URBAN OUTFITTERS INC
Form DEF 14A
April 01, 2010

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

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

URBAN OUTFITTERS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Dear Shareholder:

You are cordially invited to attend the 2010 Annual Meeting of Shareholders of Urban Outfitters, Inc. to be held at 10:30 a.m., on Tuesday, May 18, 2010, 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 2010 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 operations of Urban Outfitters.

Sincerely,
Richard A. Hayne

Chairman of the Board

DATE: April 1, 2010

URBAN OUTFITTERS, INC.

5000 South Broad Street

Philadelphia, Pennsylvania 19112-1495

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 18, 2010

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 18, 2010 at 10:30 a.m., for the following purposes:

1. To elect two Class I Directors to serve a term initially expiring at the Annual Meeting of Shareholders in 2013.

2. To re-approve the Urban Outfitters Executive Incentive Plan.

3. To consider a shareholder proposal.

4. To transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on March 22, 2010 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, 2010

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 18, 2010 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 7, 2010, 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 22, 2010 (Record Date), are entitled to notice of, and to vote at, the Annual Meeting. On the Record Date, there were 168,628,271 of the Company s 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 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 adoption of Proposal 2 and AGAINST the adoption of Proposal 3, 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 by 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 two nominees for Class I Director receiving the most FOR votes will be elected. Proposal 2 regarding the re-approval of the Urban Outfitters Executive Incentive Plan, Proposal 3 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 I director expires at the Annual Meeting; the term of office for each Class II director expires at the 2011 annual meeting of shareholders; and the term of office for each Class III director expires at the 2012 annual meeting of shareholders.

Two Class I directors are to be elected at the Annual Meeting to hold office until the annual meeting of shareholders in 2013. Both of the Class I nominees are currently serving as directors.

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 22, 2010 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 two nominees in Class I 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 I directors.

The nominees for re-election to the Board of Directors to serve as Class I directors with terms scheduled to end at the annual meeting of shareholders in 2013 are Scott A. Belair and Robert H. Strouse. The Board of Directors has determined that the nominees, Messrs. Belair and Strouse, and continuing directors Harry S. Cherken, Jr. and Joel S. Lawson III, are independent under the listing standards of the NASDAQ Global Select Market (NASDAQ). The Board of Directors believes that all of its current directors, including the two nominees for re-election, possess personal and professional integrity, good judgment, a high level of ability and business acumen, and further, have performed exceptionally well in their respective time served as directors.

Nominees/Class I Directors

SCOTT A. BELAIR Director Since 1976

Mr. Belair, 62, 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 and perspective on its overall business and strategic direction.

ROBERT H. STROUSE Director Since 2002

Mr. Strouse, 61, 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.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR

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

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

Class II Directors

GLEN T. SENK Director Since 2004

Mr. Senk, 53, 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 division 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 Board of Directors for Tory Burch, Inc. and previously served as a member of the Board of Directors for Bare Escentuals, Inc. 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.

JOEL S. LAWSON III Director Since 1985

Mr. Lawson, 62, 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.

Class III Directors

RICHARD A. HAYNE Director Since 1976

Mr. Hayne, 62, 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, 60, 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 serves as a trustee of a non-profit institution.

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 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 six. Four of our six directors are non-employee directors, and the Board of Directors has determined that each of these four directors 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 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 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; (iii) various committees of the board perform oversight functions independent of management, such as 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, 2010 (Fiscal 2010), 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 2010*	6	6	5

+ 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 Joel S. Lawson III and Scott A. Belair 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.

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 under the Company s 2008, 2004, and 2000 Stock Incentive Plans, the Chairman of the Board has discretionary authority to grant awards that cover 40,000 or fewer Common Shares, 40,000 or fewer Common Shares, and 10,000 or fewer Common Shares, respectively, 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 of the Board: (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 2010.

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.

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 2011 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. RE-APPROVAL OF THE URBAN OUTFITTERS

EXECUTIVE INCENTIVE PLAN

The Company s shareholders approved the Urban Outfitters Executive Incentive Plan (as amended thereafter, the Incentive Plan) at the Company s annual meeting of shareholders on May 24, 2005. The cash bonuses paid under the Incentive Plan are intended to be performance-based compensation under Section 162(m) of the Internal Revenue Code (Section 162(m)) and therefore not subject to the limits on income tax deductibility included in that section. One requirement for preserving deductibility is that the material terms of the performance goals be approved by shareholders at five-year intervals. Shareholders are being asked to re-approve the material terms of the performance goals in the Incentive Plan in order to preserve the Company s federal income tax deduction for performance-based compensation awards to certain executive officers including those named in the Summary Compensation Table. There has been no change to the material terms of the performance goals from those previously approved by the shareholders. Re-approval of the material terms of the performance goals requires the affirmative vote of a majority of the Common Shares cast in person or represented by proxy at the meeting. The Board of Directors has re-approved the material terms of the Incentive Plan s performance goals, subject to re-approval by shareholders.

