UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

ANNUAL REPORT FILED PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 31, 1997

Commission File No. 0-16999

URBAN OUTFITTERS, INC.
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-2003332
(State of incorporation)	(I.R.S. Employer Identification No.)

1809 Walnut Street, Philadelphia, PA 19103
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, $.0001 par value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

17,528,698 Common Shares were outstanding at April 4, 1997

The aggregate market value of voting shares held by non-affiliates at April 4, 1997 was $96,280,168

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Registrant's 1997 Annual Meeting of Shareholders -- Part III.

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PART II

As used in this Report on Form 10-K, "fiscal 1993," "fiscal 1994," "fiscal 1995," "fiscal 1996" and "fiscal 1997" refer to the Company's fiscal years ended January 31 in each of those fiscal years.

PART I

Item 1. Business

General

Urban Outfitters, Inc. ("Urban Outfitters" or the "Company") is an innovative specialty retailer and wholesaler which offers a variety of lifestyle merchandise to highly defined customer niches. The Company's unique concept forms the basis for its two retail divisions ("Urban Retail" and "Anthropologie"), each of which sells a broad array of fashion apparel, accessories and household and gift merchandise in an exciting and dynamic retail environment. The Company's wholesale subsidiary ("Wholesale") designs and markets young women's casual wear which it provides to the Company's retail operations and sells to over 2,000 better specialty stores worldwide.

Founded and originally operated by a predecessor partnership, the Company opened its first store in 1970 near the University of Pennsylvania campus in Philadelphia. The Company was incorporated in Pennsylvania in 1976, and opened its second store in Harvard Square, Cambridge, Massachusetts in 1980. The Company has since expanded to 25 Urban Retail stores in 18 metropolitan areas throughout the United States and Canada. The Company has opened eight Anthropologie stores in eight metropolitan areas most of which overlap the Urban Retail areas. The Company is in the process of identifying new retail locations, negotiating new leases and planning to accelerate its rate of new store openings in the coming years.

Urban Retail: Urban Retail has established a strong reputation among urban, style-conscious young adults aged 18 to 30. Urban Retail stores, which average approximately 10,000 net selling square feet and carry 50,000 to 60,000 SKUs, are typically located near large universities or other youth enclaves. The Company's lifestyle merchandise offerings include women's and men's fashion apparel, footwear and accessories and apartment wares and gifts. Urban Retail accounted for approximately 69.3% and 76.8% of the Company's net sales in fiscal 1997 and in fiscal 1996, respectively.

Anthropologie: Anthropologie, the Company's second retail format, mirrors Urban Retail but tailors its merchandise and shopping environment to appeal to an older, more established suburban customer, typically women aged 25 to 45. The Company opened its first Anthropologie store in a suburb of Philadelphia in October 1992. Anthropologie stores average approximately 9,000 net selling square feet and carry 20,000 to 25,000 SKUs with a greater emphasis on home. The stores are typically located in affluent suburban locations. A few very special urban locations, such as Soho in New York City, will be part of the mix. Product offerings include women's casual apparel and accessories, home furnishings and an eclectic array of gifts and decorative accessories for the home, garden, bed and bath. Anthropologie accounted for approximately 6.9% and 12.6% of the Company's net sales in fiscal 1996 and in fiscal 1997, respectively. Anthropologie has a totally separate senior management group, buying staff, visual merchandising group and operation management. It shares, with the other companies, distribution, MIS, inventory management, sales audit, control/accounting and administration.

Wholesale: Wholesale was established in 1984 to develop, side by side with Urban Retail, apparel lines of young women's casual wear that could be effectively sold in the Urban Retail stores at attractive pricing to the retail customers. In order to provide the "attractive" prices, minimum production lots are necessary. In order to reach these production minimums Wholesale sells to other retailers throughout the United States. The Wholesale design and production staffs have expanded their involvement by designing and producing private label merchandise categories such as apartment wares, gifts, accessories and shoes.

While continuing its role with Urban Retail and Anthropologie, Wholesale also sells its products to over 2,000 better specialty stores worldwide under five labels: Free People, Ecote, Anthropologie, Co-Operative and Bulldog. Wholesale accounted for approximately 16.3% and 18.1% of the Company's net sales in fiscal 1996 and in fiscal 1997, respectively. Like Anthropologie and Urban Retail, Wholesale has its own senior and creative management while sharing those previously identified support services.

The Company's home offices occupy about 18,000 square feet at 1809 Walnut Street, Philadelphia, Pennsylvania, adjacent to the Urban Retail store at 1801 Walnut Street.

Retail Strategy

The Company's overall retailing strategy is to concentrate on its target customers and offer a wide assortment of distinctive products in a compelling shopping environment. By executing this strategy, the Company believes that it has successfully captured and developed unique market niches. Elements of this strategy include:

- Locating Stores in Destination Areas
- Creating Highly Differentiated Store Environments
- Offering a Broad Merchandise Selection
- Emphasizing Dynamic Visual Merchandising

Store Expansion Strategy

The Company strategy is to open three to four new stores each year for both retail concepts. In fiscal 1997, Urban Retail opened two new stores while Anthropologie opened five.

In selecting new Urban Retail store sites, the Company typically looks for locations in metropolitan areas with high concentrations of its target customers. The Company anticipates that the majority of new Urban Retail stores will continue to be located near large universities or other youth enclaves with high levels of foot traffic. The majority of new Anthropologie stores are expected to be located in the affluent suburban areas in which its target customers live.

Company Operations

Purchasing: The Company purchases its retail merchandise from numerous domestic and foreign vendors. During fiscal 1997, the Company's ten largest retail suppliers, excluding wholesale and in-house private label products, accounted for approximately 16% of its purchases. The spread of the ten suppliers is from 0.9% to 3.4% with a mode of 1.1%. The Company may be the largest customer for many of its smaller, niche vendor sources.

Distribution: In October 1996, the Company completed construction and occupied its new 100,000-square-foot distribution center. The majority of merchandise purchased by Urban Retail, Anthropologie, and Wholesale is shipped directly to this facility. The facility has an advanced computerized materials handling system, is expandable within its current "footprint" and can be doubled in size as future needs arise. The 100,000-square-foot structure is expected to provide distribution capability through the year 2002. The facility is owned by the Company and is approximately 60 miles from the home office in Philadelphia. Due to its proximity to the former distribution center, most of the original work force retained their positions when the move was executed. After a brief shakedown period, in which a few minor problems were experienced, productivity grew significantly and continues to do so.

As the Company grows on the West Coast, it will likely add a small distribution facility in the California/Nevada area. The Company currently uses third-party distribution in Canada and in Europe.

Management Information Systems: Very early in the Company's growth, management recognized the need for high-quality information in order to manage the merchandise planning/buying, inventory management and control functions. The Company invested in a retail software package that it believes continues to be one of the best available. The Company is one of the smallest retailers to have implemented this package. The Company utilizes Point of Sale ("POS") register and polling systems which provide for register efficiencies, improved customer checkout and overnight polling.

To manage its separate needs, Wholesale uses a software system for customer service, order entry and allocations, production planning and inventory management.

Inventory and Shrinkage Control: The Company's inventory management system enables it to efficiently manage its inventory position. This system provides management with accurate and timely information about inventory, pricing, costing, markdowns, markups, transfers, damages, sales and perpetual inventory levels. The system allows these items to be monitored by SKU, by location and by day.

The Company believes its shrinkage levels are below the industry average despite many store locations in typically higher theft areas. Merchandise shrinkage control begins at the distribution center with the Company's information systems, internal employee procedures and self-auditing controls. The Company educates and incentivizes store employees to actively participate in loss prevention, and believes that its store employees are the most effective deterrent to both internal and external theft.

Competition

The specialty retail and wholesale apparel businesses are highly competitive. Retail competitive factors include store location; merchandise breadth, quality, style, and availability; level of customer service; and price. The Company's retail stores compete against a wide variety of smaller, independent specialty stores as well as department stores and national specialty chains. Wholesale competes with numerous companies, many of whose products have wider distribution than the Company's. Certain of Urban Outfitters' retail and wholesale competitors have greater name recognition and financial and other resources than the Company.

Trademarks and Service Marks

The Company is the registered owner in the United States of the service marks "Urban Outfitters" and "Anthropologie," and the trademarks "Anthropologie," "Ecote," "Co-Operative," "Urban Renewal," "Free People," "R.V.," "Slant," "Big Smokey," "Fink," "Lisa L.," "Lip Gloss," and "Shag." U.S. service marks have a term of 20 years, whereas trademarks have a term of 10 years.

Each mark is renewable indefinitely, contingent upon continued use at the time of renewal. Accordingly, unless renewed, the marks will expire as follows:

Urban Outfitters(sm)	2005	R.V.(TM)	2005
Anthropologie(sm)	2013	Slant(TM)	2005
Anthropologie(TM)	2000	Big Smokey(TM)	2006
Ecote(TM)	2000	Fink(TM)	2006
Co-Operative(TM)	2002	Lisa L.(TM)	2006
Urban Renewal(TM)	2003	Lip Gloss(TM)	2007
Free People(TM)	2004	Shag(TM)	2007

In addition, the Company currently has pending registration applications with the Trademark Office covering the trademarks "Bulldog Guaranteed Tough," "Cultural Studies," "365 Days," "Gert's," and "Stappleford." The Company is also the owner of several international service marks and trademarks which have been registered in Argentina, Australia, Benelux, Brazil, Canada, Chile, the Czech Republic, France, Germany, Hong Kong, Italy, Japan, Mexico, Spain, Sweden, Switzerland, Taiwan and the UK. Applications for trademarks have been filed in several other countries as well.

In the opinion of management, the Company's service marks and trademarks are important to its business due to their name recognition with the Company's customers. Accordingly, the Company intends to maintain and preserve its marks and the related registrations and to vigorously seek to protect them from infringement. The Company is not aware of any claims of infringement or other challenges to the Company's right to use any of its marks in the United States. There can be no assurance, however, that the Company's trademarks do not or will not violate the proprietary rights of others, that they would be upheld if challenged or that the Company would, in such an event, not be prevented from using its trademarks, any of which could have an adverse effect on the Company.

Employees

The Company employs approximately 1,281 persons, 741 (58%) of whom are full-time employees and 540 (42%) of whom are part-time employees. Of the Company's total employees, 981 (77%) work at Urban Retail, 243 (19%) work at Anthropologie and 57 (4%) work at Wholesale. The number of part-time employees fluctuates depending on seasonal needs. None of the Company's employees are covered by collective bargaining agreements and management believes that the Company's relations with its employees are excellent.

Item 2. Properties

The Company's home offices are located at 1809 Walnut Street, immediately adjacent to the retail store at 1801 Walnut Street in Philadelphia.

All of the Urban Retail and Anthropologie stores are leased. The Company's retail stores are typically leased for a term of ten years with renewal options for an additional five to ten years. The following table shows the location, date opened and net selling square feet of each of the Company's existing retail stores. Net selling square feet can sometimes change due to floor moves, use of staircases, cash register configuration, etc.

