

AMERICAN EAGLE OUTFITTERS INC
Form 11-K
July 15, 2005

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

FORM 11-K

ANNUAL REPORT

PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 0-23760

A. Full title of plan and the address of the plan, if different from that of the issuer named below:

THE PROFIT SHARING AND 401(k) PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

AMERICAN EAGLE OUTFITTERS, INC.

150 Thorn Hill Drive

Warrendale, PA 15086-7528

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The Profit Sharing and 401(k) Plan

Financial Statements as of and for the Years Ended

December 31, 2004 and 2003,

Supplemental Schedule as of December 31, 2004

and Report of Independent Registered Public

Accounting Firm

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THE PROFIT SHARING AND 401(k) PLAN

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| SUPPLEMENTAL SCHEDULE: | |
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| <p>Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.</p> | |
| <u>SIGNATURE</u> | 9 |

The following exhibits are being filed herewith:

| <u>Exhibit No.</u> | <u>Description:</u> |
|---------------------------|--|
| 23 | Consent of Independent Registered Public Accounting Firm |

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Deloitte.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Committee of

The Profit Sharing and 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of The Profit Sharing and 401(k) Plan (the "Plan") as of December 31, 2004 and 2003, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2004 and 2003, and the related changes in net assets available for plan benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, as listed in the Table of Contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2004 financial statements and, in our opinion, is

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fairly stated in all material respects when considered in relation to the basic 2004 financial statements taken as a whole.

/s/ Deloitte & Touche LLP

July 12, 2005

Member of
Deloitte Touche Tohmatsu

Table of Contents**THE PROFIT SHARING AND 401(k) PLAN****STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS****DECEMBER 31, 2004 AND 2003**

| | <u>2004</u> | <u>2003</u> |
|---|-----------------------|-----------------------|
| INVESTMENTS At fair value: | | |
| Mutual funds | \$ 127,942,328 | \$ 99,148,879 |
| Common collective fund | 82,641,280 | 80,894,753 |
| Common stock | 14,308,080 | 7,347,405 |
| | <u>224,891,688</u> | <u>187,391,037</u> |
| Total investments at fair value | 224,891,688 | 187,391,037 |
| PARTICIPANT LOANS | 11,522,939 | 9,695,441 |
| RECEIVABLES: | | |
| Employee contributions | 1,087,540 | 539,174 |
| Employer matching contributions | 960,297 | 625,942 |
| Employer profit sharing contributions | 3,271,044 | 1,222,367 |
| | <u>5,318,881</u> | <u>2,387,483</u> |
| Total receivables | 5,318,881 | 2,387,483 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS | <u>\$ 241,733,508</u> | <u>\$ 199,473,961</u> |

See notes to financial statements.

Table of Contents**THE PROFIT SHARING AND 401(k) PLAN****STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****YEARS ENDED DECEMBER 31, 2004 AND 2003**

| | <u>2004</u> | <u>2003</u> |
|---|-----------------------|-----------------------|
| ADDITIONS: | | |
| Investment income: | | |
| Dividends and interest | \$ 4,453,442 | \$ 3,975,843 |
| Net appreciation in fair value of investments | 19,598,038 | 21,464,678 |
| | <u>24,051,480</u> | <u>25,440,521</u> |
| Total investment income | 24,051,480 | 25,440,521 |
| Contributions: | | |
| Employee | 21,433,745 | 18,675,533 |
| Employer matching | 11,072,831 | 10,982,200 |
| Employer profit sharing | 4,419,730 | 1,610,230 |
| Rollovers | 1,882,606 | 461,955 |
| | <u>38,808,912</u> | <u>31,729,918</u> |
| Total contributions | 38,808,912 | 31,729,918 |
| Total additions | 62,860,392 | 57,170,439 |
| DEDUCTIONS: | | |
| Distributions to participants | 20,461,589 | 18,810,637 |
| Fees | 139,256 | 113,356 |
| | <u>20,600,845</u> | <u>18,923,993</u> |
| Total deductions | 20,600,845 | 18,923,993 |
| NET INCREASE | 42,259,547 | 38,246,446 |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS Beginning of year | 199,473,961 | 161,227,515 |
| | <u>199,473,961</u> | <u>161,227,515</u> |
| NET ASSETS AVAILABLE FOR PLAN BENEFITS End of year | \$ 241,733,508 | \$ 199,473,961 |
| | <u>\$ 241,733,508</u> | <u>\$ 199,473,961</u> |

See notes to financial statements.

Table of Contents**THE PROFIT SHARING AND 401(k) PLAN****NOTES TO FINANCIAL STATEMENTS****YEARS ENDED DECEMBER 31, 2004 AND 2003****1. DESCRIPTION OF THE PLAN**

General - The following description of The Profit Sharing and 401(k) Plan (the "Plan") is provided for general information only. Interested parties should refer to the Plan document for more complete information.

