were no amounts paid for interest during the three months ended May 2, 1998 or May 3, 1997. Income tax payments were $8.5 million and $2.4 million during the three months ended May 2, 1998 and May 3, 1997, respectively.

4. RELATED PARTY TRANSACTIONS

As described in the information that follows, the Company has various transactions with related parties. The nature of the relationship is primarily through common ownership. The Company has an operating lease for its corporate headquarters and distribution center with an affiliate. The lease, which was entered into on January 1, 1996, and expires on December 31, 2010, provides for annual rental payments of approximately $1.2 million through 2001, $1.6 million through 2006, and $1.8 million through the end of the lease.

In addition, the Company and its subsidiaries purchase merchandise from and sell merchandise to various related parties and use the services of a related importing company.

During Fiscal 1997, the Company provided a short-term loan in the amount of $3.0 million to Azteca Production International, a related party vendor. The terms of the note include annual interest at 7% plus a margin defined as the difference between 8.5% and National City Bank's prime lending rate. The loan was paid off in April 1998. The note receivable outstanding balance at January 31, 1998 was approximately $1.3 million.

Related party amounts follow:

(In thousands)

	Three Months Ended	
	May 2, 1998	May 3, 1997
Merchandise purchases plus import administrative charges	$15,049	$12,377
Accounts payable	$ 6,837	$ 5,985
Accounts and notes receivable	$ 2,742	$ 138
Rent expense	$ 387	$ 387
Merchandise sales	$ 2,643	$ 305

The Company provided loans to certain officers and other individuals to pay the taxes on the restricted stock that vested in April 1998. As of May 2, 1998, the outstanding value of these loans approximated $1,000,000. There was no balance outstanding as of January 31, 1998.

5. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	May 2, 1998	January 31, 1998
Accounts receivable - landlord	$ 847	$1,518
Related party accounts and note receivable	2,742	3,755
Accounts receivable - other	2,182	2,374
Total	$5,771	$7,647

6. INCOME TAXES

The provisions of FASB No. 109, "Accounting for Income Taxes", have been reflected in the preparation of the accompanying Consolidated Financial Statements. For the three months ended May 2, 1998 and May 3, 1997, the effective tax rate used to provide income tax amounts approximated 39%.

7. LEASE COMMITMENTS

The Company is contingently liable for the rental payments totaling approximately $5.0 million for certain outlet stores which were sold in October 1995.

8. LEGAL PROCEEDINGS

The Company is also a party to ordinary routine litigation incidental to its business. The Company does not expect any of such litigation to have a material adverse effect on the Company's results of operations or financial condition.

REVIEW BY INDEPENDENT ACCOUNTANTS

Ernst & Young LLP, our independent accountants, have performed a limited review of the Consolidated Financial Statements for the quarters ended May 2, 1998 and May 3, 1997, as indicated in their report on the limited review included below. Since they did not perform an audit, they express no opinion on the Consolidated Financial Statements referred to above. Management has given effect to any significant adjustments and disclosures proposed in the course of the limited review.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
American Eagle Outfitters, Inc.

We have reviewed the accompanying consolidated balance sheet of American Eagle Outfitters, Inc. as of May 2, 1998, and the related consolidated statements of operations for the three-month periods ended May 2, 1998 and May 3, 1997 and the consolidated statements of cash flows for the three-month periods ended May 2, 1998 and May 3, 1997. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of American Eagle Outfitters, Inc. as of January 31, 1998, and the related consolidated statements of operations and cash flows for the year then ended (not presented herein) and in our report dated March 3, 1998 (except for Note 13, as to which the date is April 14, 1998) we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of January 31, 1998, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Pittsburgh, Pennsylvania
May 20, 1998

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the percentage relationship to net sales of the listed items included in the Company's Consolidated Statements of Operations.

