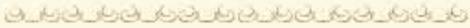
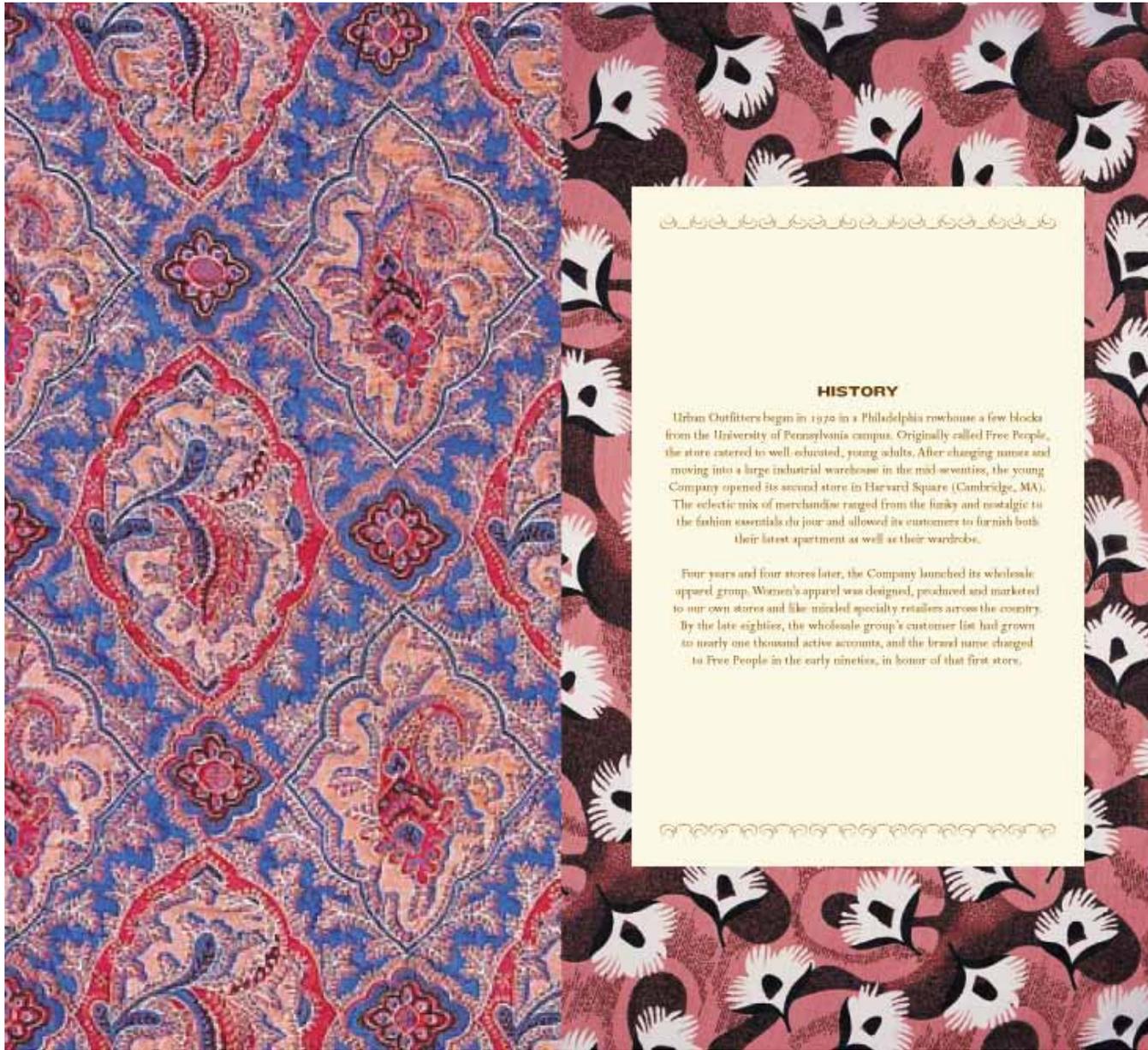


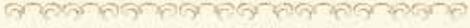
**URBAN OUTFITTERS, INC.
ANNUAL REVIEW 2002**

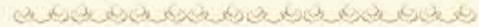
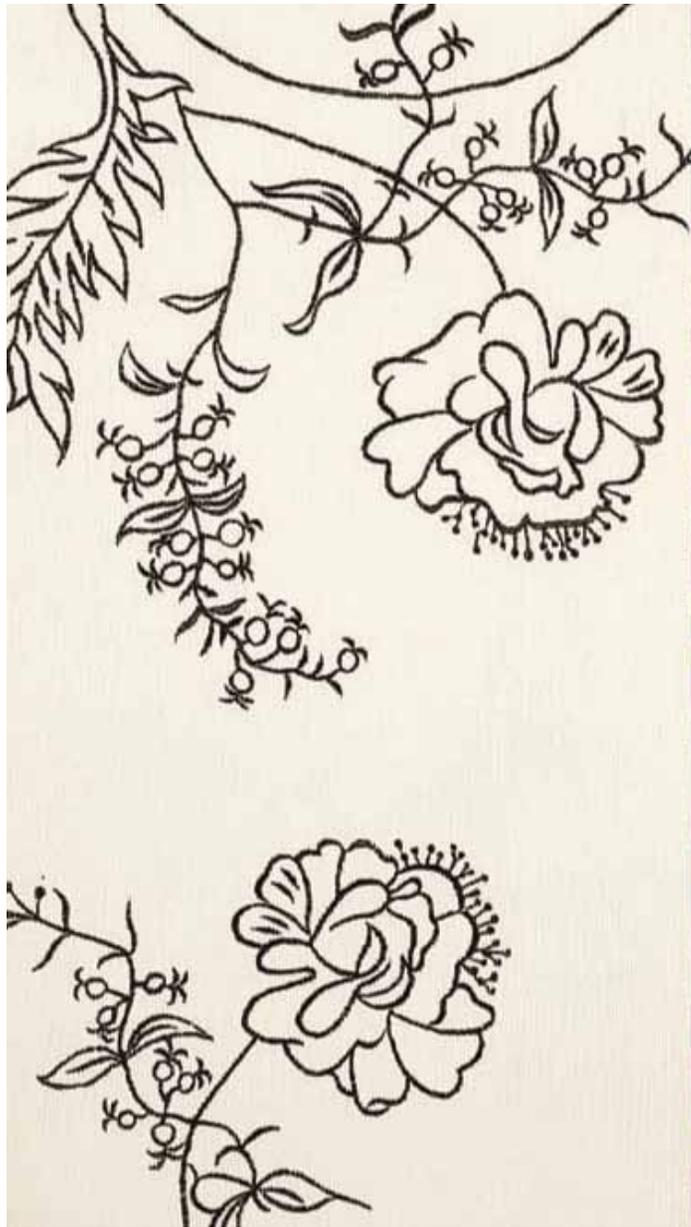


HISTORY

Urban Outfitters began in 1970 in a Philadelphia rowhouse a few blocks from the University of Pennsylvania campus. Originally called Free People, the store catered to well-educated, young adults. After changing names and moving into a large industrial warehouse in the mid-seventies, the young Company opened its second store in Harvard Square (Cambridge, MA). The eclectic mix of merchandise ranged from the funky and nostalgic to the fashion essentials du jour and allowed its customers to furnish both their latest apartment as well as their wardrobe.