The Plan was adopted by Schottenstein Stores Corporation and affiliated companies (the "Company") effective August 1, 1989 for the profit sharing provisions of the Plan and effective October 1, 1989 for the 401(k) provisions of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan is administered by the Company, and all Plan expenses, with the exception of loan fees, are paid by the Company. MFS Heritage Trust Company ("MFS") is the trustee and asset custodian of the Plan; Lifestyle and Company stock fund assets are in the custody of Reliance Trust Company.

Contributions to the Plan - The Plan is a defined contribution plan. Pursuant to the 401(k) feature of the Plan, an eligible employee may contribute up to 30% of his or her cash compensation on a pretax basis, not to exceed \$13,000 and \$12,000 per participant for the year ended December 31, 2004 and 2003 (\$16,000 and \$14,000 for participants of at least age 50 for 2004 and 2003), respectively. The match formula is as follows:

| <u>Employee Contribution</u> | <u>Employer Match</u> |
|------------------------------|-----------------------|
| 1% | 1% |
| 2% | 2% |
| 3% | 3% |
| 4% | 3.5% |
| 5% | 4% |
| 6% | 4.5% |

Effective January 1, 2004, employees of Retail Ventures, Inc. (affiliated company) and its subsidiaries no longer receive the match on deferrals in excess of 5% of their compensation. Also effective January 1, 2004, such employees are covered by a safe harbor matching contribution formula providing for the immediate vesting of employer matching contributions made during any year in which the employer has designated a safe harbor match period. The employer matching contribution for those safe harbor years will be as above for one percent through 5 percent rates of deferral. If for any year the employer decides to not make a safe harbor match, each eligible employee will be notified before the beginning of that year, and any employer matching contributions for that year will be subject to vesting.

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The Company may also elect to make a discretionary profit sharing contribution. Such contributions are allocated to eligible participants, as defined by the Plan, based on the ratio of each participant's compensation to the total of all eligible participants' compensation. Total discretionary contributions for 2004 and 2003 were approximately \$4,419,000 and \$1,222,000, respectively.

Investment Options - Participants have the option to direct the investment of their accounts among alternative investment funds selected by the Plan committee. A participant chooses from a number of different mutual and money market fund options. In addition, participants who are employees of Schottenstein Stores Corporation and Retail Ventures, Inc. (affiliated company) are able to invest in the stock of Retail Ventures, Inc. and employees of American Eagle Outfitters, Inc. (affiliated company) are able to invest in the stock of American Eagle Outfitters, Inc.

Eligibility and Vesting - Full-time employees are eligible for participation in the Plan on the first of the month following the completion of 60 days of service, and having attained the age of 21. Part-time employees are eligible after completion of 1,000 hours of service within a year.

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Amounts contributed by the participants and earnings thereon are fully vested and nonforfeitable at all times. Amounts contributed by the Company (matching and profit sharing contributions) to a participant's account and earnings thereon vest at the rate of 25% per year, beginning with the second full year of service. Participants are fully vested at the end of the fifth year of service.

Allocation of Investment Income and Forfeitures - Investment income for each fund is allocated to the applicable participants' accounts based on the ratio of each participant's account balance to the total of all participants' account balances in that fund, as defined. Forfeitures have historically been used to offset employer contributions after five consecutive one year service breaks, as defined by the Plan, based on the ratio of each eligible participant's compensation to the total of all eligible participants' compensation. The Plan's forfeitures are immediately available to offset employer contributions.

Benefit Payments - Benefits are generally payable upon the participating employee's retirement, death, disability, or termination of employment and are paid as a lump-sum amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that those changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

Valuation of Investments - Investments are stated at fair value.

Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.

Participant Loans - Subject to certain provisions, a participant may borrow from their account balances. The participant executes a promissory note with an interest rate based upon prevailing commercial lending rates. Loan principal and interest are paid over a period in excess of one year as determined by the Plan committee. Principal and interest are paid ratably through payroll deductions. Participant loans are valued at cost which approximates fair value.

Reclassifications - Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation.

Table of Contents**3. TAX STATUS**

The Internal Revenue Service has determined and informed the Company, by a letter dated July 1, 2003, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since the latest determination letter. However, the Plan administrator believes the Plan, as currently designed, is in compliance and is being operated within the applicable requirements of the IRC.

4. INVESTMENTS

The fair value of investments, which represent 5% or more of net assets available for Plan benefits, as of December 31, is as follows:

| | 2004 | 2003 |
|---|---------------|---------------|
| MFS Institutional Fixed Fund | \$ 82,641,280 | \$ 67,938,162 |
| Massachusetts Investors Growth Stock Fund | 18,059,101 | 16,915,859 |
| Reliance Trust Conservative Option Fund | 15,366,232 | 22,366,600 |
| Reliance Trust Moderate Option Fund | 23,976,359 | 28,217,411 |
| Reliance Trust Aggressive Option Fund | 14,549,911 | 13,447,406 |

During 2004 and 2003, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

| | 2004 | 2003 |
|---------------------------|----------------------|----------------------|
| Mutual funds | \$ 11,572,026 | \$ 17,521,501 |
| Common stock | 8,026,012 | 3,943,177 |
| Total appreciation | \$ 19,598,038 | \$ 21,464,678 |

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan at any time subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

6. RELATED PARTY TRANSACTIONS

Certain Plan investments are funds managed by MFS. MFS is the asset custodian of the Plan, and therefore, these transactions qualify as a party in interest. Additionally, as Retail Ventures, Inc ("RVI") and American Eagle are affiliated companies, the transactions in the RVI Stock Fund and American Eagle Stock Fund qualify as a party in interest. Participant loans also qualify as a party in interest.