LOCATION	DATE OPENED	NET SELLING SQUARE FEET
Urban Outfitters Stores		
Philadelphia, PA 4040 Locust Street	November 1970	7,500
Cambridge, MA 11 J.F. Kennedy Street	September 1980	14,670
Philadelphia, PA 1801 Walnut Street	April 1982	10,320
New York, NY 628 Broadway	July 1983	10,020
Washington, DC 3111 M Street, N.W.	November 1983	12,660
New York, NY 374 Avenue of Americas	June 1987	7,530
Madison, WI 604 State Street	May 1989	10,420
Ann Arbor, MI 231 S. State Street	August 1989	8,940
Boston, MA 361 Newbury Street	October 1989	11,260
Minneapolis, MN 3006 Hennepin Ave., S.	April 1990	7,110
New York, NY 127 East 59th Street	March 1991	8,890
Seattle, WA 401 Broadway, East	April 1991	13,550
Berkeley, CA 2590 Bancroft Way	March 1992	8,020
Santa Monica, CA 1440 Third Street Promenade	November 1992	11,060
San Francisco, CA 80 Powell Street	October 1993	7,860
Costa Mesa, CA 2930 Bristol Street	December 1993	9,470
Chicago, IL 2352 N. Clark Street	August 1994	7,900
Pasadena, CA 139 W. Colorado Blvd.	November 1994	12,430
Chicago, IL 935 N. Rush Street	November 1994	11,460
Portland, OR 2320 N.W. Westover Road	March 1995	11,140

LOCATION	DATE OPENED	NET SELLING SQUARE FEET
Austin, TX 2406 Guadalupe Street	June 1995	7,770
Tempe, AZ 545 South Mill Ave.	July 1995	8,810
Houston, TX 2501 University Blvd.	November 1995	9,880
Montreal, PQ 1246 Ste. Catherine Street, W.	December 1996	13,090
Toronto, ON 235 Yonge Street	December 1996	6,990
Miami, FL * 653 Collins Ave.	TBA	10,000
Boulder, CO * 934 Pearl Street	TBA	8,000
Anthropologie Stores		
Wayne, PA 201 W. Lancaster Ave.	October 1992	7,710
Rockville, MD 11500 Rockville Pike	August 1994	9,230
Westport, CT 1365 Post Road, East	December 1994	8,340
Greenvale, NY 9 Northern Blvd.	March 1996	7,490
SoHo, NY 375 West Broadway	May 1996	8,180
Newport Beach, CA 823 Newport Center Drive	May 1996	7,010
Santa Monica, CA 1402 Third Street Promenade	August 1996	11,610
Chicago, IL 1120 N. State Street	November 1996	7,580
Highland Park, IL 696 Central Avenue	TBA	8,260

*Net Selling Square Feet are only estimates at this time.

Wholesale's showroom in New York City is leased through July 1999. Retail and Wholesale distribution center properties are discussed in the Distribution section on page 5.

The Company believes that its facilities are well-maintained, in good operating condition and adequate for its current needs.

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended January 31, 1997, through the solicitation of proxies or otherwise.

Executive Officers of the Registrant

The information concerning the Company's executive officers required by this Item is incorporated by reference herein to Part III, Item 10 of this Form 10-K.

PART II

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters

The Company's common shares are traded on the NASDAQ National Market System under the symbol "URBN."

Market Information

	Market Prices ($)*	
	High Bid Price	Low Bid Price
Fiscal 1995		
Quarter ended April 30, 1994	14	11
Quarter ended July 31, 1994	12 3/4	9 5/8
Quarter ended October 31, 1994	15 3/8	10
Quarter ended January 31, 1995	15 5/8	12 7/8
Fiscal 1996		
Quarter ended April 30, 1995	13 1/8	9 3/4
Quarter ended July 31, 1995	11 15/16	9
Quarter ended October 31, 1995	13 1/2	10 3/8
Quarter ended January 31, 1996	13 1/8	10 1/16
Fiscal 1997		
Quarter ended April 30, 1996	16 15/16	12
Quarter ended July 31, 1996	27 3/8	14 3/4
Quarter ended October 31, 1996	24 3/4	13 5/8
Quarter ended January 31, 1997	17	10 1/2

*Post June 1, 1996 2-for-1 stock split

Holders

On April 4, 1997, the Company had approximately 2,200 shareholders.

Dividends

The Company has not paid any cash dividends since its inception and does not anticipate paying any cash dividends on its common shares in the foreseeable future.

Item 6. Selected Financial Data

The following table sets forth selected consolidated income statement and balance sheet data for the periods indicated. The selected consolidated income statement and balance sheet data, at and for each of the five fiscal years presented below, are derived from the consolidated financial statements of the Company. The data presented below should be read in conjunction with the consolidated financial statements of the Company, including the related notes thereto, included elsewhere in this document.

	Fiscal Year Ended January 31,				
	1993	1994	1995	1996	1997
	(In thousands, except share and per share data)				
Income Statement Data:					
Net sales	$ 59,135	$ 84,486	$ 110,121	$ 133,036	$ 156,414
Gross profit	30,165	43,989	57,334	67,583	78,505
Income from operations	7,004	13,302	17,576	19,867	21,356
Net income	$ 4,078	$ 7,806	$ 10,817	$ 12,308	$ 13,260
Net income per common share	$ .26	$ .49	$ .61	$ .70	$ .75
Weighted average common shares outstanding	15,719,854	16,064,372	17,575,608	17,619,888	17,782,896
Balance Sheet Data:					
Working capital	$ 8,744	$ 28,285	$ 26,872	$ 36,487	$ 39,239
Total assets	20,913	43,400	56,766	71,117	89,675
Total liabilities	7,883	7,902	10,015	11,665	13,983
Long-term debt, excluding current maturities	898	--	--	--	--
Total shareholders' equity	13,030	35,498	46,751	59,452	75,692

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the Company's historical results of operations and of its liquidity and capital resources should be read in conjunction with the selected financial data and the consolidated financial statements of the Company and related notes thereto appearing elsewhere in this Form 10-K.

General

The Company is composed of two retail subsidiaries, Urban Retail and Anthropologie, and a Wholesale subsidiary. Urban Retail is the largest of the three, has the highest gross profit margins and generates most of the Company's revenues and profits. Urban Retail had 25 stores opened at January 31, 1997 and 23 at January 31, 1996. The Company's first Anthropologie store opened in October 1992. Two Anthropologie stores were added in fiscal 1995. Due to protracted lease negotiations, no new stores were opened in fiscal 1996, while five Anthropologie stores were opened in fiscal 1997. Negotiations for additional leases continue. The Wholesale company's growth is from both the domestic and international markets.

Fiscal 1997 and 1996 continued as very profitable years for Urban Outfitters with earnings to net sales of 8.5% and 9.3%, respectively, as well as return on shareholders' equity of 17.5% and 20.7%, respectively. The slight contraction of earning to net sales in fiscal 1997 and the direction of return on shareholders' equity in that year resulted primarily from a slowdown in retail sales growth in both fiscal 1997 and 1996. A combination of lower comparable store sales growth in the two years and planned new stores either not opened (fiscal 1996) or opened late (fiscal 1997) caused the slowdown in sales growth. The Wholesale company has, by contrast, continued to record exceptional sales growth throughout the two fiscal years.

The Company's fiscal year ends on January 31. All references in this discussion to fiscal years of the Company refer to the fiscal years ended on January 31 in those years. For example, the Company's 1997 fiscal year is its fiscal year ended January 31, 1997. The comparable store net sales data presented in this discussion are calculated based on the net sales of all stores open at least twelve full months at the beginning of the period for which such data is presented.

Results of Operations

The following tables set forth, for the periods indicated, the percentage of the Company's net sales represented by certain income statement data and the growth of certain of such income statement data from period to period.

As a Percentage of Net Sales	Fiscal Year Ended January 31, 1995	1996	1997
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	47.9	49.2	49.8
Gross profit	52.1	50.8	50.2
Selling, general and administrative expenses	36.1	35.9	36.5
Income from operations	16.0	14.9	13.7
Net interest and other expenses (income)	(.9)	(1.0)	(.8)
Income before income taxes	16.9	15.9	14.5
Income tax expense	7.1	6.6	6.0
Net income	9.8%	9.3%	8.5%
Period over Period Dollar Growth			
Net sales		20.8%	17.6%
Gross profit		17.9	16.2%
Income from operations		13.0	7.5%
Net income		13.8%	7.7%

Fiscal 1997 Compared to Fiscal 1996

Net sales in fiscal 1997 increased to $156.4 million from $133.0 million in the prior fiscal year, a 17.6% increase. The $23.4 million increase was attributable to comparable store net sales increases of $2.2 million, net sales of $14.5 million from stores opened or enlarged during fiscal 1996 and fiscal 1997 and net sales increases of $6.7 million from the Wholesale company. The comparable store sales increase of 2.1% or $2.2 million in fiscal 1997 over 1996 results from the inverse relationship of higher average selling prices and fewer pieces sold. The higher average selling prices representing approximately $12.1 million and the fewer pieces sold approximately $9.9 million leaving the $2.2 million in comparable store sales. New and enlarged stores included four stores opened in fiscal 1996 and seven opened in fiscal 1997. The Company believes increased net sales from the Wholesale subsidiary during fiscal 1997 were attributable to increased orders and order size due to the popularity of its product lines as well as growth in number of orders and size of orders from international customers.

The Company's gross profit margin declined from 50.8% in fiscal 1996 to 50.2% in fiscal 1997. The primary contributors to the decline were higher markdowns in the retail companies, high growth of a new, lower margin product line in the Wholesale company, and a mix swing to higher sales in the lower gross profit margin companies -- Anthropologie and Wholesale. Markdowns were triggered by lower than plan comparable store sales and by late openings of two Urban Retail stores. The new Wholesale product line did not have production economies of scale enjoyed by its larger and more established product lines.

Selling, general and administrative expenses grew to $57.1 million in fiscal 1997 from $47.7 million in the prior fiscal year, a 19.8% increase. As a percentage of net sales, the expenses increased to 36.5% in fiscal 1997 from 35.9% in the prior fiscal year. The increase in percentage was attributable to Urban Retail due to lower comparable store sales. Conversely, both Anthropologie and Wholesale experienced selling, general and administrative expense leveraging on significant sales growth.

Net income increased to $13.3 million in fiscal 1997 from $12.3 million in the prior fiscal year, a 7.7% increase. This increase was principally achieved through increases in net sales.

