DEMOGRAPHICS

MATTHEW MERCER
AMERICAN EAGLE
OUTFITTERS

I can break free
@raury

#WeAllCan
AMERICAN EAGLE OUTFITTERS

I can break free
@raury

SOLUTION

AMERICAN EAGLE OUTFITTERS

BY macy's
MILLENIALS

30%
ALL RETAIL SALES
BIGGEST SPENDING POWER

$1.3 TRILLION ANNUALLY
Figure 1

*Millennials dominate across four categories*

**% of age group that are heavy purchasers by category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Millennials</th>
<th>Gen-X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeans</td>
<td>18%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Activewear</td>
<td>20%</td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Dresses</td>
<td>14%</td>
<td>10%</td>
<td>6%</td>
</tr>
<tr>
<td>Bras</td>
<td>26%</td>
<td>23%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Note: Heavy purchasers are consumers who have purchased three or more pieces of apparel in the previous six months; percentages are rounded.

Sources: NPD; A.T. Kearney analysis
SOCIAL MEDIA

HOW IT ATTRACTS NEW CUSTOMERS
SOCIAL MEDIA

HOW IT ATTRACTS NEW CUSTOMERS

PERSONALIZATION
Will FOLLOW closely to brands they are LOYAL to

Must be AUTHENTIC

Spending money on the EXPERIENCE > PRODUCT
NORDSTROM
NORDSTROM

JCPenney
Revenues of $13.3 billion in FY 2015
An increase of 7.9% over FY2015
Revenues of $12.2 billion in FY2015
A general increase of 3.4% over FY2015
Great increase in accessories

JCPenney
WHAT ABOUT ★ macy's ?

DEMOGRAPHICS  COMPETITION  IMPLEMENTATION  MARKETING  RISKS  FINANCIALS
General revenues of $28 billion in FY2015. A general increase of 0.6% over FY2015.
Feminine Apparel

- $6.4 billion revenue in FY2015, an increase of 0.6%.
Feminine Apparel

- $6.4 billion revenue in FY2015, an increase of 0.6%.

Men's and children's category

- $6.4 billion revenue in FY2015, an increase of 0.6%.
Feminine Apparel

- $6.4 billion revenue in FY2015, an increase of 0.6%.

Men's and children's category

- $6.4 billion revenue in FY2015, an increase of 0.6%

Home/Miscellaneous

- $4.4 billion revenue in FY2015, an increase of 0.6%
WHAT HAPPENED?
PARTNERSHIP

★ macy's

+ AMERICAN EAGLE OUTFITTERS

Build An Elite Brand

AMERICAN EAGLE OUTFITTERS BY ★ macy's

DEMOGRAPHICS COMPETITION IMPLEMENTATION MARKETING RISKS FINANCIALS
OPEN IN MACY’S NEAR UNIVERSITIES

1. EXCLUSIVE PRODUCTS

2. NEWEST COLLECTION

AMERICAN EAGLE OUTFITTERS BY macy’s
TIMELINE

FIRST YEAR

Contracts, Legal, and Collaboration

150 Stores Total

SECOND YEAR

300 Stores Total

FUTURE YEARS

450 Stores Total
<table>
<thead>
<tr>
<th>Monday</th>
<th>Tuesday</th>
<th>Wednesday</th>
<th>Thursday</th>
<th>Friday</th>
<th>Saturday</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>31</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
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<td>14</td>
<td>15</td>
<td>16</td>
<td>17</td>
<td>18</td>
<td>19</td>
<td>20</td>
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<td>21</td>
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<td>23</td>
<td>24</td>
<td>25</td>
<td>26</td>
<td>27</td>
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<tr>
<td>28</td>
<td>29</td>
<td>30</td>
<td>31</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

LAUNCHING IN AUGUST

LAUNCH
Spacious, Clean, Perfume, Sofa, Relaxing Music

STORE LAYOUT
WE WANT OUR CUSTOMERS TO WALK OUT OF OUR STORES WITH THE HIGHEST NUMBER OF PRODUCTS.

