AMERICAN EAGLE OUTFITTERS INC

FORM 8-K
(Current report filing)

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Address	77 HOT METAL STREET PITTSBURGH, PA 15203
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report
(Date of earliest event reported)

January 13, 2009

AMERICAN EAGLE OUTFITTERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	0-23760	13-2721761
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

77 Hot Metal Street Pittsburgh, Pennsylvania	15203-2329
(Address of principal executive offices)	(Zip Code)

(412) 432-3300
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement

On January 13, 2009, American Eagle Outfitters, Inc. (the "Company") entered into an amended and restated employment agreement with Roger S. Markfield, which supersedes and replaces his prior employment agreement. Under the agreement, Mr. Markfield will assume the position of Vice Chairman and Executive Creative Director of the Company beginning with the start of Fiscal 2009 through Fiscal 2012 ("the Active Term"). As compensation under the agreement, Mr. Markfield's annual base salary will be $850,000 during the Active Term. Mr. Markfield will also be eligible to receive the following: (1) an annual performance based incentive bonus targeted at 90% of his base salary with potential to receive up to 180% of base salary during the Active Term, (2) annual performance based restricted stock grants having a grant date value of $1,000,000 each, (3) a long term incentive bonus in an amount equal to a portion of his base salary for each fiscal year during the Active Term multiplied by a percentage factor that shall be (a) targeted at fifty percent of his targeted annual incentive bonus percentage for each fiscal year during the Active Term and (b) not greater than one hundred percent of his targeted annual incentive bonus percentage for each fiscal year during the Active Term, and (4) a one-time, performance based stock option grant of 900,000 shares of the Company's common stock. Following the Active Term, Mr. Markfield will receive renewal term compensation of $1,343,000 per year for three years, which is the same amount as the balance of the renewal term compensation previously payable under his prior employment agreement. A copy of the amended and restated employment agreement is filed herewith as exhibit 10.1 and is incorporated herein by reference.

Item 1.02. Termination of a Material Definitive Agreement

The information contained in Item 1.01 above is herein incorporated by reference.

Item 8.01. Other Events

The information in this Item 8.01 of Form 8-K, including the accompanying exhibits, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liability of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of the general incorporation language of such filing, except as shall be expressly set forth by specific reference in such filing.

On January 15, 2009, the Company issued a press release announcing the signing of Mr. Markfield's employment agreement. A copy of this press release is attached hereto as exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
10.1	Employment Agreement between the Company and Roger S. Markfield, dated January 13, 2009
99.1	Press Release dated January 15, 2009 announcing the signing of Mr. Markfield's employment agreement

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 hereunto duly authorized.

	AMERICAN EAGLE OUTFITTERS, INC. (Registrant)
Date: January 14, 2009	By: /s/ Neil Bulman, Jr. Neil Bulman, Jr. Vice President, General Counsel and Secretary

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EXHIBIT INDEX

Exhibit Number	Description
10.1 *	Employment Agreement between the Company and Roger S. Markfield, dated January 13, 2009
99.1 **	Press Release dated January 15, 2009 announcing the signing of Mr. Markfield's employment agreement

* Such Exhibit is being filed herewith pursuant to Item 1.01 of the Current Report on Form 8-K.

** Such Exhibit is being furnished herewith pursuant to Item 8.01 of the Current Report on Form 8-K.

EXHIBIT 10.1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

(Roger S. Markfield)

THIS AGREEMENT is by and between American Eagle Outfitters, Inc. ("Company") and Roger S. Markfield ("Executive"), and is effective as of the date it has been fully executed by both parties. It supersedes and replaces all prior employment agreements between the Company and Executive.

Executive has served the Company in various roles since 1993 and Executive desires to continue to provide services to Company in a new role as provided in this Agreement. Company agrees to continue to employ Executive in the new position of Vice-Chairman and Executive Creative Director; and Executive hereby accepts this offer of continued employment and agrees to serve Company subject to the general supervision, advice and direction of Company's CEO and Board of Directors ("Board"), and upon the following terms and conditions:

1. TERM. Executive will be employed on a full time basis during fiscal 2009, 2010 and 2011 until January 28, 2012 unless sooner terminated as provided herein (the "Active Term"); and this Agreement shall continue after the Active Term on the terms set forth in paragraph 3.8.

