CONTANGO OIL & GAS CO
Form 8-K
April 11, 2012

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) April 10, 2012

CONTANGO OIL & GAS COMPANY

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	**001-16317**	**95-4079863**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

3700 BUFFALO SPEEDWAY, SUITE 960

HOUSTON, TEXAS 77098

(Address of principal executive offices)

(713) 960-1901

(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.

As of April 1, 2012, Contango Oil & Gas Company (the Company) entered into an advisory agreement (the Agreement) with Juneau Exploration, L.P. (JEX). Pursuant to the Agreement, JEX will direct the operations of the Company, including drilling, completions, production and accounting. JEX will also continue to generate offshore and onshore prospects for the Company. Under the terms of the Agreement, the Company will pay JEX a monthly fee of $167,000 and success fees equal to one percent (1%) of the cash profit earned by Contaro Company, and from time to time will grant JEX and the employees of JEX overriding royalty interests and carried interests in oil and gas exploration prospects generated by JEX.

A copy of the Agreement is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

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

Pursuant to the terms of the Agreement, the Board of Directors of the Company increased the size of the Board by one and appointed John B. Juneau as a director to serve on the Company s Board of Directors. The appointment was effective as of April 1, 2012, and Mr. Juneau will serve until the next election of members of the Board of Directors at the Company s annual shareholder meeting and until his successor is elected and qualified. The Board of Directors does not expect at this time that it will appoint Mr. Juneau to any committees of the Board.

The Agreement provides that Mr. Juneau will serve of the Board of Directors of the Company and the board of directors of any subsidiary of the Company, including Exaro Energy III, LLC, for so long as Contaro Company holds a membership interest in Exaro Energy III, LLC. Mr. Juneau will receive compensation for services as a director in accordance with the Company s standard compensation arrangements for non-employee directors.

Mr. Juneau is the sole manager of the general partner of JEX. Except as provided in the Agreement, there is no transaction to which the Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeds $120,000 and in which Mr. Juneau, or members of his immediate family, had or will have a direct or indirect material interest.

A copy of the press release relating to the Agreement and Mr. Juneau s appointment as director is being furnished as Exhibit 99.1 to this Current Report on Form 8-K. Exhibit 99.1 shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities 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.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description of Document
10.1	Advisory Agreement between Contango Oil & Gas Company and Juneau Exploration, L.P., dated as of April 1, 2012
99.1	Press Release dated April 10, 2012

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.

CONTANGO ORE, INC.

Date: April 11, 2012

By: /s/ KENNETH R. PEAK
Kenneth R. Peak
Chairman and Chief Executive Officer

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196,237

195,135

Refer to Notes to Consolidated Financial Statements

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AMERICAN EAGLE OUTFITTERS, INC.

Consolidated Statements of Comprehensive Income

(In thousands)	For the Years Ended January 28, 2017	January 30, 2016	January 31, 2015
Net income	$212,449	$218,138	$80,322
Other comprehensive loss:			
Foreign currency translation loss	(6,594)	(19,924)	(22,101)
Other comprehensive loss	(6,594)	(19,924)	(22,101)
Comprehensive income	$205,855	$198,214	$58,221

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.

Consolidated Statements of Stockholders' Equity

(In thousands, except per share amounts)	Shares Outstanding (1)	Common Stock	Contributed Capital	Retained Earnings	Treasury Stock (2)	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity
Balance at February 1, 2014	193,149	$ 2,496	$ 573,008	$ 1,569,851	$ (991,334)	$ 12,157	$ 1,166,178
Stock awards	—	—	12,372	—	—	—	12,372
Repurchase of common stock as part of publicly announced programs	—	—	—	—	—	—	—
Repurchase of common stock from employees	(517)	—	—	—	(7,464)	—	(7,464)
Reissuance of treasury stock	1,884	—	(17,988)	(7,503)	33,232	—	7,741
Net income	—	—	—	80,322	—	—	80,322
Other comprehensive loss	—	—	—	—	—	(22,101)	(22,101)
Cash dividends and dividend equivalents ($0.50 per share)	—	—	2,283	(99,585)	—	—	(97,302)
Balance at January 31, 2015	194,516	$ 2,496	$ 569,675	$ 1,543,085	$ (965,566)	$ (9,944)	$ 1,139,746
Stock awards	—	—	31,937	—	—	—	31,937
Repurchase of common stock as part of publicly announced programs	(15,563)	—	—	—	(227,071)	—	(227,071)
Repurchase of common stock from employees	(324)	—	—	—	(5,163)	—	(5,163)
Reissuance of treasury stock	1,506	—	(13,237)	(2,332)	26,461	—	10,892
Net income	—	—	—	218,138	—	—	218,138
Other comprehensive loss	—	—	—	—	—	(19,924)	(19,924)
Cash dividends and dividend equivalents	—	—	2,445	(99,624)	—	—	(97,179)

($0.50 per share)							
Balance at January 30, 2016	180,135	$ 2,496	$ 590,820	$ 1,659,267	$ (1,171,339)	$ (29,868)	$ 1,051,376
Stock awards	—	—	27,877	—	—	—	27,877
Repurchase of common stock as part of publicly announced programs	—	—	—	—	—	—	—
Repurchase of common stock from employees	(455)	—	—	—	(7,032)	—	(7,032)
Reissuance of treasury stock	2,206	—	(17,247)	(2,821)	37,241	—	17,174
Net income	—	—	—	212,449	—	—	212,449
Other comprehensive loss	—	—	—	—	—	(6,594)	(6,594)
Cash dividends and dividend equivalents ($0.50 per share)	—	—	2,440	(93,120)	—	—	(90,680)
Balance at January 28, 2017	181,886	$ 2,496	$ 603,890	$ 1,775,775	$ (1,141,130)	$ (36,462)	$ 1,204,569

(1) 600,000 authorized, 249,566 issued and 181,886 outstanding, $0.01 par value common stock at January 28, 2017; 600,000 authorized, 249,566 issued and 180,135 outstanding, $0.01 par value common stock at January 30, 2016; 600,000 authorized, 249,566 issued and 194,516 outstanding, $0.01 par value common stock at January 31, 2015; 600,000 authorized 249,566 issued and 193,149 outstanding, $0.01 par value common stock at February 1, 2014. The Company has 5,000 authorized, with none issued or outstanding, $0.01 par value preferred stock for all periods presented.

(2) 67,680 shares, 69,431 shares and 55,050 shares at January 28, 2017, January 30, 2016 and January 31, 2015 respectively. During Fiscal 2016, Fiscal 2015, and Fiscal 2014, 2,206 shares, 1,506 shares, and 1,884 shares, respectively, were reissued from treasury stock for the issuance of share-based payments.

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.

Consolidated Statements of Cash Flows

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Operating activities:			
Net income	$212,449	$218,138	$80,322
(Gain) loss from discontinued operations, net of tax	—	(4,847)	8,465
Income from continuing operations	$212,449	$213,291	$88,787
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	158,174	148,858	142,351
Share-based compensation	29,137	34,977	16,070
Deferred income taxes	14,838	4,680	(2,279)
Foreign currency transaction (gain) loss	(835)	2,977	(495)
Loss on impairment of assets	20,576	—	33,468
Gain on sale of assets	—	(9,422)	—
Changes in assets and liabilities:			
Merchandise inventory	(53,613)	(22,259)	8,586
Accounts receivable	(7,705)	(10,093)	3,084
Prepaid expenses and other	(332)	(7,027)	14,282
Other assets	(6,705)	(10,017)	6,612
Accounts payable	52,347	(3,189)	(5,280)
Unredeemed gift cards and gift certificates	4,465	755	1,238
Deferred lease credits	(5,229)	(4,099)	(4,528)
Accrued compensation and payroll taxes	(25,809)	34,234	20,716
Accrued income and other taxes	(10,695)	(17,615)	24,826
Accrued liabilities	(15,467)	(14,133)	(9,012)
Total adjustments	153,147	128,627	249,639
Net cash provided by operating activities from continuing operations	365,596	341,918	338,426
Investing activities:			
Capital expenditures for property and equipment	(161,494)	(153,256)	(245,002)
Acquisitions and purchase of long-lived assets in business combination	—	(10,442)	—
Proceeds from sale of assets	—	12,579	—
Acquisition of intangible assets	(1,528)	(2,382)	(1,264)
Sale of available-for-sale securities	—	—	10,002
Net cash used for investing activities from continuing operations	(163,022)	(153,501)	(236,264)
Financing activities:			
Payments on capital leases and other	(4,375)	(7,635)	(7,143)
Repurchase of common stock as part of publicly announced programs	—	(227,071)	—
Repurchase of common stock from employees	(7,032)	(5,163)	(7,464)
Net proceeds from stock options exercised	16,260	7,283	7,305
Excess tax benefit from share-based payments	763	657	742

Cash dividends paid	(90,680)	(97,237)	(97,224)
Net cash used for financing activities from continuing operations	(85,064)	(329,166)	(103,784)
Effect of exchange rates on cash	1,036	(3,076)	(7,578)
Cash flows of discontinued operations			
Net cash (used for) provided by operating activities	—	(6,805)	963
Net cash used for investing activities	—	—	—
Net cash used for financing activities	—	—	—
Effect of exchange rates on cash	—	—	—
Net cash (used for) provided by discontinued operations	—	(6,805)	963
Net increase (decrease) in cash and cash equivalents	118,546	(150,630)	(8,237)
Cash and cash equivalents - beginning of period	$260,067	$410,697	$418,933
Cash and cash equivalents - end of period	378,613	260,067	410,697

Refer to Notes to Consolidated Financial Statements

AMERICAN EAGLE OUTFITTERS, INC.