THE PEAK OF PERFECTION.
SPENT $722 MILLION ON ADVERTISING
Macy’s Media Advertisement can be seen as **INFERIOR** by easily comparing the number of followers they have to American Eagle.
Application for Establishment of Foreign Language Proficiency for International Students who are Non-Native Speakers of English

International students whose native language is not English may fulfill the foreign language requirement through demonstrated proficiency in their first language. Proficiency can be demonstrated in a number of ways. Complete and submit this form to the College Recorders Office. You will receive information about your application within 14 working days. If your application is approved, the College will notify the Office of the Registrar and the IUB General Education program that your language requirement is satisfied.

Important: Proficiency demonstrated through the processes below will not result in special credit.

What is your native language?
(To use this form, your native language cannot be English.)

Current IU School(s)
(Check all that apply):
- College of Arts and Sciences
- Education
- Informatics and Computing
- Social Work
- University Division
- Jacobs School of Music
- Public Health
- Kelley School of Business
- Nursing
- Public and Environmental Affairs

Phone: [              ]

IU Email Address: (NOT Gmail, Yahoo!, etc.)

High School that you attended for at least 2 years:

High School Language of Instruction:

High School Website:

City/State/Country: (should be outside the USA)

Office of the College Recorder
Owen Hall 003
790 E. Kirkwood Ave
Bloomington, IN 47405
(812) 855-1821
fax (812) 855-2157

August 2015

(Continued on other side)

IU Student 10-digit UNIV-ID#

Gender: Male Female

Name: (Please print clearly)

Date of Birth
mm/dd/yyyy

offer some coupons or promotion that could be used for both online and in-stores purchases.
9 IN 10 MILLENNIALS

"Reported to be using some kind of coupons"

Incredible boost in Sales
Nearly 2/3 of millennial Internet users searched social networks for coupons in Q3 2015.
71% of Americans “often look at the messages on roadside billboards” spends nearly 20 hours per week in a car.

Arbitron National In-car Study
Create creative billboard designs to attract people who are commuting by.
AMERICAN EAGLE OUTFITTERS
BY★macy's
DIGITAL TRANSFORMATION & RISKS/MITIGATION

ISHAN BAGARIA
“The reality is that the store business is where we’ve got to create more of an Experience for customers who want to spend NOT just Time.”
- Digital Signage
- Increased Online Presence
- Driving In Store traffic
- Omni Channel Approach
Application for Establishment of Foreign Language Proficiency for International Students who are Non-Native Speakers of English

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August 2015

(Continued on other side)
- Access (to People & Knowledge)
- Effectiveness and Efficiency
- Innovation
- Long-term Stability
- Reputation and Credibility

MITIGATION
CONTINGENCY PLAN

Partner with H&M or Forever 21
Cut Down Costs
Save $400 million
FINANCIALS

GAVIN EVERETT
$8,860 for construction cost per store (800 square ft)

Marketing Cost

$105,000
PROFIT

TWO YEARS $82.2 MILLION

Total costs of 5.3 Million

DEMOGRAPHICS  COMPETITION  IMPLEMENTATION  MARKETING  RISKS  FINANCIALS
In Future Years

It could expand based on the success of first two years to 450 stores $1.23$ billion in profit and costs.
CALL TO ACTION

AMERICAN EAGLE OUTFITTERS
BY macy's
THANK YOU

AMERICAN EAGLE OUTFITTERS

BY ★ macy's

PEAK OF PERFECTION
CEO: JAY L. SCHOTTENSTEIN
HEADQUARTERS: PITTSBURGH, PA
FOUNDED: 1977
EMPLOYEES: 39,600

ABOUT
AMERICAN EAGLE
Who started Macy's Department Store?