2. POSITION AND DUTIES. During the Active Term, Executive shall be employed on a full time basis as Company's Vice-Chairman and Executive Creative Director, with such authority and duties as are customary for this position, and shall perform such other services and duties as the CEO and Board may from time to time designate.

2.1. During the Active Term, Executive agrees to devote his full business time, best efforts, and undivided attention to the business and affairs of Company, except for any vacations, illness, or disability. During the Active Term, Executive shall not engage in any other businesses that would interfere with his duties, provided that nothing contained herein is intended to limit Executive's right to make passive investments in the securities of publicly-owned companies or other businesses which will not interfere or conflict with his duties hereunder, including his service on the board of DSW, Inc. or, with the prior consent of the Board, to sit on the boards of other businesses.

2.2. Executive agrees that he shall at all times observe and be bound by all rules, policies, practices, and resolutions heretofore or hereafter adopted in writing by the Company which are generally applicable and provided to Company's officers and employees and which do not otherwise conflict with this Agreement.

2.3. Company shall indemnify Executive in the performance of his duties and responsibilities and advance expenses in connection therewith to the same extent as other senior executives and officers. Such rights shall not be subject to arbitration under paragraph 6.

3. COMPENSATION.

3.1. BASE SALARY. During the Active Term, Company shall continue to pay Executive an annual base salary of $850,000.00 as compensation for his services hereunder, payable in equal installments in accordance with Company's payroll practices for executive employees. Company's Board may increase Executive's base salary at their discretion.

3.2. CASH BONUSES

3.2.1. Annual Incentive Bonus. During the Active Term, Executive will be eligible to receive an annual incentive bonus targeted at 90% of his base salary with potential to receive up to 180% of base salary as a 'maximum' bonus, under the Company's Annual Cash Incentive Plan, or any successor plan ("the Bonus Plan"). The Bonus Plan conditions the payment of this annual performance bonus based on achievement of pre-determined performance goals set forth in writing and based on objective measurements all established by the Board's Compensation and Stock Option Committee (the "Committee"). The Committee must verify that the performance goals and other material terms are met prior to payment. It is the parties' intention that the Bonus Plan be adopted and administered in a manner that enables Company to deduct for federal income tax purposes the amount of any annual incentive bonus. The incentive bonus determined to be due for a performance period, if any, will be paid within 75 calendar days after the close of the performance period upon certification by the Committee that the performance goals have been met, and also, in the case of fiscal year goals, after completion of an outside audit by Company's then current outside audit firm.

3.2.2. Long Term Incentive Bonus. During the Active Term, Executive is eligible to receive a long term incentive bonus under the Company Long Term Incentive Bonus Plan, which has been established under the Stock Plan or any successor plan (the "LTI Plan"). For each full fiscal year during the Active Term, there shall be credited to Executive's LTI bonus account under the LTI Plan (the "LTI Account") an amount equal to a portion of his base salary for such fiscal year multiplied by a percentage factor that shall be (a) targeted at fifty percent of his targeted annual incentive bonus percentage for such fiscal year determined under paragraph 3.2.1 and (b) not greater than one hundred percent of his targeted annual incentive bonus percentage for such fiscal year, the actual amount of such factor to be set by the Committee based on achievement of pre-determined goals set forth in writing and based on objective measurements. The Committee must verify that the performance goals and other material terms have been met prior to crediting the LTI Account. Executive will receive payment of: (a) one-third of the amount in the LTI Account on the first business day of each fiscal year; and (b) the entire remaining amount in the LTI Account on death, disability or termination of employment. It is the Company's intention that the LTI Plan be adopted and administered in a manner that enables Company to deduct for federal income tax purposes all amounts paid pursuant to the LTI Plan.

3.3. STOCK.

3.3.1. Restricted Stock. During the Active Term, the CEO shall recommend to the Committee that Executive receive a grant of restricted stock having a grant date value of $1,000,000.00 (as reasonably determined by the Committee) in each fiscal year, and each grant will be made pursuant to and subject to all terms and conditions set forth in the in Company's 2005 Stock Award and Incentive Plan, or any successor plan ("the Stock Plan"). Pursuant to the terms of the Stock Plan, the Committee will condition the vesting of this restricted stock based on achievement of pre-determined performance goals set forth in writing and based on objective measurements all established by the Committee. Committee must verify that the performance goals and other material terms are met prior to vesting. If the performance goals are not met then the restricted stock will be forfeited. It is the parties' intention that the Stock Plan be adopted and administered in a manner that enables Company to deduct for federal income tax purposes the full value of all annual restricted stock grants. The delivery of restricted stock earned, if any, will be made after certification by the Committee of achievement of performance goals following completion of the audit of the annual financial statements by Company's then current outside audit firm. Any awards of restricted stock outstanding at the time of a "change of control," as that term is defined in section 9(c) of the Stock Plan, shall vest immediately upon the change of control.