Four years and four stores later, the Company launched its wholesale apparel group. Women's apparel was designed, produced and marketed to our own stores and like-minded specialty retailers across the country. By the late eighties, the wholesale group's customer list had grown to nearly one thousand active accounts, and the brand name changed to Free People in the early nineties, in honor of that first store.





In 1997, an empty car dealership located in the Philadelphia suburbs was renovated to house the first Anthropologie store. Anthropologie shared the Urban Outfitters concept and store format but focused on and catered to a more mature and sophisticated female customer. The store ambience and merchandise assortment reflected this customer's tastes. In 1998, Anthropologie launched its direct-to-consumer catalog business. It instantly became one of the fastest growing catalogs, while simultaneously creating tremendous brand recognition for the growing store group.

Urban.com, Urban Outfitters' e-commerce web site, went live in the summer of 2000. Borrowing the same branding strategy as the Anthropologie catalog, the Urban web site has grown exponentially in the ensuing two years and currently is visited by over a half million customers per month.

Today, the Company manages three distinct brands—Urban Outfitters, Anthropologie and Free People. Urban Outfitters operates 46 stores in North America, 3 stores in Europe and the urban.com web site. Anthropologie runs 33 stores in the United States, and the Anthropologie Direct catalog and web site. Free People designs and markets young women's apparel and maintains over eleven hundred better department and specialty stores accounts across the country.





**"DOES THE FLAP OF A BUTTERFLY'S WINGS
IN BRAZIL SET OFF A TORNADO IN TEXAS?"**

— EDWARD SCIENCE

In 1946, a Cambridge meteorologist, trying to more accurately predict future weather conditions, realized that local conditions like a thunderstorm, or even the flap of a butterfly's wings, could have enormous effects on long range weather patterns in faraway places. Hypersensitivity to local conditions was the reason weather patterns seemed to be unpredictable and everchanging.



"BECAUSE SOMETHING IS HAPPENING HERE
BUT YOU DON'T KNOW WHAT IT IS,
DO YOU, MISTER JONES?"

—BOB DYLAN

The fashion business is also about predicting future patterns in a constantly changing and evolving environment. And like the weather, future fashion trends are sensitive to sometimes small, seemingly unrelated events like a sporting event or an election. The job of fashion forecasting is the business of pattern recognition — of understanding and predicting the continuously changing tastes of the consumer.



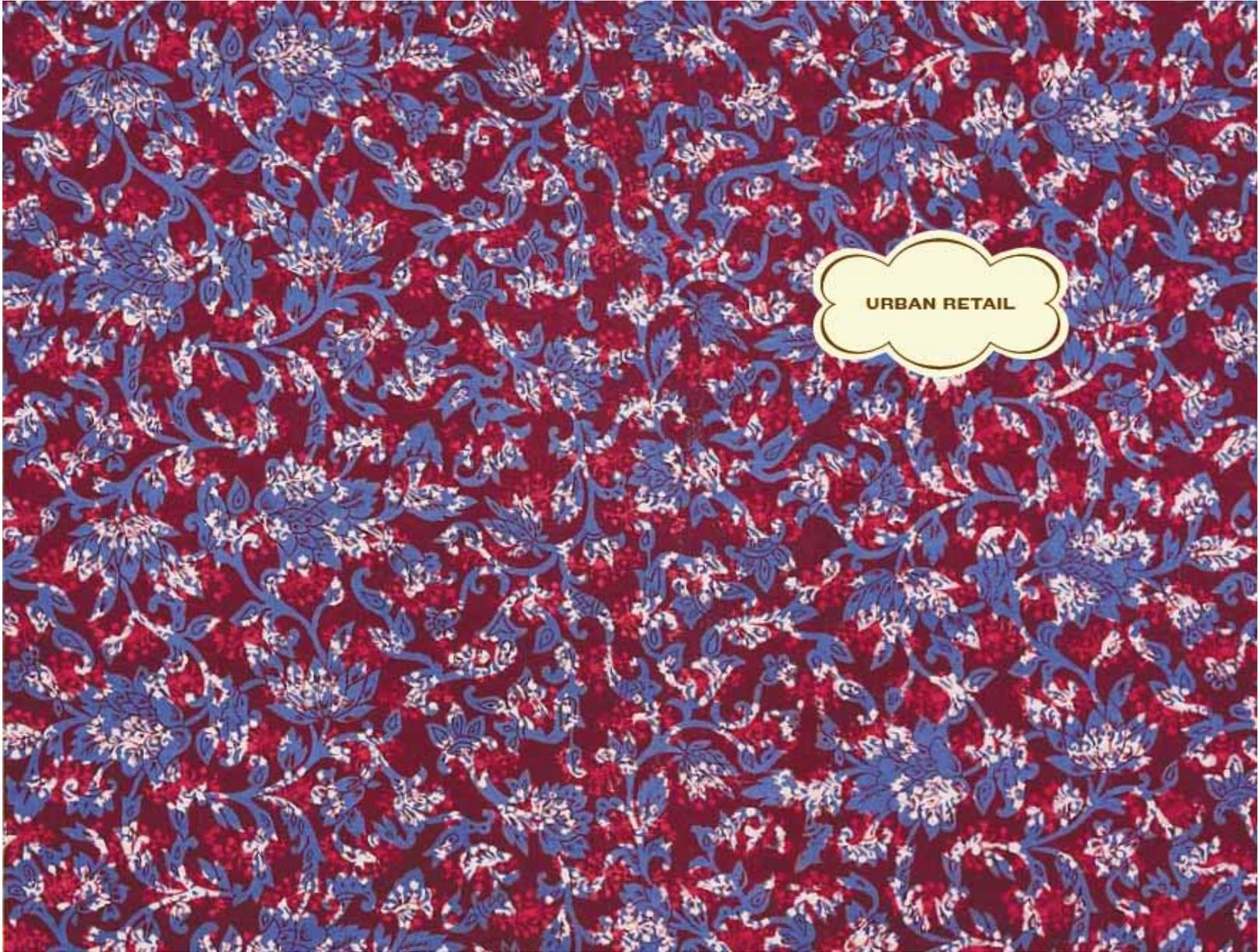


"WE ARE JUST DUST FALLS FROM DEMAGNETIZED PATTERNS – SHOW BUSINESS."