	Three months ended	
	May 2, 1998	May 3, 1997
Net sales	100.0%	100.0%
Cost of sales, including certain buying, occupancy and warehousing expenses	62.7	76.7
Gross profit	37.3	23.3
Selling, general and administrative expenses	26.3	31.0
Depreciation and amortization	2.0	2.7
Operating income (loss)	9.0	(10.4)
Interest income, net	0.5	0.5
Income (loss) before income taxes	9.5	(9.9)
Provision (benefit) for income taxes	3.7	(3.9)
Net income (loss)	5.8%	(6.0)%

COMPARISON OF THREE MONTHS ENDED MAY 2, 1998 TO THE THREE MONTHS ENDED MAY 3, 1997

Net sales for the three months ended May 2, 1998 (the "current period") increased 63.6% to $99.7 million from $61.0 million for the three months ended May 3, 1997 (the "prior period"). The increase in net sales resulted primarily from increases of $30.8 million or 52.4% from comparable store sales and $8.1 million from non-comparable stores sales. The total increase in net sales resulted primarily from an increase in units sold rather than from an increase in prices. The Company operated 336 stores at the end of the current period compared to 312 stores operated at the end of the prior period.

Gross profit for the current period increased to $37.2 million from $14.3 million for the prior period. Gross profit as a percent of net sales for the current period increased to 37.3% from 23.3% for the prior period. This increase was attributable to a 7.0% increase in merchandise margins as well as a 7.0% improvement in buying, occupancy, and warehousing costs reflecting improved leveraging of these expenses. The increase in merchandise margins resulted primarily from decreased markdowns as a percent of sales.

Selling, general and administrative expenses for the current period increased to $26.2 million from $18.9 million for the prior period. As a percent of net sales, these expenses decreased to 26.3% from 31.0% for the prior period. The increase of $7.3 million included $1.8 million to support the new stores that were opened since the first quarter last year, as well as an increase of $0.9 million in advertising costs related to direct mail costs, advertising to enhance brand imaging, and costs related to the Company's web site. Also included were $2.9 million of increased salary and benefit costs incurred as a result of the favorable sales and earnings performance, in addition to increased professional fees of $0.4 million. The remaining increase resulted from additional costs incurred to support the increased sales volumes.

Depreciation and amortization expense for the current period increased to $2.0 million from $1.7 million for the prior period and represented 2.0% of sales in the current period as compared to 2.7% of sales in the prior period.

Interest income for the current period increased to $0.5 million from $0.3 million for the prior period because of higher cash reserves available for investment. No borrowings were required under the terms of the Company's line of credit during the current period.

Income before income taxes for the current period increased to $9.6 million from a ($6.0) million loss before income taxes for the prior period. As a percent of net sales, the income before income taxes for the current period increased to 9.5% from a (9.9%) loss for the prior period. The increase in income before income taxes as a percent of sales was attributable to a 7.0% increase in merchandise margins, a 7.0% improvement in the leveraging of store occupancy and warehousing expenses, a 4.7% improvement in selling, general, and administrative expenses, and a decrease of 0.7% in depreciation costs as a percent of sales.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of cash in the current period was cash flow provided by operating activities. The primary use of cash in the current period was cash flow used by operating activities, primarily to support inventory increases of $4.4 million for anticipated sales and new store growth. Additionally, the Company used cash of $5.6 million for capital expenditures. The Company had working capital of $52.4 million and $28.7 million at May 2, 1998 and May 3, 1997, respectively.

At May 2, 1998, the Company had an unsecured demand lending arrangement with a bank to provide a $60.0 million line of credit at either the lender's prime lending rate (8.50% at May 2, 1998) or a negotiated rate such as LIBOR. The facility has a limit of $40.0 million that can be used for direct borrowing. Cash generated from operations in prior periods was sufficient enough to finance operations so that no borrowings were required against the line during the current period. Letters of credit in the amount of $52.1 million were outstanding at May 2, 1998 and the remaining balance on the line was $7.9 million at May 2, 1998.