Notes to Consolidated Financial Statements

For the Year Ended January 28, 2017

1. Business Operations

American Eagle Outfitters, Inc. (the “Company” or “AEO, Inc.”), a Delaware corporation, operates under the American Eagle Outfitters® (“AEO”) and Aerie® by American Eagle Outfitters® (“Aerie”) brands.

Founded in 1977, AEO, Inc. is a leading multi-brand specialty retailer that operates more than 1,000 retail stores in the U.S. and internationally, online at www.ae.com and www.aerie.com and international store locations managed by third-party operators. Through its portfolio of brands, the Company offers high quality, on-trend clothing, accessories and personal care products at affordable prices. The Company’s online business, AEO Direct, ships to 81 countries worldwide.

In Fiscal 2015 , AEO Inc. acquired Tailgate Clothing Company (“Tailgate”), which owns and operates Tailgate, a vintage, sports-inspired apparel brand with a college town store concept, and Todd Snyder New York, a premium menswear brand.

Merchandise Mix

The following table sets forth the approximate consolidated percentage of total net revenue from continuing operations attributable to each merchandise group for each of the periods indicated:

	For the Years Ended		
	January 28, 2017	January 30, 2016	January 31, 2015
Men’s apparel and accessories	35 %	37 %	39 %
Women’s apparel and accessories (excluding Aerie)	54 %	54 %	53 %
Aerie	11 %	9 %	8 %
Total	100 %	100 %	100 %

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation. At January 28, 2017, the Company operated in one reportable segment.

The Company exited its 77kids brand in 2012. These Consolidated Financial Statements reflect the results of 77kids as discontinued operations for all periods presented.

Fiscal Year

Our fiscal year ends on the Saturday nearest to January 31. As used herein, "Fiscal 2017" refers to the 53-week period ending February 3, 2018. "Fiscal 2016", "Fiscal 2015" and "Fiscal 2014" refer to the 52-week periods ended January 28, 2017, January 30, 2016 and January 31, 2015, respectively.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires the Company's 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, our management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (“ASU 2014-09”). ASU 2014-09 is a comprehensive new revenue recognition model that expands disclosure requirements and requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. Originally, ASU 2014-09 was effective for annual reporting periods beginning after December 15, 2016. In July 2015, the FASB voted to approve amendments deferring the effective date by one year to be effective for annual reporting periods beginning after December 15, 2017. Accordingly, the Company will adopt ASU 2014-09 on February 4, 2018. The Company does not expect a material impact of the adoption of this guidance on the Company’s consolidated financial condition, results of operations or cash flows.

In November 2015, the FASB issued ASU No. 2015-17, Balance Sheet Classification of Deferred Taxes (“ASU 2015-17”), which requires entities to present deferred tax assets and deferred tax liabilities as noncurrent in a classified balance sheet. The ASU may be applied prospectively or retrospectively. The Company adopted the ASU on January 30, 2016, applied retrospectively.

In February 2016, the FASB issued ASU No. 2016-02, Leases (“ASU 2016–02”) which replaces the existing guidance in ASC 840, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and requires retrospective application. The Company will adopt in Fiscal 2019 and is currently evaluating the impact of ASU 2016-02 to its Consolidated Financial Statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation-Stock Compensation (Topic 718) (“ASU 2016-09”). ASU 2016-09 makes several modifications to Topic 718 related to the accounting for forfeitures, employer tax withholding on share-based compensation and the financial statement presentation of excess tax benefits or deficiencies. ASU 2016-09 also clarifies the statement of cash flows presentation for certain components of share-based awards. The standard is effective for interim and annual reporting periods beginnings after December 15, 2016. The Company will adopt in Fiscal 2017 and does not expect a material impact of the adoption of this guidance on the Company’s consolidated financial statements.

Foreign Currency Translation

In accordance with Accounting Standards Codification (“ASC”) 830, Foreign Currency Matters, assets and liabilities denominated in foreign currencies were translated into United States dollars (“USD”) (the reporting currency) at the exchange rates prevailing at the balance sheet date. Revenues and expenses denominated in foreign currencies were translated into USD at the monthly average exchange rates for the period. Gains or losses resulting from foreign currency transactions are included in the results of operations, whereas, related translation adjustments are reported as an element of other comprehensive income in accordance with ASC 220, Comprehensive Income (refer to Note 11 to the Consolidated Financial Statements).

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a remaining maturity of three months or less to be cash equivalents.

As of January 28, 2017 and January 30, 2016, the Company held no short-term investments.

Refer to Note 3 to the Consolidated Financial Statements for information regarding cash and cash equivalents and investments.

Merchandise Inventory

Merchandise inventory is valued at the lower of average cost or market, utilizing the retail method. Average cost includes merchandise design and sourcing costs and related expenses. The Company records merchandise receipts at the time which both title and risk of loss for the merchandise transfers to the Company.

The Company reviews its inventory levels to identify slow-moving merchandise and generally uses markdowns to clear merchandise. Additionally, the Company estimates a markdown reserve for future planned permanent markdowns related to current inventory. Markdowns may occur when inventory exceeds customer demand for reasons of style, seasonal adaptation, changes in customer preference, lack of consumer acceptance of fashion items, competition, or if it is determined that the inventory in stock will not sell at its currently ticketed price. Such markdowns may have a material adverse impact on earnings, depending on the extent and amount of inventory affected. The Company also estimates a shrinkage reserve for the period between the last physical count and the balance sheet date. The estimate for the shrinkage reserve, based on historical results, can be affected by changes in merchandise mix and changes in actual shrinkage trends.

Property and Equipment

Property and equipment is recorded on the basis of cost with depreciation computed utilizing the straight-line method over the assets' estimated useful lives. The useful lives of our major classes of assets are as follows:

Buildings	25 years
Leasehold improvements	Lesser of 10 years or the term of the lease
Fixtures and equipment	5 years

In accordance with ASC 360, Property, Plant, and Equipment, the Company's management evaluates the value of leasehold improvements and store fixtures associated with retail stores, which have been open for a period of time sufficient to reach maturity. The Company evaluates long-lived assets for impairment at the individual store level, which is the lowest level at which individual cash flows can be identified. Impairment losses are recorded on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of the assets. When events such as these occur, the impaired assets are adjusted to their estimated fair value and an impairment loss is recorded separately as a component of operating income under loss on impairment of assets. During Fiscal 2015, the Company recorded no asset impairment charges.

During Fiscal 2016, the Company recorded pre-tax asset impairment charges of $20.5 million that includes $7.2 million for the impairment of all Company owned retail stores in the United Kingdom, Hong Kong and China. This amount is included within impairment and restructuring charges in the Consolidated Statements of Operations. These charges are the result of business performance and exploring an initiative to convert these markets to licensed partnerships. Retail stores in these markets no longer are able to generate sufficient cash flow over the expected remaining lease term to recover the carrying value of the respective stores' assets. Additionally, the Company recorded $10.8 million of impairment charges related to non-store corporate assets that support the United Kingdom, Hong Kong and China Company owned retail store and e-commerce operations and $2.5 million of goodwill impairment for the China and Hong Kong retail operations.

During Fiscal 2014, the Company recorded pre-tax asset impairment charges of $33.5 million that includes $25.1 million for the impairment of 79 retail stores recorded as a loss on impairment of assets in the Consolidated Statements of Operations. Based on the Company's evaluation of current and future projected performance, it was determined that these stores would not be able to generate sufficient cash flow over the expected remaining lease term to recover the carrying value of the respective stores' assets. Additionally, the Company recorded $8.4 million of impairment charges related to corporate assets.

When the Company closes, remodels or relocates a store prior to the end of its lease term, the remaining net book value of the assets related to the store is recorded as a write-off of assets within depreciation and amortization expense.

Refer to Note 7 to the Consolidated Financial Statements for additional information regarding property and equipment and Note 16 for additional information regarding impairment charges.

Goodwill

The Company's goodwill is primarily related to the acquisition of its importing operations, Canadian, Hong Kong and China businesses and the recent acquisition of Tailgate and Todd Snyder. In accordance with ASC 350, Intangibles-Goodwill and Other ("ASC 350"), the Company evaluates goodwill for possible impairment on at least an annual basis and last performed an annual impairment test as of January 28, 2017. During Fiscal 2016, the Company concluded the

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goodwill was impaired for the Hong Kong and China businesses, resulting in a $2.5 million charge included within impairment and restructuring charges in the Consolidated Statements of Operations as a result of the Company's plans to convert these markets to licensed partnerships. All other goodwill for the Company was not impaired as a result of the annual goodwill impairment test.