* * * * *

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SUPPLEMENTAL SCHEDULE

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Table of Contents**THE PROFIT SHARING AND 401(k) PLAN****FORM 5500 SCHEDULE H, LINE 4i, SCHEDULE OF ASSETS (HELD AT END OF YEAR)****DECEMBER 31, 2004****Identity of Issuer, Borrowers,**

| Lessor, or Similar Party | Description of Asset | Number of Shares | Fair Value |
|----------------------------------|--|---------------------|--------------------|
| MUTUAL FUNDS: | | | |
| Reliance Trust Company | Conservative Option Fund | 1,010,715 | \$ 15,366,232 |
| Reliance Trust Company | Moderate Option Fund | 1,465,371 | 23,976,359 |
| Reliance Trust Company | Aggressive Option Fund | 1,370,139 | 14,549,911 |
| PIMCO | Total Return Fund | 540,070 | 5,762,559 |
| *MFS | Total Return Fund | 232,066 | 3,713,065 |
| Vanguard | 500 Index Fund | 3 | 380 |
| *MFS | Massachusetts Investors Growth Stock Fund | 1,461,093 | 18,059,101 |
| *MFS | Capital Opportunities Fund | 986 | 13,156 |
| Lord Abbett | Developing Growth Fund | 38,243 | 627,178 |
| American Funds | New Perspectives Fund | 127,859 | 3,544,279 |
| American Funds | Europacific Growth Fund | 150,718 | 5,370,054 |
| GUP | Conservative Portfolio | 1,159 | 16,530 |
| GUP | Moderate Portfolio | 139 | 2,341 |
| GUP | Aggressive Portfolio | 640 | 5,144 |
| Ariel | Ariel Fund | 68,631 | 3,649,114 |
| Delaware | Trend Fund | 93,464 | 1,978,923 |
| Dreyfus | Mid-Cap Index | 87,046 | 2,279,730 |
| Armada | Core Equity Fund | 23,803 | 279,933 |
| Dreyfus | Small Cap Index | 101,783 | 2,067,212 |
| *MFS | Value Fund | 71,309 | 1,650,097 |
| American Funds | Growth Fund of America | 47,054 | 1,288,341 |
| Dreyfus | Basic Index | 284,048 | 7,140,981 |
| *MFS | Conservative Allocation Fund | 709,747 | 8,084,014 |
| *MFS | Moderate Allocation Fund | 148,577 | 1,827,498 |
| *MFS | Growth Allocation Fund | 164,573 | 2,155,907 |
| *MFS | Aggressive Growth Fund | 62,536 | 840,485 |
| Washington | Mutual Investors Fund | 3,744 | 115,248 |
| Victory | Diversified Stock Fund | 41,332 | 671,235 |
| Dreyfus | Basic Index | 66,712 | 1,677,147 |
| Armada | Small Cap Value Fund | 13,600 | 300,428 |
| Vanguard | Mid-Cap Index | 19,274 | 301,443 |
| *MFS | Money Market Fund | 628,303 | 628,303 |
| Total mutual funds | | | 127,942,328 |
| COMMON COLLECTIVE FUND | | | |
| *MFS | Institutional Fixed Fund | 82,641,280 | 82,641,280 |
| COMMON STOCK: | | | |
| *Retail Ventures, Inc. | Common Stock | 760,127 | 5,396,902 |
| *American Eagle Outfitters, Inc. | Common Stock | 189,197 | 8,911,178 |
| Total common stock | | | 14,308,080 |
| TOTAL INVESTMENTS | | | |

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| | | |
|--------------------------|---|-----------------------|
| AT FAIR VALUE | | 224,891,688 |
| PARTICIPANT LOANS | | |
| *Various Participants | Outstanding Participants Loans (with interest rates ranging from 5% to 10%, with maturities through 2024) | 11,522,939 |
| TOTAL | | \$ 236,414,627 |

* Denotes party-in-interest.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned hereunto duly authorized.

The Profit Sharing and 401(k) Plan

Dated: July 15, 2005

/s/ George Dailey

By: George Dailey
Title: Plan Administrator

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The Profit Sharing and 401(k) Plan
Annual Report on Form 11-K
For the Fiscal Year Ended December 31, 2004

INDEX TO EXHIBITS

| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| 23 | Consent of Independent Registered Public Accounting Firm |