3.3.2. Stock Options. The CEO shall recommend to the Committee that Executive receive a one time, performance based stock option grant for 900,000 shares of the Company's common stock, exercisable at the fair market value on the grant date, expiring seven years from the grant date and otherwise pursuant to and subject to all terms and conditions set forth in the Stock Plan. The options will vest and become exercisable, if at all, over three years in equal amounts beginning in fiscal 2010, subject to the achievement of pre-determined performance goals set forth in writing and based on objective measurements all established by the Committee for each fiscal year during the Active Term. The performance goals for fiscal 2009 shall be individual goals for the Executive and the performance goals for fiscal 2010 and fiscal 2011 shall be company-wide goals established by the Committee for all executives. The options will vest and become exercisable on the date after the end of each fiscal year when the Committee certifies the achievement of the performance goals, or if the Committee certifies that the performance goals have not been met, then in that event one third of the stock option grant shares shall terminate and be forfeited and shall never be exercisable. If the performance goals for a fiscal year are subject to partial achievement and are determined to be partially achieved by the Committee, then a prorated amount of the shares shall vest and the balance of the one third amount shall be terminate and be forfeited, as certified by the Committee. Any portion of this stock option award that is outstanding (not having been previously forfeited or exercised) at the time of a "change of control," as that term is defined in section 9(c) of the Stock Plan, shall vest immediately upon the change of control and become fully exercisable.

3.4. VACATION. During the Active Term of this Agreement, Executive shall be entitled to vacation commensurate with other senior executives. The dates of said vacations shall be mutually agreed upon by Company's CEO and Executive.

3.5. BUSINESS EXPENSES. Company shall pay, advance or reimburse Executive for all normal and reasonable business-related expenses, including travel expenses, incurred in the performance of his duties during the Active Term and Renewal Term on the same basis as paid to other senior executives. Company shall furnish Executive with company credit cards provided to other senior executives for use solely in the performance of his duties. Company will also pay for legal expenses, for purposes of assistance with this agreement, up to $15,000 as a one-time expense. The amount of expenses eligible for reimbursement during a taxable year of Executive shall not affect the expenses eligible for reimbursement in any other taxable year.

3.6. TAXES. The compensation provided to Executive hereunder shall be subject to any withholdings and deductions required by any applicable tax laws.

3.7. BENEFIT PLANS. Executive is entitled to participate in any deferred compensation or other employee welfare benefit plans, including the profit sharing and 401(k) plan; group life, health, hospitalization and disability insurance plans;; discount privileges; and other employee welfare benefits made available generally to, and under the same terms as, Company's executives.

3.8. CONSULTING DURING RENEWAL TERM. Because Executive is entitled to receive renewal term compensation under his prior employment agreement, upon any termination of the Active Term for any reason, this Agreement shall automatically be continued for an additional term of three years (the "Renewal Term"), during which Executive shall continue to be employed by the Company in a non-executive officer capacity and shall be paid a fixed salary of $1,343,000.00 per year payable in equal installments in accordance with Company's payroll practices for executive employees, representing total salary of $4,029,000.00 over the three years (the "Renewal Term Compensation"), provided, however, the first six months of salary shall be accumulated and paid in a lump sum on the first Company pay day that is six months after the end of the Active Term, with the balance thereafter paid biweekly or otherwise in accordance with Company's then current payroll practices. Executive shall be available to consult with senior management and members of the Board regarding Company business to the extent Executive determines and without any minimum time commitment during the Renewal Term. During the Renewal Term, Executive shall continue to be entitled to participate in the welfare benefit plans described in paragraph 3.7, to the same extent as other executives of Company, provided, however if Executive does not qualify to participate in the health insurance program as a less than full time employee, the Company shall provide coverage for Executive and his spouse during the Renewal Term.

