

URBAN OUTFITTERS INC
Form DEF 14A
April 01, 2011

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ "

Check the appropriate box:

☐ " Preliminary Proxy Statement

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☒ x Definitive Proxy Statement

☐ " Definitive Additional Materials

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URBAN OUTFITTERS, INC.

(Name of Registrant as Specified In Its Charter)

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

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Dear Shareholder:

You are cordially invited to attend the 2011 Annual Meeting of Shareholders of Urban Outfitters, Inc. to be held at 10:30 a.m., on Tuesday, May 17, 2011, at our corporate headquarters, 5000 South Broad Street, Building 543, Philadelphia, Pennsylvania 19112.

The matters to be considered and voted upon are described in the 2011 Notice of Annual Meeting of Shareholders and the Proxy Statement that accompany this letter. It is important that your shares be represented and voted at the Annual Meeting. Kindly read the attached Proxy Statement and vote your shares over the Internet or, if you received one, by signing and dating the paper copy of the proxy card and returning it promptly.

I look forward to seeing you at the meeting where we will review the business and operations of Urban Outfitters.

Sincerely,
Richard A. Hayne

Chairman of the Board

DATE: April 1, 2011

URBAN OUTFITTERS, INC.

5000 South Broad Street

Philadelphia, Pennsylvania 19112-1495

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 17, 2011

TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Urban Outfitters, Inc. (the Company) will be held at our corporate headquarters, 5000 South Broad Street, Building 543, Philadelphia, Pennsylvania 19112, on May 17, 2011 at 10:30 a.m., for the following purposes:

1. To elect three Class II Directors to serve a term initially expiring at the Annual Meeting of Shareholders in 2014.
2. To hold an advisory vote to approve executive compensation.
3. To hold an advisory vote on the frequency of future advisory votes on executive compensation.
4. To consider a shareholder proposal.
5. To transact such other business as may properly come before the meeting.

The Board of Directors unanimously recommends that you vote FOR Proposals 1 and 2, FOR a frequency of every three years, for future advisory votes on executive compensation, and AGAINST Proposal 4.

The Board of Directors has fixed March 21, 2011 as the record date for determining which shareholders are entitled to notice of, and to vote at, the Annual Meeting of Shareholders or any adjournment or postponement thereof.

By Order of the Board of Directors,
Glen A. Bodzy
Secretary

DATE: April 1, 2011

URBAN OUTFITTERS, INC.

5000 South Broad Street

Philadelphia, Pennsylvania 19112-1495

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

The accompanying proxy is solicited by the Board of Directors of Urban Outfitters, Inc. (the "Company") for use at the Annual Meeting of Shareholders (the "Annual Meeting") to be held on Tuesday, May 17, 2011 at 10:30 a.m., at the Company's corporate headquarters, 5000 South Broad Street, Building 543, Philadelphia, Pennsylvania 19112, and any adjournments or postponements thereof. The Company is making its proxy statement and its annual report to shareholders available electronically via the Internet. On April 6, 2011, we will mail to our shareholders a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access this proxy statement and our annual report and how to vote online. Shareholders who received the Notice will not receive a printed copy of the proxy materials in the mail, although a proxy card will be mailed separately to each shareholder that beneficially owns more than 1,000 of the Company's Common Shares, par value \$.0001 per share (the "Common Shares"). If you would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice.

Only shareholders of record, as shown on the transfer books of the Company at the close of business on March 21, 2011 ("Record Date"), are entitled to notice of, and to vote at, the Annual Meeting. On the Record Date, there were 162,773,358 Common Shares outstanding. Shareholders of record on the Record Date may vote by either: (i) Internet on the website specified in the Notice or (ii) marking, executing and returning the proxy card, if a proxy card was received or requested, in accordance with the specifications made on the proxy card. Shareholders who wish to cumulate their vote with respect to Proposal 1, the election of directors, must vote by proxy card. Shareholders who hold their shares through a broker (in "street name") must vote their shares in the manner prescribed by their broker.

When voting is properly authorized over the Internet or proxy cards are properly dated, executed and returned, the Company's Common Shares will be voted in accordance with the instructions of the shareholder. Any properly authorized proxy received on a timely basis on which no specification has been made by the shareholder will be voted **FOR** the election of the nominees to the Board of Directors listed in this Proxy Statement, **FOR** the approval of the advisory resolution on executive compensation in Proposal 2, **FOR** the alternative set out on the proxy card to conduct future advisory votes on the frequency of executive compensation every 3 years, **AGAINST** the adoption of Proposal 4, and, to the extent permitted by the rules and regulations of the Securities and Exchange Commission (the "SEC"), in accordance with the judgment of the persons voting the proxies upon such other matters as may come before the Annual Meeting and any adjournments or postponements thereof. Any shareholder giving a

proxy has the power to revoke it prior to its exercise either by giving written notice to the Secretary of the Company, by voting in person at the Annual Meeting, by execution of a subsequent proxy or by granting a subsequent proxy over the Internet.

Presence at the Annual Meeting in person or by proxy of the holders of a majority of the Common Shares entitled to vote is necessary to constitute a quorum. Each Common Share entitles the holder to one vote on each matter presented at the Annual Meeting. Proposal 1, regarding the election of directors, will be determined by a plurality vote, that is, the three nominees for Class II Director receiving the most FOR votes will be elected. Proposal 2, regarding the approval on a non-binding, advisory basis of the resolution approving compensation of our named executive officers, will be determined by the affirmative vote of a majority of the votes cast on the proposal. For Proposal 3, regarding the frequency of future advisory votes on executive compensation, the frequency option that receives the plurality of votes cast on this proposal will be deemed the preferred option of the shareholders. Proposal 4, regarding a shareholder proposal, and any other matters that may come before the Annual Meeting will require the affirmative vote of a majority of the votes cast on the proposal. In all matters, an abstention or broker nonvote will not be counted as a vote cast.