Fiscal 1996 Compared to Fiscal 1995

Net sales in fiscal 1996 increased to $133.0 million from $110.1 million in the prior fiscal year, a 20.8% increase. The $22.9 million increase was attributable to comparable store net sales increases of $2.3 million, net sales of $19.0 million from stores opened or enlarged during fiscal 1995 and fiscal 1996 and net sales increases of $1.6 million from Wholesale. The comparable store sales increase of 3.3% over fiscal 1995 levels was created by an inverse relationship between a decline in the average selling price and a greater increase in the pieces sold. The average selling price decline of 3.5% was a combination of lower initial selling prices from a mix of lower priced merchandise (not lower markups) and higher markdowns in fiscal 1996 when compared to fiscal 1995. Pieces sold, on the other hand, increased by 7.1%. The increases from new and enlarged store sales growth in fiscal 1996 were attributed to three Urban Retail stores and two Anthropologie stores opened in the second half of fiscal 1995 and four Urban Retail stores opened in fiscal 1996. The Company believes increased net sales from the Wholesale subsidiary during fiscal 1996 were attributable to increased orders and order size due to the popularity of its product lines.

The Company's gross profit margin declined from 52.1% in fiscal 1995 to 50.8% in fiscal 1996. The primary contributors to the decline were higher markdowns across all three companies in fiscal 1996. Contrary to the markdown trend, initial markups were higher in each company than in the prior year. Anthropologie stores opened prior to the beginning of fiscal 1996 sold well against their sales plan, but had bought inventory for expected store openings that did not take place in fiscal 1996. This added to the markdowns. Anthropologie sales grew at a faster rate than Urban Retail but, at the same time, had a lower gross profit margin thus contributing to the overall decline. Freight rates on a growing group of West Coast and Southwest stores contributed slightly.

Selling, general and administrative expenses increased to $47.7 million in fiscal 1996 from $39.8 million in the prior fiscal year, a 20.0% increase. As a percentage of net sales, the expenses decreased to 35.9% in fiscal 1996 from 36.1% in the prior fiscal year. All three companies contributed to the decrease. The companies were subject to expense control programs initiated when it became apparent, early in the year, that sales were not going to meet planned levels during the first half. The year-to-year aggregate dollar increase in selling, general and administrative expenses was almost entirely attributable to rent and other costs of operating new stores.

Net income increased to $12.3 million in fiscal 1996 from $10.8 million in the prior fiscal year, a 13.8% increase. This increase was principally achieved through increases in net sales, a small percentage reduction in selling, general and administrative expenses, higher net interest income and lower nonoperating expenses.

Liquidity and Capital Resources

During the last three years the Company has satisfied its cash requirements through cash flow from operations. The Company's primary uses of cash have been to open new stores, build a new distribution center and purchase inventories. In addition to cash generated from operations, sources of cash have included the net proceeds from the exercise of certain warrants and employee stock options in each of fiscal 1995, 1996 and 1997. Over the next few years, the Company expects to incur capital expenditures in support of its expansion program. Accumulated cash and future cash from operations are expected to fund such expansion-related uses of cash.

Although the Company has not borrowed short-term or long-term funds during the last five fiscal years, it maintains a line of credit of $10.0 million, of which all is available for cash borrowings or for the issuance of letters of credit. The line is unsecured and any cash borrowings under the line would accrue interest at the LIBOR rate plus 1/2 of one percent. The Company uses letters of credit primarily to purchase private label and Wholesale merchandise from offshore suppliers. Outstanding balances of letters of credit at January 31, 1996 and 1997 were $5.3 million and $4.3 million, respectively. There were no short-term or long-term debts outstanding at January 31, 1996 or at January 31, 1997.

The Company expects that accumulated cash and cash from operations will be sufficient to meet the Company's cash needs for at least the next three years.

Seasonality and Quarterly Results

While Urban Outfitters has been profitable in each of its last 28 operating quarters, its operating results are subject to seasonal fluctuations. The Company's highest sales levels have historically occurred during the five-month period from August 1 to December 31 of each year (the "Back-to-School" and Holiday periods). Sales generated during these periods have traditionally had a significant impact on the Company's results of operations. Any decreases in sales for these periods or in the availability of working capital needed in the months preceding these periods could have a material, adverse effect on the Company's results of operations. The Company's results of operations in any one fiscal quarter are not necessarily indicative of the results of operations that can be expected for any other fiscal quarter or for the full fiscal year.

The Company's results of operations may also fluctuate from quarter to quarter as a result of the amount and timing of expenses incurred in connection with, and sales contributed by, new stores, store expansions and the integration of new stores into the operations of the Company, as well as other factors. The addition of a large number of new stores can therefore significantly affect results of operations on a quarter-to-quarter basis.

The following tables, which are unaudited, set forth the Company's net sales, gross profit, net income and earnings per share for each quarter during the last two fiscal years and the amount of such net sales and net income, respectively, as a percentage of annual net sales and annual net income.

	Fiscal 1996 Quarter Ended			
	April 30, 1995	July 31, 1995	Oct. 31, 1995	Jan. 31, 1996
	(Dollars in thousands, except per share data)			
Net sales	$27,919	$29,881	$38,842	$36,394
Gross profit	14,107	15,084	19,603	18,789
Net income	2,267	2,304	4,148	3,589
Earnings per share	$ .13	$ .13	$ .24	$ .20
As a Percentage of Fiscal Year:				
Net sales	21%	22%	29%	28%
Net income	18%	19%	34%	29%

	Fiscal 1997 Quarter Ended			
	April 30, 1996	July 31, 1996	Oct. 31, 1996	Jan. 31, 1997
	(Dollars in thousands, except per share data)			
Net sales	$33,635	$35,898	$44,884	$41,997
Gross profit	17,065	18,402	22,471	20,567
Net income	2,927	2,849	4,632	2,852
Earnings per share	$ .17	$ .16	$ .26	$ .16
As a Percentage of Fiscal Year:				
Net sales	22%	23%	29%	26%
Net income	22%	21%	35%	22%

Item 8. Financial Statements and Supplementary Data

The information required by this Item is incorporated by reference to Pages F-1 through F-16.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The Company's bylaws provide for the Board of Directors to be comprised of as many directors as are designated from time to time by the Board of Directors, which designation is presently five. Each director shall be elected for the term of one year and shall serve until his successor is elected and qualified. The officers of the corporation are elected or appointed by the Board of Directors and each shall serve at the pleasure of the Board.

The directors and executive officers of the Company are as follows:

NAME	AGE	POSITION
Richard A. Hayne	50	Chairman of the Board of Directors and President
Kenneth K. Cleeland	56	Chief Financial Officer and Treasurer
Jay M. Hammer	41	Secretary and Director of Stores
Michael A. Schultz	43	President, Urban Outfitters Wholesale, Inc.
Glen T. Senk	40	President, Anthropologie, Inc.
Scott A. Belair(1)(2)	49	Director
Harry S. Cherken, Jr.	47	Director
Joel S. Lawson III(1)(2)	49	Director
Burton M. Sapiro	70	Director

---

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

Mr. Hayne co-founded the Company in 1970 and has been its President and Chairman of the Board of Directors since the Company's incorporation in 1976.

Mr. Cleeland has served as Chief Financial Officer and Treasurer since joining the Company in January 1987.

Mr. Hammer joined the Company as its Director of Stores for Urban Outfitters in January, 1997. During the previous six years, he was a Regional Sales Manager at the Gap and led a team on Strategic Planning for the Gap division. He also spent eleven years at Macy's in various corporate and store roles and was a Vice President of that company. Mr. Hammer has an MBA from Harvard.

Mr. Schultz has served as President of Urban Outfitters Wholesale, Inc. since 1986.

Mr. Senk has served as President of Anthropologie, Inc. since joining the company in April 1994. Prior to joining Anthropologie, 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. Belair co-founded the Company, has been a director since its incorporation in 1976 and has served as Principal of the ZAC Group, a provider of financial services, during the last seven years. Previously, he was a managing director of Drexel Burnham Lambert Incorporated. Mr. Belair is a director and President of Balfour MacLaine Corporation.

Mr. Cherken, a director since 1989, has been a partner in the law firm of Drinker Biddle & Reath LLP in Philadelphia, Pennsylvania since 1984 and has served as a Managing Partner of that firm since February 1996.

Mr. Lawson, a director since 1985, has since 1980 been the Managing Partner and Chief Executive Officer of Howard, Lawson, & Co., an investment banking and corporate finance firm located in Philadelphia, Pennsylvania.

Mr. Sapiro, a director since 1989, has been a retail marketing consultant since his retirement in 1985. Previously, he was Senior Vice President/General Merchandise Manager and a member of the Executive Committee of both Macy's New York and Gimbels Philadelphia/Gimbels East. He was also a director of Macy's New York.

Item 11. Executive Compensation

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 1997 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 1997 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions

Information required by this item is incorporated herein by reference from the Company's Proxy Statement for the 1997 Annual Meeting of Shareholders.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) The following documents are filed as part of this report:

(1) Financial Statements

Financial Statements filed herewith are listed in the accompanying index on page F-1.

(2) Financial Statement Schedules	Page
Schedule II - Valuation and Qualifying Accounts	S-1

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(3) Exhibits

Exhibit Number	Description	Page
3.1	Amended and Restated Articles of Incorporation are incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 (File No. 33-69378) filed on September 24, 1993.	
3.2	Amended and Restated bylaws are incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 (File No. 33-69378) filed on September 24, 1993.	
10.1	1987 Incentive Stock Option Plan is incorporated by reference to Exhibit 10.1 of the Company's Registration Statement on Form S-1 (File No. 33-69378) filed on September 24, 1993.	

10.2	1992 Non-Qualified Stock Option Plan is incorporated by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-1 (File No. 33-69378) filed on September 24, 1993.
10.3	Consulting Agreement, dated September 22, 1995 and effective October 1, 1995, between the Company and Burton M. Sapiro, incorporated by reference to Exhibit 10.3 of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1996.
10.4	Urban Outfitters, Inc. Profit-Sharing Fund is incorporated by reference to Exhibit 10.4 of the Company's Registration Statement on Form S-1 (File No. 33-69378) filed on November 3, 1993.
10.5	1993 Non-Employee Directors' Non-Qualified Stock Option Plan (as amended and restated) incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995.
10.6	1997 Stock Option Plan is filed herewith as Exhibit 10.6
21.1	List of Subsidiaries.
22.0	Income Per Share Calculation

(b) Reports on Form 8-K: No reports on Form 8-K have been filed during the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

URBAN OUTFITTERS, INC.

By: /s/ Richard A. Hayne
Richard A. Hayne
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Richard A. Hayne Richard A. Hayne (Principal Executive Officer)	Chairman of the Board, President and Director	April 21, 1997
/s/ Kenneth K. Cleeland Kenneth K. Cleeland (Principal Financial and Accounting Officer)	Chief Financial Officer and Treasurer	April 21, 1997
/s/ Scott A. Belair Scott A. Belair	Director	April 21, 1997
/s/ Harry S. Cherken, Jr. Harry S. Cherken, Jr.	Director	April 21, 1997
/s/ Joel S. Lawson III Joel S. Lawson III	Director	April 21, 1997
/s/ Burton M. Sapiro Burton M. Sapiro	Director	April 21, 1997

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

URBAN OUTFITTERS, INC.