— WILLIAM BURBROUGHS

The electronic environment swirls around the customer like a river around a rock. Flows of information continually build up and tear down images that form the basis for who the customer thinks she is. Knowing her latest incarnation – what she wants, at the exact time she wants it, and being able to deliver the complete experience – the merchandise, the location, and the environment – that is the art of lifestyle merchandising.





URBAN RETAIL



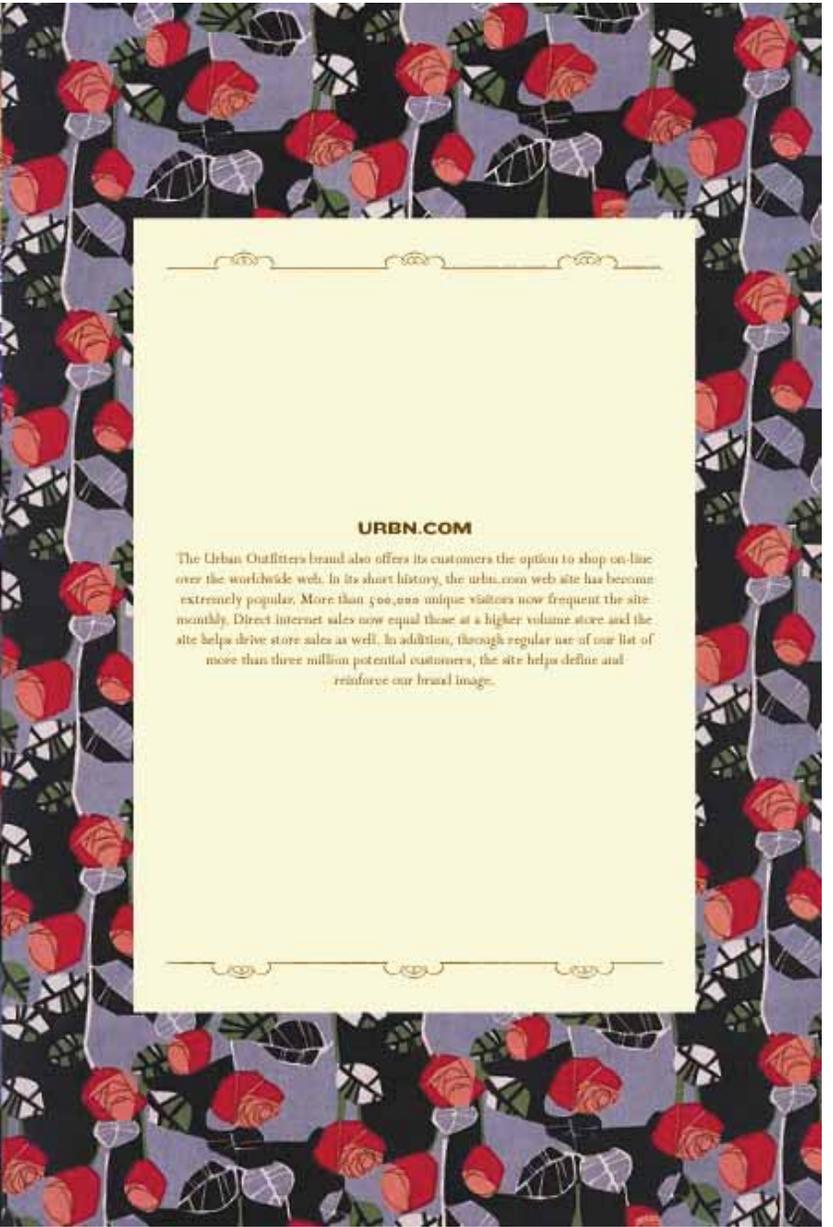
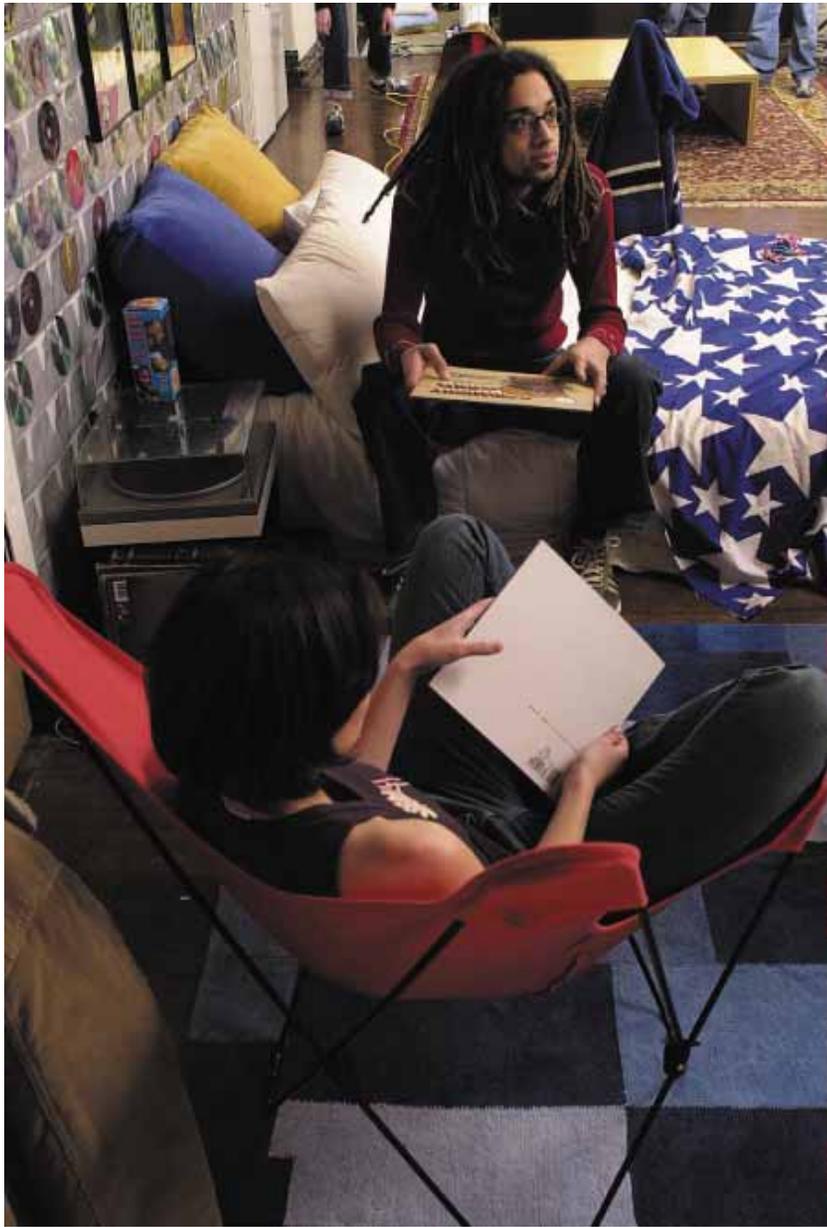
URBAN RETAIL

Urban Outfitters is designed to be the brand of choice for well-educated, urban-minded young adults. The brand currently operates 48 stores in North America and 3 in Europe. The stores offer a unique and eclectic mix of fashion merchandise in a dynamic store environment. Products range from women's and men's apparel, footwear and accessories to items for apartments, gifts and novelties.