Refer to Note 17 to the Consolidated Financial Statements for additional information on the acquisition of Tailgate.

Intangible Assets

Intangible assets are recorded on the basis of cost with amortization computed utilizing the straight-line method over the assets' estimated useful lives. The Company's intangible assets, which primarily include trademark assets, are amortized over 15 to 25 years.

The Company evaluates intangible assets for impairment in accordance with ASC 350 when events or circumstances indicate that the carrying value of the asset may not be recoverable. Such an evaluation includes the estimation of undiscounted future cash flows to be generated by those assets. If the sum of the estimated future undiscounted cash flows are less than the carrying amounts of the assets, then the assets are impaired and are adjusted to their estimated fair value. No intangible asset impairment charges were recorded for all periods presented.

Refer to Note 8 to the Consolidated Financial Statements for additional information regarding intangible assets.

Deferred Lease Credits

Deferred lease credits represent the unamortized portion of construction allowances received from landlords related to the Company's retail stores. Construction allowances are generally comprised of cash amounts received by the Company from its landlords as part of the negotiated lease terms. The Company records a receivable and a deferred lease credit liability at the lease commencement date (date of initial possession of the store). The deferred lease credit is amortized on a straight-line basis as a reduction of rent expense over the term of the original lease (including the pre-opening build-out period). The receivable is reduced as amounts are received from the landlord.

Self-Insurance Liability

The Company is self-insured for certain losses related to employee medical benefits and worker's compensation. Costs for self-insurance claims filed and claims incurred but not reported are accrued based on known claims and historical experience. Management believes that it has adequately reserved for its self-insurance liability, which is capped through the use of stop loss contracts with insurance companies. However, any significant variation of future claims from historical trends could cause actual results to differ from the accrued liability.

Co-branded Credit Card and Customer Loyalty Program

The Company offers a co-branded credit card (the "AEO Visa Card") and a private label credit card (the "AEO Credit Card") under the AEO and Aerie brands. These credit cards are issued by a third-party bank (the "Bank") in accordance with a credit card agreement ("the Agreement"). The Company has no liability to the Bank for bad debt expense, provided that purchases are made in accordance with the Bank's procedures. We receive additional funding from the bank based on the Agreement and card activity. We recognize revenue for the additional funding when the amounts are fixed or determinable and collectability is reasonably assured. This revenue is recorded in other revenue, which is a component of total net revenue in our Consolidated Statements of Operations.

Once a customer is approved to receive the AEO Visa Card or the AEO Credit Card and the card is activated, the customer is eligible to participate in the credit card rewards program. Customers who make purchases at AEO and Aerie earn discounts in the form of savings certificates when certain purchase levels are reached. Also, AEO Visa Card customers who make purchases at other retailers where the card is accepted earn additional discounts. Savings certificates are valid for 90 days from issuance.

Points earned under the credit card rewards program on purchases at AEO and Aerie are accounted for by analogy to ASC 605-25, Revenue Recognition, Multiple Element Arrangements ("ASC 605-25"). The Company believes that points earned under its point and loyalty programs represent deliverables in a multiple element arrangement rather than a rebate or refund of cash. Accordingly, the portion of the sales revenue attributed to the award points is deferred and recognized when the award is redeemed or when the points expire. Additionally, credit card reward points earned on non-AEO or Aerie purchases are accounted for in accordance with ASC 605-25. As the points are earned, a current liability is recorded for the estimated cost of the award through cost of sales.

The Company offers its customers the AEREWARDS® loyalty program (the “Program”). Under the Program, customers accumulate points based on purchase activity and earn rewards by reaching certain point thresholds during three-month earning periods. Rewards earned during these periods are valid through the stated expiration date, which is approximately one month from the mailing date of the reward. These rewards can be redeemed for a discount on a purchase of merchandise. Rewards not redeemed during the one-month redemption period are forfeited. The Company determined that rewards earned using the Program should be accounted for in accordance with ASC 605-25. Accordingly, the portion of the sales revenue attributed to the award credits is deferred and recognized when the awards are redeemed or expire.

Income Taxes

The Company calculates income taxes in accordance with ASC 740, Income Taxes (“ASC 740”), which requires the use of the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on the difference between the Consolidated Financial Statement carrying amounts of existing assets and liabilities and their respective tax bases as computed pursuant to ASC 740. Deferred tax assets and liabilities are measured using the tax rates, based on certain judgments regarding enacted tax laws and published guidance, in effect in the years when those temporary differences are expected to reverse. A valuation allowance is established against the deferred tax assets when it is more likely than not that some portion or all of the deferred taxes may not be realized. Changes in the Company’s level and composition of earnings, tax laws or the deferred tax valuation allowance, as well as the results of tax audits, may materially impact the Company’s effective income tax rate.

The Company evaluates its income tax positions in accordance with ASC 740 which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return, including a decision whether to file or not to file in a particular jurisdiction. Under ASC 740, a tax benefit from an uncertain position may be recognized only if it is “more likely than not” that the position is sustainable based on its technical merits.

The calculation of the deferred tax assets and liabilities, as well as the decision to recognize a tax benefit from an uncertain position and to establish a valuation allowance require management to make estimates and assumptions. The Company believes that its assumptions and estimates are reasonable, although actual results may have a positive or negative material impact on the balances of deferred tax assets and liabilities, valuation allowances or net income.

Revenue Recognition

Revenue is recorded for store sales upon the purchase of merchandise by customers. The Company’s e-commerce operation records revenue upon the estimated customer receipt date of the merchandise. Shipping and handling revenues are included in total net revenue. Sales tax collected from customers is excluded from revenue and is included as part of accrued income and other taxes on the Company’s Consolidated Balance Sheets.

Revenue is recorded net of estimated and actual sales returns and deductions for coupon redemptions and other promotions. The Company records the impact of adjustments to its sales return reserve quarterly within total net revenue and cost of sales. The sales return reserve reflects an estimate of sales returns based on projected merchandise returns determined through the use of historical average return percentages.

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Beginning balance	$3,349	$3,249	$2,205
Returns	(97,126)	(90,719)	(79,813)
Provisions	97,416	90,819	80,857
Ending balance	$3,639	$3,349	$3,249

Revenue is not recorded on the purchase of gift cards. A current liability is recorded upon purchase, and revenue is recognized when the gift card is redeemed for merchandise. Additionally, the Company recognizes revenue on

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unredeemed gift cards based on an estimate of the amounts that will not be redeemed ("gift card breakage"), determined through historical redemption trends. Gift card breakage revenue is recognized in proportion to actual gift card redemptions as a component of total net revenue. For further information on the Company's gift card program, refer to the Gift Cards caption below.

The Company recognizes royalty revenue generated from its license or franchise agreements based upon a percentage of merchandise sales by the licensee/franchisee. This revenue is recorded as a component of total net revenue when earned.

Cost of Sales, Including Certain Buying, Occupancy and Warehousing Expenses

Cost of sales consists of merchandise costs, including design, sourcing, importing and inbound freight costs, as well as markdowns, shrinkage and certain promotional costs (collectively "merchandise costs") and buying, occupancy and warehousing costs.

Design costs are related to the Company's Design Center operations and include compensation and employee benefit expenses, including salaries, incentives, travel, supplies and samples for our design teams, as well as rent and depreciation for the Company's Design Center. These costs are included in cost of sales as the respective inventory is sold.

Buying, occupancy and warehousing costs consist of compensation, employee benefit expenses and travel for the Company's buyers and certain senior merchandising executives; rent and utilities related to the Company's stores, corporate headquarters, distribution centers and other office space; freight from the Company's distribution centers to the stores; compensation and supplies for the Company's distribution centers, including purchasing, receiving and inspection costs; and shipping and handling costs related to our e-commerce operation. Gross profit is the difference between total net revenue and cost of sales.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of compensation and employee benefit expenses, including salaries, incentives and related benefits associated with the Company's stores and corporate headquarters. Selling, general and administrative expenses also include advertising costs, supplies for our stores and home office, communication costs, travel and entertainment, leasing costs and services purchased. Selling, general and administrative expenses do not include compensation, employee benefit expenses and travel for the Company's design, sourcing and importing teams, the Company's buyers and the Company's distribution centers as these amounts are recorded in cost of sales.

Advertising Costs

Certain advertising costs, including direct mail, in-store photographs and other promotional costs are expensed when the marketing campaign commences. As of January 28, 2017 and January 30, 2016, the Company had prepaid advertising expense of $8.4 million and $6.1 million, respectively. All other advertising costs are expensed as incurred. The Company recognized $124.5 million, $104.1 million and $94.2 million in advertising expense during Fiscal 2016, Fiscal 2015 and Fiscal 2014, respectively.

Store Pre-Opening Costs

Store pre-opening costs consist primarily of rent, advertising, supplies and payroll expenses. These costs are expensed as incurred.

Other Income, Net

Other income, net consists primarily of foreign currency transaction gain/loss, interest income/expense and realized investment gains/losses.

