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, 1998

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]

17,700,024 Common Shares were outstanding at April 10, 1998

The aggregate market value of voting shares held by non-affiliates at April 10, 1998 was $153,117,331

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for Registrant's 1998 Annual Meeting of Shareholders -- Part III.

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As used in this Report on Form 10-K, "Fiscal 1994," "Fiscal 1995," "Fiscal 1996," "Fiscal 1997" and "Fiscal 1998" 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 27 Urban Retail stores in 21 metropolitan areas throughout the United States and Canada. The Company has opened nine 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. A smaller format store is being developed that would average 6,000 net selling square feet, and carry somewhat less SKUs. The first store in this new format was opened in March, 1998 in Bloomington, Indiana. 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 64.4% and 69.3% of the Company's net sales in Fiscal 1998 and in Fiscal 1997, 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 18.0% and 12.6% of the

Company's net sales in Fiscal 1998 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. Anthropologie introduced a direct response catalog in early March 1998. If successful, the catalog will be expanded to a second mailing in the fall catalog season.

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 four labels: Free People, Ecote, CoOperative and Bulldog. Wholesale accounted for approximately 17.6% and 18.1% of the Company's net sales in Fiscal 1998 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 25,000 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.

Store Expansion Strategy

The Company strategy is to open five new stores each year for both retail concepts. In Fiscal 1998, Urban Retail opened two new stores while Anthropologie opened only one. The Fiscal 1999 plan anticipates seven Urban Retail stores and five Anthropologie store openings.

Company Operations

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.

The Company plans to open a third party distribution facility in Nevada in late May or early June of 1998. The purpose of this facility will be to service the west coast stores with a faster turn around from west coast vendors at lower cost per unit in freight. The Company currently uses third party distribution in

Canada.

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 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 certain service marks and trademarks (collectively "marks"), including without limitation, "Urban Outfitters," "Anthropologie," "Ecote," "Co-Operative," "Urban Renewal," "Free People," "R.V.," "Slant," "Big Smokey," "Fink," "Lisa L.," "Lip Gloss," and "Shag." Each mark is renewable indefinitely, contingent upon continued use at the time of renewal.

In addition, the Company currently has pending registration applications with the U.S. Patent and Trademark Office covering certain other marks. The Company is also the owner of marks which have been registered in foreign countries, including without limitation, 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 marks are pending in various foreign countries as well.

The Company regards its marks as important to its business due to their name recognition with the Company's customers. The Company believes that the marks are so important that in order to protect them from infringement and to defend against any claim of infringement, the Company established a separate company whose primary purpose is to maintain and manage those and future marks thereby increasing their value to the operating companies. The Company is not aware of any claims of infringement or challenges to the Company's right to use any of its marks in the United States, however, there can be no assurance that the Company's marks 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 marks, any of which could have an adverse effect on the Company.

Employees

The Company employs approximately 1,460 persons, 874 (60%) of whom are full-time employees and 586 (40%) of whom are part-time employees. Of the Company's total employees, 1,146 (78%) work at Urban Retail, 246 (17%) work at Anthropologie and 68 (5%) 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 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. Total estimate net selling square feet under lease at January 31, 1998 by Urban Retail was 258,700 and by Anthropologie was 75,410. The average store net selling square feet is 10,000 for Urban Retail and 8,500 to 9,000 for Anthropologie. The new smaller format Urban Retail stores are expected to average 6,000 net selling square feet. The Bloomington store was 5,100 net selling square feet.

LOCATION	LOCATION	LOCATION
Urban Outfitters Stores	Urban Outfitters Stores	Anthropologie Stores
Cambridge, MA 11 J.F. Kennedy Street	Costa Mesa, CA 2930 Bristol Street	Wayne, PA 201 W. Lancaster Ave.
Philadelphia, PA 1801 Walnut Street	Chicago, IL 2352 N. Clark Street	Rockville, MD 11500 Rockville Pike
New York, NY 628 Broadway	Pasadena, CA 139 W. Colorado Blvd.	Westport, CT 1365 Post Road, East
Washington, DC 3111 M Street, N.W.	Chicago, IL 935 N. Rush Street	Greenvale, NY 9 Northern Blvd.
New York, NY 374 Avenue of Americas	Austin, TX 2406 Guadalupe Street	SoHo, NY 375 West Broadway
Madison, WI 604 State Street	Tempe, AZ 545 South Mill Ave.	Newport Beach, CA 823 Newport Center Drive
Ann Arbor, MI 231 S. State Street	Houston, TX 2501 University Blvd.	Santa Monica, CA 1402 Third Street Promenade
Boston, MA 361 Newbury Street	Miami, FL 653 Collins Ave.	Chicago, IL 1120 N. State Street