The stores are large, often bi-level, and usually located in major metro areas or in select university communities. Particular attention is devoted to store design—every store is unique and reflects the community in which it resides. The visual environment within the store is highly creative and tailored to the customer's aesthetic preferences. Last year, seven new Urban stores were opened. Sales totaled \$184 million—a new record and 140% above the previous year. Comparable store sales increased by 2.1% despite the significant impact of September 11 on the four Urban stores in lower Manhattan.

In July 2001, Ted Marlow joined the Urban team as President of that group. Ted brings a wealth of retail expertise and a deep understanding of the customer. Today the brand is poised to accelerate the growth of its store base by opening four to five new stores this year and seven to ten next year.



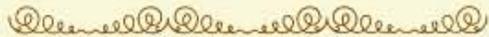


URBN.COM

The Urban Outfitters brand also offers its customers the option to shop on-line over the worldwide web. In its short history, the urban.com web site has become extremely popular. More than 500,000 unique visitors now frequent the site monthly. Direct internet sales now equal those at a higher volume store and the site helps drive store sales as well. In addition, through regular use of our list of more than three million potential customers, the site helps define and reinforce our brand image.



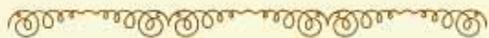
FREE PEOPLE



FREE PEOPLE WHOLESAL

Free People, the Company's wholesale brand, offers a wide range of young women's casual tops, bottoms, sweaters, and dresses in contemporary styling at affordable prices. Through showrooms in New York and Los Angeles and independent sales representatives, the brand is sold to over 1,100 specialty and department stores worldwide.

In May 2001, David Frankel joined the Free People team as President, bringing expertise in both branded wholesale and retail operations. The Company has initiated a brand building effort to improve name recognition and increase sales.

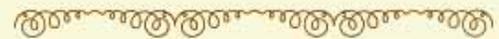




FREE PEOPLE RETAIL

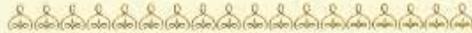
Free People Retail will be a primary tool used in promoting the Free People Wholesale brand. By creating a store environment that embodies the aesthetic and lifestyle sensibilities, we will define the Free People brand for both our wholesale and retail customers.

Our young adult target customer is a sociable, fashion-conscious, educated young woman with a tastefully feminine style. She lives and shops in the suburbs. Our 1,000 square foot stores will showcase our wholesale offering, complimented by branded accessories. We expect to open our first location in the fall of this year.





ANTHROPOLOGIE



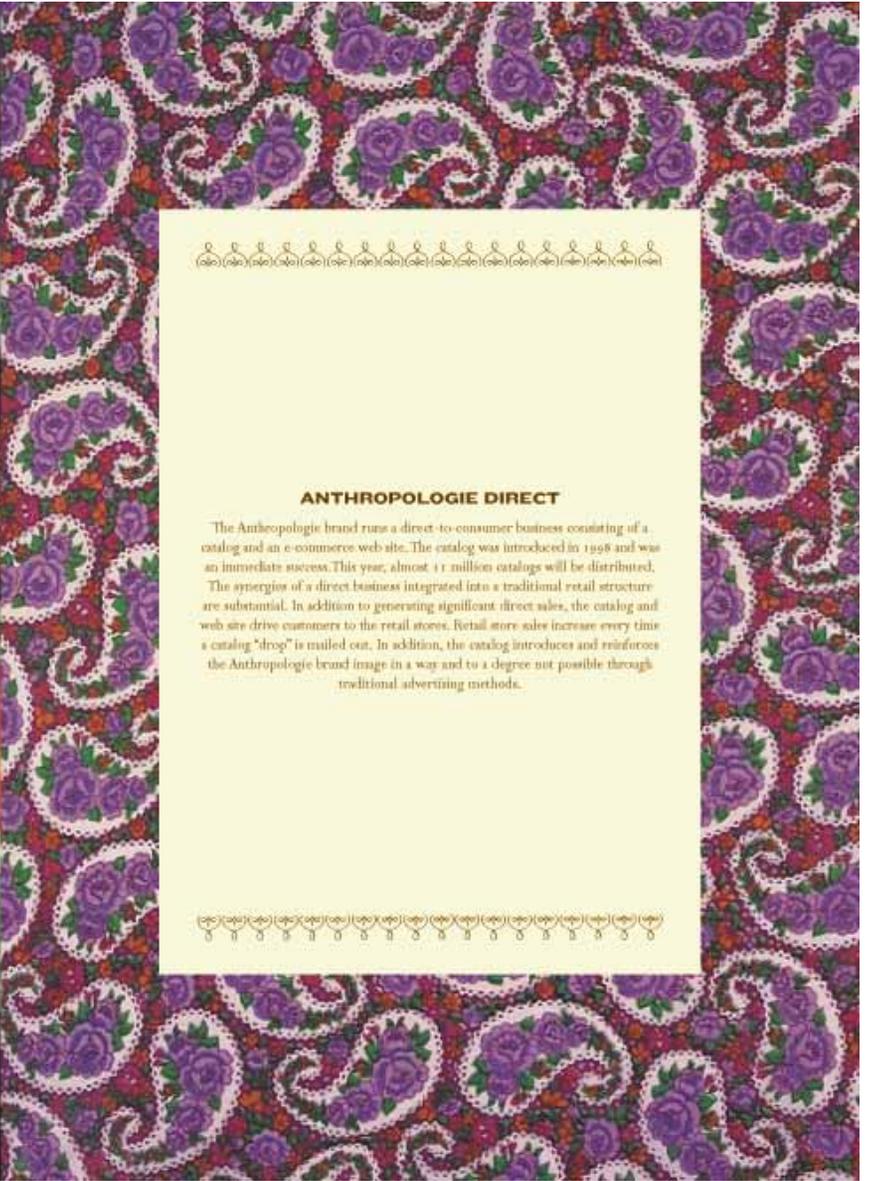
ANTHROPOLOGIE RETAIL

Anthropologie focuses on a well-educated, sophisticated woman who is generally older than the typical Urban Outfitters customer. There are currently 33 stores in the United States, all of which offer a wide range of fashion apparel, accessories and home furnishings.