Capital expenditures, net of construction allowances, totaled $5.6 million for the three months ended May 2, 1998. These expenditures included the addition of four new stores and eight remodeled locations totaling approximately $2.9 million, the expansion and upgrade of distribution center facilities totaling approximately $2.0 million, the purchase of information systems hardware, software, and licenses totaling approximately $0.3 million, and other expenditures totaling $0.4 million.

The Company is currently planning to open approximately 46 stores during the remainder of the fiscal year. Additionally, the Company has selected approximately 7 locations to upgrade to its newest store design during the remainder of the fiscal year. These locations were selected based upon criteria such as historical sales performance and lease terms. These forward-looking statements will be influenced by factors including the Company's financial position, consumer spending, and the number of acceptable mall store leases that may become available. The Company believes that the cash flow from operations and its bank line of credit will be sufficient to meet its presently anticipated cash requirements through Fiscal 1998.

SEASONALITY

The Company experiences seasonal fluctuations in its net sales and net income, with a disproportionate amount of net sales and a majority of its net income typically realized in the fourth quarter. The Company's quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including the timing of certain holiday seasons and new store openings, the net sales contributed by new stores, merchandise mix, and the timing and level of markdowns.

IMPACT OF INFLATION

The Company does not believe that the relatively modest levels of inflation which have been experienced in the United States in recent years have had a significant effect on its net sales or its profitability. Substantial increases in cost, however, could have a significant impact on the Company and the industry in the future.

IMPACT OF YEAR 2000

Management has developed a comprehensive plan designed to enable its computer information systems to properly process transactions in the Year 2000 and beyond. The project team began working on the plan in Fiscal 1997 and expects to complete the project by July 1999. The Company is currently communicating with its significant suppliers and business partners to determine to what extent they are addressing their own Year 2000 issues. The failure of the Company or any of its significant suppliers or business partners to properly address Year 2000 issues could potentially adversely affect the Company's business and financial performance.

SAFE HARBOR STATEMENT AND BUSINESS RISKS

This report contains various "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events, including the following: the planned opening of 46 stores during the remainder of Fiscal 1998; the selection of 7 stores for remodeling during the remainder of Fiscal 1998; the completion of modifications to computer systems to enable the processing of transactions in the Year 2000 and beyond; and sufficiency of cash flows and line of credit facilities to meet Fiscal 1998 cash requirements. The Company cautions that these statements are further qualified by factors that could cause actual results to differ materially from those in the forward-looking statements, including without limitation, the following: decline in demand for the merchandise offered by the Company; the ability to obtain suitable sites for new stores at acceptable costs; the retention, hiring and training of qualified personnel; the integration of new stores into existing operations; the expansion of buying and inventory capabilities; the availability of capital; the ability of the Company to anticipate and respond to changing consumer preferences and fashion trends in a timely manner; the effect of economic conditions; and the effect of competitive pressures from other retailers. Results actually achieved may differ materially from expected results in these statements.

Historically, the Company's operations have been seasonal, with a disproportionate amount of net sales and a majority of net income occurring in the fourth fiscal quarter, reflecting increased demand during the year-end holiday selling season and, to a lesser extent, the third quarter, reflecting increased demand during the back-to-school selling season. As a result of this seasonality, any factors negatively affecting the Company during the third and fourth fiscal quarters of any year, including adverse weather or unfavorable economic conditions, could have a material adverse effect on the Company's financial condition and results of operations for the entire year. The Company's quarterly results of operations may also fluctuate based upon such factors as the timing of certain holiday seasons, the number and timing of new store openings, the amount of net sales contributed by new and existing stores, the timing and level of markdowns, store closings, refurbishments and relocations, competitive factors, weather and general economic conditions.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In a complaint filed on June 2, 1998 in the action styled, Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc., Civil Action No. C2-98-569, in the United States District Court, Southern District of Ohio, Eastern Division, Abercrombie & Fitch alleges that the Company infringes Abercrombie & Fitch's trade dress. The Company believes the allegations in the complaint are without merit and the Company will vigorously defend its rights.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Company held its 1998 Annual Meeting of Shareholders on June 3, 1998. Holders of 18,488,823 Common Shares of the Company were present representing approximately 81% of the Company's 22,662,567 Common Shares issued and outstanding.