The Company has not made any changes to the Incentive Plan as it applies to employees who are (or are reasonably expected to be) covered by Section 162(m) (Covered Employees). The Board of Directors has, however, approved changes to the Incentive Plan to provide greater flexibility with respect to awards made to employees who are not Covered Employees. The principal features of the Incentive Plan, as so amended, are summarized below. This summary is qualified in its entirety by the complete text of the amended Incentive Plan, which is attached as *Appendix A* to this Proxy Statement.

The Incentive Plan is intended to provide corporate officers and other key employees of the Company or a subsidiary of the Company with an opportunity to receive an annual cash incentive bonus based on the achievement of objective, pre-established criteria and performance targets. If the material terms of the Incentive Plan s performance goals are re-approved, annual awards would continue in subsequent fiscal years (subject to future shareholder approval as required by Section 162(m)), until the Incentive Plan is terminated by the Board of Directors. The Compensation Committee currently expects that awards will be granted under the Incentive Plan to one or more of the Company s executive officers, including those designated as named executive officers in the Summary Compensation Table of the Executive Compensation section of this Proxy Statement.

At the beginning of each fiscal year, the Compensation Committee will determine the employees who are eligible to participate in the Incentive Plan and each participant s target award, which will be a specified percentage of his or her base salary. Determinations of eligibility for the fiscal year ending January 31, 2011 (Fiscal 2011) have not yet been finalized. For Fiscal 2010, the Compensation Committee designated two employees as Covered Employees and determined that six additional employees were eligible to participate in the

Incentive Plan. The Compensation Committee will also establish a schedule or matrix of performance criteria and performance targets for each participant that will show the percentage of the target award payable under various levels of achieved performance. The Compensation Committee may select one or more performance criteria for each participant from the following list: sales, profit, return on sales, net operating profit after taxes, investment turnover, customer service indices, funds from operations, income from operations, return on assets, return on net assets, asset turnover, return on equity, return on capital, market price appreciation of shares, economic value added, total shareholder return, net income, pre-tax income, earnings per share, operating profit margin, net income margin, sales margin, cash flow, market share, inventory turnover, sales growth, net revenue growth, capacity utilization, new stores opened, customer penetration, increase in customer base, net income growth, expense control and hiring of personnel.

At the end of the year, the Compensation Committee will determine the extent of achievement of the pre-established performance targets for each criterion under the Incentive Plan. The level of achievement attained will be applied to the schedule or matrix to determine a performance adjustment percentage. The award payable to the participant will be equal to the performance adjustment percentage, multiplied by the participant s target award. The Compensation Committee may not increase the amount of compensation that would otherwise be payable under the Incentive Plan to Covered Employees upon achievement of performance targets, but it may reduce any participant s award, and may increase the award otherwise payable to a participant who is not a Covered Employee, if it believes such action would be in the best interest of the Company. Awards will be paid in cash as soon as practicable after the close of the year for which they are earned. No award will be payable to any participant who is not an employee on the date the award is scheduled to be paid, with certain exceptions in the event of death or disability. In addition, if a participant retires or terminates employment after the last day of the fiscal year but before the award is paid, the Compensation Committee has the discretion to pay the award based on the participant s performance for the year. With respect to employees who are not Covered Employees, the Compensation Committee may delegate this authority (as well as the authority to grant awards) to the President of the Company.

The maximum award that may be paid to any individual with respect to any fiscal year is five million dollars.

The Board of Directors may amend, suspend, discontinue or terminate the Incentive Plan. Shareholder approval is required, however, to change the class of individuals eligible to participate in the Incentive Plan, the performance criteria from which the Compensation Committee may select, and the maximum amount payable to any individual with respect to any year. It is the Company s policy to take all reasonable action to maximize the deductibility of all performance-based compensation. Therefore, the Board of Directors recommends that the material terms of the Incentive Plan s performance goals be re-approved by shareholders.