4. EXECUTIVE'S OBLIGATIONS.

4.1. CONFIDENTIAL INFORMATION. Executive agrees that during and after his employment, any "confidential information" as defined below shall be held in confidence and treated as proprietary to Company. Executive agrees not to use or disclose any confidential information except to promote and advance the business interests of Company. Executive agrees that upon his separation from employment, for any reason whatsoever, he shall not take or copy, and shall immediately return to Company, any documents that constitute or contain confidential information. "Confidential information" includes, but is not limited to, any confidential data, figures, projections, estimates, pricing data, customer lists, buying manuals or procedures, distribution manuals or procedures, other policy and procedure manuals or handbooks, supplier information, tax records, personnel histories and records, company phone directories, lists of associates, organizational charts, information regarding sales, information regarding properties, product designs, design processes, manufacturing processes, information regarding manufacturers and suppliers and any other confidential information regarding the business, operations, properties or personnel of Company which are disclosed to or learned by Executive as a result of his employment, but shall not include his personal personnel records. Confidential information shall not include any information that (i) Executive had in his possession prior to his first performing services for Company; (ii) becomes a matter of public knowledge thereafter through sources independent of Executive; (iii) is disclosed by Company without restriction on its use; or (iv) is required to be disclosed by law or governmental order or regulation.

4.2. NON-SOLICITATION.

4.2.1. EMPLOYEES. Executive agrees that during his employment, including the Renewal Term, and for two years after the end of his employment, for any reason, he shall not, directly or indirectly, solicit Company's employees to leave their employment; he shall not employ or seek to employ them; and, he shall not cause or induce any of Company's competitors to solicit or employ Company's employees.

4.2.2. THIRD PARTIES. Executive agrees that during his employment, including the Renewal Term, and for two years following the end of his employment, for any reason, he shall not, either directly or indirectly, recruit, solicit or otherwise induce or influence any customer, supplier, sales representative, lender, lessor or any other person having a business relationship with Company to discontinue or reduce the extent of such relationship except in the course of his duties pursuant to this Agreement and with the good faith objective of advancing Company's business interests.

4.3. NONCOMPETITION. Executive agrees that during his employment, including the Renewal Term, and for a period of one year following the end of his employment, for any reason, he shall not, either directly or indirectly, accept employment with, act as a consultant to, or otherwise perform the same services (which shall be determined regardless of job title) for any business that directly competes with Company's business, which is understood to be the design, manufacture and retail sale (including Internet sales) of mens or womens specialty clothing, accessories, shoes, and related items regardless of whether such items are now included in Company's merchandise mix.

4.4. COOPERATION.

4.4.1. WITH COMPANY. Executive agrees to cooperate with Company during the course of all third-party proceedings arising out of Company's business about which Executive has knowledge or information. Such proceedings may include, but are not limited to, internal investigations, administrative investigations or proceedings, and lawsuits (including pre-trial discovery). For purposes of this paragraph, cooperation includes, but is not limited to, Executive's making himself available for interviews, meetings, depositions, hearings, and/or trials without the need for subpoena or assurances by Company, providing any and all documents in his possession that relate to the proceeding, and providing assistance in locating any and all relevant notes and/or documents.

4.4.2. WITH THIRD PARTIES. Executive agrees to communicate with, or give statements to, third parties relating to any matter about which Executive has knowledge or information as a result of his employment only to the extent that it is Executive's good faith belief that such communication or statement is in Company's business interests; provided, however, the forgoing shall not restrict or prevent Executive from providing information to governmental or regulatory authorities as required by law.

4.4.3. WITH MEDIA. Executive agrees to communicate with, or give statements to, any member of the media (print, television or radio) relating to any matter about which Executive has knowledge or information as a result of his employment only to the extent that it is Executive's good faith belief that such communication or statement is in Company's business interests and, to the extent practical, as approved in advance by the CEO.

4.5. REMEDIES. Executive agrees that any disputes under this paragraph shall not be subject to arbitration. If Executive breaches this paragraph, the damage will be substantial, although difficult to quantify, and money damages may not afford Company an adequate remedy; therefore, if Employee breaches or threatens to breach this paragraph, Company shall be entitled, in addition to other rights and remedies, to specific performance, injunctive relief and other equitable relief to prevent or restrain such conduct.