Report of Independent Accountants

To the Board of Directors and Shareholders
Urban Outfitters, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 14 (a)(1) and (2) on page 22 present fairly, in all material respects, the financial position of Urban Outfitters, Inc. and its subsidiaries at January 31, 1996 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP

Philadelphia, Pennsylvania
March 18, 1997

URBAN OUTFITTERS, INC.
Consolidated Balance Sheets
(In thousands, except share data)

Assets	January 31, 1996	January 31, 1997
Current assets:		
Cash and cash equivalents	$20,095	$14,581
Marketable securities	9,499	9,255
Accounts receivable, net of allowance of doubtful accounts of $531 and $643 at January 31, 1996 and 1997, respectively	1,573	2,827
Inventory	10,477	16,965
Prepaid expenses and other current assets	3,236	4,776
Deferred taxes	1,679	2,460
Total current assets	46,559	50,864
Property and equipment, less accumulated depreciation and amortization	16,690	25,209
Marketable securities	6,247	12,047
Other assets	1,621	1,555
	$71,117	$89,675
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 6,898	$ 8,699
Income taxes payable	--	388
Accrued compensation	1,362	951
Accrued expenses and other current liabilities	1,812	1,587
Total current liabilities	10,072	11,625
Accrued rent and other liabilities	1,593	2,358
Total liabilities	11,665	13,983
Shareholders' equity:		
Preferred shares; $.0001 par, 10,000,000 authorized, none issued	--	--
Common shares; $.0001 par, 50,000,000 authorized, 17,080,372 and 17,528,698 issued at January 31, 1996 and 1997, respectively	1	2
Additional paid-in capital	17,417	20,396
Retained earnings	42,034	55,294
Total shareholders' equity	59,452	75,692
	$71,117	$89,675

See accompanying notes.

URBAN OUTFITTERS, INC.
Consolidated Statements of Income
(In thousands, except share and per share data)

	Fiscal Year Ended January 31, 1995	1996	1997
Net sales	$ 110,121	$ 133,036	$ 156,414
Cost of sales	52,787	65,453	77,909
Gross profit	57,334	67,583	78,505
Selling, general and administrative expenses	39,758	47,716	57,149
Income from operations	17,576	19,867	21,356
Interest (income)	(1,078)	(1,285)	(1,506)
Other expense, net	4	22	193
Income before income taxes	18,650	21,130	22,669
Income tax expense	7,833	8,822	9,409
Net income	$ 10,817	$ 12,308	$ 13,260
Net income per common share	$ .62	$ .70	$ .75
Weighted average common shares outstanding	17,575,608	17,619,888	17,782,896

See accompanying notes.

URBAN OUTFITTERS, INC.
Consolidated Statements of Shareholders' Equity
(In thousands, except share data)

	Common Shares				
	Number of Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Total
Balances at January 31, 1994	16,723,650	$1	$ 16,588	$18,909	$ 35,498
Exercise of stock options	222,392	-	285	--	285
Tax effect of exercises	--	-	151	--	151
Net income	--	-	--	10,817	10,817
Balances at January 31, 1995	16,946,042	1	17,024	29,726	46,751
Exercise of stock options	142,330	-	176	--	176
Tax effect of exercises	--	-	290	--	290
Purchase and retirement of common shares	(8,000)	-	(73)	--	(73)
Net income	--	-	--	12,308	12,308
Balances at January 31, 1996	17,080,372	1	17,417	42,034	59,452
Exercise of stock options	448,326	-	806	--	806
Tax effect of exercises	--	-	2,173	--	2,173
Effect of stock split	--	1	--	--	1
Net income	--	-	--	13,260	13,260
Balances at January 31, 1997	17,528,698	$2	$ 20,396	$55,294	$ 75,692

See accompanying notes.

URBAN OUTFITTERS, INC.
Consolidated Statements of Cash Flows
(In thousands)

	Fiscal Year Ended January 31,		
	1995	1996	1997
Cash flows from operating activities:			
Net income	$ 10,817	$ 12,308	$ 13,260
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,061	2,925	3,461
Provision for deferred income taxes	(153)	(341)	(705)
Provision for losses (recovery) of accounts receivable	180	(187)	112
Changes in assets and liabilities:			
Increase in receivables	(633)	(214)	(1,366)
Increase in inventory	(3,434)	(96)	(6,488)
Increase in prepaid expenses and other assets	(1,972)	(564)	(1,549)
Increase in payables, accrued expenses and other liabilities	1,943	1,820	2,318
Net cash provided by operating activities	8,809	15,651	9,043
Cash flows from investing activities:			
Capital expenditures	(8,439)	(6,229)	(11,980)
Purchases of investments held-to-maturity	(11,191)	(5,463)	(20,522)
Purchases of investments available-for-sale	--	(2,911)	(2,425)
Sales of investments available-for-sale	--	--	5,035
Maturities of investments held-to-maturity	3,985	9,545	12,356
Net cash used in investing activities	(15,645)	(5,058)	(17,536)
Cash flows from financing activities:			
Exercise of stock options	436	466	2,979
Purchase of common shares	--	(73)	--
Net cash provided by financing activities	436	393	2,979
Increase (decrease) in cash and cash equivalents	(6,400)	10,986	(5,514)
Cash and cash equivalents at beginning of period	15,509	9,109	20,095
Cash and cash equivalents at end of period	$ 9,109	$ 20,095	$ 14,581

See accompanying notes.

January 31, 1996 and 1997

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Urban Outfitters, Inc. and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The principal business activity of the Company is the operation of general consumer product retail stores and the wholesale distribution of apparel to over 2,000 better specialty stores worldwide.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company defines cash and cash equivalents as cash and highly liquid investments with original maturities of less than three months. They are carried at amortized cost, which approximates fair value because of the short maturity of these instruments.

Investments

The Company's debt and equity securities are classified as either held-to-maturity or available-for-sale. Held-to-maturity securities represent those securities that the Company has both the positive intent and ability to hold to maturity and are carried at amortized cost. Interest on these securities as well as amortization is included in interest income. Available-for-sale securities represent those securities that do not meet the classification of held-to-maturity, are not actively traded and are carried at fair value. Unrealized gains and losses on these securities are excluded from earnings and are reported as a separate component of stockholders' equity, net of applicable taxes, until realized. Gross unrealized gains and losses net of the related deferred taxes have not been material.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash equivalents and investments. The Company manages the credit risk associated with cash equivalents and investments by investing with high-quality institutions and, by policy, limiting the amount of credit exposure to any one institution.

Inventories

Inventories, which consist of general consumer merchandise held for sale, are valued at the lower of cost or market. The cost is determined on the first-in, first-out method.

Depreciation and Amortization

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over three to five years for furniture and equipment, or the lease life for leasehold improvements.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under this method, deferred tax liabilities and assets are recognized for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

Net Income Per Share

Net income per share is computed using the weighted number of common shares and common share equivalents outstanding.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. Differences from those estimates, if any, are recorded in the period they become known.

Accounting for Stock-Based Compensation

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). SFAS 123 defines a fair value-based method of accounting for employee stock options or other similar equity instruments. Companies must either adopt the new method or disclose the pro forma income statement effects in their financial statements. The Company has chosen to disclose the pro forma income statement effects of SFAS 123 only.

Reclassifications

Certain reclassifications of prior years' data have been made to conform to 1997 classifications.

2. Marketable Securities

The amortized cost and estimated fair value of the marketable securities are as follows:

	January 31, 1996		January 31, 1997	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
CURRENT PORTION				
Held-to-maturity				
Tax exempt municipal securities	$ 4,649	$ 4,654	$ 7,340	$ 7,379
U.S. government securities	1,939	1,957	1,615	1,638
Total current held-to-maturity	6,588	6,611	8,955	9,017
Available-for-sale				
Tax exempt municipal securities, putable	2,911	2,911	300	300
Total current marketable securities	9,499	9,522	9,255	9,317
NONCURRENT PORTION				
Held-to-maturity				
Tax exempt municipal securities	6,097	6,127	11,798	11,755
U.S. government securities	150	153	249	251
Total noncurrent held-to-maturity	6,247	6,280	12,047	12,006
Total marketable securities	$15,746	$15,802	$21,302	$21,323

The noncurrent portion of investments held-to-maturity has contractual maturities of one to five years. The investments available-for-sale have a contractual maturity of greater than five years. Actual maturities may differ from contractual maturities as a result of put and call options that enable either the Company and/or the issuer to redeem particular securities at an earlier date.

3. Inventory

Inventory is summarized as follows:

	January 31, 1996	January 31, 1997
Work-in-progress	$ 597	$ 1,151
Finished goods	9,880	15,814
Total	$10,477	$16,965

4. Property and Equipment

Property and equipment is summarized as follows:

	January 31, 1996	January 31, 1997
Land	$ 543	$ 543
Furniture and fixtures	8,830	12,402
Leasehold improvements	15,816	23,720
Other operating equipment	1,142	1,646
	26,331	38,311
Accumulated depreciation and amortization	(9,641)	(13,102)
Total	$16,690	$25,209

The useful life of furniture and fixtures is five years, leasehold improvements is "life of lease" and other operating equipment varies from three to ten years.

5. Accrued Expenses

Accrued expenses consist of the following:

	January 31, 1996	January 31, 1997
Accrued sales taxes	$ 576	$ 661
Other current liabilities	1,236	926
Total	$ 1,812	$ 1,587

The reported amounts approximate fair value because of the short maturity of these obligations.

6. Line of Credit

The Company has available a $10,000 revolving line of credit to facilitate letter of credit transactions and cash advances. Interest on outstanding balances is payable monthly based on the London Interbank Offered Rate (LIBOR) plus 1/2%. No principal amounts were outstanding under this line at January 31, 1996 and 1997. Outstanding letters of credit totaled $5,308 and $4,263 as of January 31, 1996 and 1997, respectively. These letters of credit, which have terms from one month to one year, collateralize the Company's obligation to third parties for the purchase of inventory. The fair value of these letters of credit is estimated to be the same as the contract values.

7. Profit-Sharing Plan

The Company has a profit-sharing plan that covers all employees who are at least 18 years of age and have completed at least one thousand hours of service. Plan contributions are at the discretion of management but may not exceed 15% of qualified employee earnings.

The Company contributed $141 in cash to the plan for fiscal year ended January 31, 1995. No contributions were made by the Company for the years ended January 31, 1996 or January 31, 1997.