Minneapolis, MN 3006 Hennepin Ave., S.	Boulder, CO 934 Pearl Street	Highland Park, IL 1780 Green Bay Road
New York, NY 127 East 59th Street	Portland, OR 2320 N.W. Westover Road	
Seattle, WA 401 Broadway, East	Montreal, PQ 1246 Ste. Catherine Street, W.	
Berkeley, CA 2590 Bancroft Way	Toronto, ON 235 Yonge Street	
Santa Monica, CA 1440 Third Street Promenade	Bloomington, IN 530 E. Kirkwood Ave.	
San Francisco, CA 80 Powell Street		

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, 1998, 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 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
Fiscal 1998		
Quarter ended April 30, 1997	14	10 1/2
Quarter ended July 31, 1997	18 1/2	12
Quarter ended October 31, 1997	19 3/4	15 1/8
Quarter ended January 31, 1998	19	14 1/2

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

Holders

On April 1, 1998, 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 balance sheet and income statement data, at the fiscal year end 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,				
	1994	1995	1996	1997	1998
	(In thousands, except share and per share data)				
Income Statement Data:					
Net sales	$ 84,486	$ 110,121	$ 133,036	$ 156,414	$ 173,121
Gross profit	43,989	57,334	67,583	78,505	85,739
Income from operations	13,302	17,576	19,867	21,356	22,062
Net income	$ 7,806	$ 10,817	$ 12,308	$ 13,260	$ 13,880
Net income per common share	$ .52	$ .64	$ .72	$ .76	$ .79
Weighted average common shares outstanding	14,942,636	16,790,740	17,028,856	17,429,375	17,576,203
Net income per common share - assuming dilution	$ .49	$ .62	$ .70	$ .75	$ .78
Weighted average common shares outstanding - assuming dilution	15,896,412	17,407,608	17,487,673	17,722,629	17,843,873
Balance Sheet Data:					
Working capital	$ 28,285	$ 26,872	$ 36,487	$ 39,239	$ 52,133
Total assets	43,400	56,766	71,117	89,675	107,424
Total liabilities	7,902	10,015	11,665	13,983	16,766
Long-term debt, excluding current maturities	--	--	--	--	--
Total shareholders' equity	35,498	46,751	59,452	75,692	90,658

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 26 stores opened at January 31, 1998 and 25 at January 31, 1997. The Company's first Anthropologie store opened in October 1992. Anthropologie had nine stores opened at January 31, 1998 and eight at January 31, 1997. The Company has plans to open seven Urban Retail stores and five Anthropologie stores in Fiscal 1999. The recent growth in the Wholesale company is from both the domestic and international markets.

Fiscal 1998 and 1997 continued as very profitable years for Urban Outfitters with earnings to net sales of 8.0% and 8.5%, respectively, as well as return on shareholders' equity of 15.3% and 17.5%, respectively. The slight contraction of earnings as a percent of net sales in Fiscal 1998 and the direction of return on shareholders' equity in that year resulted primarily from a slowdown in retail sales growth in Fiscal 1998. The Wholesale company recorded sales growth of 8% and 30% in Fiscal years 1998 and 1997, respectively. The Wholesale company is not expected to grow at those rates in Fiscal 1999 and could experience a reduction in sales during Fiscal 1999.

The Company has established a European subsidiary (Urban Outfitters U.K. Ltd.) and expects to open its first Urban Retail store in London in May 1998. The European subsidiary incurred expenses without the benefit of sales during Fiscal 1998. While Fiscal 1999 is expected to have sales from the London store, the subsidiary will still operate at a loss during Fiscal 1999.