PROPOSAL 1. ELECTION OF DIRECTORS

The Company's Amended and Restated Bylaws (the "Bylaws") establish a classified Board of Directors with classes to be filled by election at the Annual Meeting and to be composed of as many directors as are designated from time to time by the Board of Directors. Currently there are six directors divided into three classes designated Class I, Class II, and Class III. The term of office for each Class II director expires at the Annual Meeting; the term of office for each Class III director expires at the 2012 annual meeting of shareholders; and the term of office for each Class I director expires at the 2013 annual meeting of shareholders.

The Nominating Committee and the Board have proposed to nominate a third Class II director, and thereby to increase the size of the Board to seven directors. Three Class II directors are to be elected at the Annual Meeting to hold office until the annual meeting of shareholders in 2014. Two of the Class II nominees are currently serving as directors, and the third would be a new addition to the Board.

Unless otherwise directed, the persons named on the proxy intend to vote all valid proxies received by them FOR the election of the listed nominees. In the event any of the nominees shall be unable or unwilling to serve as a director, the persons named on the proxy intend to vote FOR the election of any person as may be nominated by the Board of Directors in substitution. The Company has no reason to believe that any of the nominees named below will be unable to serve as a director if elected.

Shareholders of the Company, as reflected in the Company's stock records at the close of business on March 21, 2011, may vote at the Annual Meeting. Each Common Share entitles the shareholder to one vote, and shareholders have cumulative voting rights in the election of directors. Cumulative voting entitles the shareholder to that number of votes in the election of directors equal to the number of Common Shares the shareholder owns, multiplied by the total number of directors to be elected. Under cumulative voting, the shareholder may cast the total number of his or her votes for one nominee or distribute them among any two or more nominees as the shareholder chooses. Shares represented by proxies, unless otherwise indicated on the proxy card, will be voted cumulatively in the discretion of the designated proxy. The three nominees in Class II receiving the highest number of affirmative votes cast at the Annual Meeting by the shareholders voting in person or by proxy, a quorum being present, will be elected as Class II directors with a term scheduled to end at the annual meeting of shareholders in 2014.

The nominees for re-election to the Board of Directors to serve as Class II directors are Glen T. Senk and Joel S. Lawson III. The nominee for election to the Board for the first time to serve as a Class II director is Edward N. Antoian. The Board of Directors has determined that two of the nominees, Messrs. Antoian and Lawson, and continuing directors Scott A. Belair, Harry S. Cherken, Jr. and Robert H. Strouse, are independent under the listing standards of the NASDAQ Global Select Market ("NASDAQ"). The Board of Directors believes that all of its current directors and Mr. Antoian, including the three nominees for election, possess personal

and professional integrity, good judgment, a high level of ability and business acumen, and further, in the case of Messrs. Senk and Lawson, have performed exceptionally well in their respective time served as directors. The Board also believes that the addition of Mr. Antoian as a new independent director will strengthen the Board.

Nominees/Class II Directors

EDWARD N. ANTOIAN

Mr. Antoian, 55, is a Managing Partner and Senior Portfolio Manager at Chartwell Investment Partners, an investment advisory firm, where he has worked since its inception in 1997. He is also a partner and Chief Investment Officer for Zeke Capital Advisors, a financial advisory firm. In addition, Mr. Antoian is the General Partner of Zeke, L.P., a privately offered long-short equity hedge fund. From 1984 until 1997, Mr. Antoian was the Senior Portfolio Manager of Delaware Management Co. Prior to that, Mr. Antoian worked at E.F. Hutton in Institutional Sales, and as a certified public accountant for Price Waterhouse. Mr. Antoian holds an MBA in Finance and has financial and investment experience as a result of his experience as a CPA, financial advisor and portfolio manager. Mr. Antoian serves as a director for two nonprofit charities. As an independent director, Mr. Antoian would bring his in depth understanding of finance and accounting and provide additional expertise in these areas to the Board.

JOEL S. LAWSON III

Director Since 1985

Mr. Lawson, 63, is an independent consultant and private investor. From November 2001 until November 2003, he also served as Executive Director of M&A International Inc., a global organization of merger and acquisition advisory firms. From 1980 until November 2001, Mr. Lawson was Chief Executive Officer of Howard, Lawson & Co., an investment banking and corporate finance firm. Howard, Lawson & Co. became an indirect, wholly-owned subsidiary of FleetBoston Financial Corporation in March 2001. As the former Chief Executive Officer of an investment banking and corporate finance firm, Mr. Lawson has extensive experience in financial and investment matters, including financial reporting expertise. In addition, as the former Executive Director of a global organization of merger and acquisition advisory firms, he has specialized knowledge regarding mergers and acquisitions. He also holds an MBA degree and serves as a director of a non-profit entity.

