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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) August 12, 2004**

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**URBAN OUTFITTERS, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Pennsylvania**  
(State or other jurisdiction  
of incorporation)

**000-22754**  
(Commission File Number)

**22-2003332**  
(IRS Employer  
Identification No.)

**1809 Walnut Street, Philadelphia PA**  
(Address of principal executive offices)

**19103**  
(Zip Code)

**Registrant's telephone number, including area code (215) 564-2313**

**N/A**  
(Former name or former address, if changed since last report)

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**Item 7. Financial Statements, Pro Forma Financial Information and Exhibits****(c) Exhibits:**

99.1 Earnings Release dated August 12, 2004 - Second Quarter FY05 Earnings

**Item 12. Results of Operations and Financial Condition**

On August 12, 2004, the Company issued an earnings release, which is attached hereto as Exhibit 99.1 and incorporated herein by reference. The earnings release disclosed material non-public information regarding the Company's earnings for the three and six month period ending July 31, 2004.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**URBAN OUTFITTERS, INC.**

Date: August 12, 2004

By: /s/ John E. Kyees

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John E. Kyees  
Chief Financial Officer

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**Exhibit Index**

99.1 Earnings Release dated August 12, 2004 – Second Quarter FY05 Earnings

**URBAN OUTFITTERS, INC.**  
**Second Quarter Results**  
**Philadelphia, PA – August 12, 2004**

**For Immediate Release**

Contact: John E. Kyees  
Chief Financial Officer  
(215) 564-2313

**Urban Outfitters Q2 Earnings Soar 117%**

Urban Outfitters, Inc. (NASDAQ:URBN), a leading lifestyle consumer products company operating under the Anthropologie, Urban Outfitters and Free People brands, today announced record earnings of \$20.5 million for the three months ended July 31, 2004, a 117% increase over the comparable quarter last year. Second quarter diluted earnings per share rose to \$0.25 this year from \$0.12 in the prior year.

As previously stated, net sales for the second quarter increased by 54% to a record \$189.5 million. Fueling this increase over the prior year was:

- a 26% jump in total Company comparable store sales
- new and non-comparable store sales of \$27.7 million
- a 100% spike in direct-to-consumer sales
- a 28% surge in wholesale sales

Comparable store sales at Anthropologie, Free People and Urban Outfitters were up 25%, 41% and 27%, respectively for a combined 26% on top of an 11% combined sales increase during the comparable quarter last year. For the six months ended July 31, 2004, total Company comparable store sales jumped by 29%, and total Company sales increased to a record \$359.8 million, a 56% increase over the first six months of the prior year and.

“We continued to deliver exceptional performance in the second quarter by producing 26% ‘comp’ store sales increases and 18% operating margins,” said Richard A. Hayne, Chairman and President. Mr. Hayne also added that “we are optimistic about our fall fashion offerings based on initial customer response in stores and to the July catalog drops.”

|                              | Three months ended<br>July 31, |                   | Six months ended<br>July 31, |                   |
|------------------------------|--------------------------------|-------------------|------------------------------|-------------------|
|                              | 2004                           | 2003              | 2004                         | 2003              |
|                              | <i>(in thousands)</i>          |                   | <i>(in thousands)</i>        |                   |
| Urban Outfitters store sales | \$ 90,841                      | \$ 60,750         | \$ 169,407                   | \$ 112,859        |
| Anthropologie store sales    | 73,766                         | 47,874            | 140,340                      | 88,828            |
| Direct-to-consumer sales     | 18,373                         | 9,204             | 36,974                       | 18,731            |
| Free People sales            | 6,504                          | 5,051             | 13,053                       | 9,489             |
| <b>Total net sales</b>       | <b>\$ 189,484</b>              | <b>\$ 122,879</b> | <b>\$ 359,774</b>            | <b>\$ 229,907</b> |

For the three and six months, gross profit margins increased by 350 and 448 basis points, respectively, versus the prior year's comparable periods. These gains were primarily due to higher initial merchandise margins and the leveraging of occupancy expenses.

As of July 31, 2004, total Company inventories grew by \$29.5 million on a year-over-year basis. The acquisition of inventory to stock new retail stores was the primary factor for this increase. On a comparable store basis, the Company has continued to expedite shipment and receipt of merchandise earlier than last year and increase its modestly planned inventory buy to accommodate the current sales trends. These measures have resulted in a 10.4% increase of comparable store inventory over last year's levels. The Company believes its inventory levels are adequate to meet the current rate of customer demand.

For the three and six months, selling, general and administrative expenses, expressed as a percentage of net sales, decreased by 189 and 152 basis points, respectively, versus the comparable periods last year. These improvements were primarily a result of the leveraging of store-related expenses.

As of July 31, 2004 of this fiscal year, the Company has opened six new Anthropologie stores and seven new Urban Outfitters stores. The Company plans to open 11 to 14 additional stores during the remainder of the fiscal year.