In late Fiscal 1998 and in early Fiscal 1999, the Company invested in two direct marketing concepts. The first is a 100% owned catalog under the Anthropologie retail subsidiary and carries the Anthropologie name. The second is a minority investment in a teenage catalog/magazine combination called moXIEgirl(TM). Both are expected to incur losses during their start-up phases. The period of start-up could encompass two years for either or both.

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 1998 Fiscal year ended on January 31, 1998. 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 income statement data from period to period.

Fiscal Year Ended
January 31,

As a Percentage of Net Sales	1996	1997	1998
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	49.2	49.8	50.5
Gross profit	50.8	50.2	49.5
Selling, general and administrative expenses	35.9	36.5	36.8
Income from operations	14.9	13.7	12.7
Net interest and other expenses (income)	(1.0)	(.8)	(1.0)
Income before income taxes	15.9	14.5	13.7
Income tax expense	6.6	6.0	5.7
Net income	9.3%	8.5%	8.0%

Period over Period Dollar Growth

		1997	1998
Net sales		17.6%	10.7%
Gross profit		16.2%	9.2%
Income from operations		7.5%	3.3%
Net income		7.7%	4.7%

Fiscal 1998 Compared to Fiscal 1997

Net sales in Fiscal 1998 increased to $173.1 million from $156.4 million in the prior Fiscal year, a 10.7% increase. The $16.7 million increase was attributable to a combination of comparable store net sales decreases of $1.6 million, net sales increases of $16.1 million from stores opened or enlarged during Fiscal 1997 and Fiscal 1998 and net sales increases of $2.2 million from the Wholesale company. The decrease in comparable store sales of 1% or $1.6 million results primarily from one merchandise division that did not perform to prior year levels. Average selling prices were

not a significant determinate of Fiscal 1998 sales levels. New and enlarged stores included seven stores opened in Fiscal 1997 and three opened in Fiscal 1998. The Company believes increased net sales from the Wholesale subsidiary during Fiscal 1997 and 1998 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 50.2% in Fiscal 1997 to 49.5% in Fiscal 1998. The primary contributors to the decline were higher markdowns in the retail companies and a higher sales mix in the lower gross profit margin companies -- Anthropologie and Wholesale. Markdowns were triggered by lower than planned comparable store sales.

Selling, general and administrative expenses grew to $63.7 million in Fiscal 1998 from $57.1 million in the prior Fiscal year, an 11.4% increase. As a percentage of net sales, the expenses increased to 36.8% in Fiscal 1998 from 36.5% in the prior Fiscal year. The increase in percentage was attributable to the Retail companies' lower comparable store sales and investments in people and systems to accommodate the sales growth in the Wholesale company over the last two years of 8% and 30%.

Net income increased to $13.9 million in Fiscal 1998 from $13.3 million in the prior Fiscal year, a 4.7% increase. This increase was principally achieved through increases in net sales.

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 leaves $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.

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. Most recently, the company invested in two direct response catalogs and in a new European subsidiary. In addition to cash generated from operations, sources of cash have included the net proceeds from the exercise of certain employee stock options in each of Fiscal 1996, 1997 and 1998. 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, including investments in the catalog companies.

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 $16.5 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 an as offered basis not to exceed LIBOR plus 3/8 of 1 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, 1997 and 1998 were $4.3 million and $4.7 million, respectively. There were no short-term or long-term debts outstanding at January 31, 1997 or at January 31, 1998. 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.

Other Matters

Year 2000

The Company has examined each area of its business systems from IBM operating systems, to business application systems, to store register systems that it believes could be affected by the date change issue of the year 2000. It has also reviewed the implemented changes or planned changes of its major suppliers that it believes would be effected by the year 2000 date changes. Many of the needed changes are complete, some are still taking place and all are expected to be completed and in place before the critical times in calendar 1999. The expenses associated with the changes are not expected to be of a material nature to the Company.

Future Accounting Changes

In June 1997, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" and No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company will adopt these new accounting standards in Fiscal 1999. While management has not yet completed its assessment of how and if SFAS 131 will impact the Company's existing segment disclosures, both standards are for disclosure purposes only and will have no adverse effect on the Company's financial position, cash flows or results of operations.