8. Income Taxes

Income tax expense consists of:

	Fiscal Year Ended January 31,		
	1995	1996	1997
Current:			
Federal	$ 5,957	$ 7,202	$ 8,041
State and local	2,029	1,961	2,073
Deferred:			
Federal	(203)	(291)	(613)
State and local	50	(50)	(92)
Total	$ 7,833	$ 8,822	$ 9,409

The effective tax rate was different than the statutory U.S. federal income tax rate for the following reasons:

	Fiscal Year Ended January 31,		
	1995	1996	1997
Expected provision at federal statutory rate	35%	35%	35%
State and local income taxes, net of federal tax benefit	6	6	6
Other, net	1	1	1
Effective rate	42%	42%	42%

The significant components of deferred tax assets and liability at January 31, 1996 and 1997 are as follows:

	1996	1997
Deferred tax liability:		
Prepaid expenses	$ (130)	$ (138)
Deferred tax assets:		
Depreciation and lease transactions	1,421	1,667
Inventory	1,137	1,484
Accounts receivable	329	408
Accrued liabilities	17	--
Accrued salaries and benefits	53	113
Other	21	19
Net deferred tax assets	$2,848	$3,553

At January 31, 1996 and 1997, a deferred tax asset of $1,169 and $1,093, respectively, is included in Other assets.

9. Commitments and Contingencies

The Company leases certain of its stores under noncancelable operating leases. The following is a schedule by year of the future minimum lease payments for operating leases with terms in excess of one year:

1998	$ 9,602
1999	9,857
2000	9,473
2001	9,070
2002	8,981
Thereafter	38,875
Total minimum lease payments	$85,858

Certain store leases provide for predetermined escalations in future minimum annual rentals. The pro rata portion of future minimum rent escalations, amounting to $1,527 and $2,302, at January 31, 1996 and 1997, respectively, has been included in Other liabilities in the accompanying consolidated balance sheets. Subsequent to year end, the Company entered into a lease for an additional location in Miami, FL. This amount is included in the above schedule.

The store leases provide for payment of direct operating costs including real estate taxes. Certain store leases provide for contingent rentals when sales exceed specified levels.

Rent expense consisted of the following:

	Fiscal Year Ended January 31,		
	1995	1996	1997
Minimum rentals	$6,256	$8,274	$ 9,946
Contingent rentals	883	783	599
Total	$7,139	$9,057	$10,545

10. Stock Option Plans

The Company's three fixed option plans are a) an Incentive Stock Option plan for which 2,333,332 common shares were reserved for grants to certain key officers and employees of the Company, b) a Non-qualified Stock Option plan permitting 1,333,332 common shares to be granted at exercise prices determined by the Company's Compensation Committee, and c) a Non-qualified Stock Option plan for Directors with 200,000 shares reserved for directors who are not employees of the Company. The vesting period for these plans range from one to five years.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's three stock option plans been determined based on the fair value provisions of SFAS 123 at the grant date for awards during fiscal 1996 and 1997, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	For the year ended January 31,	
	1996	1997
Net earnings - as reported	$12,308	$13,260
Net earnings - pro forma	$11,930	$12,649
Earnings per share - as reported	$ .70	$ .75
Earnings per share - pro forma	$ .68	$ .72

The pro forma results may not be representative of the effects on reported operations for future years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	1996	1997
Expected life (years)	6.1	5.7
Risk-free interest rate	6.6%	6.1%
Volatility	49.5%	49.5%
Dividend rate	0%	0%

Information regarding these option plans for fiscal 1996 and 1997 is as follows:

Fixed Options	FY 1996 Shares	FY 1996 Weighted Average Exercise Price	FY 1997 Shares	FY 1997 Weighted Average Exercise Price
Options outstanding at beginning of year	1,152,912	$ 4.67	1,274,582	$ 5.99
Options granted	564,000	10.23	185,000	15.02
Options exercised	(142,330)	1.23	(448,326)	1.80
Options canceled	(300,000)	12.38	(500)	15.19
Options outstanding at end of year	1,274,582	$ 5.99	1,010,756	$ 9.50
Options exercisable at end of year	783,942		472,920	
Weighted average fair value of grants per share	$ 5.75		$ 7.99	

The following table summarizes information concerning currently outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Amount Outstanding at 1/31/97	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Amount Exercisable at 1/31/97	Wtd. Avg. Exercise Price
$ .39 - 2.33	191,256	.9 years	$ 1.72	191,256	$1.72
$ 9.00 - 11.81	710,000	7.0	10.40	281,664	10.13
$15.19 - 20.88	109,500	6.5	17.27	--	n/a

11. Supplemental Cash Flow Information

	Fiscal year ended January 31,		
	1995	1996	1997
Interest paid	$ 3	$ 50	$ 28
Income taxes paid	$7,761	$9,439	$8,260

12. Stock Split

On May 21, 1996, the Board of Directors of Urban Outfitters, Inc. declared a two-for-one stock split in the form of a stock dividend for shareholders of record on June 1, 1996. That stock split is retroactively reflected in the financial statements for all periods presented.

URBAN OUTFITTERS, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Description	Balance at beginning of period	Charged to costs and expenses	Deductions	Balance at end of period
Year ended January 31, 1995				
Inventory reserves	$1,887	$1,072	$ 732	$2,227
Year ended January 31, 1996				
Inventory reserves	$2,227	$1,694	$1,710	$2,211
Year ended January 31, 1997				
Inventory reserves	$2,211	$2,471	$1,956	$2,726

URBAN OUTFITTERS, INC.
1997 STOCK OPTION PLAN

DRAFTED BY
DRINKER BIDDLE & REATH
PHILADELPHIA NATIONAL BANK BUILDING
1345 CHESTNUT STREET
PHILADELPHIA, PA 19107-3496

MARCH 1997

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URBAN OUTFITTERS, INC.
1997 STOCK OPTION PLAN

SECTION 1 - Purpose and Definitions

(a) Purpose. This URBAN OUTFITTERS, INC. 1997 STOCK OPTION PLAN is intended to provide a means whereby URBAN OUTFITTERS, INC. may, through the grant of Options to purchase Common Stock to Key Employees and Consultants, attract and retain such Key Employees and Consultants, and motivate such Key Employees and Consultants to exercise their best efforts on behalf of the Company and of any Related Corporation. Moreover, the Company may, through the grant of Non-Qualified Stock Options to Non-Employee Directors under a formula, attract and retain Non-Employee Directors and motivate such Non-Employee Directors to exercise their best efforts on behalf of the Company and any Related Corporation.

(b Definitions.

(1) Board. The term "Board" shall mean the Board of Directors of the Company.

(2) Common Stock. The term "Common Stock" shall mean the common stock of the Company, par value $0.0001 per share.

(3) Code. The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

(4) Committee. The term "Committee" shall mean a committee which consists of not fewer than two (2) directors of the Company who are Outside Directors. The members of the Committee shall be appointed by, and serve at the pleasure of, the Board.

(5) Company. The term "Company" shall mean Urban Outfitters, Inc.

(6) Consultant. The term "Consultant" shall mean an individual who is not an employee of the Company or a Related Corporation, and who has entered into a consulting arrangement with the Company or a Related Corporation.

(7) Fair Market Value. The term "Fair Market Value" shall mean the fair market value of the optioned shares of Common Stock, which

shall be arrived at by a good faith determination of the Committee and shall be:

(A) The arithmetic average of the highest and lowest quoted selling price, if there is a market for the Common Stock on a registered securities exchange or in an over the counter market, on the date of grant; or

(B) Such other method of determining fair market value as shall be authorized by the Code, or the rules or regulations thereunder, and adopted by the Committee.

(8) Incentive Stock Option. The term "Incentive Stock Option" ("ISO") shall mean an option which, at the time such option is granted under the Plan, qualifies as an ISO within the meaning of section 422 of the Code and is designated as an ISO in the Option Agreement.

(9) Key Employees. The term "Key Employees" shall mean officers and other key employees of the Company or a Related Corporation.

(10) Non-Employee Directors. The term "Non-Employee Directors" shall mean directors of the Company who:

(A) Are not employees of the Company or any Related Corporation; and

(B) Have not been employees of the Company or any Related Corporation during the immediately preceding 12-month period.

(11) Non-Qualified Stock Option. The term "Non-Qualified Stock Option" ("NQSO") shall mean an option which, at the time such option is granted, does not qualify as an ISO, and/or is designated as an NQSO in the Option Agreement.

(12) Option Agreement. The term "Option Agreement" shall mean a written document evidencing the grant of an Option, as described in Section 9.

(13) Optionee. The term "Optionee" shall mean a Key Employee or Consultant to whom an Option has been granted.

(14) Options. The term "Options" shall mean Incentive Stock Options and Non-Qualified Stock Options.

(15) Outside Director. The term "Outside Director" shall mean a director who:

(A) Is not currently an officer (as defined in 17 CFR 240.16a-1(f)) of, or otherwise currently employed by, the Company or a parent or subsidiary of the Company within the meaning of 17 CFR 240.16b-3(b)(3),

(B) Does not receive compensation, either directly or indirectly, from the Company or a parent or subsidiary of the Company within the meaning of 17 CFR 240.16b-3(b)(3) for services rendered as a consultant or in any other capacity other than as a director, except for an amount that does not exceed the dollar amount for which disclosure would be required under 17 CFR 229.404(a),

(C) Does not possess an interest in any other transaction for which disclosure would be required pursuant to 17 CFR 229.404(a),

(D) Is not engaged in a business relationship for which disclosure would be required pursuant to 17 CFR 229.404(b), and

(E) Is an outside director within the meaning of Treas. Reg. (section)1.162-27(e)(3), or any successor thereto.

(16) Plan. The term "Plan" shall mean the Urban Outfitters, Inc. 1997 Stock Option Plan, as set forth herein and as amended from time to time.

(17) Related Corporation. The term "Related Corporation" shall mean either a corporate subsidiary of the Company, as defined in section 424(f) of the Code or the corporate parent of the Company, as defined in section 424(e) of the Code.

Notwithstanding Sections 1(b)(8) and (11) if an Option granted to a Key Employee is not designated in the Option Agreement as an ISO or NQSO, the option shall constitute an ISO if it complies with the terms of Section 422 of the Code, and otherwise, it shall constitute an NQSO.

SECTION 2 - Administration

The Plan shall be administered by the Committee. Each member of the Committee, while serving as such, shall be deemed to be acting in his or her capacity as a director of the Company.

The Committee shall have full authority, subject to the terms of the Plan, to select the Key Employees to be granted ISOs and/or NQSOs under the Plan, to select the Consultants to be granted NQSOs under the Plan, to grant Options on behalf of the Company and to set the date of grant and the other terms of such Options. The Committee may correct any defect, supply any omission and reconcile any inconsistency in this Plan and in any Option granted hereunder in the manner and to the extent it shall deem desirable. The Committee also shall have the authority to establish such rules and regulations, not inconsistent with the provisions of the Plan, for the proper administration of the Plan, and to amend, modify or rescind any such rules and regulations, and to make such determinations and interpretations under, or in connection with, the Plan, as it deems necessary or advisable. All such rules, regulations, determinations and interpretations shall be binding and conclusive upon the Company, its shareholders and all employees, and upon their respective legal representatives, beneficiaries, successors and assigns and upon all other persons claiming under or through any of them.