GLEN T. SENK

Director Since 2004, CEO

Mr. Senk, 54, has served as Chief Executive Officer since May 2007, and prior to that, as President of Anthropologie, Inc. since April 1994. Mr. Senk was named Executive Vice President of Urban Outfitters, Inc. in May 2002, and assumed responsibility for the Company's Free People brand in May 2003. Prior to joining the Company, Mr. Senk was Senior Vice President and General Merchandise Manager of Williams-Sonoma, Inc. and Chief Executive of the Habitat International Merchandise and Marketing Group in London, England. Mr. Senk began his retail career at Bloomingdale's, where he served in a variety of roles including

Managing Director of Bloomingdale's By Mail. Mr. Senk serves as a member of the Boards of Directors for Tory Burch, Inc. and David Yurman, Inc. and previously served as a member of the Board of Directors for Bare Escentuals, Inc. Mr. Senk also serves on the board of a nonprofit organization. As the Company's Chief Executive Officer, Mr. Senk brings his intimate knowledge of the Company's business, operations, and retail industry to the Board of Directors. He also holds an MBA degree.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

THE ELECTION OF EACH OF THE NOMINEES FOR CLASS II DIRECTOR.

The following directors listed below are continuing directors who are not standing for election at the meeting:

Class I Directors

SCOTT A. BELAIR

Director Since 1976

Mr. Belair, 63, co-founded Urban Outfitters in 1970. He has served as Principal of The ZAC Group, a financial advisory firm, during the last eighteen years. Previously, he was a managing director of Drexel Burnham Lambert Incorporated. Mr. Belair is also a director of Hudson City Bancorp, Inc. (HCBK), and Hudson City Savings Bank, the nation's largest S&L institution by market capitalization. He holds an MBA degree and has financial and investment expertise as a result of his significant experience as a CPA, financial advisor, and former chief financial officer in the financial services industry, including financial reporting expertise. As a co-founder of the Company, Mr. Belair has been involved with the Company from its inception, and accordingly has a comprehensive understanding of and perspective on its overall business and strategic direction.

ROBERT H. STROUSE

Director Since 2002

Mr. Strouse, 62, serves as President of Wind River Holdings, L.P. Wind River oversees a diversified group of privately owned industrial and service businesses. Through his experience with this private investment company, Mr. Strouse brings to the Board of Directors experience in strategic planning, budgeting, talent recruitment and development, risk management, and corporate development activities. Mr. Strouse is also a former corporate lawyer whose practice, prior to 1998 when he joined Wind River, focused on mergers and acquisitions, corporate governance and SEC reporting.

Class III Directors

RICHARD A. HAYNE

President and Director Since 1976

Mr. Hayne, 63, co-founded Urban Outfitters in 1970 and has been Chairman of the Board of Directors and President since the Company's incorporation in 1976. Margaret Hayne, President of Free People, is Mr. Hayne's spouse. Mr. Hayne's long tenure leading the Company as

Chairman of the Board and President, in addition to his tenure as Chief Executive Officer until May 2007, makes him uniquely qualified to serve as a director. Mr. Hayne brings to the Board his leadership skills and Company and industry expertise.

HARRY S. CHERKEN, JR.

Director Since 1989

Mr. Cherken, 61, has been a partner in the law firm of Drinker Biddle & Reath LLP in Philadelphia, Pennsylvania since 1984, is a former managing partner of that firm, and until January 2007 served as Co-Chair of its Real Estate Group. As a real estate lawyer with over 30 years experience representing public and private companies in the acquisition, construction, development, financing, leasing, management, consolidation, and disposition of commercial real estate, he has extensive experience with real estate transactions, including negotiating real estate transactions and leases on behalf of the Company. Mr. Cherken also holds a Masters in Liberal Arts degree and serves as a trustee of various not for profit institutions.

CORPORATE GOVERNANCE AT URBAN OUTFITTERS

Our business is managed under the direction of our Board of Directors, in accordance with the Pennsylvania Business Corporation Law and our Bylaws. Members of the Board are kept informed of our business through discussions with the Chairman of the Board, Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in regular and special meetings of the Board and its committees. In addition, to promote open discussion among our non-employee directors, those directors meet in regularly scheduled executive sessions without the participation of management or employee directors.

Board of Directors

Our Board of Directors has a long-standing commitment to sound and effective corporate governance practices. The foundation for our corporate governance is the Board's policy that a majority of the members of the Board should be independent. We have reviewed internally and with our Board of Directors the provisions of the Sarbanes-Oxley Act of 2002, the related rules of the SEC and current NASDAQ Marketplace Rules regarding corporate governance policies and procedures. Our corporate governance documents comply with all applicable requirements.

In accordance with our Bylaws, our Board of Directors has specified that, as of the date of our Annual Meeting, the number of directors will be set at seven. Four of our six current directors are non-employee directors, and nominee Mr. Antoian is also not an employee of the Company, and the Board of Directors has determined that each of the four current non-employee directors, and Mr. Antoian, has no relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and that each meets the objective requirement of independence under the NASDAQ Marketplace Rules. Therefore, the Board of Directors has determined that each of these four directors is, and, if elected, Mr. Antoian would be, an independent director under the standards currently set forth in the NASDAQ Marketplace Rules. The directors who are not independent are Richard A. Hayne and Glen T. Senk. See also Committees of the Board of Directors Audit Committee below.

Although the Board of Directors does not combine the role of Chairman of the Board of Directors (Chairman) and the role of Chief Executive Officer, Richard A. Hayne, the current Chairman, is also an executive officer of the Company, serving as President. The Board of Directors believes this is the most efficient and effective leadership structure for the Company at this time. Mr. Hayne is the co-founder of the Company and has been its Chairman since the Company's incorporation in 1976, and as such the Board of Directors believes that he is uniquely qualified through his experience and expertise to be the person who generally sets the agenda for, and leads discussions of, strategic issues for the Company at the board level. Mr. Hayne has been instrumental in the Company's historical success, and is in large part responsible for the Company's substantial growth since its inception.