Gift Cards

The value of a gift card is recorded as a current liability upon purchase and revenue is recognized when the gift card is redeemed for merchandise. The Company estimates gift card breakage and recognizes revenue in proportion to actual gift card redemptions as a component of total net revenue. The Company determines an estimated gift card breakage rate by continuously evaluating historical redemption data and the time when there is a remote likelihood that a gift card will be redeemed. The Company recorded gift card breakage of $9.1 million, $8.2 million and $7.0 million during Fiscal 2016, Fiscal 2015 and Fiscal 2014, respectively.

Legal Proceedings and Claims

The Company is subject to certain legal proceedings and claims arising out of the conduct of its business. In accordance with ASC 450, Contingencies ("ASC 450"), the Company records a reserve for estimated losses when the loss is probable and the amount can be reasonably estimated. If a range of possible loss exists and no anticipated loss within the range is more likely than any other anticipated loss, the Company records the accrual at the low end of the range, in accordance with ASC 450. As the Company believes that it has provided adequate reserves, it anticipates that the ultimate outcome of any matter currently pending against the Company will not materially affect the consolidated financial position, results of operations or consolidated cash flows of the Company. However, our assessment of any litigation or other legal claims could potentially change in light of the discovery of facts not presently known or determinations by judges, juries, or other finders of fact which are not in accord with management's evaluation of the possible liability or outcome of such litigation or claims.

Supplemental Disclosures of Cash Flow Information

The table below shows supplemental cash flow information for cash amounts paid during the respective periods:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Cash paid during the periods for:			
Income taxes	$126,592	$116,765	$38,501
Interest	$1,155	$1,173	$638

Segment Information

In accordance with ASC 280, Segment Reporting ("ASC 280"), the Company has identified two operating segments (American Eagle Outfitters® Brand and Aerie® by American Eagle Outfitters® Brand) that reflect the Company's operational structure as well as the business's internal view of analyzing results and allocating resources. All of the operating segments have met the aggregation criteria and have been aggregated and are presented as one reportable segment, as permitted by ASC 280.

The following tables present summarized geographical information:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Total net revenue:			
United States	$3,160,699	$3,091,205	$2,895,310
Foreign (1)	449,166	430,643	387,557
Total net revenue	$3,609,865	$3,521,848	$3,282,867

(1) Amounts represent sales from American Eagle Outfitters and Aerie international retail stores, and e-commerce sales that are billed to and/or shipped to foreign countries and international franchise royalty revenue.

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(In thousands)	January 28, 2017	January 30, 2016
Long-lived assets, net:		
United States	$693,061	$692,252
Foreign	78,996	80,352
Total long-lived assets, net	$772,057	$772,604

3. Cash and Cash Equivalents

The following table summarizes the fair market value of our cash and marketable securities, which are recorded on the Consolidated Balance Sheets:

(In thousands)	January 28, 2017	January 30, 2016
Cash and cash equivalents:		
Cash	$ 265,332	$ 205,359
Interest bearing deposits	83,281	54,708
Commercial paper	30,000	—
Total cash and cash equivalents	$ 378,613	$ 260,067

4. Fair Value Measurements

ASC 820, Fair Value Measurement Disclosures ("ASC 820"), defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. Fair value is defined under ASC 820 as the exit price associated with the sale of an asset or transfer of a liability in an orderly transaction between market participants at the measurement date.

Financial Instruments

Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, ASC 820 establishes this three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of January 28, 2017 and January 30, 2016, the Company held certain assets that are required to be measured at fair value on a recurring basis. These include cash equivalents and investments.

In accordance with ASC 820, the following tables represent the fair value hierarchy for the Company's financial assets (cash equivalents and investments) measured at fair value on a recurring basis as of January 28, 2017 and January 30, 2016:

Fair Value Measurements at January 28, 2017

(In thousands)	Carrying Amount	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents				
Cash	$265,332	$ 265,332		
Interest bearing deposits	83,281	83,281	—	—
Commercial paper	30,000	30,000	—	—
Total cash and cash equivalents	$378,613	378,613	—	—
Percent to total	100 %	100 %	—	—

Fair Value Measurements at January 30, 2016

(In thousands)	Carrying Amount	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents				
Cash	$205,359	$ 205,359	$ —	$ —
Interest bearing deposits	54,708	54,708	—	—
Total cash and cash equivalents	$260,067	$ 260,067	$ —	$ —
Percent to total	100.0 %	100.0 %	—	—

In the event the Company holds Level 3 investments, a discounted cash flow model is used to value those investments. There were no Level 3 investments at January 28, 2017 or January 30, 2016.

Non-Financial Assets

The Company's non-financial assets, which include goodwill, intangible assets and property and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Company is required to evaluate the non-financial instrument for impairment, a resulting asset impairment would require that the non-financial asset be recorded at the estimated fair value. During Fiscal 2016, the Company concluded the goodwill was impaired for the Hong Kong and China businesses, resulting in a $2.5 million charge included within impairment and restructuring charges in the Consolidated Statements of Operations as a result of the performance of those businesses and the Company's exploration of alternatives, including the licensing of these markets to third-party operators. All other goodwill for the Company was not impaired as a result of the annual goodwill impairment test.

Certain long-lived assets were measured at fair value on a nonrecurring basis using Level 3 inputs as defined in ASC 820. During Fiscal 2016 and Fiscal 2014, certain long-lived assets related to the Company's retail stores, goodwill and corporate assets were determined to be unable to recover their respective carrying values and were written down to their fair value, resulting in a loss of $20.5 million and $33.5 million, respectively, which is recorded within impairment and restructuring charges within the Consolidated Statements of Operations. The fair value of the impaired assets after the recorded loss is an immaterial amount.

The fair value of the Company's stores were determined by estimating the amount and timing of net future cash flows and discounting them using a risk-adjusted rate of interest. The Company estimates future cash flows based on its experience and knowledge of the market in which the store is located.

5. Earnings per Share

The following is a reconciliation between basic and diluted weighted average shares outstanding:

	For the Years Ended		
(In thousands, except per share amounts)	January 28, 2017	January 30, 2016	January 31, 2015
Weighted average common shares outstanding:			
Basic number of common shares outstanding	181,429	194,351	194,437
Dilutive effect of stock options and non-vested restricted stock	2,406	1,886	698
Dilutive number of common shares outstanding	183,835	196,237	195,135

Stock option awards to purchase approximately 2.2 million, 13,000 and 2.3 million shares of common stock during the Fiscal 2016, Fiscal 2015 and Fiscal 2014, respectively, were outstanding, but were not included in the computation of weighted average diluted common share amounts as the effect of doing so would have been anti-dilutive.

Additionally, approximately 0.1 million, 0.7 million, and 1.9 million of performance-based restricted stock awards for Fiscal 2016, Fiscal 2015, and Fiscal 2014, respectively, were not included in the computation of weighted average diluted common share amounts because the number of shares ultimately issued is contingent on the Company’s performance compared to pre-established performance goals.

Refer to Note 12 to the Consolidated Financial Statements for additional information regarding share-based compensation.

6. Accounts Receivable

Accounts receivable are comprised of the following:

(In thousands)	January 28, 2017	January 30, 2016
Franchise and license receivable	$35,983	$35,834
Credit card program receivable	11,869	15,880
Merchandise sell-offs and vendor receivables	20,089	14,121
Gift card receivable	6,567	3,629
Landlord construction allowances	2,412	4,382
Other items	9,714	7,066

Total	$86,634	$80,912

7. Property and Equipment

Property and equipment consists of the following:

(In thousands)	January 28, 2017	January 30, 2016
Land	$17,910	$17,910
Buildings	204,890	204,690
Leasehold improvements	606,522	580,758
Fixtures and equipment	1,028,117	963,758
Construction in progress	26,858	25,266
Property and equipment, at cost	$1,884,297	$1,792,382
Less: Accumulated depreciation	(1,176,500)	(1,088,796)
Property and equipment, net	$707,797	$703,586

Depreciation expense is summarized as follows:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Depreciation expense	$152,644	$140,616	$132,529

Additionally, during Fiscal 2016, Fiscal 2015 and Fiscal 2014, the Company recorded $1.5 million, $4.8 million and $6.4 million, respectively, related to asset write-offs within depreciation and amortization expense.

8. Intangible Assets

Intangible assets include costs to acquire and register the Company's trademark assets. During Fiscal 2015, the Company added $5.7 million net intangible assets from the Tailgate acquisition. The following table represents intangible assets as of January 28, 2017 and January 30, 2016:

(In thousands)	January 28, 2017	January 30, 2016
Trademarks, at cost	$68,978	$67,398
Less: Accumulated amortization	(19,605)	(15,566)
Intangible assets, net	$49,373	$51,832

Amortization expense is summarized as follows:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Amortization expense	$4,007	$3,483	$3,465

The table below summarizes the estimated future amortization expense for intangible assets existing as of January 28, 2017 for the next five Fiscal Years:

(In thousands)	Future Amortization
2017	$ 3,643
2018	$ 3,643
2019	$ 3,643
2020	$ 2,969
2021	$ 2,642

9. Other Credit Arrangements

In Fiscal 2014, the Company entered into a new Credit Agreement ("Credit Agreement") for a five-year, syndicated, asset-based revolving credit facilities (the "Credit Facilities"). The Credit Agreement provides senior secured revolving credit for loans and letters of credit up to $400 million, subject to customary borrowing base limitations. The Credit Facilities provide increased financial flexibility and take advantage of a favorable credit environment.