Stores are located in specialty shopping centers and free-standing sites, primarily in suburban settings. As with Urban Outfitters stores, store design is especially important in communicating brand identity. Inside, the Anthropologie stores tend to resemble a home, with model rooms cascading through the space from the garden or public area up front to the bed and bath or most private space in the rear. Creative merchandising and display ensure a unique and engaging shopping experience. Sales for the year just ended—\$321 million—increased by 30% over the prior year. Comparable store sales increased by 6.8% for the year, which includes a terrific 16.8% gain in the fourth quarter.

Anthropologie opened five stores last year and plans to open eight to nine new stores this year, two of which have already opened. Given the current strength of the brand and the success of stores recently opened, new store openings should increase next year.





ANTHROPOLOGIE DIRECT

The Anthropologie brand runs a direct-to-consumer business consisting of a catalog and an e-commerce web site. The catalog was introduced in 1998 and was an immediate success. This year, almost 11 million catalogs will be distributed. The synergies of a direct business integrated into a traditional retail structure are substantial. In addition to generating significant direct sales, the catalog and web site drive customers to the retail stores. Retail store sales increase every time a catalog "drop" is mailed out. In addition, the catalog introduces and reinforces the Anthropologie brand image in a way and to a degree not possible through traditional advertising methods.



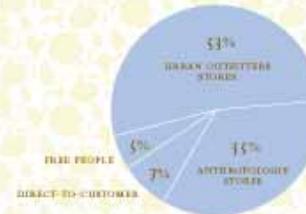
SELECTED FINANCIAL DATA

FISCAL YEAR ENDED JANUARY 31, 2007
DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA

INCOME STATEMENT DATA		BALANCE SHEET DATA	
Net sales	\$ 348,938	Total assets	\$191,107
Income from operations	\$ 21,498	Total liabilities	\$ 49,334
Net income	\$ 15,007	Total shareholders' equity	\$141,888
Net income per common share—diluted	\$ 0.30		

SALES DATA

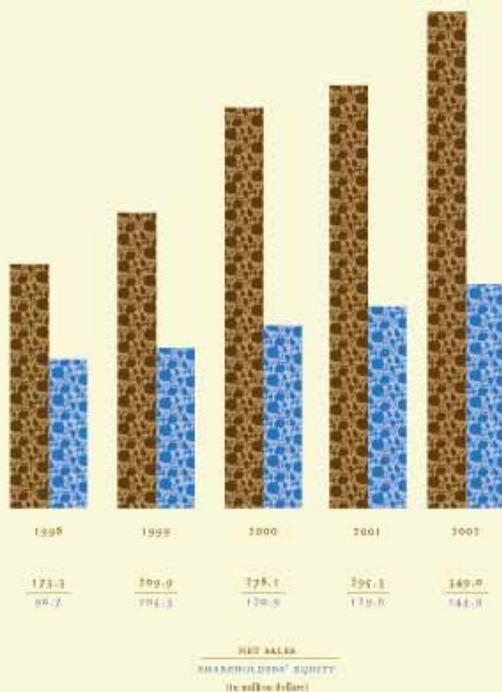
DOLLAR AMOUNTS IN THOUSANDS



Urban Outfitters store sales	\$ 184,998
Anthropologie store sales	\$ 120,828
TOTAL STORE SALES	\$ 304,826
Direct-to-customer sales	\$ 74,811
TOTAL RETAIL SEGMENT SALES	\$ 379,637
Free People sales	\$ 18,767
TOTAL SALES	\$ 348,938

FINANCIAL HIGHLIGHTS

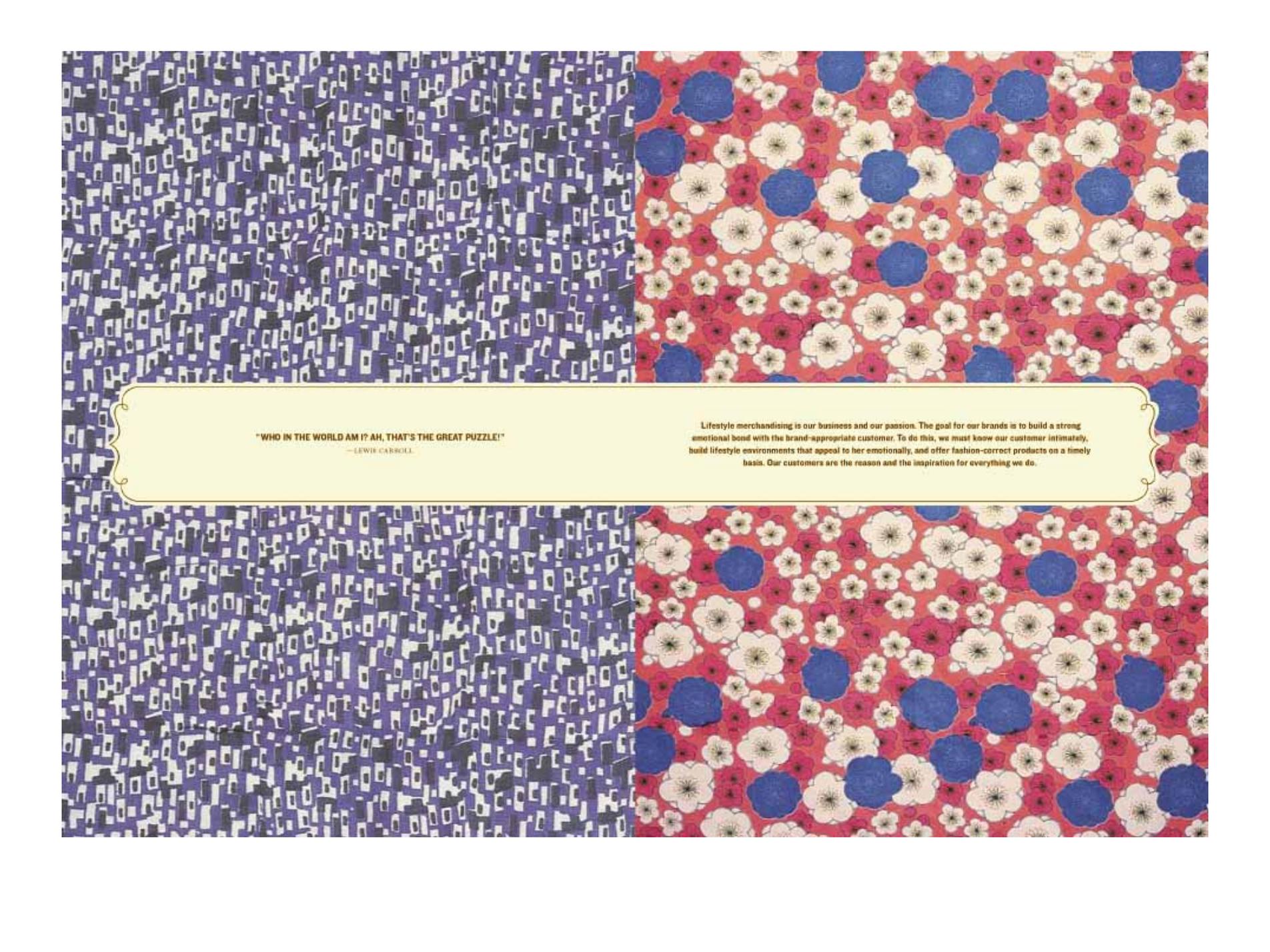
Urban Outfitters, Inc. net sales have grown at a 19% compounded annual rate over the past five years. During that same time, shareholders' equity has increased by more than 60%.