5. TERMINATION AND RELATED BENEFITS.

5.1. DEATH. This Agreement shall terminate automatically upon Executive's death, and Company shall pay his surviving spouse, or if he leaves no spouse, his estate, any base salary earned by Executive, and any rights or benefits that have vested through the date of termination, including the payment of the remaining balance of Renewal Term Compensation under paragraph 3.8. In addition, Company shall pay Executive's surviving spouse, or if he leaves no spouse, his estate, any declared but unpaid bonus that, but for Executive's death, would otherwise have been payable to Executive.

5.2. PERMANENT DISABILITY. Upon Executive's permanent disability at anytime during the Active Term, Company shall have the right to terminate this Agreement immediately with written notice. Company shall not have the right to terminate this Agreement for Executive's permanent disability during the Renewal Term. For these purposes, permanent disability shall mean that Executive fails to perform his duties on a full-time basis for a period of more than 90 calendar days during any 12-month period, due to a physical or mental disability or infirmity. If this Agreement is terminated due to Executive's permanent disability, Company shall pay Executive any base salary earned and any rights or benefits that have vested through the date of termination, including the payment of the full Renewal Term Compensation under paragraph 3.8, subject to paragraph 7.11. In addition, Company shall pay Executive any declared but unpaid bonus that, but for Executive's disability, would otherwise have been payable to Executive.

5.3. TERMINATION BY COMPANY.

5.3.1. DURING THE ACTIVE TERM. In addition to as provided below in paragraphs 5.3.2, Company may terminate the full time employment of Executive under this Agreement at any time during the Active Term, for any reason or no reason in its sole discretion, upon 30 days' written notice to Executive. Company may, in its sole discretion, require Executive to cease full time active employment immediately. In the event of such a termination of the Active Term, Company shall have only the following obligations:

(i) Pay Executive his base salary for his full time services rendered through the early end of the Active Term.

(ii) Pay Executive a pro rated portion of any annual incentive bonus under paragraph 3.2.1 and credit the Executive's LTI account for a pro rated amount under paragraph 3.2.2, based on the number of days of Executive's full time employment during the performance period and only if the performance goals are actually certified as achieved by the Committee following the end of the performance period.

(iii) Vest a prorated number of restricted shares under paragraph 3.3.1 and a prorated number of option shares under paragraph 3.3.2, in each case based on the number of days of Executive's full time employment during the performance period and only if the performance goals are actually certified as achieved by the Committee following the end of the performance period.

(iv) Pay Executive the full Renewal Term Compensation over three years beginning following the end of the Active Term.

(v) Pay Executive the LTI Account in the manner provided under the LTI Plan and in accordance with paragraph 7.11 of this Agreement.

Executive acknowledges that in the event of the termination of his full time employment by the Company and early termination of the Active Term, Executive will forfeit any claim to future bonuses or equity awards and all existing bonuses and equity awards granted hereunder will terminate, except only for the pro rated portion set forth above to the extent performance goals are achieved.

5.3.2. FOR CAUSE. Company may terminate this Agreement at any time if it has "cause" to do so. For purposes of this paragraph, the term "cause" means the following:

(i) willful violation of laws and regulations governing Company;

(ii) willful failure to substantially comply with any material terms of this Agreement, provided Company shall make a written demand for substantial compliance setting forth the specific reason(s) for same and Executive shall have 60 days to cure, if possible;

(iii) willful breach of fiduciary duties;

(iv) willful damage, willful misrepresentation, willful dishonesty, or other willful conduct which Company determines has had or is likely to have a material adverse effect upon Company's operations, assets, reputation or financial conditions; or

(v) willful breach of any stated material employment policy of Company.

Failure to meet performance targets and measures shall not constitute "cause" as that term is used herein. Executive may have an opportunity to be heard by the Board prior to a termination for cause. For purposes of this paragraph, Executive's acts or omissions shall be considered "willful" if done without a good faith, reasonable belief that such act or omission was in Company's best interest. In the event of termination for cause, Company shall pay Executive any base salary earned and any rights or benefits that have vested, including any declared but unpaid bonus. Otherwise, Company's obligations hereunder cease upon notice of termination.

5.3.4. METHOD OF PAYMENT. Executive agrees that Company shall pay the present value of any amount(s) due under this paragraph in a lump sum. Present value shall be calculated based upon PNC Bank's prime interest rate.