Seasonality and Quarterly Results

While Urban Outfitters has been profitable in each of its last 32 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. Fluctuations in the bookings and shipments of the Wholesale products between quarters can also have positive or negative effects on earnings during the quarters.

The following tables, which are unaudited, set forth the Company's net sales, gross profit, net income and income 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 1997 Quarter Ended (Dollars in thousands, except per share data)			
	April 30, 1996	July 31, 1996	Oct. 31, 1996	Jan. 31, 1997
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
Net income per share - assuming dilution	$ .17	$ .16	$ .26	$ .16
As a Percentage of Fiscal Year:				
Net sales	22%	23%	29%	26%

Net income	22%	21%	35%	22%

	Fiscal 1998 Quarter Ended (Dollars in thousands, except per share data)			
	April 30, 1997	July 31, 1997	Oct. 31, 1997	Jan. 31, 1998
Net sales	$37,197	$41,316	$48,373	$46,235
Gross profit	18,608	20,350	24,026	22,755
Net income	2,423	2,855	4,783	3,819
Net income per share - assuming dilution	$ .14	$ .16	$ .27	$ .21
As a Percentage of Fiscal Year:				
Net sales	21%	24%	28%	27%
Net income	17%	21%	34%	28%

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	51	Chairman of the Board of Directors and President
Kenneth K. Cleeland	57	Chief Financial Officer and Treasurer
Jay M. Hammer	42	Secretary and Director of Stores
Michael A. Schultz	44	President, Urban Outfitters Wholesale, Inc.
Glen T. Senk	41	President, Anthropologie, Inc.
Scott A. Belair(1)(2)	50	Director

Harry S. Cherken, Jr.	48	Director
Joel S. Lawson III(1)(2)	50	Director
Burton M. Sapiro	71	Director

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(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 1998 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 1998 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 1998 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
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 incorporated by reference to Exhibit 10.6 of the Company's Annual Report on Form 10-K for the Fiscal year ended January 31, 1997.
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, 1998
/s/ Kenneth K. Cleeland Kenneth K. Cleeland (Principal Financial and Accounting Officer)	Chief Financial Officer and Treasurer	April 21, 1998
/s/ Scott A. Belair	Director	April 21, 1998

Scott A. Belair

/s/ Harry S. Cherken, Jr. - --------------------------------- Harry S. Cherken, Jr.	Director	April 21, 1998
/s/ Joel S. Lawson III - --------------------------------- Joel S. Lawson III	Director	April 21, 1998
/s/ Burton M. Sapiro - --------------------------------- Burton M. Sapiro	Director	April 21, 1998

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) present fairly, in all material respects, the financial position of Urban Outfitters, Inc. and its subsidiaries at January 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1998, 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 13, 1998

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

	January 31,	
Assets	1998	1997
Current assets:		
Cash and cash equivalents	$ 26,712	$ 14,581
Marketable securities	10,865	9,255
Accounts receivable, net of allowance of doubtful accounts of $616 and $643 at January 31, 1998 and 1997, respectively	4,497	2,827
Inventory	17,128	16,965
Prepaid expenses and other current assets	4,662	4,776
Deferred taxes	1,929	2,460
Total current assets	65,793	50,864
Property and equipment, less accumulated depreciation and amortization	26,893	25,209
Marketable securities	11,993	12,047
Other assets	2,745	1,555
	$107,424	$89,675
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 10,386	$ 8,699
Income taxes payable	366	388
Accrued compensation	1,024	951
Accrued expenses and other current liabilities	1,884	1,587
Total current liabilities	13,660	11,625
Accrued rent and other liabilities	3,106	2,358
Total liabilities	16,766	13,983
Shareholders' equity:		
Preferred shares; $.0001 par, 10,000,000 authorized, none issued	--	--
Common shares; $.0001 par, 50,000,000 authorized, 17,649,360 and 17,528,698 issued at January 31,		