MARKET INFORMATION

Our common shares are traded on the NASDAQ National Market under the symbol "UNAN." The following table sets forth for the periods indicated below the reported high and low sale prices for our common shares as reported on the NASDAQ National Market. We have not paid any cash dividends since our initial public offering and do not anticipate paying cash dividends in the foreseeable future.

	MARKET PRICE	
	HIGH	LOW
FISCAL 2001		
Quarter ended April 30, 2000	\$14.13	\$10.24
Quarter ended July 31, 2000	12.48	8.46
Quarter ended October 31, 2000	11.00	7.50
Quarter ended January 31, 2001	9.75	6.44
FISCAL 2002		
Quarter ended April 30, 2001	\$13.78	\$8.42
Quarter ended July 31, 2001	16.20	10.11
Quarter ended October 31, 2001	12.24	10.07
Quarter ended January 31, 2002	26.64	12.44
FISCAL 2003		
Quarter ended April 30, 2003	\$27.18	\$20.94



"WHO IN THE WORLD AM I? AH, THAT'S THE GREAT PUZZLE!"

—LEWIS CARROLL

Lifestyle merchandising is our business and our passion. The goal for our brands is to build a strong emotional bond with the brand-appropriate customer. To do this, we must know our customer intimately, build lifestyle environments that appeal to her emotionally, and offer fashion-correct products on a timely basis. Our customers are the reason and the inspiration for everything we do.

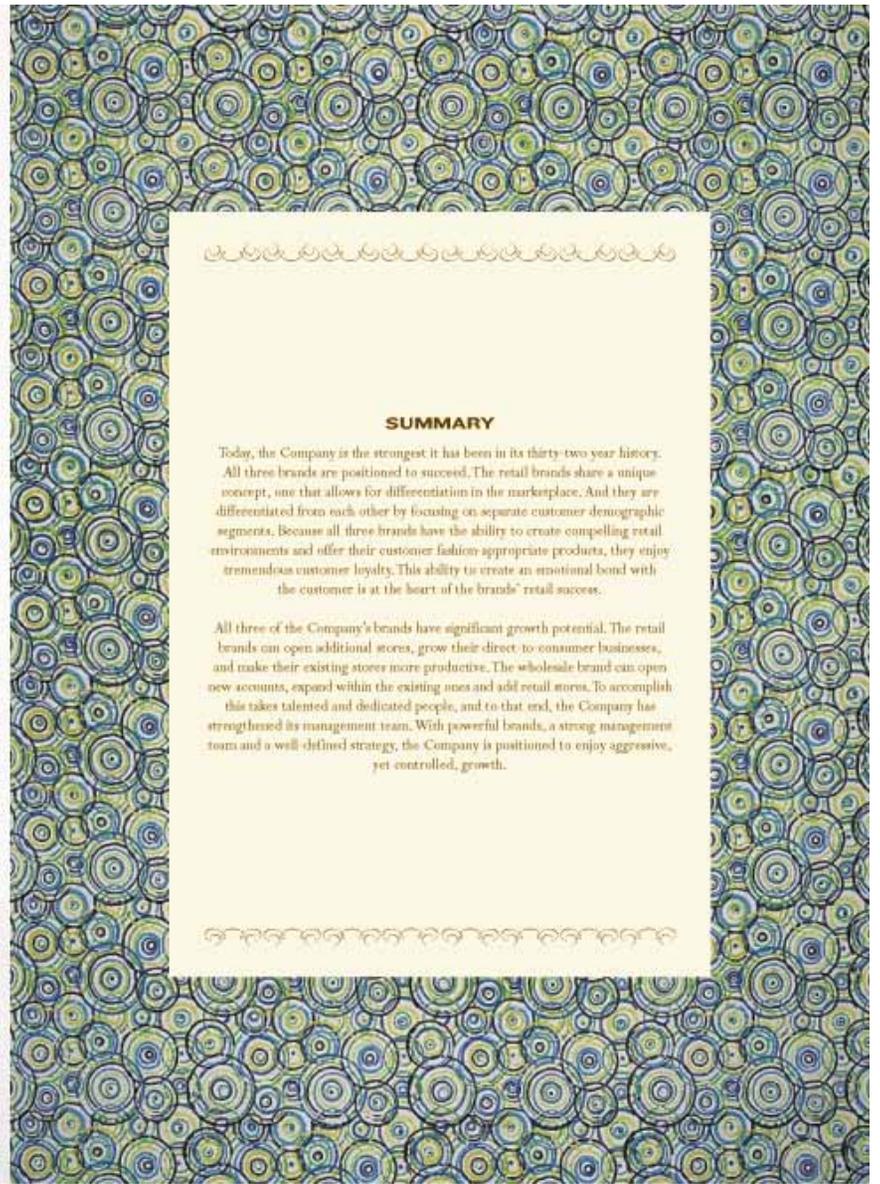


"IT SEEMED TO HIM THAT WHOEVER UNDERSTOOD THIS RIVER AND ITS SECRETS,
WOULD UNDERSTAND MUCH MORE, MANY SECRETS, ALL SECRETS...
HE LEARNED FROM IT CONTINUALLY, ABOVE ALL HE LEARNED FROM IT HOW TO LISTEN."

—HERMANN HESSE

Weather patterns, water flows or the latest fashion trend — understanding comes from patient and constant observation and listening. Lifestyle merchandising is predicated on knowing the customer. We can consistently meet or exceed the customer's expectations only by knowing her so well and in such detail that we essentially become her. Listening is the secret to knowing. If we listen to our customer intently, her secrets will be revealed, and then, and only then, can we serve her completely.