Notwithstanding the foregoing, the terms and conditions of grants of NQSOs to Non-Employee Directors are intended to be fixed in advance. Consequently, the grants of NQSOs to Non-Employee Directors shall be as set forth in Section 7 and neither the Committee nor the Board shall have any discretionary authority with respect thereto.

No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted under it.

SECTION 3 - Eligibility

Key Employees shall be eligible to receive Options under the Plan. Non-Employee Directors shall be eligible to receive NQSOs (but not ISOs) pursuant to Section 7. Consultants shall be eligible to receive NQSOs (but not ISOs) pursuant to Section 8. More than one Option may be granted to a Key Employee, Non-Employee Director or Consultant under the Plan.

SECTION 4 - Stock

Options may be granted under the Plan to purchase up to a maximum of one million two hundred and fifty thousand (1,250,000) shares of Common Stock subject to adjustment as hereinafter provided; provided, however, that no Key Employee shall receive Options for more than four hundred thousand (400,000) shares of Common Stock over the life of the Plan. Shares issuable under the Plan may be authorized but unissued shares or reacquired shares, and the Company may purchase shares required for this purpose, from time to time, if it deems such purchase to be advisable.

If any Option granted under the Plan expires or otherwise terminates for any reason whatever (including, without limitation, the Key Employee's, Non-Employee Director's or Consultant's surrender thereof) without having been exercised, the shares subject to the unexercised portion of such Option shall continue to be available for the granting of Options under the Plan as fully as if such shares had never been subject to an Option; provided, however, that (a) if an Option is cancelled, the cancelled Option is counted against the maximum number of shares for which Options may be granted to a Key Employee, and (b) if the Option price is reduced after the date of grant, the transaction is treated as a cancellation of an Option and the grant of a new Option for purposes of counting the maximum number of shares for which Options may be granted to a Key Employee.

SECTION 5 - Granting of Options

From time to time until the expiration or earlier suspension or discontinuance of the Plan, the Committee may, on behalf of the Company, grant to Key Employees and Consultants under the Plan such Options as it determines are warranted; provided, however, that grants of ISOs and NQSOs shall be separate and not in tandem; and further provided that Consultants shall not be eligible to receive grants of ISOs. The granting of an Option under the Plan shall not be deemed either to entitle the Key Employee or Consultant to, or to disqualify the Key Employee or Consultant from, any participation in any other grant of Options under the Plan. In making any determination as to whether a Key Employee or Consultant shall be granted an Option and as to the number of shares to be covered by such Option, the Committee shall take into account the duties of the Key Employee or Consultant, his or her present and potential contributions to the success of the Company or a Related Corporation, and such other factors as the Committee shall deem relevant in accomplishing the purposes of the Plan. Moreover, the Committee may provide in a Key Employee's or Consultant's Option Agreement that said Option may be exercised only if certain conditions, as determined by the Committee, are fulfilled.

The Committee shall grant NQSOs to Non-Employee Directors in accordance with Section 7.

SECTION 6 - Annual Limit

(a) ISOs. The aggregate Fair Market Value (determined as of the date the ISO is granted) of the Common Stock with respect to which ISOs are exercisable for the first time by a Key Employee during any calendar year (under this Plan and any other ISO plan of the Company or a Related Corporation) shall not exceed one hundred thousand dollars ($100,000).

(b) NQSOs. The annual limit set forth above for ISOs shall not apply to NQSOs.

SECTION 7 - Options for Non-Employee Directors

(a) Granting of NQSOs to Non-Employee Directors

(1) Initial Grant. An NQSO to purchase 10,000 shares of Common Stock (as adjusted pursuant to Section 10) automatically shall be granted to a Non-Employee Director, who was not a Non-Employee Director prior to the Company's 1998 annual shareholders' meeting, on the date he or she becomes a Non-Employee Director, whether by reason of his or her election by shareholders or appointment by the Board to be a director, or, if applicable, the expiration of the 12-month period specified in Section 1(b)(10)(B) with respect to a present or future director who had previously been an employee of the Company or any Related Corporation; provided, that if a Non-Employee Director who previously received an NQSO grant under Section 5(a) of the Urban Outfitters, Inc. 1993 Non-Employee Directors' Non-Qualified Stock Option Plan or Section 7(a)(1) of this Plan terminates service as a director and is subsequently elected or appointed to the Board again, such director shall not be eligible to receive an NQSO grant under this Section 7(a)(1).

(2) Subsequent Grants. In addition to the initial grant, pursuant to Section 5(a) of the Urban Outfitters, Inc. 1993 Non-Employee Directors' Non-Qualified Stock Option Plan or Section 7(a)(1) of this Plan, on the first business day immediately following each of the dates on which an incumbent Non-Employee Director is elected or re-elected to the Board by shareholders subsequent to the 1997 annual shareholders' meeting, he or she shall automatically be granted an NQSO

to purchase 10,000 shares of Common Stock (as adjusted pursuant to Section 10), except that in the case of the first election or re-election following the date of the Non-Employee Director's initial election or appointment to the Board, no grant shall be made on account of such first election or re-election unless at least six months have elapsed since such initial election or appointment.

(b) Terms and Conditions of Options. Options granted to Non-Employee Directors shall expressly specify that they are NQSOs. In addition, such NQSOs shall include expressly or by reference the following terms and conditions, as well as such other provisions not inconsistent with the provisions of the Plan:

(1) Number of Shares. A statement of the number of shares of Common Stock to which the NQSO pertains.

(2) Price. A statement of the NQSO exercise price, which shall be the higher of one hundred percent (100%) of the Fair Market Value per share of the Common Stock, or the par value thereof, on the date the NQSO is granted.

(3) Term. Subject to earlier termination as provided in Section 7(b)(5), (6), and (7) and Section 10 below, the term of each NQSO granted under this Section 7 shall be ten (10) years from the date of grant.

(4) Exercise. NQSOs granted under this Section 7 shall be exercisable on the business day immediately preceding the annual meeting of shareholders next succeeding the date of grant of such NQSOs. Except as otherwise provided in Sections 7(b)(5), (6) and (7) below, NQSOs shall only be exercisable by a Non-Employee Director while he or she remains a director of the Company. Any NQSO shares, the right to the purchase of which has accrued, may be purchased at any time up to the expiration or termination of the NQSO. Exercisable NQSOs may be exercised, in whole or in part, from time to time by giving written notice of exercise to the Company at its principal office, specifying the number of shares to be purchased and accompanied by payment in full of the aggregate price for such shares. Only full shares shall be issued under the Plan, and any fractional share which might otherwise be issuable upon exercise of an NQSO granted hereunder shall be forfeited.

The NQSO exercise price shall be payable:

(A) In cash or its equivalent; or

(B) Unless in the opinion of counsel to the Company to do so may result in a possible loss of an exemption from short-swing profit liability, in whole or in part through the transfer of Common Stock newly acquired upon exercise of the NQSO or Common Stock previously acquired by the Non-Employee Director, provided the previously acquired Common Stock so transferred has been held by the Non-Employee Director for more than six (6) months on the date of exercise.

In the event such NQSO exercise price is paid, in whole or in part, with Common Stock, the portion of the NQSO exercise price so paid shall equal the Fair Market Value of Common Stock so surrendered (determined in accordance with Section 1(b)(7), but on the date of exercise rather than on the date of grant).

(5) Expiration of Term or Removal as Director. If a Non-Employee Director's service as a director of the Company terminates prior to the expiration date fixed for his or her NQSO under this Section 7 for any reason (such as, without limitation, failure to be re-elected by the Company's shareholders) other than by disability or death, such NQSO may be exercised, to the extent of the number of shares of Common Stock with respect to which he or she could have exercised it on the date of such termination, by the Non-Employee Director at any time prior to the earlier of:

(A) The expiration date specified in such NQSO; or

(B) One (1) year after the date of such termination of service as a director.

(6) Exercise upon Disability of Non-Employee Director. If a Non-Employee Director shall become disabled (within the meaning of Section 22(e)(3) of the Code) during his or her term as a director of the Company and, prior to the expiration date fixed for his or her NQSO, his or her term as a director is terminated as a consequence of such disability, such NQSO may be exercised, to the extent of the number of shares of Common Stock with respect to which the Non-Employee Director could have exercised it on the date of such termination, by the Non-Employee Director at any time prior to the earlier of:

(A) The expiration date of such NQSO; or

(B) One (1) year after the date of such termination of service as a director.

In the event of the Non-Employee Director's legal disability, such NQSO may be so exercised by his or her legal representative.

(7) Exercise upon Death of Non-Employee Director. If a Non-Employee Director shall die during his or her term as a director of the Company and prior to the expiration date fixed for his or her NQSO, or if a Non-Employee Director whose term as a director has been terminated for any reason shall die following his or her termination as a director, but prior to the earlier of:

(A) The expiration date fixed for his or her NQSO; or

(B) The expiration of the period determined under Section 7(b)(5) and (6) above;

such NQSO may be exercised, to the extent of the number of shares with respect to which the Non-Employee Director could have exercised it on the date of his or her death, by the Non-Employee Director's estate, personal representative or beneficiary who acquired the right to exercise such NQSO by bequest or inheritance or by reason of the death of the Non-Employee Director, at any time prior to the earlier of:

(i) The expiration date specified in such NQSO (which may be the expiration date determined under Section 7(b)(5) and (6) above); or

(ii) One (1) year after the date of death.

(c) Transferability. A Non-Employee Director may transfer an NQSO granted pursuant to this Section 7 to (1) a member of his or her immediate family, (2) a partnership of which the only partners are members of his or her immediate family, or (3) a trust established solely for the benefit of his or her immediate family members. Except as provided in the preceding sentence, or by will or the laws of descent and distribution, NQSOs granted pursuant to this Section 7 shall not be assignable or transferable by the Non-Employee Director, and during the lifetime of the Non-Employee Director, the NQSO shall be exercisable only by him or her or by his or her guardian or legal representative. Any NQSO transferred by a Non-Employee Director shall not be assignable or transferable by the transferee. If the Non-Employee Director is married at the time of exercise and if the Non-Employee Director so requests at the time of exercise, the certificate or certificates shall be registered in the name of the Non-Employee Director and the Non-Employee Director's spouse, jointly, with right of survivorship.

SECTION 8 - Terms and Conditions of Options for Key Employees and Consultants

The Options granted to Key Employees pursuant to the Plan shall expressly specify whether they are ISOs or NQSOs; however, if the Option is not designated in the Option Agreement as an ISO or NQSO, the Option shall constitute an ISO if it complies with the terms of Section 422 of the Code, and otherwise, it shall constitute an NQSO. The Options granted to Consultants pursuant to the Plan shall expressly state that they are NQSOs. In addition, the Options granted to Key Employees and Consultants pursuant to the Plan shall include expressly or by reference the following terms and conditions, as well as such other provisions not inconsistent with the provisions of this Plan and, for ISOs granted under this Plan, the provisions of Section 422(b) of the Code, as the Committee shall deem desirable:

(a) Number of Shares. A statement of the number of shares to which the Option pertains.