The benefits under the Incentive Plan are not yet determinable with respect to Fiscal 2011. The following table sets forth the benefits earned by each person or group listed below under the Incentive Plan for Fiscal 2010:

FISCAL 2010 PLAN BENEFITS

URBAN OUTFITTERS EXECUTIVE INCENTIVE PLAN

Name and Position	**Dollar Value ($)[1]**
Glen T. Senk *Chief Executive Officer* *Urban Outfitters, Inc.*	2,000,000
John E. Kyees *Chief Financial Officer* *Urban Outfitters, Inc.*	264,000
Richard A. Hayne *President & Chairman of the Board* *Urban Outfitters, Inc.*	600,000
Tedford A. Marlow *President,* *Urban Outfitters Brand*	451,200
Glen A. Bodzy *Secretary and General Counsel* *Urban Outfitters, Inc.*	150,000
Executive Group	3,836,075
Non-Executive Director Group	N/A
Non-Executive Officer Employee Group	N/A

(1) The Incentive Plan provides participants with cash incentive bonuses; no equity-based awards or deferred units are permitted under the plan.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RE-APPROVAL OF THE URBAN OUTFITTERS EXECUTIVE INCENTIVE PLAN.

PROPOSAL 3. SHAREHOLDER PROPOSAL

Amalgamated Bank s Long View MidCap 400 Index Fund and the Office of the Comptroller of New York City (as custodian and trustee of three pension funds), shareholders of the Company, have given notice that they intend to present the proposal set forth below for action at the 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

RESOLVED: The shareholders urge the Board of Directors of Urban Outfitters, Inc. (Urban Outfitters or the Company) to prepare a report at reasonable expense, to be made available to shareholders by the end of 2010, that discusses the content, implementation and enforcement of Company policies that seek to assure that Company suppliers and vendors comply with principles based on International Labor Organization s (ILO) Conventions on workplace human rights, including:

1. All workers shall have the right to form and join trade unions and to bargain collectively (ILO Conventions 87 and 98).

2. Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions (ILO Convention 135).

3. There shall be no discrimination or intimidation in employment; employers shall provide equality of opportunity and treatment regardless of race, color, sex, religion, political opinion, age, nationality, social origin or other distinguishing characteristics (ILO Conventions 100 and 111).

4. Employment shall be freely chosen. There shall be no use of forced (including bonded or voluntary) prison labor (ILO Conventions 29 and 105).

5. There shall be no use of child labor (ILO Convention 138).

Supporting Statement

Urban Outfitters purchases a substantial portion of apparel from sources outside the United States. Urban Outfitters is a global corporation, and its international operations and sourcing arrangements can expose the Company to a variety of risks.

The success of many Urban Outfitters businesses depends on consumer goodwill. Since Urban Outfitters brand names are among the Company s most significant assets, we believe that the Company would benefit from publicly available data about how Urban Outfitters is pursuing policies based on ILO conventions that seek to prevent the Company from being associated with workplace human rights violations. Such disclosure could protect the Company s brand name and/or relationships with its customers and the numerous governments in countries where the Company does business.

Urban Outfitters has not disclosed any code of conduct for suppliers based on the cited ILO principles. This contrasts with a significant number of manufacturers and retailers, including American Eagle Outfitters, Federated Department Stores, Gap Inc., H&M, Jones Apparel Group, Limited Brands, Nordstrom s and VF.

We believe that more transparency is needed because Urban Outfitters has 7700 suppliers a more extensive network than those of its larger competitors. There is thus a higher risk of non-compliance with ILO standards. Among leading specialty retailers, Gap Inc., with 900 suppliers, has 90 staff dedicated to enforcing its public Code of Conduct and publicly reports on implementation. H&M-Hennes & Mauritz, with 800 suppliers, has 62 staff focused on implementation and publicly reports on enforcement.

Institutional investors are increasingly concerned with the impact of company workplace practices on shareholder value. A number of the world s largest pension funds have adopted responsible contractor and workplace practice guidelines.

We urge you to vote FOR this resolution.

Board of Directors Response

For three consecutive years, a proposal that we adopt, implement and enforce a publicly available workplace code of conduct based on the ILO Conventions or a substantially similar proposal has been submitted at our annual meeting. At our 2007, 2008 and 2009 annual meetings, the majority of votes were cast, in accordance with our recommendation, against such proposals. The same shareholders that previously submitted such a proposal now propose that we prepare a report on certain of our policies that are addressed by those ILO conventions.

The Board of Directors unanimously recommends voting against this proposal, which addresses the same substantive issues as the prior proposals. The Board of Directors believes that we have adequately addressed these substantive issues through the terms of our agreements with our vendors and through a compliance program for apparel products designed in-house and produced in selected factories. We also believe that the preparation of the report requested in the proposal, in light of our current efforts and established policies and practices, is unnecessary and would result in an unwarranted demand on the time and attention of management.