All obligations under the Credit Facilities are unconditionally guaranteed by certain subsidiaries. The obligations under the Credit Agreement are secured by a first-priority security interest in certain working capital assets of the borrowers and guarantors, consisting primarily of cash, receivables, inventory and certain other assets, and will be further secured by first-priority mortgages on certain real property.

As of January 28, 2017, the Company was in compliance with the terms of the Credit Agreement and had $5.7 million outstanding in stand-by letters of credit. No loans were outstanding under the Credit Agreement on January 28, 2017.

Additionally, the Company has a borrowing agreement with one financial institution under which it may borrow an aggregate of $5 million USD for the purposes of trade letter of credit issuances. The availability of any future borrowings under the trade letter of credit facilities is subject to acceptance by the respective financial institutions.

As of January 28, 2017, the Company had no outstanding trade letters of credit.

10. Leases

The Company leases all store premises, some of its office space and certain information technology and office equipment. The store leases generally have initial terms of 10 years and are classified as operating leases. Most of these store leases provide for base rentals and the payment of a percentage of sales as additional contingent rent when sales exceed specified levels. Additionally, most leases contain construction allowances and/or rent holidays. In recognizing landlord incentives and minimum rent expense, the Company amortizes the items on a straight-line basis over the lease term (including the pre-opening build-out period).

A summary of fixed minimum and contingent rent expense for all operating leases follows:

(In thousands)	For the Years Ended January 28, 2017	January 30, 2016	January 31, 2015
Store rent:			
Fixed minimum	$286,850	$282,300	$279,640
Contingent	8,519	9,035	6,733
Total store rent, excluding common area maintenance charges, real estate taxes and certain other expenses	$295,369	$291,335	$286,373
Offices, distribution facilities, equipment and other	18,172	16,063	15,449
Total rent expense	$313,541	$307,398	$301,822

In addition, the Company is typically responsible under its store, office and distribution center leases for tenant occupancy costs, including maintenance costs, common area charges, real estate taxes and certain other expenses.

The table below summarizes future minimum lease obligations, consisting of fixed minimum rent, under operating leases in effect at January 28, 2017:

(In thousands) Fiscal years:	Future Minimum Lease Obligations
2017	$ 287,822
2018	$ 260,847

2019	$ 228,085
2020	$ 207,029
2021	$ 182,219
Thereafter	$ 489,739
Total	$ 1,655,742

11. Other Comprehensive Income

The accumulated balances of other comprehensive income included as part of the Consolidated Statements of Stockholders' Equity follow:

(In thousands)	Before Tax Amount	Tax Benefit (Expense)	Accumulated Other Comprehensive Income
Balance at February 1, 2014	$12,157	—	$ 12,157
Foreign currency translation loss (1)	(22,101)	—	(22,101)
Balance at January 31, 2015	$(9,944)	—	$ (9,944)
Foreign currency translation loss (1)	(14,535)	—	(14,535)
Loss on long-term intra-entity foreign currency transactions	(8,805)	3,416	(5,389)
Balance at January 30, 2016	$(33,284)	3,416	$ (29,868)
Foreign currency translation loss (1)	(8,380)	—	(8,380)
Gain on long-term intra-entity foreign currency transactions	2,919	(1,133)	1,786
Balance at January 28, 2017	$(38,745)	$ 2,283	$ (36,462)

(1) Foreign currency translation adjustments are not adjusted for income taxes as they relate to permanent investments in our subsidiaries.

12. Share-Based Payments

The Company accounts for share-based compensation under the provisions of ASC 718, Compensation – Stock Compensation ("ASC 718"), which requires the Company to measure and recognize compensation expense for all share-based payments at fair value. Total share-based compensation expense included in the Consolidated Statements of Operations for Fiscal 2016, Fiscal 2015 and Fiscal 2014 was $29.1 million ($18.5 million, net of tax), $35.0 million ($23.2 million, net of tax) and $16.1 million ($9.9 million, net of tax), respectively.

ASC 718 requires recognition of compensation cost under a non-substantive vesting period approach for awards containing provisions that accelerate or continue vesting upon retirement. Accordingly, for awards with such provisions, the Company recognizes compensation expense over the period from the grant date to the date retirement eligibility is achieved, if that is expected to occur during the nominal vesting period. Additionally, for awards granted to retirement eligible employees, the full compensation cost of an award must be recognized immediately upon grant.

At January 28, 2017, the Company had awards outstanding under two share-based compensation plans, which are described below.

Share-based compensation plans

2014 Stock Award and Incentive Plan

The 2014 Plan was approved by the stockholders on May 29, 2014. The 2014 Plan authorized 11.5 million shares for issuance, in the form of options, stock appreciation rights ("SARS"), restricted stock, restricted stock units, bonus stock and awards, performance awards, dividend equivalents and other stock based awards. The 2014 Plan provides that the maximum number of shares awarded to any individual may not exceed 4.0 million shares per year for options and SARS and no more than 1.5 million shares may be granted with respect to each of restricted shares of stock and restricted stock units plus any unused carryover limit from the previous year. The 2014 Plan allows the Compensation Committee of the Board to determine which employees receive awards and the terms and conditions of the awards that are mandatory under the 2014 Plan. The 2014 Plan provides for grants to directors who are not officers or employees of the Company, which are not to exceed in value $300,000 in any single calendar year ($500,000 in the first year a person becomes a non-employee director). Through January 28, 2017, approximately 4.6 million shares of restricted stock and approximately 2.3 million shares of common stock had been granted under the 2014 Plan to employees and directors. Approximately 50% of the restricted stock awards are performance-based and are earned if the established performance goals are met. The remaining 50% of the restricted stock awards are time-based and 85% vest ratably over three years, 6% cliff vest in one year, 5% cliff vest in two years and 4% cliff vest in three years.

2005 Stock Award and Incentive Plan

The 2005 Plan was approved by the stockholders on June 15, 2005. The 2005 Plan authorized 18.4 million shares for issuance. The 2005 Plan was subsequently amended in Fiscal 2009 to increase the shares available for grant to 31.9 million without taking into consideration 9.1 million non-qualified stock options, 2.9 million shares of restricted stock and 0.2 million shares of common stock that had been previously granted under the 2005 plan to employees and directors (without considering cancellations as of January 31, 2009 of awards for 2.9 million shares). The 2005 Plan provides that the maximum number of shares awarded to any individual may not exceed 6.0 million shares per year for options and SAR and no more than 4.0 million shares may be granted with respect to each of restricted shares of stock and restricted stock units plus any unused carryover limit from the previous year. The 2005 Plan allows the Compensation Committee of the Board to determine which employees receive awards and the terms and conditions of the awards that are mandatory under the 2005 Plan. The 2005 Plan provides for grants to directors who are not officers or employees of the Company, which are not to exceed 20,000 shares per year (not to be adjusted for stock splits). Through January 28, 2017, 17.1 million non-qualified stock options, 10.4 million shares of restricted stock and 0.4 million shares of common stock had been granted under the 2005 Plan to employees and directors (without considering cancellations to date of awards for 14.0 million shares). Approximately 95% of the options granted under the 2005 Plan vest over three years, 4% vest over one year and 1% vest over five years. Options were granted for ten and seven year terms. Approximately 62% of the restricted stock awards are performance-based and are earned if the Company meets established performance goals. The remaining 38% of the restricted stock awards are time-based and vest over three years. The 2005 Plan terminated on May 29, 2014 with all rights of the awardees and all unexpired awards continuing in force and operation after the termination.

Stock Option Grants

The Company grants both time-based and performance-based stock options under the 2005 Plan. Time-based stock option awards vest over the requisite service period of the award or to an employee's eligible retirement date, if earlier. Performance-based stock option awards vest over three years and are earned if the Company meets pre-established performance goals during each year.

A summary of the Company's stock option activity under all plans for Fiscal 2016 follows:

	For the Year Ended January 28, 2017			
	Options (In thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding - January 30, 2016	1,213	$ 14.83		
Granted	2,211	$ 15.35		
Exercised (1)	(1,068)	$ 14.83		
Cancelled	(42)	$ 14.50		

Outstanding - January 28, 2017	2,314	$ 15.33	6.1	108
Vested and expected to vest - January 28, 2017	2,133	$ 15.33	6.0	107
Exercisable - January 28, 2017 (2)	39	$ 12.10	0.8	99

(1) Options exercised during Fiscal 2016 ranged in price from $11.51 to $15.81.

(2) Options exercisable represent "in-the-money" vested options based upon the weighted average exercise price of vested options compared to the Company's stock price at January 28, 2017.