(b) Price. A statement of the Option price which shall be determined and fixed by the Committee in its discretion but shall not be less than the higher of one hundred percent (100%) (one hundred ten percent (110%) in the case of an ISO granted to a Key Employee who is a more than ten percent (10%) shareholder as discussed in (i) below) of the Fair Market Value per share of Common Stock, or the par value thereof, on the date the Option is granted.

(c) Term. Subject to earlier termination as provided in Subsections (e), (f) and (g) below and in Section 10 hereof, the term of each Option shall be not more than ten (10) years (five (5) years in the case of an ISO granted to a Key Employee who is a more than ten percent (10%) shareholder as discussed in (i) below) from the date of grant.

(d) Exercise.

(1) General. Options shall be exercisable in such installments and on such dates, not less than six (6) months from the date of grant, and not more than seven (7) years from the date of grant, as the Committee may specify, provided that:

(A) In the case of new Options granted in replacement for Options (whether granted under the Plan or otherwise) held by the Key Employee or Consultant, the new Options may be made exercisable, if so determined by the Committee, in its discretion, at the earliest date the replaced Options were exercisable, but not earlier than three (3) months from the date of grant of the new Options; and

(B) The Committee may accelerate the exercise date of any outstanding Options (including, without limitation, the three (3) month exercise date referred to in (A) above), in its discretion, if it deems such acceleration to be desirable.

Any Option shares, the right to the purchase of which has accrued, may be purchased at any time up to the expiration or termination of the Option. Exercisable Options may be exercised, in whole or in part, from time to time by giving written notice of exercise to the Company at its principal office, specifying the number of shares to be purchased and accompanied by payment in full of the aggregate Option price for such shares. Only full shares shall be issued under the Plan, and any fractional share which might otherwise be issuable upon exercise of an Option granted hereunder shall be forfeited.

(2) Manner of Payment. The Option price shall be payable:

(A) In cash or its equivalent;

(B) If the Committee, in its discretion, so provides in the Option Agreement or, in the case of Options which are not ISOs, if the Committee, in its discretion, so determines at or prior to the time of exercise, in whole or in part, in Common Stock previously acquired by the Optionee, provided that if such shares of Common Stock were acquired through the exercise of an ISO and are used to pay the Option price of an ISO, such shares have been held by the Key Employee for a period of not less than the holding period described in Section 422(a)(1) of the Code on the date of exercise, or if such shares of Common Stock were acquired through exercise of an NQSO or of an Option under a similar plan or through exercise of an ISO and are used to pay the Option price of an NQSO, such shares have been held by the Optionee for a period of more than six (6) months on the date of exercise;

(C) If the Committee, in its discretion, so provides in the Option Agreement or, in the case of Options which are not ISOs, if the Committee, in its discretion, so determines at or prior to the time of exercise, in whole or in part, in Common Stock newly acquired by the Optionee upon exercise of such Option (which shall constitute a disqualifying disposition in the case of an Option which is an ISO);

(D) If the Committee, in its discretion, so provides in the Option Agreement or, in the case of Options which are not ISOs, if the Committee, in its discretion, so determines at or prior to the time of exercise, in any combination of (A), (B) and (C) above; or

(E) If the Committee, in its discretion, so provides in the Option Agreement or, in the case of Options which are not ISOs, if the Committee, in its discretion, so determines at or prior to the time of exercise, by permitting the Optionee to deliver a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount of sale or loan proceeds necessary to pay the exercise price of the Option.

In the event such Option price is paid, in whole or in part, with shares of Common Stock, the portion of the Option price so paid shall be equal to the Fair Market Value of Common Stock so surrendered (determined in accordance with Section 1(b)(7), but on the date of exercise rather than on the date of grant).

(e) Termination of Employment. If a Key Employee's employment by, or a Consultant's consulting arrangement with, the Company (and Related Corporations) is terminated by either party prior to the expiration date fixed for his or her Option for any reason other than death or disability, such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of such termination, or to any greater extent permitted by the Committee, by the Optionee at any time prior to the earlier of:

(1) The expiration date specified in such Option; or

(2) An accelerated termination date determined by the Committee, in its discretion, except that, subject to Section 10 hereof, such accelerated termination date shall not be earlier than the date of the Optionee's termination of employment or consultancy, and such termination date shall not be later than thirty (30) days after the date of such termination of employment or consultancy.

(f) Exercise upon Disability. If a Key Employee or Consultant shall become disabled (within the meaning of Section 22(e)(3) of the Code) during his or her employment or consultancy and, prior to the expiration date fixed for his or her Option, his or her employment or consultancy is terminated as a consequence of such disability, such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of such termination, or to any greater extent permitted by the Committee, by the Optionee at any time prior to the earlier of:

(1) The expiration date specified in such Option; or

(2) An accelerated termination date determined by the Committee, in its discretion, except that, subject to Section 10 hereof, such accelerated termination date shall not be earlier than the date of the Optionee's termination of employment or consultancy by reason of disability, and such date shall not be later than six (6) months after the date of such termination of employment or consultancy. In the event of the Optionee's legal disability, such Option may be so exercised by the Optionee's legal representative.

(g) Exercise upon Death. If a Key Employee or Consultant shall die during his or her employment or consultancy, and prior to the expiration date fixed for his or her Option, or if an Optionee whose employment or consultancy is terminated for any reason, shall die following his or her termination of employment or consultancy but prior to the earliest of:

(1) The expiration date fixed for his or her Option;

(2) The expiration of the period determined under Subsections (e) and (f) above; or

(3) In the case of an ISO, three (3) months following termination of employment,

such Option may be exercised, to the extent of the number of shares with respect to which the Optionee could have exercised it on the date of his or her death, or to any greater extent permitted by the Committee, by the Optionee's estate, personal representative or beneficiary who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of the Optionee, at any time prior to the earlier of:

(A) The expiration date specified in such Option; or

(B) An accelerated termination date determined by the Committee, in its discretion except that, subject to Section 10 hereof, such accelerated termination date shall not be later than six (6) months after the date of death.

(h) Transferability.

(1) ISOs. No ISO shall be assignable or transferable by the Key Employee otherwise than by will or by the laws of descent and distribution, and during the lifetime of the Key Employee, the ISO shall be exercisable only by him or her or by his or her guardian or legal representative. If the Key Employee is married at the time of exercise and if the Key Employee so requests at the time of exercise, the certificate or certificates shall be registered in the name of the Key Employee and the Key Employee's spouse, jointly, with right of survivorship.

(2) NQSOs. Except as otherwise provided in any Option Agreement, no NQSO shall be assignable or transferable by the Key Employee or Consultant otherwise than by will or by the laws of descent and distribution, and during the lifetime of the Optionee, the NQSO shall be exercisable only by him or her or by his or her guardian or legal representative. If an Optionee's Option Agreement provides that the NQSO is transferrable, such Option Agreement shall set forth any limitations on the transfer of the NQSO. If the Optionee is married at the time of exercise and if the Optionee so requests at the time of exercise, the certificate or certificates shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship.

(i) Ten Percent Shareholder. If the Key Employee owns more than ten percent (10%) of the total combined voting power of all shares of stock of the Company or of a Related Corporation at the time an ISO is granted to such Key Employee, the Option price for the ISO shall be not less than one hundred ten percent (110%) of the

Fair Market Value of the optioned shares of Common Stock on the date the ISO is granted, and such ISO, by its terms, shall not be exercisable after the expiration of five (5) years from the date the ISO is granted. The conditions set forth in this Subsection (i) shall not apply to NQSOs.

(j) Withholding and Use of Shares to Satisfy Tax Obligations. The obligation of the Company to deliver shares of Common Stock upon the exercise of any Option shall be subject to applicable federal, state and local tax withholding requirements.

If the exercise of any Option is subject to the withholding requirements of applicable federal, state and/or local tax laws, the Committee, in its discretion (and subject to such withholding rules ("Withholding Rules") as shall be adopted by the Committee), may permit the Key Employee to satisfy the minimum required federal, state and/or local withholding tax, in whole or in part, by electing to have the Company withhold (or by returning to the Company) shares of Common Stock, which shares shall be valued, for this purpose, at their Fair Market Value (determined in accordance with Section 1(b)(7), but on the date of exercise (rather that the date of grant), or if later, the date on which the Optionee recognizes ordinary income with respect to such exercise) (the "Determination Date"). An election to use shares of Common Stock to satisfy tax withholding requirements must be made in compliance with and subject to the Withholding Rules. The Committee may not withhold shares in excess of the number necessary to satisfy the minimum federal, state and/or local income tax withholding requirements. In the event shares of Common Stock acquired under the exercise of an ISO are used to satisfy such withholding requirement, such shares of Common Stock must have been held by the Key Employee for a period of not less than the holding period described in Section 422(a)(1) of the Code on the Determination Date.

SECTION 9 - Option Agreements - Other Provisions

Options granted under the Plan shall be evidenced by Option Agreements in such form as the Committee shall, from time to time, approve, which Option Agreements shall contain such provisions, not inconsistent with the provisions of the Plan for NQSOs granted pursuant to the Plan, and such conditions, not inconsistent with Section 422(b) of the Code or the provisions of the Plan for ISOs granted pursuant to the Plan, as the Committee shall deem advisable, and which Option Agreements shall specify whether the Option is an ISO or NQSO; provided, however, if an Option granted to a Key Employee is not designated in the Option Agreement as an ISO or NQSO, the Option shall constitute an ISO if it complies with the terms of Section 422 of the Code, and otherwise, it shall constitute an NQSO. Each Key Employee, Non-Employee Director and Consultant shall enter into, and be bound by, such Option Agreement.

SECTION 10 - Capital Adjustments

The number of shares which may be issued under the Plan, and the maximum number of shares with respect to which Options may be granted during a specified period to any Key Employee under the Plan, both as stated in Section 4 hereof, the number of shares with respect to which NQSOs are granted to Non-Employee Directors under Section 7(a), and the number of shares issuable upon exercise of outstanding Options under the Plan (as well as the Option price per share under such outstanding Options), shall, subject to the provisions of Section 424(a) of the Code, be adjusted proportionately, to reflect any stock dividend, stock split, share combination, or similar change in the capitalization of the Company.

In the event of a corporate transaction (as that term is described in Section 424(a) of the Code and the Treasury Regulations issued thereunder as, for example, a merger, consolidation, acquisition of property or stock, separation, reorganization, or liquidation), each outstanding Option shall be assumed by the surviving or successor corporation; provided, however, that, in the event of a proposed corporate transaction, the Committee may terminate all or a portion of the outstanding Options issued to Key Employees and Consultants if it determines that such termination is in the best interests of the Company. If the Committee decides to terminate outstanding Options issued to Key Employees and Consultants, the Committee shall give each Key Employee and Consultant holding an Option to be terminated not less than seven (7) days' notice prior to any such termination by reason of such a corporate transaction, and any such Option which is to be so terminated may be exercised (if and only to the extent that it is then exercisable) up to, and including the date immediately preceding such termination. Further, as provided in Section 8(d) hereof the Committee, in its discretion, may accelerate, in whole or in part, the date on which any or all Options issued to Key Employees and Consultants become exercisable.