1998 and 1997, respectively	2	2
Additional paid-in capital	21,482	20,396
Retained earnings	69,174	55,294
Total shareholders' equity	90,658	75,692
	$107,424	$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,		
	1998	1997	1996
Net sales	$ 173,121	$ 156,414	$ 133,036
Cost of sales	87,382	77,909	65,453
Gross profit	85,739	78,505	67,583
Selling, general and administrative expenses	63,677	57,149	47,716
Income from operations	22,062	21,356	19,867
Interest (income)	(1,772)	(1,506)	(1,285)
Other expense, net	209	193	22
Income before income taxes	23,625	22,669	21,130
Income tax expense	9,745	9,409	8,822
Net income	$ 13,880	$ 13,260	$ 12,308
Net income per common share	$ .79	$ .76	$ .72
Weighted average common shares outstanding	17,576,203	17,429,375	17,028,856
Net income per common share - assuming dilution	$ .78	$ .75	$ .70
Weighted average common shares outstanding - assuming dilution	17,843,873	17,722,629	17,487,673

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, 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
Exercise of stock options	120,662	--	558	--	558
Tax effect of exercises	--	--	528	--	528
Net income	--	--	--	13,880	13,880
Balances at January 31, 1998	17,649,360	$ 2	$ 21,482	$ 69,174	$ 90,658

See accompanying notes.

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

	Fiscal Year Ended January 31,		
	1998	1997	1996
Cash flows from operating activities:			
Net income	$ 13,880	$ 13,260	$ 12,308
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,588	3,461	2,925
Provision for deferred income taxes	531	(705)	(341)
Provision for losses (recovery) of accounts receivable	(27)	112	(187)
Changes in assets and liabilities:			
Increase in receivables	(1,643)	(1,366)	(214)
Increase in inventory	(163)	(6,488)	(96)
Increase in prepaid expenses and other assets	(1,076)	(1,549)	(564)
Increase in payables, accrued expenses and other liabilities	2,783	2,318	1,820
Net cash provided by operating activities	18,873	9,043	15,651
Cash flows from investing activities:			
Capital expenditures	(6,272)	(11,980)	(6,229)
Purchases of investments held-to-maturity	(9,333)	(20,522)	(5,463)
Purchases of investments available-for-sale	(8,075)	(2,425)	(2,911)
Sales of investments available-for-sale	6,100	5,035	--
Maturities of investments held-to-maturity	9,752	12,356	9,545
Net cash used in investing activities	(7,828)	(17,536)	(5,058)
Cash flows from financing activities:			
Exercise of stock options	1,086	2,979	466
Purchase of common shares	--	--	(73)
Net cash provided by financing activities	1,086	2,979	393
Increase (decrease) in cash and cash equivalents	12,131	(5,514)	10,986
Cash and cash equivalents at beginning of period	14,581	20,095	9,109

Cash and cash equivalents at end of period	$ 26,712	$ 14,581	$ 20,095
	========	========	========

See accompanying notes.

Urban Outfitters, Inc.
Notes to Consolidated Financial Statements
(In thousands, except share and per share data)

January 31, 1998 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 that 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

The Company has adopted the provisions of SFAS No. 128, "Earnings Per Share." All prior period net income per share data presented has been restated in accordance with SFAS No. 128.

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 Fiscal 1998 classifications.

2. Marketable Securities

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

	January 31, 1998		January 31, 1997	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
CURRENT PORTION				
Held-to-maturity				
Tax-exempt municipal securities	$ 7,272	$ 7,294	$ 7,340	$ 7,379
U.S. government securities	1,318	1,318	1,615	1,638
Total current held-to-maturity	8,590	8,612	8,955	9,017
Available-for-sale				
Tax-exempt municipal securities, puta2,275	2,275	2,275	300	300
Total current marketable securities	10,865	10,887	9,255	9,317

NONCURRENT PORTION				
Held-to-maturity				
Tax-exempt municipal securities	11,993	12,111	11,798	11,755
U.S. government securities	--	--	249	251
Total noncurrent held-to-maturity	11,993	12,111	12,047	12,006
Total marketable securities	$22,858	$22,998	$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, 1998	January 31, 1997
Work-in-progress	$ 861	$ 1,151
Finished goods	16,267	15,814
Total	$ 17,128	$ 16,965

4. Property and Equipment

Property and equipment is summarized as follows:

	January 31, 1998	January 31, 1997
Land	$ 543	$ 543
Furniture and fixtures	13,739	12,402
Leasehold improvements	28,267	23,720
Other operating equipment	2,034	1,646
	44,583	38,311
Accumulated depreciation and amortization	(17,690)	(13,102)
Total	$26,893	$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,	
	1998	1997
Accrued sales taxes	$ 489	$ 661
Other current liabilities...	1,395	926
Total..........	$ 1,884	$ 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 $16,500 revolving line of credit to facilitate letter of credit transactions and cash advances. Interest on outstanding balances is payable monthly based on an "as offered" rate not to exceed the London Interbank Offered Rate (LIBOR) plus 3/8%. No principal amounts were outstanding under this line at January 31, 1998 and 1997. Outstanding letters of credit totaled $4,706 and $4,263 as of January 31, 1998 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.

No contributions were made by the Company for the years ended January 31, 1998, January 31, 1997 or January 31, 1996.

8. Income Taxes

Income tax expense consists of:

	Fiscal Year Ended January 31,		
	1998	1997	1996
Current:			
Federal..............	$8,433	$8,041	$7,202
State and local......	2,106	2,073	1,961
Deferred:			
Federal..............	(499)	(613)	(291)
State and local......	(32)	(92)	(50)
Foreign	(263)	--	--
Total..................	$9,745	$9,409	$8,822

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

	Fiscal Year Ended January 31,		
	1998	1997	1996
Expected provision at federal statutory rate	35%	35%	35%
State and local income taxes, net of federal tax benefit, and other	6	7	7
Effective rate	41%	42%	42%

The significant components of deferred tax assets and liability at January 31, 1998 and 1997 are as follows:

	1998	1997
Deferred tax liability:		
Prepaid expenses	$ (242)	$ (138)
Deferred tax assets:		
Depreciation and lease transactions	2,221	1,667
Inventory	1,328	1,484
Accounts receivable	533	408
Loss carryforwards	263	--
Accrued salaries and benefits	145	113
Other	15	19
Net deferred tax assets	$ 4,263	$ 3,553

At January 31, 1998, the Company had net operating loss carry forwards for tax purposes of approximately $800 in the United Kingdom which do not expire. At January 31, 1998 and 1997, a deferred tax asset of $2,334 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:

1999........................	$ 11,897
2000........................	11,489
2001........................	11,093
2002........................	11,167
2003	10,612
Thereafter..................	43,958
Total minimum lease payments	$100,216

Certain store leases provide for predetermined escalations in future minimum annual rentals. The pro rata portion of future minimum rent escalations, amounting to $3,095 and $2,302, at January 31, 1998 and 1997, respectively, has been included in Other liabilities in the accompanying consolidated balance sheets. Subsequent to year end, the Company entered into leases for additional locations. Commitments related to these leases are included in the above.

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,		
	1998	1997	1996
Minimum rentals.............	$11,631	$ 9,946	$8,274
Contingent rentals..........	380	599	783
Total..................	$12,011	$10,545	$9,057

10. Stock Option Plans

At the May 20, 1997 Annual Shareholders Meeting, approval was given to adopt the Company's 1997 Stock Option Plan. The 1997 Plan authorizes up to an aggregate of 1,250,000 common shares which can be granted as either incentive stock options or nonqualified stock options. The vesting period for this Plan can range from one to ten years. This 1997 Plan replaced the previous 1987, 1992 and 1993 Plans which were precluded from making additional grants due either to expiration or insufficiently available shares. Individual grants outstanding under the superseded plans, however, have expiration dates which extend into the year 2007.