(b) and (c) The following persons were elected as members of the Company's Board of Directors to serve until the annual meeting following their election or until their successors are duly elected and qualified. Each person received the number of votes for or the number of votes with authority

withheld indicated below.

Name	Votes For	Votes Withheld
Ari Deshe	18,449,169	39,654
Jon P. Diamond	18,449,169	39,654
Martin P. Doolan	18,449,289	39,534
Gilbert W. Harrison	18,482,694	6,129
Michael G. Jesselson	18,483,054	5,769
Thomas R. Ketteler	18,449,529	39,294
George Kolber	18,449,541	39,282
John L. Marakas	18,483,054	5,769
Jay L. Schottenstein	18,449,541	39,282
Saul Schottenstein	18,449,421	39,402
David W. Thompson	18,483,054	5,769
Gerald E. Wedren	18,482,934	5,889

The proposal to approve the Company's Management Incentive Plan described in the Proxy Statement passed with 18,787,523 votes For, 101,174 votes Against and 9,627 votes withheld.

(d) Not applicable.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	Description
23.	Acknowledgment of Independent Accountants
27.	Financial Data Schedule

(b) Reports on Form 8-K - None

SIGNATURES

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

Dated June 11, 1998

American Eagle Outfitters, Inc.
(Registrant)

/s/ Laura A. Weil

Laura A. Weil
Executive Vice President and
Chief Financial Officer

/s/ Dale E. Clifton

Dale E. Clifton
Vice President, Controller and
Chief Accounting Officer

Exhibit 23

Acknowledgment of Ernst & Young LLP

The Board of Directors and Shareholders
American Eagle Outfitters, Inc.

We are aware of the incorporation by reference in the Registration Statements (Forms S-8) of American Eagle Outfitters, Inc. pertaining to the American Eagle Outfitters, Inc. Employee Stock Purchase Plan, the American Eagle Outfitters, Inc. 1994 Restricted Stock Plan, the American Eagle Outfitters, Inc. 1994 Stock Option Plan, and the American Eagle Outfitters, Inc. Stock Fund of American Eagle Outfitters, Inc. Profit Sharing and 401(k) Plan of our report dated May 20, 1998 relating to the unaudited consolidated interim financial statements of American Eagle Outfitters, Inc. which are included in its Form 10-Q for the quarter ended May 2, 1998.

Pursuant to Rule 436 (c) of the Securities Act of 1933, our reports are not a part of the registration statement prepared or certified by accountants within the meaning of Section 7 or 11 of the Securities Act of 1933.

Pittsburgh, Pennsylvania
June 10, 1998

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q FOR THE QUARTER ENDED MAY 2, 1998 AND IS QUALIFIED IN IT'S ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000919012

NAME: AMERICAN EAGLE OUTFITTERS, INC.

PERIOD TYPE	3 MOS
FISCAL YEAR END	JAN 30 1999
PERIOD START	FEB 01 1998
PERIOD END	MAY 02 1998
CASH	44,274
SECURITIES	0
RECEIVABLES	5,771
ALLOWANCES	0
INVENTORY	41,366
CURRENT ASSETS	103,404
PP&E	68,576
DEPRECIATION	27,163
TOTAL ASSETS	149,785
CURRENT LIABILITIES	50,976
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	54,325
OTHER SE	44,484
TOTAL LIABILITY AND EQUITY	149,785
SALES	99,694
TOTAL REVENUES	99,694
CGS	62,477
TOTAL COSTS	62,477
OTHER EXPENSES	28,198
LOSS PROVISION	0
INTEREST EXPENSE	(542)
INCOME PRETAX	9,561
INCOME TAX	3,756
INCOME CONTINUING	5,805
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	5,805
EPS PRIMARY	.26
EPS DILUTED	.24

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