The Board of Directors believes that the Company's corporate governance structure provides the appropriate balance between the need for consistent strategic direction and the need

for objectivity and independence of the non-management directors, and includes several effective oversight mechanisms, including: (i) the Board of Directors is comprised of a majority of independent directors, with the Chief Executive Officer and the President/Chairman as the only management directors; (ii) following most board meetings, the independent directors meet in executive session without the Chief Executive Officer and the President present to review, among other things, the performance of the Chief Executive Officer and the President; and (iii) various committees of the board perform oversight functions independent of management, such as overseeing the integrity of the Company's financial statements, senior executive compensation (including the compensation of the Chief Executive Officer and the President) and the selection and evaluation of directors, and these committees are comprised of only independent directors. Accordingly, the Board of Directors believes that requiring that the Chairman be a non-management director would weaken the Company's leadership structure without providing any added benefit beyond that already achieved by its existing governance structure.

The Board of Directors has not designated a lead independent director as it is satisfied with the current structure having Mr. Hayne serve as Chairman and believes that structural changes at this time are not warranted or desirable. The Company currently has a relatively small Board of Directors, comprised of six members and including four independent directors who have served together successfully since 2002, with three of the four having served together successfully since 1989. The Audit Committee, Compensation Committee, and Nominating Committee are each comprised solely of independent directors and are each chaired by a different director, thus providing different directors with leadership opportunities and promoting the potential for differing perspectives and styles in these three key areas of governance. Based on the relatively small size of the board, the longstanding history of our independent directors serving on the board together, and the corporate governance and committee structure currently in place, the Board of Directors has determined that each independent director plays an equally important role and that designating one as the lead independent director would serve no additional benefit beyond that already achieved by our existing governance structure. Further, the Board of Directors believes designating a lead independent director could inhibit the free flow of ideas among the independent directors; currently no one person is expected to dominate or carry additional responsibility or authority aside from the roles of committee chairs, and the Board believes that this has been and continues to be the best approach for the Company.

During the Company's fiscal year ended January 31, 2011 (Fiscal 2011), the Board of Directors held four meetings. Each member of the Board attended at least 75% of the total number of meetings of the Board and all committees on which he sits.

Committees of the Board of Directors

Our Board of Directors has an Audit Committee, Compensation Committee and Nominating Committee. The charters of these committees have been approved by our Board of Directors and are available on our corporate website (www.urbanoutfittersinc.com).

The following table presents information regarding the membership of our Board Committees as of the date of this Proxy Statement.

Current Board Committee Membership

	AUDIT COMMITTEE	COMPENSATION COMMITTEE	NOMINATING COMMITTEE
Scott A. Belair	+	+X	
Harry S. Cherken, Jr.			+
Joel S. Lawson III	+X	+	
Robert H. Strouse	+	+	+X
Number of Meetings in Fiscal 2011*	8	4	6

+ Member

X Chairperson

* In addition, the Committees also from time to time acted by unanimous written consent.

Audit Committee

The Audit Committee operates under a written charter that has been approved by the Board of Directors. The Charter is reviewed annually by the Audit Committee with any recommended changes approved by the Board of Directors. The Audit Committee's primary responsibility is to assist the Board of Directors in fulfilling its oversight responsibilities to our shareholders and other constituencies. In furtherance of those oversight responsibilities, the Audit Committee's primary duties are to: (1) appoint (and terminate), compensate, and oversee the work of the independent accountants, including the audit plan, scope and procedures; (2) pre-approve, in accordance with its pre-approval policies, all audit services and permissible non-audit services provided by the independent accountants to the Company; (3) confirm and assure the independence of the independent accountants by reviewing and discussing the formal written statement and other periodic written reports received from the independent accountants regarding their objectivity and independence, including statements concerning other relationships and services that may affect their independence; (4) set clear hiring policies for employees and former employees of the independent accountants; (5) consider and review with the independent accountants, the Company's internal audit department, and management, the adequacy and effectiveness of the Company's internal controls, including processes for identifying significant risks or exposures (as further discussed in Risk Management below), and elicit recommendations for the improvement of such internal control procedures where desirable; (6) review with the independent accountants and management (i) the Company's financial reporting (including financial statements and related footnotes), (ii) any significant changes required in the independent accountants' audit plan, (iii) any material difficulties or disputes with management encountered during the course of the audit, (iv) other matters related to the conduct of the audit, (v) any material written communications provided by the independent accountants to management, and (vi) any legal and regulatory matters that may have a material impact on the financial statements; (7) review the appointment, replacement,

reassignment or dismissal of management of the Company's internal audit function; (8) review and approve all related party transactions; (9) establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding these issues; (10) report committee actions to the Board with such recommendations as the committee may deem appropriate; (11) prepare the audit committee report required to be filed with the SEC; (12) review and reassess the adequacy of the Audit Committee's Charter annually and submit recommended amendments to the Board for approval; (13) investigate any matter brought to its attention within the scope of the Audit Committee's duties, with the power to retain and determine the appropriate compensation for independent legal, accounting, financial and other advisors as the committee may deem necessary or appropriate to carry out its duties, at the expense of the Company; and (14) enforce the Company's Code of Conduct and Ethics. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended.

The Board of Directors has determined that each member of the Audit Committee is independent, under the independence standards discussed above, and that each member meets the additional standards of independence applicable under the Sarbanes-Oxley Act of 2002 and related rules of the SEC and the listing standards of the NASDAQ Marketplace Rules. In addition, the Board of Directors has determined that each of current directors Joel S. Lawson III and Scott A. Belair, and director nominee Edward N. Antoian, qualifies as an audit committee financial expert in accordance with the definition of audit committee financial expert set forth in Item 407(d)(5)(ii) of Regulation S-K, as adopted by the SEC. The Board of Directors has also determined that Mr. Antoian meets the additional standards of independence applicable under the Sarbanes-Oxley Act of 2002 and related rules of the SEC and the listing standards of the NASDAQ Marketplace Rules.

