AMERICAN EAGLE OUTFITTERS INC
Form 8-K
March 11, 2013

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)

March 5, 2013

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

Delaware

1-33338

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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Fiscal 2012 Compensation

On March 5, 2013, the Compensation Committee of the Board of Directors (the "Committee") of American Eagle Outfitters, Inc. (the "Company") certified achievement of the Company's financial goals based on its financial results for the fiscal year ended February 2, 2013 ("Fiscal 2012"), which resulted in the following actions:

- awards of Fiscal 2012 incentive compensation, under the Company's 2005 Stock Award and Incentive Plan, as amended, approved by the stockholders on June 16, 2009 (the "2005 Amended Plan"), to the Company's named executive officers ("NEO's") and certain other individuals were authorized to be paid. The incentive compensation amounts were determined as a percentage of the executive's base salary based on achievement of the Company's financial goals at stretch;

- awards of Fiscal 2012 restricted stock units ("RSU's") plus the respective dividends, under the Company's 2005 Amended Plan, to the Company's NEO's and certain other individuals were fully vested subject to all of the other terms of the related award agreements;

- awards of Fiscal 2010 Performance Share Plan RSU's plus the respective dividends, under the Company's 2005 Amended Plan, to the Company's NEO's and certain other individuals were fully vested at stretch subject to all of the other terms of the related award agreements; and

- an award of Fiscal 2012 stock options to Roger S. Markfield, under the Company's 2005 Amended Plan, was fully vested at target subject to all of the other terms of the related award agreement.

For Fiscal 2012, the Company's financial results exceeded stretch level performance and the following awards were authorized to be paid and shares or share units were delivered:

Name and Principal Position	Incentive Compensation Award	2012 Stock Option Award (# of Shares)	2012 Restricted Stock Award (# of Units)	2010 Restricted Stock Award (# of Units)
Jay L. Schottenstein Executive Chairman of the Board	$1,000,000	-	-	-
Robert L. Hanson Principal Executive Officer	$1,339,000	-	173,228*	-
Roger S. Markfield Vice Chairman and Executive Creative Director	$1,900,000	373,529	-	147,899
Mary M. Boland Principal Financial Officer	$448,942	-	13,906	-
Fredrick W. Grover EVP - Brand Merchandising, Marketing and AE Direct	$1,000,000	-	33,744	25,948
Joan Holstein Hilson Former Principal Financial Officer**	$900,350	-	-	14,321

*Amount represents 65,248 units attributed to Mr. Hanson's sign-on RSU award and 107,980 units attributed to Mr. Hanson's Fiscal 2012 RSU award.

**Ms. Hilson resigned as the Company's Principal Financial officer effective May 18, 2012. Pursuant to Ms. Hilson's Separation and Release Agreement dated May 18, 2012, she will receive her Fiscal 2012 incentive compensation award based on the Company's achievement of its financial goals at stretch for Fiscal 2012 and a pro-rata portion of her Fiscal 2010 long-term performance based restricted stock units based on the Company's achievement of its financial goals at stretch for Fiscal 2010 - Fiscal 2012.

Fiscal 2013 Compensation

On March 5, 2013, the Committee also took the following actions relating to compensation for the fiscal year ending February 1, 2014 ("Fiscal 2013") for certain executive officers of the Company:

Base Salary

:
- fixed individual annual base salaries;

Annual Cash Bonus

:
- established performance goals under the 2005 Amended Plan based on three business criteria: (1) sixty percent (60%) is based on the Company's earnings before interest and taxes, excluding (i) extraordinary charge(s); and/or (ii) any accruals for restructuring programs, merger integration costs, or merger transaction costs; and/or (iii) other unusual or infrequent items (whether gains or losses) as defined by generally accepted accounting principles ("GAAP") which are disclosed as a separate component of income or loss on the face of the income statement or as may be disclosed in the notes to the financial statements; and/or (iv) asset impairment charges, including for stores or auction rate securities; and/or (v) discontinued operations; and/or (vi) lease buyout charges related to store closures (hereinafter "Fiscal 2013 EBIT") and (2) thirty percent (30%) is based on the Company's percentage increase in total net sales (hereinafter "Fiscal 2013 Revenue Growth) and (3) ten percent (10%) is based on the Company's inventory turnover (hereinafter "Fiscal 2013 Inventory Turn"). The annual cash bonus performance goals for Fiscal 2013 are set at three levels of the Fiscal 2013 EBIT, Fiscal 2013 Revenue Growth and Fiscal 2013 Inventory Turn (hereinafter "Fiscal 2013 Annual Cash Bonus Goals"): "Threshold", "Target" and "Stretch";