Rowland Hussey Macy, Sr. (August 30, 1822 – March 29, 1877) was an American businessman who founded the department store chain R.H. Macy and Company.

What is Macy's Mission Statement?

Macy's Mission Statement: "Our goal is to be a retailer with the ability to see opportunity on the horizon and have a clear path for capitalizing on it. To do so, we are moving faster than ever before, employing more technology and concentrating our resources on those elements most important to our core customers.

Where was American Eagle founded?

American Eagle Outfitters is an American clothing and accessories retailer, headquartered in the Southside Works Neighborhood of Pittsburgh, Pennsylvania. It was founded in 1977 by brothers Jerry and Mark Silverman as a subsidiary of Retail Ventures, Inc., a company which also owned and operated Silverman's Menswear.
Why would American Eagle want to partner with Macy's?

Market line lists one of the major weaknesses of American Eagle is not being able to compete with the larger companies partnering with Macy's would help them reach a larger customer base and expand into new markets.
<table>
<thead>
<tr>
<th>ADVERTISER</th>
<th>2015</th>
<th>2014</th>
<th>%Of Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macys Department Store</td>
<td>$722,606,977</td>
<td>$776,522,121</td>
<td>257%</td>
</tr>
<tr>
<td>Bloomingdales Department Store</td>
<td>67,295,633</td>
<td>80,729,729</td>
<td>24%</td>
</tr>
<tr>
<td>Hotel Collection</td>
<td>456,444</td>
<td>0</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Workshop At Macys</td>
<td>348,998</td>
<td>187,991</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Richs Department Store</td>
<td>213,887</td>
<td>74,962</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Labadies Casual Furniture Store</td>
<td>32,047</td>
<td>7,550</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Bluemercy Store</td>
<td>1,946</td>
<td>0</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>White Dog Cafe</td>
<td>1,125</td>
<td>0</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Robinsons Department Store</td>
<td>800</td>
<td>2,777</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Inc</td>
<td>185</td>
<td>3,844,406</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>American Rag</td>
<td>0</td>
<td>1,128,209</td>
<td>%</td>
</tr>
<tr>
<td>Alfani</td>
<td>0</td>
<td>38,453</td>
<td>%</td>
</tr>
<tr>
<td>CATEGORY</td>
<td>Q2 2016</td>
<td>Q1 2016</td>
<td>CY 2015</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>Network TV</td>
<td>$30,391,800</td>
<td>$16,191,100</td>
<td>$122,729,100</td>
</tr>
<tr>
<td>Newspapers</td>
<td>27,594,794</td>
<td>43,717,143</td>
<td>280,826,249</td>
</tr>
<tr>
<td>Cable TV</td>
<td>22,067,716</td>
<td>10,193,810</td>
<td>74,863,371</td>
</tr>
<tr>
<td>US Internet - Search</td>
<td>21,568,350</td>
<td>14,372,059</td>
<td>71,559,613</td>
</tr>
<tr>
<td>Magazines</td>
<td>12,749,141</td>
<td>14,026,258</td>
<td>61,903,495</td>
</tr>
<tr>
<td>Syndication</td>
<td>8,948,650</td>
<td>7,781,800</td>
<td>39,369,500</td>
</tr>
<tr>
<td>Span Lang Net TV</td>
<td>7,956,100</td>
<td>4,838,300</td>
<td>30,269,300</td>
</tr>
<tr>
<td>Natl Newspapers</td>
<td>5,367,280</td>
<td>6,773,013</td>
<td>30,035,527</td>
</tr>
<tr>
<td>US Internet - Display</td>
<td>4,215,077</td>
<td>1,211,764</td>
<td>15,859,889</td>
</tr>
<tr>
<td>Network Radio</td>
<td>3,841,682</td>
<td>4,152,119</td>
<td>21,656,102</td>
</tr>
<tr>
<td>Natl Spot Radio</td>
<td>2,299,035</td>
<td>1,490,087</td>
<td>10,466,256</td>
</tr>
<tr>
<td>Spot TV</td>
<td>2,124,139</td>
<td>2,135,759</td>
<td>12,378,354</td>
</tr>
<tr>
<td>Hispanic Newspapers</td>
<td>833,446</td>
<td>836,668</td>
<td>3,694,503</td>
</tr>
<tr>
<td>Outdoor</td>
<td>274,006</td>
<td>811,599</td>
<td>5,307,975</td>
</tr>
<tr>
<td>US Online Video</td>
<td>162,401</td>
<td>226,427</td>
<td>2,930,793</td>
</tr>
<tr>
<td>Hispanic Magazines</td>
<td>131,303</td>
<td>205,827</td>
<td>998,734</td>
</tr>
<tr>
<td>Local Magazines</td>
<td>88,618</td>
<td>324,270</td>
<td>1,249,587</td>
</tr>
<tr>
<td>B-to-B Magazines</td>
<td>36,418</td>
<td>0</td>
<td>160,636</td>
</tr>
</tbody>
</table>