The weighted-average grant date fair value of stock options granted during Fiscal 2016 and Fiscal 2014 was $3.55 and $3.99, respectively. The aggregate intrinsic value of options exercised during Fiscal 2016, Fiscal 2015 and Fiscal 2014 was $3.8 million, $0.4 million and $1.3 million, respectively. Cash received from the exercise of stock options and the actual tax benefit realized from share-based payments was $16.2 million and $0.3 million, respectively, for Fiscal 2016. Cash received from the exercise of stock options and the actual tax benefit realized from share-based payments was $7.3 million and $(0.5) million, respectively, for Fiscal 2015. Cash received from the exercise of stock options and the actual tax benefit realized from share-based payments was $6.2 million and $(0.5)million, respectively, for Fiscal 2014.

The fair value of stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

Black-Scholes Option Valuation Assumptions	For the Years Ended January 28, 2017	January 31, 2015
Risk-free interest rates (1)	1.3%	1.5%
Dividend yield	3.0%	3.1%
Volatility factors of the expected market price of the Company's common stock (2)	35.4%	41.2%
Weighted-average expected term (3)	4.4 years	4.5 years

(1) Based on the U.S. Treasury yield curve in effect at the time of grant with a term consistent with the expected life of our stock options.
(2) Based on a combination of historical volatility of the Company's common stock and implied volatility.
(3) Represents the period of time options are expected to be outstanding. The weighted average expected option terms were determined based on historical experience.

As of January 28, 2017, there was $6.1 million of unrecognized compensation expense related to nonvested stock option awards that is expected to be recognized over a weighted average period of 2.6 years.

Restricted Stock Grants

Time-based restricted stock awards are comprised of time-based restricted stock units. These awards vest over three years.Time-based restricted stock units receive dividend equivalents in the form of additional time-based restricted stock units, which are subject to the same restrictions and forfeiture provisions as the original award.

Performance-based restricted stock awards include performance-based restricted stock units. These awards cliff vest at the end of a three year period based upon the Company's achievement of pre-established goals throughout the term of the award. Performance-based restricted stock units receive dividend equivalents in the form of additional performance-based restricted stock units, which are subject to the same restrictions and forfeiture provisions as the original award.

The grant date fair value of all restricted stock awards is based on the closing market price of the Company's common stock on the date of grant.

A summary of the activity of the Company's restricted stock is presented in the following tables:

	Time-Based Restricted Stock Units	Performance-Based Restricted Stock Units
	For the year ended	For the year ended

(Shares in thousands)	January 28, 2017 Shares		January 28, 2017 Weighted-Average Grant Date Fair Value	January 28, 2017 Shares		Weighted-Average Grant Date Fair Value
Nonvested - January 30, 2016	1,935		$ 15.17	2,609		$ 16.02
Granted	1,080		16.16	1,112		15.73
Vested	(916	)	16.06	(195	)	14.82
Cancelled/Forfeited	(98	)	13.24	(701	)	19.73
Nonvested - January 28, 2017	2,001		15.39	2,825		15.07

As of January 28, 2017, there was $20.9 million of unrecognized compensation expense related to nonvested time-based restricted stock unit awards that is expected to be recognized over a weighted average period of 2.0 years. Based on current probable performance, there is $9.2 million of unrecognized compensation expense related to performance-based restricted stock unit awards which will be recognized as achievement of performance goals is probable over a one to three year period.

As of January 28, 2017, the Company had 3.4 million shares available for all equity grants.

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13. Retirement Plan and Employee Stock Purchase Plan

The Company maintains a profit sharing and 401(k) plan (the “Retirement Plan”). Under the provisions of the Retirement Plan, full-time employees and part-time employees are automatically enrolled to contribute 3% of their salary if they have attained 20½ years of age. In addition, full-time employees need to have completed 60 days of service and part-time employees must complete 1,000 hours worked to be eligible. Individuals can decline enrollment or can contribute up to 50% of their salary to the 401(k) plan on a pretax basis, subject to IRS limitations. After one year of service, the Company will match 100% of the first 3% of pay plus an additional 25% of the next 3% of pay that is contributed to the plan. Contributions to the profit sharing plan, as determined by the Board, are discretionary. The Company recognized $9.8 million, $10.6 million and $10.5 million in expense during Fiscal 2016, Fiscal 2015 and Fiscal 2014, respectively, in connection with the Retirement Plan.

The Employee Stock Purchase Plan is a non-qualified plan that covers all full-time employees and part-time employees who are at least 18 years old and have completed 60 days of service. Contributions are determined by the employee, with the Company matching 15% of the investment up to a maximum investment of $100 per pay period. These contributions are used to purchase shares of Company stock in the open market.

14. Income Taxes

The components of income before income taxes from continuing operations were:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
U.S.	$315,199	$289,697	$193,167
Foreign	20,063	32,174	(33,665)
Total	$335,262	$321,871	$159,502

The significant components of the Company’s deferred tax assets and liabilities were as follows:

(In thousands)	January 28, 2017	January 30, 2016
Deferred tax assets:		
Rent	$27,843	$27,281
Deferred compensation	24,042	21,187
Foreign tax credits	22,269	20,567
Employee compensation and benefits	13,206	23,840
Inventories	10,693	9,659

Accruals not currently deductible	8,613	10,907
State tax credits	6,574	6,902
Net operating loss	5,364	6,891
Other	9,380	12,745
Gross deferred tax assets	127,984	139,979
Valuation allowance	(7,266)	(7,720)
Total deferred tax assets	$120,718	$132,259
Deferred tax liabilities:		
Property and equipment	$(63,546)	$(59,386)
Other	(7,922)	(7,946)
Total deferred tax liabilities	$(71,468)	$(67,332)
Total deferred tax assets, net	$49,250	$64,927

The net decrease in deferred tax assets and liabilities was primarily due to a decrease in the deferred tax assets for compensation and benefits in addition to an increase in the deferred tax liability for property and equipment basis differences. Additionally, there was a decrease to the valuation allowance related to state deferred tax assets.

As of January 28, 2017, the Company had deferred tax assets related to state and foreign net operating loss carryovers of $1.6 million and $3.8 million, respectively that could be utilized to reduce future years' tax liabilities. A portion of these net operating loss carryovers begin expiring in the year 2018 and some have an indefinite carryforward period. Management believes it is more likely than not that the foreign net operating loss carryovers will not reduce future years' tax liabilities in certain jurisdictions. As such a valuation allowance of $3.8 million has been recorded on the deferred tax assets related to the cumulative foreign net operating loss carryovers. We also provided for a valuation allowance of approximately $3.5 million related to other foreign deferred tax assets.

The Company has foreign tax credit carryovers in the amount of $22.3 million and $20.6 million as of January 28, 2017 and January 30, 2016, respectively. The foreign tax credit carryovers begin to expire in Fiscal 2020 to the extent not utilized. No valuation allowance has been recorded on the foreign tax credit carryovers as the Company believes it is more likely than not that the foreign tax credits will be utilized prior to expiration.

The Company has state income tax credit carryforwards of $6.6 million (net of federal tax) and $6.9 million (net of federal tax) as of January 28, 2017 and January 30, 2016, respectively. These income tax credits can be utilized to offset future state income taxes and have a carryforward period of 10 to16 years. They will begin to expire in Fiscal 2022.

Significant components of the provision for income taxes from continuing operations were as follows:

	For the Years Ended		
(In thousands)	January 28, 2017	January 30, 2016	January 31, 2015
Current:			
Federal	$93,961	$86,122	$66,229
Foreign taxes	3,168	3,836	(792)
State	11,137	13,032	9,447
Total current	108,266	102,990	74,884
Deferred:			
Federal	$12,057	$5,606	$(1,178)
Foreign taxes	(268)	(1,977)	(85)
State	2,758	1,961	(2,906)
Total deferred	14,547	5,590	(4,169)
Provision for income taxes	$122,813	$108,580	$70,715

U.S. income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries, as the Company intends to indefinitely reinvest the undistributed foreign earnings outside of the United States. As of January 28, 2017, the unremitted earnings of the Company's foreign subsidiaries were approximately $40.8 million (USD). Upon distribution of the earnings in the form of dividends or otherwise, the Company would be subject to income and withholding taxes offset by foreign tax credits. Determination of the amount of unrecognized deferred U.S. income tax liability on these unremitted earnings is not practicable because of the complexities associated with this hypothetical calculation.

The following table summarizes the activity related to our unrecognized tax benefits:

	For the Years Ended		
	January 28,	January 30,	January 31,
(In thousands)	2017	2016	2015
Unrecognized tax benefits, beginning of the year balance	$5,748	$ 12,609	$ 14,601
Increases in current period tax positions	1,884	2,727	2,166
Increases in tax positions of prior periods	464	—	—
Settlements	—	—	(73)
Lapse of statute of limitations	(362)	(516)	(471)
Decreases in tax positions of prior periods	(641)	(9,072)	(3,614)
Unrecognized tax benefits, end of the year balance	$7,093	$ 5,748	$ 12,609

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As of January 28, 2017, the gross amount of unrecognized tax benefits was $7.1 million, of which $5.8 million would affect the effective income tax rate if recognized. The gross amount of unrecognized tax benefits as of January 30, 2016 was $5.7 million, of which $4.6 million would affect the effective income tax rate if recognized.