- established individual annual cash bonus targets under the 2005 Amended Plan as a percentage of the respective participant's base salary, with the actual bonus payment ranging from 0% below Threshold, to 25% of the targeted percentage amount at the Threshold Fiscal 2013 Annual Cash Bonus Goals, to 100% of the targeted percentage amount at the Target Fiscal 2013 Annual Cash Bonus Goals and 200% of the targeted percentage amount if the Stretch Fiscal 2013 Annual Cash Bonus Goals are achieved or exceeded.

Time-Based Restricted Stock Units:

- under the 2005 Amended Plan, granted awards of time-based restricted stock units ("RSU's") with performance accelerated vesting;

- the RSU's vest over three years in equal annual increments but may fully vest in one year if the Company's performance goal based on net income excluding (i) extraordinary charge(s); and/or (ii) any accruals for restructuring programs, merger integration costs, or merger transaction costs; and/or (iii) other unusual or infrequent items (whether gains or losses) which may be disclosed as a separate component of income or loss on the face of the income statement or as may be disclosed in the notes to the financial statements; and/or (iv) asset impairment charges, including for stores or auction rate securities; and/or (v) discontinued operations; and/or (vi) lease buyout charges related to store closures (hereinafter "Fiscal 2013 NI") at stretch is met. The RSU's are credited with dividend equivalents at vesting.

Performance Share Plan Restricted Stock Units

:
- established three single-year performance goals and one three-year cumulative performance goal under the Company's 2005 Amended Plan based on two business criteria: (1) fifty percent (50%) is based on EBIT and (2) fifty percent (50%) is based on the Company's return on capital (hereinafter "Fiscal 2013 PSP Goal", "Fiscal 2014 PSP Goal", "Fiscal 2015 PSP Goal" and "Fiscal 2015 Cumulative PSP Goal") and granted awards of performance share plan restricted stock units ("PSP RSU's");

- vesting of the PSP RSU's is determined as follows:
  - If the Fiscal 2015 Cumulative PSP Goal equals the Fiscal 2015 Cumulative Threshold level, then the PSP RSU Target Percentage will be 50%; if the Fiscal 2015 Cumulative PSP Goal is between the Fiscal 2015 Cumulative Threshold level and the Fiscal 2015 Cumulative Target level, then the PSP RSU Target Percentage is interpolated between 50% and 100%; if the Fiscal 2015 Cumulative PSP Goal equals the Fiscal 2015 Cumulative Target level, then the PSP RSU Target Percentage is 100%; if the Fiscal 2015 Cumulative PSP Goal is between the Fiscal 2015 Cumulative Target level and the Fiscal 2015 Cumulative Stretch level, then the PSP RSU Target Percentage is interpolated between 100% and 150%; if the Fiscal 2015 Cumulative PSP Goal is equal to or greater than the Fiscal 2015 Cumulative Stretch level, then the PSP RSU Target Percentage is 150%.
  - If the Fiscal 2015 Cumulative PSP Goal is less than the Fiscal 2015 Cumulative Threshold level but the Fiscal 2013 PSP Goal equals the Fiscal 2013 Target level, then 20% of the PSP RSU's will vest on the date of the Compensation Committee certification in 2016; and/or
  - If the Fiscal 2015 Cumulative PSP Goal is less than the Fiscal 2015 Cumulative Threshold level but the Fiscal 2014 PSP Goal equals the Fiscal 2014 Target level, then an additional 20% of the PSP RSU's will vest on the date of the Compensation Committee certification in 2016; and/or
  - If the Fiscal 2015 Cumulative PSP Goal is less than the Fiscal 2015 Cumulative Threshold level but the Fiscal 2015 PSP Goal equals the Fiscal 2015 Target level, then an additional 20% of the PSP RSU's will vest on the date of the Compensation Committee certification in 2016.