Compensation Committee

The Compensation Committee operates under a written charter that has been approved by the Board of Directors. The Charter is reviewed annually by the Compensation Committee with any recommended changes approved by the Board of Directors. The Compensation Committee is responsible for overseeing our compensation strategy and for the oversight and administration of our compensation programs including our stock incentive plans. The Compensation Committee reviews and approves performance targets, eligibility, participation and award levels for incentive compensation plans; approves and reports to the Board on the administration of compensation plans and the compensation of executives at specified salary levels; formulates, evaluates and approves the compensation of the Chief Executive Officer; selects participants and determines when options and other equity-based awards should be granted, the number of shares to be subject to each option or award, and other terms of the option or award; provided, however, that the Chairman has discretionary authority to grant awards that cover 40,000 or fewer Common Shares under each of the Company's 2008 and 2004 Stock Incentive Plans to individuals not subject to Section 16 of the Securities Exchange Act of 1934, as amended. In addition, the Compensation Committee monitors aggregate share usage under our stock

incentive plans and potential dilution resulting from the granting of options or awards. It also makes all other determinations involved in the administration of these stock incentive plans. The Board of Directors has determined that each member of the Compensation Committee is independent under the independence standards currently set forth in the NASDAQ Marketplace Rules. For a discussion of the role of executive officers and compensation consultants in determining executive and director compensation, see Compensation of Executive Officers Compensation Discussion and Analysis Design of Compensation Program and Role of Executive Officers in Establishing Compensation.

Nominating Committee

The Nominating Committee operates under a written charter that has been approved by the Board of Directors. The Charter is reviewed annually by the Nominating Committee with any recommended changes approved by the Board of Directors. The Nominating Committee, in consultation with our Chairman: (1) recommends to the Board for its selection (i) potential nominees for director to stand for election at the Company's annual meeting of shareholders, including without limitation, those proposed by shareholders, and (ii) individuals to be considered by the Board of Directors to fill vacancies; (2) establishes criteria for selecting new directors; (3) conducts, or causes to be conducted, background and qualifications checks of new director candidates; and (4) evaluates directors before nomination for reelection. The Board of Directors has determined that each member of the Nominating Committee is independent under the independence standards currently set forth in the NASDAQ Marketplace Rules.

Director Nominations

The Nominating Committee recommends director nominees to the Board of Directors. The Nominating Committee seeks individuals who are qualified to be directors based on the committee's judgment of the potential candidate's experience, skills and knowledge of business and management practices. If needed, the Nominating Committee will use a third party search firm to assist in finding director candidates. No third parties were engaged to evaluate or assist in identifying potential director nominees in Fiscal 2011.

The Nominating Committee considers the diversity of directors as part of the overall mix of factors when identifying and evaluating candidates for the Board of Directors. The Company considers diversity broadly to include differences of viewpoint, professional experience, individual characteristics, qualities and skills resulting in the ability for naturally varying perspectives among the Board of Directors while simultaneously providing skills that complement the full board so that the board, as a unit, possesses the appropriate skills and experience to oversee the Company's business.

As currently constituted, the Board of Directors consists of directors with several different areas of expertise and different perspectives; for example, it includes a director who is a co-founder of the Company with financial advisory expertise, the head of a private investment company, a private investor with a background in international mergers and acquisitions and

investment banking, a lawyer specializing in real estate, the Company's current Chief Executive Officer, and the Company's current President, who is also a co-founder of the Company and former chief executive officer.

In Fiscal 2011 the Nominating Committee undertook a search to identify candidates to serve as a seventh director on the Board of Directors. The Nominating Committee conducted a search to find a candidate that would meet the requirements to serve as an independent director and an Audit Committee member. Additionally, the Nominating Committee was seeking an individual who would meet the heightened requirements to serve as an audit committee financial expert in accordance with Item 407(d)(5)(ii) of Regulation S-K, as adopted by the SEC. After a thorough search, the Nominating Committee determined that it is in the best interests of the Company to nominate Mr. Antoian based on his substantial knowledge of financial reporting matters, extensive investment experience and his satisfying the additional independence standards for the Audit Committee. Mr. Antoian was recommended to the Nominating Committee by one of the directors of the Company.

The Nominating Committee will give appropriate consideration to qualified persons recommended by shareholders for nomination as directors and will evaluate such qualified persons in the same manner as other identified candidates, when submitted prior to the shareholder proposal date referred to in the "Proposals for 2012 Annual Meeting" section of this Proxy Statement (the "Proposals Section"), provided such recommendations comply with the advance notice procedures in the Company's Bylaws, which are summarized in the Proposals Section. Shareholders may submit director recommendations in writing to the Nominating Committee, at Urban Outfitters, Inc., 5000 South Broad Street, Building 543, Philadelphia, PA 19112. Such recommendations must also include: (i) sufficient biographical information about the proposed nominee to permit the Nominating Committee to evaluate his or her qualifications and experience, and (ii) the nominee's consent to being named in the Proxy Statement and to serving as a director if elected.