Urban Outfitters, Inc. is an innovative specialty retailer and wholesaler which offers a variety of lifestyle merchandise to highly defined customer niches through 68 Urban Outfitters stores in the United States, Canada, and Europe; an Urban Outfitters catalog and web site ([www.urbanoutfitters.com](http://www.urbanoutfitters.com)); 58 Anthropologie stores in the United States; an Anthropologie catalog and web site ([www.anthropologie.com](http://www.anthropologie.com)); and Free People, the Company's wholesale division, which sells its product to approximately 1,100 specialty stores, department stores and catalogs, as well as through one Free People store, as of July 31, 2004.

A conference call will be held today to discuss second quarter results and will be web cast at 11:00 a.m. EDT on:

[http://www.corporate-ir.net/ireye/ir\\_site.zhtml?ticker=URBN&script=1010&item\\_id=905402](http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=URBN&script=1010&item_id=905402).

**This news release is being made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.** *Certain matters contained in this release may constitute forward-looking statements. Any one, or all, of the following factors could cause actual financial results to differ materially from those financial results mentioned in the forward-looking statements: the difficulty in predicting and responding to shifts in fashion trends, changes in the level of competitive pricing and promotional activity and other industry factors, overall economic and market conditions and the resultant impact on consumer spending patterns, including any effects of terrorist acts or war, availability of suitable retail space for expansion, timing of store openings, seasonal fluctuations in gross sales, the departure of one or more key senior managers, import risks, including potential disruptions and changes in duties, tariffs and quotas and other risks identified in filings with the Securities and Exchange Commission. The Company disclaims any intent or obligation to update forward-looking statements even if experience or future changes make it clear that actual results may differ materially from any projected results expressed or implied therein.*

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(Tables follow)

**URBAN OUTFITTERS, INC.**  
**Condensed Consolidated Statements of Income**  
*(in thousands, except share and per share data)*  
(unaudited)

|   | Three Months Ended<br>July 31, |                   | Six Months Ended<br>July 31, |                   |
|---|--------------------------------|-------------------|------------------------------|-------------------|
|   | 2004                           | 2003              | 2004                         | 2003              |
| Net sales   | \$ 189,484                     | \$ 122,879        | \$ 359,774                   | \$ 229,907        |
| Cost of sales, including certain buying, distribution and occupancy costs | 112,466                        | 77,231            | 212,862                      | 146,326           |
| Gross profit  | 77,018                         | 45,648            | 146,912                      | 83,581            |
| Selling, general and administrative expenses                              | 42,898                         | 30,147            | 84,396                       | 57,420            |
| Income from operations  | 34,120                         | 15,501            | 62,516                       | 26,161            |
| Other income, net   | 346                            | 410               | 302                          | 494               |
| Income before income taxes  | 34,466                         | 15,911            | 62,818                       | 26,655            |
| Income tax expense  | 13,958                         | 6,444             | 25,441                       | 10,795            |
| Net income  | <u>\$ 20,508</u>               | <u>\$ 9,467</u>   | <u>\$ 37,377</u>             | <u>\$ 15,860</u>  |
| Net income per common share:  |                                |                   |                              |                   |
| Basic   | <u>\$ 0.25</u>                 | <u>\$ 0.12</u>    | <u>\$ 0.46</u>               | <u>\$ 0.20</u>    |
| Diluted   | <u>\$ 0.25</u>                 | <u>\$ 0.12</u>    | <u>\$ 0.45</u>               | <u>\$ 0.20</u>    |
| Weighted average common shares and common share equivalents outstanding:  |                                |                   |                              |                   |
| Basic   | <u>80,554,025</u>              | <u>78,195,568</u> | <u>80,421,047</u>            | <u>77,925,640</u> |
| Diluted   | <u>83,411,392</u>              | <u>80,404,412</u> | <u>83,174,091</u>            | <u>79,801,388</u> |
| AS A PERCENT OF NET SALES   |                                |                   |                              |                   |
| Net sales   | 100.0%                         | 100.0%            | 100.0%                       | 100.0%            |
| Cost of sales, including certain buying, distribution and occupancy costs | 59.4%                          | 62.9%             | 59.2%                        | 63.6%             |
| Gross profit  | 40.6%                          | 37.1%             | 40.8%                        | 36.4%             |
| Selling, general and administrative expenses                              | 22.6%                          | 24.5%             | 23.5%                        | 25.0%             |
| Income from operations  | 18.0%                          | 12.6%             | 17.3%                        | 11.4%             |
| Other income (expense), net   | 0.2%                           | 0.3%              | 0.1%                         | 0.2%              |
| Income before income taxes  | 18.2%                          | 12.9%             | 17.4%                        | 11.6%             |
| Income tax expense  | 7.4%                           | 5.2%              | 7.1%                         | 4.7%              |
| Net income  | <u>10.8%</u>                   | <u>7.7%</u>       | <u>10.3%</u>                 | <u>6.9%</u>       |