The award is granted as restricted stock units that is credited with dividend equivalents at vesting. All shares that do not vest based on the above performance goals for the Cumulative Fiscal 2015 Performance Period are forfeited. The grant of restricted stock units is set forth in a Performance Share Plan Restricted Stock Unit Agreement between the Company and the recipient in form consistent with the terms of this award and the terms of the 2005 Amended Plan.

Stock Options for Roger S. Markfield:

- the Committee established performance goals under the 2005 Amended Plan based on three business criteria: (1) sixty percent (60%) is based on Fiscal 2013 EBIT; (2) thirty percent (30%) is based on Fiscal 2013 Revenue Growth; and (3) ten percent (10%) is based on Fiscal 2013 Inventory Turn (the "Markfield Stock Option Goals"). The Markfield Stock Option Goals for Fiscal 2013 are set at two levels of Fiscal 2013 EBIT, Fiscal 2013 Revenue Growth and Fiscal 2013 Inventory Turn: "Threshold" and "Target";

- vesting of the stock options for Mr. Markfield is determined as follows:
  - If the Threshold level is not met, then all stock options will forfeit;
  - If the Threshold level is met, then 25% of the stock options will vest;
  - If the Threshold level is exceeded but the Target level is not met, then the number of stock options that vest is prorated;
  - If the Target level is met, then 100% of the stock options will vest.

Stock Options for Robert L. Hanson:

- the Committee granted an award of time based stock options under the Company's 2005 Amended Plan which are exercisable at the fair market value on the grant date and will vest proportionately over three years;

The following sets forth the annual base salary levels, individual participant target bonus percentages, RSU awards, target PSP RSU awards and Stock Option awards of the indicated named executive officers:

Name and Principal Position	Fiscal 2013 Base Salary	Annual Bonus (% of Base Salary)	Restricted Stock Award (# of Units)	PSP RSU Award (# of Units)	Stock Option Award (# of Shares)
Jay L. Schottenstein Executive Chairman of the Board	$520,000	100%	-	22,173	-
Robert L. Hanson Principal Executive Officer	$1,100,000	150%	44,346	88,692	69,209
Roger S. Markfield Vice Chairman and Executive Creative Director	$988,000	100%	-	200,887	307,006
Mary M. Boland Principal Financial Officer	$600,000	70%	19,956	24,390	-
Fredrick W. Grover EVP - Brand Merchandising, Marketing and AE Direct	$650,000	80%	19,956	24,390	-

Finally, on March 5, 2013, the Compensation Committee also established under the 2005 Amended Plan a performance-based Annual Award Pool (the "Award Pool") for certain executive officers of the Company subject to Internal Revenue Code Section 162(m). The Compensation Committee established a Fiscal 2013 performance goal for the Award Pool under the Company's 2005 Amended Plan based on the Company's income per common share from continuing operations, fully diluted with expenses for stock options, excluding (i) extraordinary charge(s); and/or (ii) any accruals for restructuring programs, merger integration costs, or merger transaction costs; and/or (iii) other unusual or infrequent items (whether gains or losses) as defined by generally accepted accounting principles which are disclosed as a separate component of income or loss on the face of the income statement or as may be disclosed in the notes to the financial statements; and/or (iv) asset impairment charges, including for stores or auction rate securities; and/or (v) discontinued operations; and/or (vi) lease buyout charges related to store closures. Based on achievement of the performance goal, the Award Pool will be used to determine the maximum amount payable under the Company's Annual Cash Bonus Plan for 2013 and the Time-Based RSU's to be granted in Fiscal 2014 to executive officers who are covered employees under Section 162(m) for Fiscal 2013. The following maximum awards were established as a percent of EBITDA, in each case subject to the 2005 Amended Plan maximum of $5 million per person and further subject to the exercise of negative discretion by the Compensation Committee to reduce the maximum award:

Name and Principal Position	% of EBITDA
Jay L. Schottenstein Executive Chairman of the Board	0.35%
Robert L. Hanson Principal Executive Officer	1.00%
Roger S. Markfield Vice Chairman and Executive Creative Director	0.75%
Mary M. Boland Principal Financial Officer	0.40%
Fredrick W. Grover EVP - Brand Merchandising, Marketing and AE Direct	0.40%

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: March 11, 2013

By: /s/ Cornelius Bulman, Jr.
Cornelius Bulman, Jr.
Vice President, General Counsel and Secretary