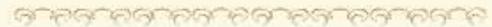


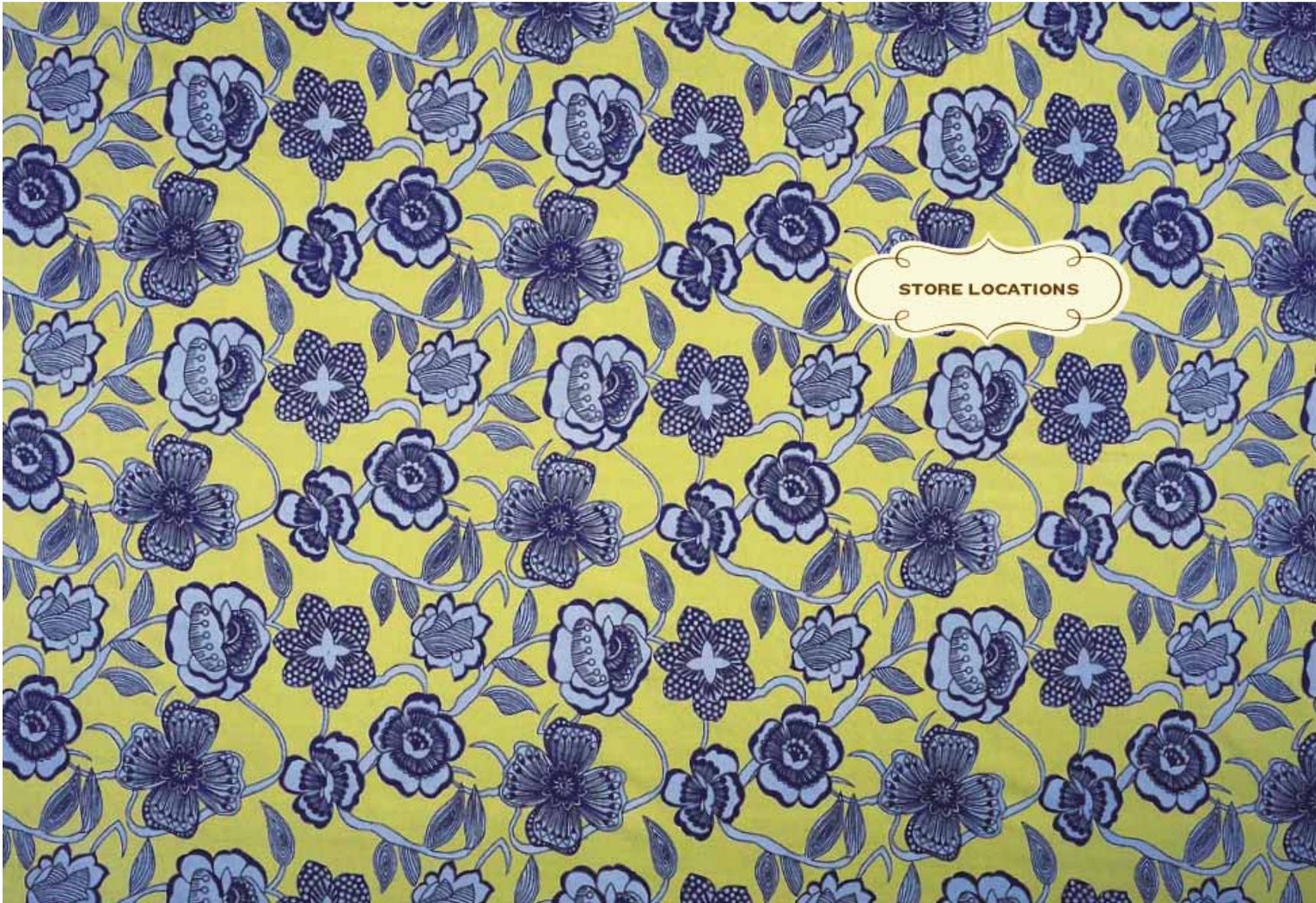


SUMMARY

Today, the Company is the strongest it has been in its thirty-two year history. All three brands are positioned to succeed. The retail brands share a unique concept, one that allows for differentiation in the marketplace. And they are differentiated from each other by focusing on separate customer demographic segments. Because all three brands have the ability to create compelling retail environments and offer their customer fashion-appropriate products, they enjoy tremendous customer loyalty. This ability to create an emotional bond with the customer is at the heart of the brands' retail success.

All three of the Company's brands have significant growth potential. The retail brands can open additional stores, grow their direct-to-consumer businesses, and make their existing stores more productive. The wholesale brand can open new accounts, expand within the existing ones and add retail stores. To accomplish this takes talented and dedicated people, and to that end, the Company has strengthened its management team. With powerful brands, a strong management team and a well-defined strategy, the Company is positioned to enjoy aggressive, yet controlled, growth.





STORE LOCATIONS



URBAN OUTFITTERS

UNITED STATES

Tempe, AZ
 545 South Mill Avenue
 Tucson, AZ
 901 E. University Blvd.
 Pasadena, CA
 139 W. Colorado Blvd.
 San Francisco, CA
 80 Powell Street
 Berkeley, CA
 2590 Bancroft Way
 Santa Monica, CA
 1440 Third Street Promenade
 Costa Mesa, CA
 2930 Bristol Street
 San Diego, CA
 665 Fifth Avenue
 Los Angeles, CA
 7650 Melrose Avenue
 Santa Barbara, CA
 674 State Street
 Boulder, CO
 934 Pearl Street
 New Haven, CT
 41 Broadway
 Washington, DC
 1111 M Street, N.W.
 Miami Beach, FL
 653 Collins Avenue
 Miami, FL
 5701 S.W. 72nd Street, #146
 Tampa, FL
 1600 E. 8th Ave., Suite A-171
 Chicago, IL
 2352 N. Clark Street

Chicago, IL
 935 N. Rush Street
 Evanston, IL
 921 Church Street
 Bloomington, IN
 530 E. Kirkwood Avenue
 Lawrence, KS
 1013 Massachusetts St.
 Boston, MA
 361 Newbury Street
 Cambridge, MA
 11 J.F. Kennedy Street
 Ann Arbor, MI
 231 S. State Street
 East Lansing, MI
 119 E. Grand River Avenue
 Minneapolis, MN
 3006 Hennepin Ave., S.
 New York, NY
 628 Broadway
 New York, NY
 174 Avenue of the Americas
 New York, NY
 162 2nd Avenue
 New York, NY
 526 Avenue of the Americas
 New York, NY
 72nd & Broadway
 Cincinnati, OH
 43 Broadway
 Columbus, OH
 1782 N. High Street
 Portland, OR
 2320 N.W. Westover Road