Risk Management

The Board of Directors is actively involved in the oversight of risks that could affect the Company. This oversight is conducted primarily through the Audit Committee, but the full Board has retained responsibility for general oversight of risks. The Audit Committee, pursuant to its Charter, considers and reviews with the Company's internal audit department, independent public accounting firm, and management, the adequacy of the Company's internal controls, including the processes for identifying significant risks or exposures, and elicits recommendations for the improvements of such procedures where desirable. In addition to the Audit Committee's role, the full Board of Directors is involved in oversight and administration of risk and risk management practices by overseeing members of senior management in their risk management capacities, regularly reviewing and analyzing the Company's investment portfolio and accompanying risk levels, and reviewing and analyzing inventory risk each quarter as part of the review of quarterly financial statements. Members of the Company's senior management have day-to-day responsibility for risk management and establishing risk

management practices, and members of management are expected to report matters relating specifically to the Audit Committee directly thereto, and to report all other matters directly to the Board of Directors as a whole. Members of the Company's senior management have an open line of communication to the Board of Directors and have the discretion to raise issues from time-to-time in any manner they deem appropriate, and management's reporting on issues relating to risk management typically occurs through direct communication with directors or committee members as matters requiring attention typically arise.

In addition to the Audit Committee, the Compensation Committee considers the risks that may be implicated with executive compensation, as discussed in Executive Compensation Compensation Discussion and Analysis Performance Bonuses Setting Performance Criteria and Targets.

Communications with Directors

Shareholders may communicate with members of the Company's Board of Directors by writing, as applicable, to the full Board of Directors, a particular committee or a specific director at Urban Outfitters, Inc., 5000 South Broad Street, Philadelphia, PA 19112. The Company's telephone number is (215) 454-5500 and its fax number is (215) 454-4660.

Annual Meeting

Pursuant to the Company's policy, the directors are expected to attend the Company's annual meetings of shareholders. All six of the Company's current directors attended last year's annual meeting of shareholders.

Code of Conduct and Ethics

The Company has had a written code of conduct for a number of years. Our Code of Conduct and Ethics applies to the Company's directors and employees, including our President, Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. The Code includes guidelines relating to compliance with laws, the ethical handling of actual or potential conflicts of interest, the use of corporate opportunities, protection and use of the Company's confidential information, accepting gifts and business courtesies, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the Code. The Code of Conduct and Ethics is available on the Company's website at www.urbanoutfittersinc.com. The Company intends to post any amendments to its Code of Conduct and Ethics on its website and also to disclose any waivers (to the extent applicable to the Company's President, Chief Executive Officer, Chief Financial Officer or Principal Accounting Officer) on a Form 8-K within the prescribed time period.

PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Securities and Exchange Commission adopted final rules on January 26, 2011 to implement Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Final Rules") requiring public companies to provide shareholders with periodic advisory votes on executive compensation ("Say-on-Pay Proposal").

Pursuant to Section 14A of the Securities Exchange Act of 1934, we are seeking an advisory vote from our shareholders to approve our named executive officer compensation, as set forth below. We and the Board of Directors welcome our shareholders' views on this subject, and will carefully consider the outcome of this vote consistent with the best interests of all shareholders. As an advisory vote, however, the outcome is not binding on us or the Board of Directors.

As described in detail under the heading "Compensation of Executive Officers Compensation Discussion and Analysis," the Company's executive compensation program is designed to attract, retain, and motivate executive and key employee talent in support of its primary objective of building compelling brands that connect with the customer on an emotional level and its objective to maximize shareholder value and grow the Company's brands, both in the short-term and the long-term. The Company also seeks to reward executives through annual performance-based compensation based on the achievement of specific goals. Please read the "Compensation of Executive Officers Compensation Discussion and Analysis" for additional details about our executive compensation programs, including information about the Fiscal 2011 compensation of our named executive officers. Specifically, we are seeking a vote on the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RESOLUTION ABOVE TO APPROVE EXECUTIVE COMPENSATION.

PROPOSAL 3. ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

The Securities and Exchange Commission also adopted Final Rules requiring companies to hold an advisory vote on the frequency of Say-on-Pay votes (Frequency Proposal).

The Company is presenting this Frequency Proposal, which gives you as a shareholder the opportunity to inform the Company as to how often you wish the Company to include a Say-on-Pay Proposal, similar to Proposal 2, in our proxy statement. While this say-on-frequency vote is advisory in nature and therefore will not bind us to adopt any particular frequency, our Board of Directors intends to carefully consider the shareholder vote resulting from the proposal in determining how frequently we will hold Say-on-Pay votes.

Please note that as a shareholder you have the choice to vote for one of the following choices, as indicated on the proxy card: to hold the advisory vote on executive compensation every year, every other year, every third year, or to abstain from voting.

In connection with the Frequency Proposal, the Board of Directors has considered the value of shareholder input, the Company's long-term goals, the executive compensation structure based on long-term performance of the Company, and the time necessary to implement and evaluate effective changes in compensation structure. The Board of Directors believes an advisory vote every three years will provide an effective way to obtain information on shareholder sentiment about our executive compensation program by allowing adequate time for the Company to respond to shareholders' feedback and engage with shareholders to understand and respond to the vote results.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE 3 YEAR ALTERNATIVE SET OUT ON THE PROXY CARD.

PROPOSAL 4. SHAREHOLDER PROPOSAL

Calvert Asset Management, Inc. (Calvert) and Connecticut Retirement Plans and Trust Funds (CRPTF), as co-sponsor, have given notice that they intend to present the proposal set forth below for action at the Annual Meeting. The Company will promptly provide the shareholders names, addresses and number of Common Shares held to any shareholder upon receiving an oral or written request. See Corporate Governance at Urban Outfitters Communications with Directors for the Company s telephone number and address.