5.4. Early Retirement. Executive may terminate this Agreement by electing early retirement at any time by giving at least 60 calendar days' written notice of his intention to retire to Company's Chairman, which Company may accept immediately. In the event of Executive's early retirement, Company will have no further obligations or liability hereunder to Executive, except as provided herein, including the right of Executive to exercise stock options for a period of one year, to payout of the LTI Account, and to receive the Retirement Benefit in the manner provided under paragraph 7.11 of this Agreement.

5.5. Payments Due Upon a Termination Of the Active Term. In the event of any termination of Executive's employment under this Agreement prior to the end of the Active Term, Executive (or his estate) shall be paid any unpaid portion of his salary that has accrued by virtue of his employment during the period prior to termination, and any unpaid, declared bonus, together with any unpaid business expenses properly incurred under this Agreement prior to termination. Such amounts shall be paid within 15 days of the date of termination, unless otherwise provided herein. Executive (or his estate) shall also have the right to exercise stock options for a period of one year, and Executive shall receive payout of the LTI Account, and to receive any remaining balance of the Renewal Term Compensation, in the manner provided under paragraph 7.11 of this Agreement

6. ARBITRATION. Except as provided in paragraph 2.3 and in paragraph 4.5, the parties agree that arbitration shall be the sole and exclusive remedy to redress any dispute, claim or controversy involving the interpretation of this Agreement or the terms, conditions or termination of this Agreement or the terms, conditions or termination of Executive's employment with Company. The parties intend that any arbitration award shall be final and binding and that a judgment on the award may be entered in any court of competent jurisdiction and enforcement may be had according to its terms. This paragraph shall survive the termination or expiration of this Agreement.

6.1. Arbitration shall be held in Pittsburgh, PA, and shall be conducted by a retired federal judge or other qualified arbitrator mutually agreed upon by the parties in accordance with the Voluntary Arbitration Rules of the American Arbitration Association then in effect. The parties shall have the right to conduct discovery pursuant the Federal Rules of Civil Procedure; provided, however, that the Arbitrator shall have the authority to establish an expedited discovery schedule and cutoff and to resolve any discovery disputes. The Arbitrator shall not have jurisdiction or authority to change any provision of this Agreement by alterations of, additions to or subtractions from the terms hereof. The Arbitrator's sole authority in this regard shall be to interpret or apply any provision(s) of this Agreement. The Arbitrator shall be limited to awarding compensatory damages, including unpaid wages or benefits, but shall have no authority to award punitive, exemplary or similar-type damages.

6.2. Any claim or controversy not sought to be submitted to arbitration, in writing, within 180 days of when it arose shall be deemed waived and the moving party shall have no further right to seek arbitration or recovery with respect to such claim or controversy.

6.3. The arbitrator shall be entitled to award expenses, including the costs of the proceeding, and reasonable counsel fees.

6.4. The parties hereby acknowledge that since arbitration is the exclusive remedy, neither party has the right to resort to any federal, state or local court or administrative agency concerning breaches of this Agreement, except as otherwise provided in paragraph 2.3 or paragraph 4.5, and that the decision of the Arbitrator shall be a complete defense to any suit, action or proceeding instituted in any federal, state or local court before any administrative agency with respect to any arbitrable claim or controversy.

7. GENERAL PROVISIONS.

7.1. The parties agree that the covenants and promises set forth in paragraphs 4, 5 and 6 shall survive the termination of this Agreement and continue in full force and effect.

7.2. Except as otherwise provided in paragraph 6.2 above, failure to insist upon strict compliance with any term hereof shall not be considered a waiver of any such term.

7.3. This Agreement along with any other document or policy or practice referenced herein (which are collectively referred to as "Agreement" herein), contain the entire agreement of the parties regarding Executive's employment and supersede any prior written or oral agreements or understandings relating to the same. No modification or amendment of this Agreement shall be valid unless in writing and signed by or on behalf of both parties.

7.4. If Executive's full-time employment terminates, for any reason whatsoever, he shall immediately tender to the Board his written resignation from the Board, which resignation the Board may or may not accept.

7.5. Once signed by both parties, this Agreement shall be binding upon and shall inure to the benefit of the heirs, successors, and assigns of the parties.