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 1998, 1997 and 1996, 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,

	1998	1997	1996
Net income - as reported	$13,880	$13,260	$12,308
Net income - pro forma	$12,693	$12,649	$11,930
Net income per share - assuming dilution - as reported	.78	$ .75	$ .70
Net income per share - assuming dilution - pro forma	$ .72	$ .72	$ .68

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:

	1998	1997	1996
Expected life (years)	6.7	5.7	6.1
Risk-free interest rate	6.9%	6.1%	6.6%
Volatility	50.7%	49.5%	49.5%
Dividend rate	0%	0%	0%

Information regarding these option plans for Fiscal 1998, 1997 and 1996 is as follows:

	FY 1998		FY 1997		FY 1996	
Fixed Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding at beginning of year	1,010,756	$ 9.50	1,274,582	$ 5.99	1,152,912	$ 4.67
Options granted	415,000	11.54	185,000	15.02	564,000	10.23
Options exercised	(120,662)	4.62	(448,326)	1.80	(142,330)	1.23
Options canceled	--	n/a	(500)	15.19	(300,000)	12.38
Options outstanding at end of year	1,305,094	$10.60	1,010,756	$ 9.50	1,274,582	$ 5.99
Options exercisable at end of year	603,426		472,920		783,942	
Weighted average fair value of grants per share	$ 6.89		$ 7.99		$ 5.75	

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

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Amount Outstanding at 1/31/98	Wtd. Avg. Remaining Contractual Life	Wtd. Avg. Exercise Price	Amount Exercisable at 1/31/98	Wtd. Avg. Exercise Price
$ 2.33 - 9.88	366,594	4.5 years	$ 6.84	299,926	$ 6.36
$10.63 - 11.81	746,000	7.1	10.99	196,000	11.17
$13.25 - 20.88	192,500	6.5	16.22	107,500	17.31

11. Net Income Per Share

The following is a reconciliation of the denominators of net income per share and net income per share (assuming dilution) computations:

	Fiscal Year Ended January 31, (in shares)		
	1998	1997	1996
Net income per share	17,576,203	17,429,375	17,028,856
Effect of dilutive options	267,670	293,254	458,817
Net income per share - assuming dilution.....	17,843,873	17,722,629	17,487,673

Options to purchase 40,000 shares at $20.88 per share, 10,000 shares at $17.69 per share, 35,000 shares at $16.88 per share and 69,500 shares at $15.19 per share were outstanding during Fiscal 1998, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

12. Supplemental Cash Flow Information

	Fiscal year ended January 31,		
	1998	1997	1996
Interest paid	$ 29	$ 28	$ 50
Income taxes paid	$9,668	$8,260	$9,439

13. 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.

14. Subsequent Event

On February 5, 1998 the Company entered into an agreement with HMB Publishing, Inc. for the purchase of a minority interest in the company through Series B Convertible Preferred Stock and certain convertible debentures. The agreement calls for additional investments and ownership if HMB meets certain performance milestones. To date, the Company has invested approximately $804. HMB publishes moXIEgirl(TM), a combination magazine and catalog catering to teenage girls.

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, 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
Year ended January 31, 1998				
Inventory reserves	$2,726	$2,190	$2,144	$2,772

Exhibit 21.1

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, 1998 & 1997

INCOME PER SHARE CALCULATION:

	Three Months Ended January 31,				Twelve Months Ended January 31,			
	1998		1997		1998		1997	
	$	Per Share	$	Per Share	$	Per Share	$	Per Share
NET INCOME	3,819,000	$0.21	2,852,000	$0.16	13,880,000	$0.78	13,260,000	$0.75
WEIGHTED AVERAGE COMMON SHARES & COMMON SHARE EQUIVALENTS OUTSTANDING		17,967,161		17,741,431		17,843,873		17,722,629

COMPUTATION OF COMMON SHARES
& COMMON SHARE EQUIVALENTS OUTSTANDING:

	Three Months Ended January 31,				Twelve Months Ended January 31,			
	1998		1997		1998		1997	
	End of Period	Weighted Ave.	End of Period	Weighted Ave.	End of Period	Weighted Ave.	End of Period	Weighted Ave.
Common Shares Outstanding	17,649,360	17,646,288	17,528,698	17,528,698	17,649,360	17,576,203	17,528,698	17,429,375
Common Share Equivalents:								
Options	1,305,108	1,311,440	1,010,773	1,010,773	1,305,108	1,368,167	1,010,773	1,052,580
Assumed Repurchased at Average Price		(990,567)		(798,040)		(1,100,497)		(759,326)
Weighted Average Common Equivalents		320,873		212,733		267,670		293,254
Total Weighted Average Common Shares & Common Share Equivalents Outstanding		17,967,161		17,741,431		17,843,873		17,722,629

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