Total Advertising Spend? | $151,356,651 | $130,230,263 | $790,958,042 | $862,564,173 | $849,727,322 | -8.2%
$0.76 EACH

$152 FOR 200
AMERICAN EAGLE OUTFITTERS
BY macy's

$3.64 EACH

$182 FOR 50
$0.95 EACH
$190 FOR 200

AMERICAN EAGLE OUTFITTERS
BY macy's
## COST FOR GIVEAWAYS

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Bottles</td>
<td>$152 FOR 200</td>
<td></td>
</tr>
<tr>
<td>Cardholders</td>
<td>$190 FOR 200</td>
<td></td>
</tr>
<tr>
<td>T-Shirts</td>
<td>$182 FOR 50</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$524</strong></td>
<td></td>
</tr>
<tr>
<td><strong>For 200 College Campuses</strong></td>
<td><strong>$104,800</strong></td>
<td></td>
</tr>
</tbody>
</table>
When the roll-out is completed, and it is estimated that it will take until fall 2014 until all shops are installed, it is estimated that Finish Line will generate sales of $250 to $350 million dollars which is a meaningful amount for Finish Line. In fiscal 2011, The Finish Line recorded sales of $1,369 million and net earnings of $84.8 million. - Forbes article written about the partnership of Macy's and Finish Line.

15% of normal American Eagle revenues X 25 stores = $18 million

Balance Sheet 2015

Net Revenue 100%
COGS 63%
Gross Profit 37%
Sell & Administrative Cost 23.7%
Net Income 6.2%
<table>
<thead>
<tr>
<th>Table Title</th>
<th>19.9%</th>
<th>7.0%</th>
<th>7.0%</th>
<th>17.6%</th>
<th>11.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average return on stockholders' equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Financial Information</strong> (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total stores at year-end</td>
<td>1,047</td>
<td>1,056</td>
<td>1,066</td>
<td>1,044</td>
<td>1,069</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$153,256</td>
<td>$245,002</td>
<td>$278,499</td>
<td>$93,939</td>
<td>$89,466</td>
</tr>
<tr>
<td>Net sales per average selling square foot (4)</td>
<td>$545</td>
<td>$525</td>
<td>$547</td>
<td>$602</td>
<td>$547</td>
</tr>
<tr>
<td>Total selling square feet at end of period</td>
<td>5,285,025</td>
<td>5,294,744</td>
<td>5,205,948</td>
<td>4,962,923</td>
<td>5,028,493</td>
</tr>
<tr>
<td>Net sales per average gross square foot (4)</td>
<td>$436</td>
<td>$420</td>
<td>$444</td>
<td>$489</td>
<td>$438</td>
</tr>
<tr>
<td>Total gross square feet at end of period</td>
<td>6,601,112</td>
<td>6,613,100</td>
<td>6,503,486</td>
<td>6,023,278</td>
<td>6,290,284</td>
</tr>
<tr>
<td>Number of employees at end of period</td>
<td>37,800</td>
<td>38,000</td>
<td>40,400</td>
<td>40,100</td>
<td>39,600</td>
</tr>
</tbody>
</table>
### Annual Financials for FinishLine Inc. CIA