Notwithstanding the foregoing, in the event of a corporate transaction (as described above) in which holders of Common Stock are to receive cash, securities or other property, and provision is not made for the continuance and assumption of NQSOs granted to Non-Employee Directors, all such outstanding NQSOs shall terminate as of the last business day immediately preceding the closing date of such corporate transaction and the Company shall pay to each Non-Employee Director an amount in cash with respect to each share to which a terminated NQSO pertains equal to the difference between the NQSO exercise price and the value of the consideration to be received by the holders of Common Stock in connection with such transaction.

SECTION 11 - Amendment or Discontinuance of the Plan

(a) General. The Board from time to time may suspend or discontinue the Plan or amend it in any respect whatsoever, except that the following amendments shall require shareholder approval (given in the manner set forth in Section 11(b) below):

(1) With respect to ISOs, any amendment which would:

(A) Change the class of employees eligible to participate in the Plan;

(B) Except as permitted under Section 10 hereof, increase the maximum number of shares of Common Stock with respect to which ISOs may be granted under the Plan; or

(C) Extend the duration of the Plan under Section 12 hereof with respect to any ISOs granted hereunder;

(2) With respect to Options to be granted to Key Employees, any amendment which would require shareholder approval pursuant to Treas. Reg. (section) 1.162-27(e)(4)(vi) or any successor thereto; and

(3) Any amendment for which shareholder approval is required under the rules of an exchange or market on which Common Stock is listed.

Notwithstanding the foregoing, no such suspension, discontinuance or amendment shall materially impair the rights of any holder of an outstanding Option without the consent of such holder.

(b) Shareholder Approval Requirements. Shareholder approval must meet the following requirements:

(1) The approval of shareholders must be by a majority of the outstanding shares of Common Stock present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable laws of the Commonwealth of Pennsylvania;

(2) The approval of shareholders must be by a majority of the votes cast on the issue (including abstentions to the extent abstentions are counted as voting under applicable state law); and

(3) The approval of shareholders must comply with all applicable provisions of the corporate charter, bylaws, and applicable state law prescribing the method and degree of shareholder approval required for the issuance of corporate stock or options. If the applicable state law does not prescribe a method and degree of shareholder approval in such case, the approval of shareholders must be effected:

(A) By a method and in a degree that would be treated as adequate under applicable state law in the case of an action requiring shareholder approval (i.e., an action on which shareholders would be entitled to vote if the action were taken at a duly held shareholders' meeting); or

(B) By a majority of the votes cast at a duly held shareholders' meeting at which a quorum representing a majority of all outstanding voting stock is, either in person or by proxy, present and voting on the Plan.

(c) Amendments Affecting Non-Employee Directors. Notwithstanding the foregoing, no amendment to any provision of the Plan that would affect NQSOs to be awarded to Non-Employee Directors shall be made if such amendment would cause the terms and conditions of grants made pursuant to Section 7 of the Plan to fail to be fixed in advance, within the meaning of Securities and Exchange Commission interpretations under Section 16(b) of the Securities Exchange Act of 1934.

SECTION 12 - Termination of Plan

Unless earlier terminated as provided in the Plan, the Plan and all authority granted hereunder shall terminate absolutely at 12:00 midnight on March 18, 2002, which date is five (5) years after the date the Plan was adopted by the Board (or the date the Plan was approved by the shareholders of the Company, whichever is earlier), and no Options hereunder shall be granted thereafter. Nothing contained in this Section 12, however, shall terminate or affect the continued existence of rights created under Options issued hereunder and outstanding on March 18, 2002, which by their terms extend beyond such date.

SECTION 13 - Shareholder Approval

This Plan shall become effective on March 19, 1997 (the date the Plan was adopted by the Board); provided, however, that if the Plan is not approved by the shareholders in the manner described in Section 11(b), within twelve (12) months before or after said date, the Plan and all Options granted hereunder shall be null and void.

SECTION 14 - Miscellaneous

(a) Governing Law. With respect to any ISOs granted pursuant to the Plan and the Option Agreements thereunder, the Plan, such Option Agreements and any ISOs granted pursuant thereto shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the operation of, and the rights of Key Employees, Non-Employee Directors and Consultants under, the Plan, the Option Agreements and any Options granted thereunder shall be governed by applicable federal law and otherwise by the laws of the Commonwealth of Pennsylvania.

(b) Rights. Neither the adoption of the Plan nor any action of the Board or the Committee shall be deemed to give any individual any right to be granted an Option, or any other right hereunder, unless and until the Committee shall have granted such individual an Option, and then his or her rights shall be only such as are provided by the Option Agreement.

Any Option under the Plan shall not entitle the holder thereof to any rights as a shareholder of the Company prior to the exercise of such Option and the issuance of the shares pursuant thereto. Further, notwithstanding any provisions of the Plan or the Option Agreement with a Key Employee, the Company shall have the right, in its discretion, to retire a Key Employee at any time pursuant to its retirement rules or otherwise to terminate his or her employment at any time for any reason whatsoever.

(c) Indemnification of Board and Committee. Without limiting any other rights of indemnification which they may have from the Company and any Related Corporation, the members of the Board and the members of the Committee shall be indemnified by the Company against all costs and expenses reasonably incurred by them in connection with any claim, action, suit, or proceeding to which they or any of them may be a party by reason of any action taken or failure to act under, or in connection with, the Plan, or any Option granted thereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit, or proceeding, except a judgment based upon a finding of willful misconduct or recklessness on their part. Upon the making or institution of any such claim, action, suit, or proceeding, the Board or Committee member shall notify the Company in writing, giving the Company an opportunity, at its own expense, to handle and defend the same before such Board or Committee member undertakes to handle it on his or her own behalf.

(d) Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Options granted under the Plan shall be used for general corporate purposes. Any cash received in payment for shares upon exercise of an Option to purchase Common Stock shall be added to the general funds of the Company and shall be used for its corporate purposes. Any Common Stock received in payment for shares upon exercise of an Option to purchase Common Stock shall become treasury stock.

(e) No Obligation to Exercise Option. The granting of an Option shall impose no obligation upon a Key Employee, Non-Employee Director or Consultant to exercise such Option.

(f) Listing and Registration of Shares. Each Option shall be subject to the requirement that, if at any time the Committee shall determine, in its discretion, that the listing, registration or qualification of the shares covered thereby upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Option or the purchase of shares thereunder, or that action by the Company, Key Employee, Non-Employee Director or Consultant should be taken in order to obtain an exemption from any such requirement, no such Option may be exercised, in whole or in part, unless and until such listing, registration, qualification, consent, approval, or action shall have been effected, obtained, or taken under conditions acceptable to the Committee. Without limiting the generality of the foregoing, each Key Employee, Non-Employee Director or Consultant or his or her legal representative or beneficiary may also be required to give satisfactory assurance that shares purchased upon exercise of an Option are being purchased for investment and not with a view to distribution, and certificates representing such shares may be legended accordingly.

(g) Rights as a Shareholder. A Key Employee, Non-Employee Director, or Consultant shall have no rights as a shareholder with respect to any shares covered by his or her Option until the issuance of a stock certificate to him or her for such shares.

IN WITNESS WHEREOF, URBAN OUTFITTERS, INC. has caused these presents to be duly executed, under seal, this ____ day of March, 1997

ATTEST: URBAN OUTFITTERS, INC.

[SEAL]

By:

- ------------------------------------ -------------------------------

Jay Hammer, Secretary Richard A. Hayne, President

Exhibit 21.1

LIST OF SUBSIDIARIES

Inter-Urban, Inc.,
a Delaware corporation

U.O. Fenwick, Inc.,
a Delaware corporation

U.O.D., Inc.,
a Delaware corporation

Anthropologie, Inc.,
a Pennsylvania corporation

Urban Outfitters Wholesale, Inc.,
a Pennsylvania corporation

Urban Outfitters UK, Limited,
a United Kingdom corporation

Urban Outfitters Canada, Inc.
a Canadian corporation

Urban Outfitters, Inc. Exhibit 22
INCOME PER SHARE CALCULATION:
JANUARY 31, 1997 & 1996

INCOME PER SHARE CALCULATION:

	Three Months Ended January 31,			
	1997		1996	
	$	Per Share	$	Per Share
NET INCOME	2,852,000	$0.16	3,589,000	$0.20
WEIGHTED AVERAGE COMMON SHARES & COMMON SHARE EQUIVALENTS OUTSTANDING		17,772,298		17,638,686

COMPUTATION OF COMMON SHARES
& COMMON SHARE EQUIVALENTS OUTSTANDING:

INCOME PER SHARE CALCULATION:

	Twelve Months Ended January 31,			
	1997		1996	
	$	Per Share	$	Per Share
NET INCOME	13,260,000	$0.75	12,308,000	$0.70
WEIGHTED AVERAGE COMMON SHARES & COMMON SHARE EQUIVALENTS OUTSTANDING		17,782,896		17,619,888

COMPUTATION OF COMMON SHARES
& COMMON SHARE EQUIVALENTS OUTSTANDING:

	Three Months Ended January 31,			
	1997		1996	
	End of Period	Weighted Ave.	End of Period	Weighted Ave.
COMMON SHARES OUTSTANDING	17,528,698	17,528,698	17,080,372	17,080,372
COMMON SHARE EQUIVALENTS:				
OPTIONS	472,937	472,937	783,942	783,942
ASSUMED REPURCHASED AT AVERAGE PRICE		(229,337)		(225,628)
WEIGHTED AVERAGE COMMON EQUIVALENTS		243,600		558,314
TOTAL WEIGHTED AVERAGE COMMON SHARES & COMMON SHARE EQUIVALENTS OUTSTANDING		17,772,298		17,638,686

	Twelve Months Ended January 31,			
	1997		1996	
	End of Period	Weighted Ave.	End of Period	Weighted Ave.
COMMON SHARES OUTSTANDING	17,528,698	17,429,375	17,080,372	17,028,856
COMMON SHARE EQUIVALENTS:				

OPTIONS	472,937	537,931	783,942	793,142
ASSUMED REPURCHASED AT AVERAGE PRICE		(184,409)		(202,110)
WEIGHTED AVERAGE COMMON EQUIVALENTS		353,522		591,032
TOTAL WEIGHTED AVERAGE COMMON SHARES & COMMON SHARE EQUIVALENTS OUTSTANDING		17,782,896		17,619,888

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YEAR
JAN-31-1997
JAN-31-1997
14,581
9,255
2,827
0
16,965
50,864
25,209
0
89,675
11,625
0
0
0
2
75,691
89,675
156,414
156,414
77,909
77,909
57,342
0
(1,506)
22,669
9,409
13,260
0
0
0
13,260
.75
.75