Unrecognized tax benefits increased by $1.3 million during Fiscal 2016, decreased $6.9 million during Fiscal 2015 and decreased by $2.0 million during Fiscal 2014. Over the next twelve months the Company believes it is reasonably possible the unrecognized tax benefits could decrease by as much as $4.3 million as the result of federal and state tax settlements, statute of limitations lapses, and other changes to the reserves.

The Company records accrued interest and penalties related to unrecognized tax benefits in income tax expense. Accrued interest and penalties related to unrecognized tax benefits included in the Consolidated Balance Sheet were $1.4 million and $1.3 million as of January 28, 2017 and January 30, 2016, respectively. An immaterial amount of interest and penalties were recognized in the provision for income taxes during Fiscal 2016, Fiscal 2015 and Fiscal 2014.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The company participates in the Internal Revenue Service (“IRS”) Compliance Assurance Program (“CAP”). As part of the CAP, tax years are audited on a real-time basis so that all or most issues are resolved prior to the filing of the federal tax return. The IRS has completed examinations under CAP through January 30, 2016, for which the majority of the issues have been resolved. The Company does not anticipate that any adjustments will result in a material change to its financial position, results of operations or cash flows. With respect to state and local jurisdictions and countries outside of the United States, with limited exceptions, generally, the Company and its subsidiaries are no longer subject to income tax audits for tax years before 2010. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been provided for any adjustments that are expected to result from these years.

A reconciliation between the statutory federal income tax rate and the effective income tax rate from continuing operations follows:

	For the Years Ended		
	January 28, 2017	January 30, 2016	January 31, 2015
Federal income tax rate	35.0%	35.0 %	35.0 %
State income taxes, net of federal income tax effect	2.8	3.1	3.7
Foreign rate differential	(1.7)	(1.6)	0.3
Valuation allowance changes, net	0.4	(1.1)	6.6
Change in unrecognized tax benefits	0.4	(1.5)	(0.6)
Other	(0.3)	(0.2)	(0.7)

36.6%	33.7 %	44.3 %

15. Discontinued Operations

In 2012, the Company exited the 77kids business. In connection with the exit of the 77kids business, the Company became secondarily liable for obligations under lease agreements for 21 store leases assumed by the third-party purchaser. In Fiscal 2014, the third-party purchaser did not fulfill its obligations under the leases, resulting in the Company becoming primarily liable. The Company was required to make rental and lease termination payments and received reimbursement from the $11.5 million stand-by letter of credit provided by the third-party purchaser. The cash outflow for the remaining lease termination costs was paid in Fiscal 2015.

In accordance with ASC 460, Guarantees ("ASC 460"), as the Company became primarily liable under the leases upon the third-party purchaser's default, the estimated remaining amounts to terminate the lease agreements were accrued in our Consolidated Financial Statements related to these guarantees.

A rollforward of the liabilities recognized in the Consolidated Balance Sheets is as follows. There were no accrued liabilities for discontinued operations as of January 28, 2017 or January 30, 2016.

(In thousands)	January 30, 2016
Accrued liability as of January 31, 2015	$14,636
Add: Costs incurred	—
Less: Cash payments	(6,805)
Less: Adjustments (1)	(7,831)
Accrued liability as of January 30, 2016	$—

(1) Adjustments resulting from favorably settling lease termination obligations during Fiscal 2015.

The tables below present the significant components of 77kids' results included in Loss from Discontinued Operations on the Consolidated Statements of Operations for the years ended January 28, 2017, January 30, 2016 and January 31, 2015.

	For the Years Ended January 28, 2017	January 30, 2016	January 31, 2015
Total net revenue	$—	$ —	$ —
Gain (Loss) from discontinued operations, before income taxes	$—	$ 7,831	$ (13,673)
Income tax benefit	—	(2,984)	5,208
Gain (Loss) from discontinued operations, net of tax	$—	$ 4,847	$ (8,465)
Gain (Loss) per common share from discontinued operations:			
Basic	$—	$ 0.02	$ (0.04)
Diluted	$—	$ 0.02	$ (0.04)

16. Impairment & Restructuring Charges

In Fiscal 2016, impairment and restructuring charges were $21.2 million. This amount consists of $7.2 million for the impairment of all Company owned retail stores in the United Kingdom, Hong Kong and China, as well as $11.5 million of impairment and restructuring charges related to non-store corporate assets that support the international retail stores and e-commerce operations and $2.5 million of goodwill impairment for the China and Hong Kong retail operations. The company is exploring an initiative to convert these markets to license partnerships. Assets for these markets currently have no ability to generate sufficient cash flow to cover their carrying value. The Company expects to incur additional charges in Fiscal 2017 for lease-related items and severance. The timing and magnitude is dependent on a number of factors, including negotiating third-party agreements, adherence to notification requirements and local laws.

During Fiscal 2014, the Company undertook restructuring aimed at strengthening the store portfolio and reducing corporate overhead, including severance and office space consolidation. These changes were aimed at driving efficiencies and aligning investments in areas that help fuel the business. There we no restructuring charges in Fiscal 2015.

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Costs associated with restructuring activities are recorded when incurred. A summary of costs recognized within Restructuring Charges on the Consolidated Income Statement for Fiscal 2016 and Fiscal 2014 are included in the table as follows.

	For the years ended	
(In thousands)	January 28, 2017	January 31, 2015
Asset impairment charges	$ 20,576	$ 33,468
Office space consolidation charges	$ 295	$ 8,571
Severance and related employee costs	295	7,816
Other corporate items	—	1,365
Total restructuring charges	590	17,752
Total impairment and restructuring charges	$ 21,166	$ 51,220

A rollforward of the liabilities recognized in the Consolidated Balance Sheet is as follows:

(In thousands)	January 28, 2017
Accrued liability as of January 30, 2016	$ 2,441
Add: Costs incurred, excluding non-cash charges	590
Less: Cash payments and adjustments	(1,856)
Accrued liability as of January 28, 2017	$ 1,175

17. Quarterly Financial Information — Unaudited

The sum of the quarterly EPS amounts may not equal the full year amount as the computations of the weighted average shares outstanding for each quarter and the full year are calculated independently.

	Fiscal 2016			
	Quarters Ended			
(In thousands, except per share amounts)	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
Total net revenue	$ 749,416	$ 822,594	$ 940,609	$ 1,097,246
Gross profit	$ 293,452	$ 307,095	$ 377,816	$ 388,502

Income from continuing operations	40,476	41,592	75,760	54,621
Gain from discontinued operations, net of tax	—	—	—	—
Net income	$40,476	$41,592	$75,760	$54,621
Basic per common share amounts:				
Income from continuing operations	$0.22	$0.23	$0.41	$0.30
Loss from discontinued operations, net of tax	—	—	—	—
Basic net income per common share	$0.22	$0.23	$0.41	$0.30
Diluted per common share amounts:				
Income from continuing operations	$0.22	$0.23	0.41	$0.30
Loss from discontinued operations, net of tax	—	—	—	—
Diluted net income per common share	$0.22	$0.23	$0.41	$0.30

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(In thousands, except per share amounts)	Fiscal 2015 Quarters Ended May 2, 2015	August 1, 2015	October 31, 2015	January 30, 2016
Total net revenue	$699,520	$797,428	$919,072	$1,105,828
Gross profit	$262,212	$285,039	$367,532	$387,951
Income from continuing operations	29,055	33,265	69,265	81,706
Loss from discontinued operations, net of tax	—	—	4,847	(8,465)
Net income	$29,055	$33,265	$74,112	$73,241
Basic per common share amounts:				
Income from continuing operations	$0.15	$0.17	$0.35	$0.42
Loss from discontinued operations, net of tax	—	—	0.03	-
Basic net income per common share	$0.15	$0.17	$0.38	$0.42
Diluted per common share amounts:				
Income from continuing operations	$0.15	$0.17	0.35	$0.42
Loss from discontinued operations, net of tax	—	—	0.03	-
Diluted net income per common share	$0.15	$0.17	$0.38	$0.42

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the management of American Eagle Outfitters, Inc. (the "Management"), including our Principal Executive Officer and our Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, Management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In connection with the preparation of this Annual Report on Form 10-K as of January 28, 2017, an evaluation was performed under the supervision and with the participation of our Management, including the Principal Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon that evaluation, our Principal Executive Officer and our Principal Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this Annual Report on Form 10-K.

Management's Annual Report on Internal Control Over Financial Reporting

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide a reasonable assurance to our Management and our Board regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our Management assessed the effectiveness of our internal control over financial reporting as of January 28, 2017. In making this assessment, our Management used the criteria set forth by the Committee of Sponsoring Organizations of the

Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on this assessment, our Management concluded that we maintained effective internal control over financial reporting as of January 28, 2017.

Our independent registered public accounting firm that audited the financial statements included in this Annual Report issued an attestation report on our internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended January 28, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

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

We have audited American Eagle Outfitters, Inc.'s internal control over financial reporting as of January 28, 2017, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). American Eagle Outfitters, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, American Eagle Outfitters, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 28, 2017 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of American Eagle Outfitters, Inc. as of January 28, 2017 and January 30, 2016 and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 28, 2017 of American Eagle Outfitters, Inc. and our report dated March 10, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Pittsburgh, Pennsylvania

March 10, 2017

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Item 9B. Other Information.