Fiscal year is February-January. All values USD millions.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>5-year trend</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales/Revenue</strong></td>
<td>26.41B</td>
<td>27.69B</td>
<td>27.93B</td>
<td>28.11B</td>
<td>27.08B</td>
<td></td>
</tr>
<tr>
<td>Sales Growth</td>
<td>-</td>
<td>4.85%</td>
<td>0.88%</td>
<td>0.62%</td>
<td>-3.65%</td>
<td></td>
</tr>
<tr>
<td><strong>Cost of Goods Sold (COGS) incl. D&amp;A</strong></td>
<td>16.82B</td>
<td>17.59B</td>
<td>17.75B</td>
<td>17.9B</td>
<td>17.54B</td>
<td></td>
</tr>
<tr>
<td><strong>COGS excluding D&amp;A</strong></td>
<td>15.74B</td>
<td>16.54B</td>
<td>16.73B</td>
<td>16.86B</td>
<td>16.48B</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation &amp; Amortization Expense</strong></td>
<td>1.09B</td>
<td>1.05B</td>
<td>1.02B</td>
<td>1.04B</td>
<td>1.06B</td>
<td></td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>1.05B</td>
<td>1.01B</td>
<td>986M</td>
<td>1.01B</td>
<td>1.04B</td>
<td></td>
</tr>
<tr>
<td><strong>Amortization of Intangibles</strong></td>
<td>39M</td>
<td>37M</td>
<td>34M</td>
<td>31M</td>
<td>23M</td>
<td></td>
</tr>
<tr>
<td>COGS Growth</td>
<td>-</td>
<td>4.54%</td>
<td>0.90%</td>
<td>0.87%</td>
<td>-2.02%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Income</strong></td>
<td>9.58B</td>
<td>10.1B</td>
<td>10.19B</td>
<td>10.21B</td>
<td>9.54B</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Income Growth</strong></td>
<td>-</td>
<td>5.40%</td>
<td>0.86%</td>
<td>0.20%</td>
<td>-6.52%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Profit Margin</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35.23%</td>
</tr>
</tbody>
</table>
BREAK-UP FOR REVENUES BY PRODUCT CATEGORIES

- Feminine Accessories, Intimates, Shoes and Cosmetics: 38%
- Feminine Apparel: 23%
- Men’s and Children’s: 23%
- Home/Miscellaneous: 16%
BREAK-UP FOR REVENUES BY PRODUCT CATEGORIES

- **Women's Apparel and Accessories**: 54%
- **Men's Apparel and Accessories**: 37%
- **Others**: 9%
DIGITAL TRANSFORMATION

PROFIT MARGIN GROWTH SINCE INITIATING DIGITAL TRANSFORMATION

- Amazon
- Wal-Mart
- Target
- Macy's

2010 2011 2012 2013

257.2% 2.61% -14.69% -94.89%
HOW MACY’S LEVERAGED OMNI CHANNEL SHOPPING

Macy’s used digital to optimize its logistics while still making excellent use of its widespread store locations. Store distribution centers supplemented the “Buy Online Pickup in Store” program, which helped bring customers into the stores. Other companies that are working on digital transformation shouldn’t overlook the ways their existing assets can help. Thinking outside the box can put these resources to effective use for the omni channel customer experience.

The digital transformation required Macy’s to adapt to the market at an increased pace, from adopting new technology to understanding the changing needs of its core shopping demographic. Macy’s restructured its merchandising and marketing silos to support the new singular, omni channel approach.
PROJECTED RETURN DENSITY AGAINST MARKET