We believe in protecting the safety and working rights of the people who produce the goods sold in our stores and through our wholesale business, while recognizing and respecting cultural and legal differences found throughout the world. We require our vendors to register through an online website and agree that they and their suppliers will abide by certain standards and conditions of employment, including the following:

- vendors and suppliers must be in full compliance with all laws, rules and regulations applicable to manufacturing, facilities, and accommodations made available to workers;

- all workers must be at least the local minimum legal working age or 15 years of age, whichever is older;

- workers must be voluntarily employed and cannot be prisoners or any other kind of forced labor;
- all hiring decisions must be based on the prospective worker s ability to do the job and cannot be based on race, religion, gender, age, sexual orientation, disability, nationality, political opinion or union membership;
- vendors and suppliers must comply with national laws regarding minimum wage, overtime, hours and benefits;
- workers must be furnished with safe and healthy working conditions in compliance with local laws;
- behavior, including gestures, language and physical contact, that is sexually coercive, threatening, abusive or exploitative is not permitted; and
- vendors must comply with all applicable laws, rules and regulations in respect of protecting the environment and maintain procedures for notifying local authorities in the event of an environmental accident resulting from the vendors operations.

With respect to apparel that is designed in-house and produced in selected factories, we have implemented a compliance program that is monitored on an annual basis by our buying offices. Our contracted production facilities are either certified as in compliance with our program, or areas of improvement are identified and corrective follow-up action is taken. All manufacturing facilities are required to follow applicable national labor laws, as well as international compliance standards regarding workplace safety, such as standards that require clean and safe working environments, clearly marked exits and paid overtime.

The shareholders making the proposal urge the Board of Directors to provide a report on the content, implementation and enforcement of our policies that ensure that our suppliers and vendors comply with principles based on ILO standards. We believe that the measures described above result in treatment of workers that parallel the ILO standards in many respects, including with respect to prohibitions on involuntary or forced labor and the adoption of minimum age standards for our workers. We also seek to enforce ILO standards to the extent they are incorporated into applicable local laws, which is consistent with our desire to respect cultural and legal differences in the countries in which we do business. Therefore, we believe that the preparation of the report requested in the proposal would be an unnecessary cost to the Company and our shareholders and an unwarranted demand on the time and attention of management in light of our current efforts and established policies and practices relating to the treatment of the people who produce the goods sold in our stores and through our wholesale, catalog and internet businesses.

We believe that we have adequately addressed the matters raised in the proposal and, 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 3. 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 3.

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 2010

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*		131,200 **				231,200
Harry S. Cherken, Jr.	100,000*		131,200 **				231,200
Joel S. Lawson III	100,000*		131,200 **				231,200
Robert H. Strouse	100,000*		131,200 **				231,200

* Represents amounts paid in cash.

The grant date fair value and option expense were computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718 regarding stock compensation (Fair Value). The Fair Value of the options granted on May 19, 2009 was $6.56 per share and was calculated using a Lattice Binomial Model for those grants issued in Fiscal 2010. The May 19, 2009 aggregate Fair Value was $131,200 (20,000 shares x $6.56 per share). Fiscal 2010 option expense was $88,102 relating to the May 19, 2009 grant and $62,518 relating to a grant made on May 20, 2008. The options granted on May 20, 2008 had a Fair Value of $10.78 per share, which was also calculated using a Lattice Binomial Model during Fiscal 2009. For a discussion of the assumptions utilized in the Lattice Binomial Model in Fiscal 2010 and Fiscal 2009, please see note 9 to the Company s consolidated financial statements for the fiscal year ended January 31, 2010, which are included in the Company s annual report on Form 10-K, as filed with the SEC on April 1, 2010.

** At the end of Fiscal 2010, none of the 20,000 options from the May 19, 2009 grant were vested.

Each continuing director who is not also an employee of the Company (Outside Directors) is paid a total of $100,000 in 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 2010, 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 these non-qualified stock options was $21.43, which was 110% of the Fair Market Value of the Company s Common Shares on the date of the grant, as defined in the 2004 Stock Option Plan.

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. 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 of the Board (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, a single restricted stock award made in Fiscal 2005, two performance stock unit awards based on specific operating performance criteria made in Fiscal 2009 and three in Fiscal 2010. 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 and supporting its long-term growth strategies. The Company believes that the performance stock unit awards made in Fiscal 2009 and Fiscal 2010 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