Shareholder Proposal and Shareholders Supporting Statement

BE IT RESOLVED: That the Board of Directors consistent with their fiduciary duties:

1. Take every reasonable step to ensure that women and minority candidates are in the pool from which Board nominees are chosen;
2. Publicly commit itself to a policy of Board inclusiveness to ensure that:

Women and minority candidates are routinely sought as part of every Board search the company undertakes;

The Board strives to obtain diverse candidates by expanding director searches to include nominees from both corporate positions beyond the executive suite and non-traditional environments such government, academia, and non-profit organizations; and

Board composition is reviewed periodically to ensure that the Board reflects the knowledge, experience, skills, expertise, and diversity required for the Board to fulfill its duties.

3. To report to shareholders, at reasonable expense and omitting proprietary information, its efforts to encourage diversified representation on the Board.

Supporting Statement

We believe that diversity is an essential measure of sound governance and a critical attribute to a well-functioning board. We believe that in an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to a company s success, as it increases the likelihood of making the right strategic and operational decisions and catalyzes efforts to recruit, retain, and promote the best people, including women and minorities. We believe director and nominee diversity helps to ensure that different perspectives are brought to bear on issues, while enhancing the likelihood that proposed solutions will be nuanced and comprehensive.

A growing body of academic research shows that there is a significant positive relationship between firm value and the percentage of women and minorities on boards. This view is strongly supported by many large institutional fund managers, who have successfully petitioned the SEC to require board diversity disclosures aimed at informing the proxy voting process. We believe

our company's current board diversity policies and disclosures limit the company's definition and understanding of diversity and do not sufficiently address the growing investor demand and interest in this critical corporate governance matter.

In September 2010, SEC Commissioner Luis Aguilar stated "I personally believe that companies that expand their search for new directors to include more women and minorities will find a breadth and depth of talent that will serve to improve their performance and increase the wealth of their investors. To that end, I encourage companies to prioritize and implement practices to increase board diversity. To do this, it is imperative to have processes in place to be able to identify diverse candidates. In today's environment, diversity in the boardroom is a business necessity that companies need to take seriously."

In our view, companies combining competitive financial performance with high standards of corporate governance, including board diversity, are better positioned to generate long-term value for their shareholders. As such, we urge the Board to broaden its pool of candidates and publicly commit to taking steps to establish an inclusive Board.

Board of Directors Response

The Board of Directors and the Nominating Committee believe that the Company's existing nominating process is designed to identify the best possible nominees for director, regardless of the nominee's gender, racial background, religion or ethnicity. The Board of Directors acknowledges the benefits of achieving broad diversity throughout the Company, but believes the proposal could impede its ability to select the most suitable and qualified candidates for membership on the Board of Directors and would impose unnecessary administrative burdens and costs.

The Company's employment policies and practices, including recruitment, promotion and compensation, are guided by the fundamental principle that decisions are made on the basis of whether the individual's capabilities and qualifications fit the Company's needs and meet the requirements of the position, without regard to gender, race, religion, ethnicity or other classification. The Company also applies these policies and practices to its selection of directors.

When identifying and evaluating candidates for director, diversity is a part of the overall mix of factors that the Board of Directors and the Nominating Committee have historically considered, and continue to consider. As described under "Corporate Governance at Urban Outfitters" Director Nominations, in evaluating prospective nominees for the Board of Directors, the Nominating Committee seeks individuals who are qualified to be directors based on the candidate's experience, skills and knowledge of business and management practices. The Board of Directors and the Nominating Committee consider diversity broadly to include viewpoint, professional experience, individual characteristics, qualities and skills resulting in the inclusion of naturally varying perspectives among the directors. The Board of Directors and the Nominating Committee also consider whether these capabilities and characteristics will enhance and complement the full Board of Directors so that, as a unit, the Board of Directors possesses the appropriate skills and experience to oversee the Company's business and serve the long-term

interests of our shareholders. For example, the Nominating Committee recommended that the Board of Directors nominate Mr. Edward Antoian for election as a director by the shareholders at the annual meeting in 2011, based on the need for a director who has substantial knowledge of financial reporting matters, extensive investment experience and the ability to serve as an independent director meeting the additional independence standards for the Audit Committee. Finally, the Board of Directors and Nominating Committee believe that no single criterion, category or trait, such as gender or minority status, is determinative in obtaining diversity on the Board of Directors.

The Company's approach is consistent with amendments the SEC adopted to its rules governing proxy statement disclosure. The amendments, which were adopted in December 2009, require companies to disclose whether, and if so how, their nominating committees consider diversity in identifying nominees for director. In its adopting release, the SEC explicitly acknowledged that companies may define diversity in different ways. The SEC states:

We recognize that companies may define diversity in various ways, reflecting different perspectives. For instance, some companies may conceptualize diversity expansively to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity, while others may focus on diversity concepts such as race, gender and national origin. We believe that for purposes of this disclosure requirement, companies should be allowed to define diversity in ways that they consider appropriate. As a result we have not defined diversity in the amendments.

The Board of Directors and the Nominating Committee seek qualified candidates for director, and consider diversity as a factor, but believe that Proposal 4 is unnecessarily restrictive and would not maintain the necessary flexibility in the nominating process to ensure that the most qualified available candidates are selected as directors in light of the Company's evolving needs and circumstances. In addition, the reporting obligations contemplated by Proposal 4 would be expensive and time consuming, without any corresponding benefit to our shareholders. The Board of Directors believes that the Company's existing nominating process, including the factors considered by the Nominating Committee in evaluating director candidates, is the best approach. The imposition on the nominating process of gender and minority requirements and affirmative search obligations would undermine the Company's holistic evaluation of candidates, unduly restrict the Nominating Committee in the performance of its duties and add administrative burdens and costs, without necessarily resulting in the selection of the best director candidates for the Company.