On March 10, 2017, the Company entered into a form of Indemnification Agreement with each of the current directors, executive officers, and the principal accounting officer of the Company.

The terms of the Indemnification Agreement, subject to certain exceptions, generally provide that the Company will indemnify the indemnitee to the fullest extent permitted by law in connection with any claims, suits or proceedings arising as a result of his or her service as a director or officer of the Company or any subsidiary of the Company, including against third-party claims and proceedings brought by or in right of the Company. Additionally, the Indemnification Agreement provides that the indemnitee is entitled to the advancement of certain expenses, subject to certain exceptions and repayment conditions, incurred in connection with such claims, suits or proceedings.

The foregoing description of the Indemnification Agreement is not complete and is qualified in its entirety by the full text of the form of Indemnification Agreement, which is attached hereto as Exhibit 10.18, and is incorporated herein by reference.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information appearing under the captions “Proposal One: Election of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance Information,” and “Board Committees” in our Proxy Statement relating to our 2017 Annual Meeting of Stockholders is incorporated herein by reference. See also Part I, Item 1 under the caption “Executive Officers of the Registrant.”

Item 11. Executive Compensation.

The information appearing under the caption “Compensation Discussion and Analysis,” “Executive Officer Compensation,” “Director Compensation,” and “Compensation Committee Interlocks and Insider Participation” in our Proxy Statement relating to our 2017 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information appearing under the captions “Security Ownership of Principal Stockholders and Management” in our Proxy Statement relating to our 2017 Annual Meeting of Stockholders is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information appearing under the caption “Certain Relationships and Related Transactions” and “Board Committees” in our Proxy Statement relating to our 2017 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information appearing under the caption “Independent Registered Public Accounting Firm Fees and Services” in our Proxy Statement relating to our 2017 Annual Meeting of Stockholders is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) The following consolidated financial statements are included in Item 8:

Consolidated Balance Sheets as of January 28, 2017 and January 30, 2016

Consolidated Statements of Operations for the fiscal years ended January 28, 2017, January 30, 2016 and January 31, 2015

Consolidated Statements of Comprehensive Income for the fiscal years ended January 28, 2017, January 30, 2016 and January 31, 2015

Consolidated Statements of Stockholders' Equity for the fiscal years ended January 28, 2017, January 30, 2016 and January 31, 2015

Consolidated Statements of Cash Flows for the fiscal years ended January 28, 2017, January 30, 2016 and January 31, 2015

Notes to Consolidated Financial Statements

(a) (2) Financial statement schedules have been omitted because either they are not required or are not applicable or because the information required to be set forth therein is not material.

(a) (3) Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation, as amended(1)
3.2	Amended and Restated Bylaws(2)
4.1	See Amended and Restated Certificate of Incorporation, as amended, in Exhibit 3.1 hereof
4.2	See Amended and Restated Bylaws in Exhibit 3.2 hereof
10.1^	Employee Stock Purchase Plan(3)
10.2^	Deferred Compensation Plan, as amended(4)

10.3^ Form of Director Deferred Compensation Agreement(5)

10.4^ 2005 Stock Award and Incentive Plan, as amended(6)

10.5^ Form of Change in Control Agreement dated April 21, 2010(7)

10.6^ Form of RSU Confidentiality, Non-Solicitation, Non-Competition and Intellectual Property Agreement(8)

10.7^ Employment Agreement between the Registrant and Chad Kessler, dated December 2, 2013 (9)

10.8^ Employment Agreement between the Registrant and Jennifer Foyle, dated June 25, 2010 (10)

10.9^ 2014 Stock Award and Incentive Plan (11)

10.10^ Credit Agreement, dated December 2, 2014, among American Eagle Outfitters Outfitters, Inc. and certain of its subsidiaries as borrowers, each lender from time to time party thereto, and HSBC Bank USA, N.A. as administrative agent for the lenders, and certain other parties and agents (12)

10.11^ Form of Notice of Grant of Stock Options and Option Agreement (13)

10.12^ Form of Notice of Grant of Restricted Stock Units and Restricted Stock Units Awards Agreement (14)

10.13^ Form of Notice of Long Term Incentive Grant of Restricted Stock Units and Long Term Incentive Restricted Stock Units Award Agreement (15)

Exhibit Number	Description
10.14^	Form of Notice and Grant Award Agreement under 2014 Stock Award and Incentive Plan (16)
10.15^	Employment Agreement between the Registrant and Robert L. Madore, dated September 21, 2016 (17)
10.16^	Change in Control Agreement, between the Registrant and Robert L. Madore, dated September 23, 2016 (18)
10.17^	Employment Agreement between the Registrant and Peter Horvath, dated May 4, 2016 (19)
10.18^*	Form of Indemnification Agreement
21*	Subsidiaries
23*	Consent of Independent Registered Public Accounting Firm
24*	Power of Attorney
31.1*	Certification by Jay L. Schottenstein pursuant to Rule 13a-14(a) or Rule 15d-14(a)
31.2*	Certification by Robert L. Madore pursuant to Rule 13a-14(a) or Rule 15d-14(a)
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data File

(1) Previously filed as Exhibit 3.1 to the Form 10-Q dated August 4, 2007, filed September 6, 2007 and incorporated herein by reference.
(2) Previously filed as Exhibit 3.1 to the Form 8-K dated November 20, 2007, filed November 26, 2007 and incorporated herein by reference.
(3) Previously filed as Exhibit 4(a) to Registration Statement on Form S-8 (file no. 33-33278), filed April 5, 1996 and incorporated herein by reference.
(4) Previously filed as Exhibit 10.2 to the Form 8-K dated December 17, 2008, filed December 23, 2008 and incorporated herein by reference.
(5) Previously filed as Exhibit 10.1 to the Form 8-K dated December 30, 2005, filed January 5, 2006 and incorporated herein by reference.
(6) Previously filed as Appendix A to the Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders held on June 16, 2009, filed May 4, 2009 and incorporated herein by reference.
(7) Previously filed as Exhibit 10.1 to the Form 8-K dated April 21, 2010, filed April 26, 2010 and incorporated herein by reference.
(8) Previously filed as Exhibit 10.25 to the Form 10-K dated January 29, 2011, filed on March 11, 2011 and incorporated herein by reference.

(9) Previously filed as Exhibit 10.23 to the Form 10-K dated February 1, 2014, filed on March 13, 2014 and incorporated herein by reference.

(10) Previously filed as Exhibit 10.26 to the Form 10-K dated February 1, 2014, filed on March 13, 2014 and incorporated herein by reference.

(11) Previously filed as Appendix A to the Definitive Proxy Statement for the 2014 Annual Meeting of Stockholders held on May 29, 2014, filed April 14, 2014 and incorporated herein by reference.

(12) Previously filed as Exhibit 10.1 to the Form 8-K dated December 2, 2014, filed December 4, 2014 and incorporated herein by reference.

(13) Previously filed as Exhibit 10.24 to the Form 10-K dated January 28, 2012, filed on March 15, 2012 and incorporated herein by reference.

(14) Previously filed as Exhibit 10.25 to the Form 10-K dated January 28, 2012, filed on March 15, 2012 and incorporated herein by reference.

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(15) Previously filed as Exhibit 10.26 to the Form 10-K dated January 28, 2012, filed on March 15, 2012 and incorporated herein by reference.
(16) Previously filed as Exhibit 10.1 to the Form 10-Q dated May 2, 2015, filed on May 27, 2015 and incorporated herein by reference.
(17) Previously filed as Exhibit 10.1 to the Form 8-K dated September 29, 2016, filed on September 29, 2016 and incorporated herein by reference.
(18) Previously filed as Exhibit 10.2 to the Form 8-K dated September 29, 2016, filed on September 29, 2016 and incorporated herein by reference.
(19) Previously filed as Exhibit 10.1 to the Form 10-Q dated April 30, 2016, filed May 25, 2016 and incorporated herein by reference.

^ Management contract or compensatory plan or arrangement.
* Filed herewith.
** Furnished herewith.
(b) Exhibits

The exhibits to this report have been filed herewith.

(c) Financial Statement Schedules

None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

AMERICAN EAGLE
OUTFITTERS, INC.

By: /s/ Jay L. Schottenstein
Jay L. Schottenstein
Chief Executive Officer

Dated March 10, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities indicated on March 10, 2017.

Signature	Title
/s/ Jay L. Schottenstein Jay L. Schottenstein	Chief Executive Officer, Chairman of the Board of Directors and Director (Principal Executive Officer)
/s/ Robert L. Madore Robert L. Madore	Executive Vice President, Chief Financial Officer (Principal Financial Officer)
/s/ Scott M. Hurd Scott M. Hurd	Senior Vice President, Chief Accounting Officer (Principal Accounting Officer)
* Michael G. Jesselson	Director
* Thomas R. Ketteler	Director
* Cary D. McMillan	Director
* Janice E. Page	Director
* David M. Sable	Director

* Noel J. Spiegel	Director

*By: /s/ Robert L. Madore
Robert L. Madore,
Attorney-in-Fact

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