

AMERICAN EAGLE OUTFITTERS INC
Form DEFA14A
May 25, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934 (Amendment No.)

- Filed by the Registrant
- Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

AMERICAN EAGLE OUTFITTERS, INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)

Title of each class of securities to which transaction applies: N/A

(2)

Aggregate number of securities to which transaction applies: N/A

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A

(4)

Proposed maximum aggregate value of transaction: N/A

(5)

Total fee paid: N/A

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:

(1)

Amount previously paid: N/A

(2)

Form, Schedule or Registration Statement No.: N/A

(3)

Filing party: N/A

(4)

Date Filed: N/A

American Eagle Outfitters, Inc.

77 Hot Metal Street
Pittsburgh, Pennsylvania 15203
412-432-3300

May 25, 2012

Re: Annual Meeting of Stockholders - June 6, 2012

Vote FOR "Say-on-Pay"

Dear Stockholders:

We are asking you to vote FOR on all proposals at our 2012 Annual Meeting including Proposal 3 - Advisory Vote on the Compensation of our Named Executive Officers ("Say-on-Pay"). The details of our compensation program are set forth in the Compensation Discussion and Analysis section beginning on page 16 of our Proxy Statement. The proxy advisory firms, ISS and Glass Lewis have recommended a vote against on Say-on-Pay.

Please consider the following additional information to vote FOR Say-on-Pay as unanimously recommended by our Board of Directors.

The Board recognizes that our financial performance in recent years has not met expectations, culminating in a Board-initiated CEO transition process during fiscal 2011 that resulted in the hiring of Robert Hanson, the former Global President of Levi's Brand. Mr. Hanson became our CEO at the start of fiscal 2012.

In addition, the Board took a number of actions in fiscal 2011 to align pay with performance for our former CEO, James O'Donnell. The resulting impact was a significant reduction in Mr. O'Donnell's target compensation opportunity and delivery of 82% of the total target value in the form of "at risk" variable compensation that was tied to operating performance metrics. The Board's actions included:

- ◆ No increase in base salary;
- ◆ A 50% reduction in total equity grant value from 2010, which resulted in a 37% reduction in target total compensation from 2010; and
- ◆ Delivery of his entire long-term incentive opportunity in Performance Shares that cliff vest at the end of three years based on performance against predetermined goals.

The sign-on compensation paid to Mr. Hanson was negotiated with him by the Board and was designed to compensate for awards forfeited from Levi's and to induce Mr. Hanson to join the Company. In addition to the sign-on compensation, our Board negotiated a reasonable target total annual compensation package of approximately \$5.6 million, which is 42% lower than our former CEO's. Mr. Hanson's target total annual compensation approximates the 35th percentile of the Company's peer group based on 2010 compensation.

With the external hire of Mr. Hanson as our new CEO, the Board determined that it was important to retain our former CEO, Mr. O'Donnell, to consult with both the Board and our new CEO. To induce Mr. O'Donnell to remain obligated to consult with us for this purpose, the Board agreed to pay him a reasonable consulting fee, the minimum amount of which is less than 6% of his target compensation for 2011, with any greater amount directly tied to our performance. All other separation payments to Mr. O'Donnell were contractually required and previously disclosed to stockholders and most of which had been previously accrued.

Recent Company performance has been very good. On Wednesday the Company announced an 18% increase in net sales and a 38% increase in adjusted earnings per share for the first quarter ended April 28, 2012.

We believe that it is important to support our new management team and allow them to focus on successfully growing our business and to avoid the distractions resulting from a negative Say-on-Pay vote.

The Board urges you to vote "FOR" the Say-on-Pay proposal.

Even if you have already voted, you can change your vote at any time before the 2012 Annual Meeting as described in more detail in our Proxy Statement. If you have any questions or require assistance in voting your shares or changing your vote, please contact our proxy solicitation agent, Alliance Advisors, Toll Free at **877-777-2338**.

Thank you for your support.

Sincerely,

Michael G. Jesselson
Lead Director

Cary D. McMillan
Chair, Compensation Committee