For the foregoing reasons, the Board of Directors unanimously believes that this proposal is not in the best interests of the Company or our shareholders, and recommends that you vote **AGAINST** Proposal 4. Proxies solicited by the Board of Directors will be voted **AGAINST** this proposal unless a shareholder has otherwise indicated in voting the proxy.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST PROPOSAL 4.

OTHER MATTERS

The Board of Directors knows of no matters to be presented for action at the Annual Meeting, other than those set forth in the attached notice and customary procedural matters. If any other matters should properly come before the Annual Meeting or any adjournments or postponements thereof, the proxies solicited hereby will be voted on such matters, to the extent permitted by the rules and regulations of the SEC, in accordance with the judgment of the persons voting such proxies.

COMPENSATION OF DIRECTORS**FISCAL 2011**

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
Scott A. Belair	100,000		234,400	*			334,400
Harry S. Cherken, Jr.	100,000		234,400	*			334,400
Joel S. Lawson III	100,000		234,400	*			334,400
Robert H. Strouse	100,000		234,400	*			334,400

The aggregate grant date fair value (the Aggregate Fair Value) of the options granted on May 18, 2010 was \$11.72 per share and was calculated using a Lattice Binomial Model for those grants issued in Fiscal 2011. The May 18, 2010 Aggregate Fair Value was \$234,400 (20,000 shares x \$11.72 per share) for each optionee. Fiscal 2011 option expense was \$158,011 relating to the May 18, 2010 grant and \$36,538 relating to a grant made on May 19, 2009. The options granted on May 19, 2009 had a Fair Value of \$6.56 per share, which was also calculated using a Lattice Binomial Model during Fiscal 2010. For a discussion of the assumptions utilized in the Lattice Binomial Model in Fiscal 2011 and Fiscal 2010, please see note 9 to the Company's consolidated financial statements for the fiscal year ended January 31, 2011, which are included in the Company's annual report on form 10-K, as filed with the SEC on April 1, 2011.

* At the end of Fiscal 2011, none of the 20,000 options from the May 18, 2010 grant were vested.

Each director who is not also an employee of the Company (Outside Directors) is paid two cash installments consisting of (i) a \$50,000 payment following the Company's annual meeting of shareholders, and (ii) a \$50,000 payment in February following completion of the fiscal year.

During Fiscal 2011, the Company granted, on a discretionary basis, each Outside Director the option to purchase 20,000 Common Shares under the Company's 2004 Stock Option Plan. The exercise price of the non-qualified stock options granted under the Plan was \$39.40.

All directors and their immediate families are eligible to receive discounts on our merchandise through use of discount cards issued to them and in accordance with our employee merchandise discount policy.

The Board of Directors believes it is good corporate practice to periodically review and reevaluate the total compensation paid to the Company's Outside Directors for their service on the Board of Directors, including the cash and equity components of that compensation. The Board of Directors intends to review the compensation paid to the Outside Directors following the Annual Meeting and will make any adjustments it deems appropriate.

COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Company Objectives

The Company's compensation program is designed to attract, retain, and motivate executive and key employee talent in support of its primary objective of building compelling brands that connect with the customer on an emotional level. The Company believes that delivering value to the customer by excelling at experiential retailing is the foundation for the long-term maximization of shareholder value.

Design of Compensation Program

General

In furtherance of our primary objective, our compensation program is designed to motivate executives to maximize shareholder value and grow our brands, both in the short-term and the long-term, by rewarding executives for doing so. Our compensation program seeks to establish balanced performance metrics that promote disciplined progress towards longer-term goals and that correlate to the sales and profit objectives of, and appropriate risk to, the Company. The combination of performance-based compensation and equity-based awards, which derive their benefit from increases in shareholder value, provides the majority of our executive officers' total compensation and furthers our core compensation principle of providing pay for both individual and Company-wide performance. These long standing compensation policies were designed and approved by management, the Compensation Committee or the Board of Directors, as appropriate. We have identified the first step in attaining these objectives as having superior executives in place, and as such, our compensation program's initial purpose is to attract new candidates and retain the ones we have. This requires our compensation to be competitive in the marketplace. The other step in attaining our objectives is to reward these executives through annual performance-based compensation based on the achievement of specific operating goals that have been determined by the Compensation Committee based on recommendations by the Chairman and the Chief Executive Officer. Moreover, through equity-based compensation, we attempt to align the compensation of our executives with the interests of the shareholders and motivate our executives to achieve the Company's longer-term goals.

Long-Term versus Currently Paid Out Compensation

Current compensation paid to executive officers includes base salaries, which are paid periodically throughout the fiscal year, and performance bonuses, which are awarded at the end of the year. The Company's long-term compensation has been comprised of stock options, stock appreciation rights and performance stock units. The Company has long believed that the characteristics of equity-based compensation, particularly the extended vesting periods, leverage and the deferral of taxation until exercise or vesting, are closely aligned with maximizing shareholder value, supporting its long-term growth strategies, and aligning compensation with

risk outcomes. The Company believes that the performance stock unit awards made in Fiscal 2009, Fiscal 2010 and Fiscal 2011 share these characteristics and offer the potential for meaningful compensation for superior performance measured over an extended period of time.

The Company does not have deferred compensation plans or programs, or executive retirement plans, because it does not believe that such plans are the best way to support its goal of maxi