**URBAN OUTFITTERS, INC.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except share and per share data)*  
(unaudited)

|  | July 31,<br>2004  | January 31,<br>2004 | July 31,<br>2003  |
|--|-------------------|---------------------|-------------------|
| <b>Assets</b>  |                   |                     |                   |
| Current assets:  |                   |                     |                   |
| Cash and cash equivalents  | \$ 64,213         | \$ 67,194           | \$ 50,452         |
| Marketable securities  | 38,073            | 19,979              | 9,501             |
| Accounts receivable  | 10,420            | 6,711               | 6,402             |
| Inventories  | 90,930            | 63,247              | 61,467            |
| Prepaid expenses, deferred taxes and other current assets  | 18,707            | 18,704              | 14,917            |
| <b>Total current assets</b>  | <b>222,343</b>    | <b>175,835</b>      | <b>142,739</b>    |
| Property and equipment, net  | 141,065           | 121,919             | 110,993           |
| Marketable securities  | 60,195            | 52,315              | 44,237            |
| Deferred income taxes and other assets   | 9,555             | 9,526               | 8,868             |
| <b>Total assets</b>  | <b>\$ 433,158</b> | <b>\$ 359,595</b>   | <b>\$ 306,837</b> |
| <b>Liabilities and Shareholders' Equity</b>  |                   |                     |                   |
| Current liabilities:   |                   |                     |                   |
| Accounts payable   | \$ 37,214         | \$ 27,353           | \$ 26,664         |
| Accrued expenses, accrued compensation and other current liabilities   | 45,836            | 30,409              | 23,172            |
| <b>Total current liabilities</b>   | <b>83,050</b>     | <b>57,762</b>       | <b>49,836</b>     |
| Deferred rent and other liabilities  | 12,164            | 11,703              | 11,047            |
| <b>Total liabilities</b>   | <b>95,214</b>     | <b>69,465</b>       | <b>60,883</b>     |
| Shareholders' equity:  |                   |                     |                   |
| Preferred shares; \$.0001 par value, 10,000,000 shares authorized, none issued   | —                 | —                   | —                 |
| Common shares; \$.0001 par value, 200,000,000 shares authorized, 80,895,742, 79,776,542 and 78,742,344 shares issued and outstanding, respectively | 8                 | 8                   | 8                 |
| Additional paid-in capital   | 99,517            | 83,279              | 73,118            |
| Unearned compensation  | (5,646)           | —                   | —                 |
| Retained earnings  | 242,282           | 204,905             | 172,389           |
| Accumulated other comprehensive income   | 1,783             | 1,938               | 439               |
| <b>Total shareholders' equity</b>  | <b>337,944</b>    | <b>290,130</b>      | <b>245,954</b>    |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 433,158</b> | <b>\$ 359,595</b>   | <b>\$ 306,837</b> |



**URBAN OUTFITTERS, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
*(in thousands)*  
(unaudited)

|  | Six Months Ended<br>July 31, |                  |
|--|------------------------------|------------------|
|  | 2004                         | 2003             |
| <b>Cash flows from operating activities:</b>   |                              |                  |
| Net income   | \$ 37,377                    | \$ 15,860        |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                              |                  |
| Depreciation and amortization  | 13,635                       | 10,510           |
| Tax benefit of stock option exercises  | 6,198                        | 1,070            |
| Stock-based compensation expense   | 120                          | —                |
| <b>Changes in assets and liabilities:</b>  |                              |                  |
| Increase in receivables  | (3,708)                      | (3,145)          |
| Increase in inventories  | (27,685)                     | (12,674)         |
| Decrease in prepaid expenses and other assets  | (32)                         | (1,953)          |
| Increase in payables, accrued expenses and other liabilities                             | 25,751                       | 5,371            |
| <b>Net cash provided by operating activities</b>   | <b>51,656</b>                | <b>15,039</b>    |
| <b>Cash flows from investing activities:</b>   |                              |                  |
| Capital expenditures   | (31,466)                     | (10,353)         |
| Purchases of marketable securities   | (42,846)                     | (56,931)         |
| Sales and maturities of marketable securities  | 15,548                       | 25,608           |
| <b>Net cash used in investing activities</b>   | <b>(58,764)</b>              | <b>(41,676)</b>  |
| <b>Cash flows from financing activities:</b>   |                              |                  |
| Exercise of stock options  | 4,272                        | 4,892            |
| <b>Net cash provided by financing activities</b>   | <b>4,272</b>                 | <b>4,892</b>     |
| Effect of exchange rate changes on cash and cash equivalents                             | (145)                        | 70               |
| <b>Decrease in cash and cash equivalents</b>   | <b>(2,981)</b>               | <b>(21,675)</b>  |
| Cash and cash equivalents at beginning of period   | 67,194                       | 72,127           |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 64,213</b>             | <b>\$ 50,452</b> |