7.6. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable laws, ordinances, rules and regulations. If any provisions of this Agreement, or the application thereof to any person or circumstance, shall, for any reason and to any extent, be held invalid or unenforceable, such invalidity and unenforceability shall not affect the remaining provisions hereof and the application of such provisions to other persons or circumstances, all of which shall be enforced to the greatest extent permitted by law.

7.7. The validity, construction, and interpretation of this Agreement and the rights and duties of the parties hereto shall be governed by the laws of the State of Pennsylvania, without reference to the Pennsylvania choice of law rules.

7.8. Any written notice required or permitted hereunder shall be mailed, certified mail (return receipt requested) or hand-delivered, addressed to Company's Chairman at Company's then principal office, or to Executive at the most recent home address on his paycheck. Notices are effective upon receipt.

7.9. The rights of Executive under this Agreement shall be solely those of an unsecured general creditor of Company.

7.10. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

7.11. Notwithstanding anything in this Agreement to the contrary, if, when Executive's employment with Company terminates, Company believes that any payments under this Agreement will result in additional tax or interest to Executive under Internal Revenue Code Section 409A and the guidance promulgated there under ("Code Section 409A"), Company may suspend the payments to Executive of amounts due within the first six months after the termination date. If Company suspends any payments, it will aggregate and pay these amounts to Executive on the earliest of (a) the date that is six months and one day after the termination date, (b) the date of the Executive's death, or (c) any earlier date that does not result in such additional tax or interest under Code Section 409A. To the extent that any provisions of this Agreement do not comply with Internal Revenue Code Section 409A and the guidance promulgated there under ("Code Section 409A"), which would cause Executive to incur any additional tax or interest under Code Section 409A, such terms of the Agreement shall be deemed to be modified, to the extent reasonably possible to do so, and applied in a manner to be consistent with Code Section 409A.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Agreement consisting of 11 pages.

EXECUTIVE AMERICAN EAGLE OUTFITTERS, INC.

---------------------------------- By:--------------------------------

Roger S. Markfield James O'Donnell

Signed: /s/ Roger S. Markfield Signed: /s/ James O'Donnell

Date: January 13, 2009 Date: January 13, 2009

American Eagle Outfitters Announces the Appointment of Roger Markfield to Vice Chairman, Executive Creative Director

Pittsburgh - January 15, 2009 -- American Eagle Outfitters, Inc. (NYSE: AEO) announced today that Roger Markfield, former Chief Merchandising Officer/ Co-CEO of AEO Inc, and current member of the AEO board of directors has been appointed to a newly-created full time role as Vice Chairman, Executive Creative Director of American Eagle Outfitters, Inc. Reporting to Chief Executive Officer, Jim O'Donnell, Markfield will work closely with all creative areas of the AE brand, including design, merchandising and marketing.

"I am extremely pleased to have Roger's full-time commitment as we respond to the current business challenges," said Jim O'Donnell, Chief Executive Officer. "Roger brings proven creative vision and merchandising talent, which are well-recognized throughout the industry. Most importantly, his successful history and connection with the AE brand will be instrumental as we look to strengthen the women's business, and drive our overall market position as a leading lifestyle brand. I am confident in our future and believe that this important appointment will serve to build a strong foundation for on-going success."

Roger Markfield has worked with AEO, Inc. since 1993, serving in various capacities including: Chief Merchandising Officer from 1995 to 2002, a member of board of directors since 1999, Co-CEO from December 2002 to November 2003, and Vice Chairman from 2003 to 2006.

American Eagle Outfitters, Inc., through its subsidiaries, ("AEO, Inc.") offers high-quality, on-trend clothing, accessories and personal care products at affordable prices. The American Eagle Outfitters brand targets 15 to 25 year old girls and guys, with 858 stores in the U.S. and Canada and online at www.ae.com. aerie by american eagle offers Dormwear and intimates collections for the AE girl, with 116 standalone stores in the U.S. and Canada and online at www.aerie.com. MARTIN + OSA provides Refined Casual fashions for 28 to 40 year old men and women at its 28 stores and online at www.martinandosa.com. The latest brand, 77kids™ by american eagle, is available online only at www.77kids.com. 77kids offers "kid cool," durable clothing and accessories for kids ages two to 10. AE.COM, the online home of the brands of AEO, Inc. ships to more than 60 countries worldwide.

"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 future success. 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 future expectations 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.

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