Philadelphia, PA
 1627 Walnut Street
 Philadelphia, PA
 130 South 36th Street
 Providence, RI
 285 Thayer Street
 Austin, TX
 2406 Guadalupe Street
 Dallas, TX
 5331 E. Mockingbird Lane
 Houston, TX
 2501 University Blvd.
 Burlington, VT
 81 Church Street
 Seattle, WA
 401 Broadway, East
 Seattle, WA
 1507 5th Avenue
 Madison, WI
 604 State Street

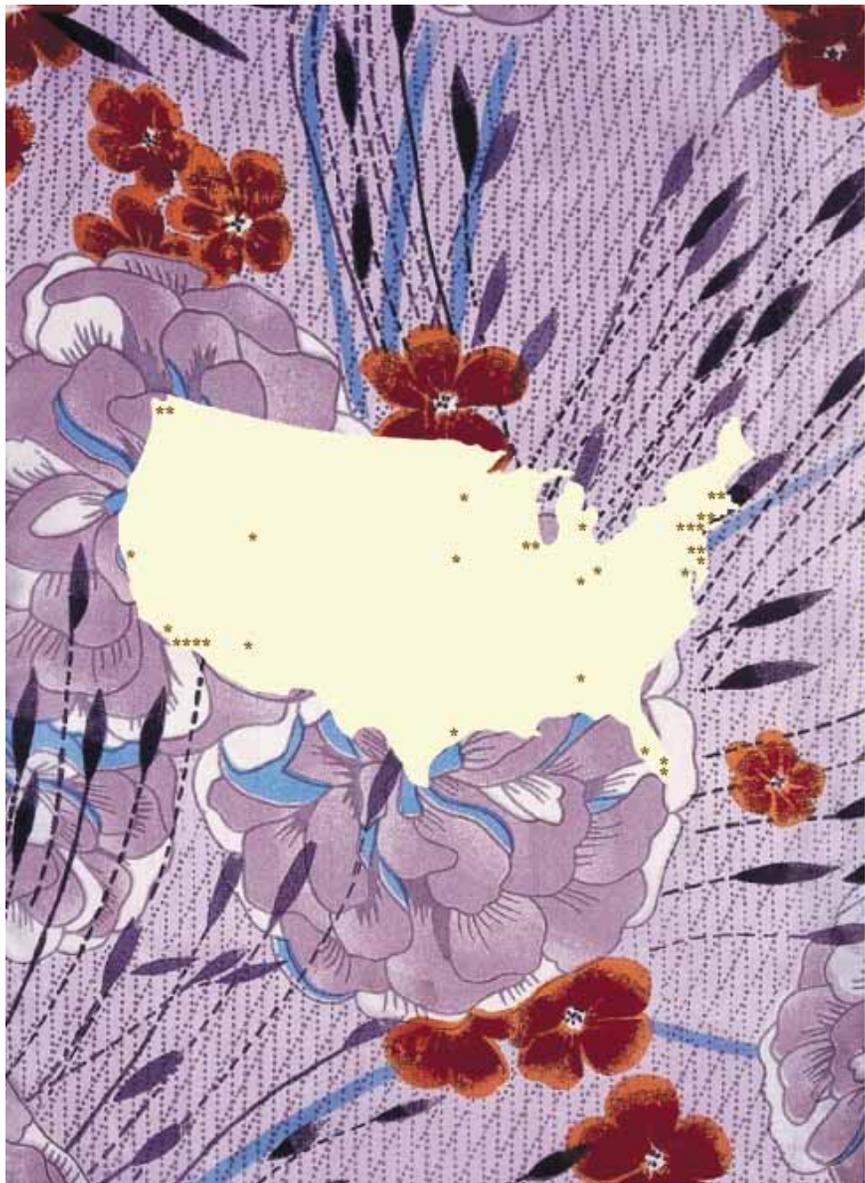
CANADA

Montreal, Quebec
 1246 Ste. Catherine St., W.
 Toronto, Ontario
 235 Yonge Street

EUROPE

London, England
 16-38 Kensington High St.
 Dublin, Ireland
 4 Cecilia St. and 7 1/2 Fowles St.
 Glasgow, Scotland
 157 Buchanan Street

(COMING SOON)
 Ring of Prussia, PA



ANTHROPOLOGIE

UNITED STATES

Scottsdale, AZ 15210 N. Scottsdale Rd.	Chicago, IL 1120 N. State Street	Woodcliff Lake, NJ 379 Chestnut Ridge Rd.
Santa Monica, CA 1402 Third St., Promenade	Highland Park, IL 1780 Green Bay Road	New York, NY (SoHo) 375 West Broadway
Beverly Hills, CA 320 North Beverly Dr.	Boston, MA 799 Boylston Street	New York, NY 85 Fifth Avenue
Newport Beach, CA 823 Newport Center Dr.	Chestnut Hill, MA 300 Boylston Street	Greenvale, NY 9 Northern Blvd.
Santa Barbara, CA 901 State Street	Rockville, MD 11500 Rockville Pike	Cincinnati, OH 2641 Edmonson Rd.
San Francisco, CA 880 Market Street	Birmingham, MI 214 West Maple Road	Columbus, OH 4235 The Strand
Los Angeles, CA 6301 W. 3rd St., Ste. J.	Minneapolis, MN 4999 France Avenue South	Philadelphia, PA 1801 Walnut Street
Greenwich, CT 480 W. Putnam Avenue	Kansas City, MO 531 Nichols Rd.	Wayne, PA 201 W. Lancaster Avenue
Westport, CT 1365 Post Road, East		Houston, TX 4066 Westheimer Rd.
Miami Beach, FL 1108 Lincoln Rd.		Salt Lake City, UT 116 South Rio Grande St.
Tampa, FL 705 South Dakota Ave.		Seattle, WA 2520 N.E. University Village, #120
West Palm Beach, FL 700 South Rosemary Ave.		Seattle, WA 1509 5th Avenue
Atlanta, GA 3191 Peachtree Road, N.E.		



COMPANY INFORMATION

EXECUTIVE OFFICERS

Glen A. Bodry
General Counsel and Secretary

Kenneth R. Bull
Treasurer

Stephen A. Feldman
Chief Financial Officer

David C. Frankel
President, Free People

Richard A. Hayne
Chairman of the Board of Directors
and President

Tedford G. Marlow
President, Urban Retail

Glen T. Senk
President, Anthropologie, Inc.

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Joel S. Lawson III
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M&A International Inc.

Barton M. Sapiro
Consultant

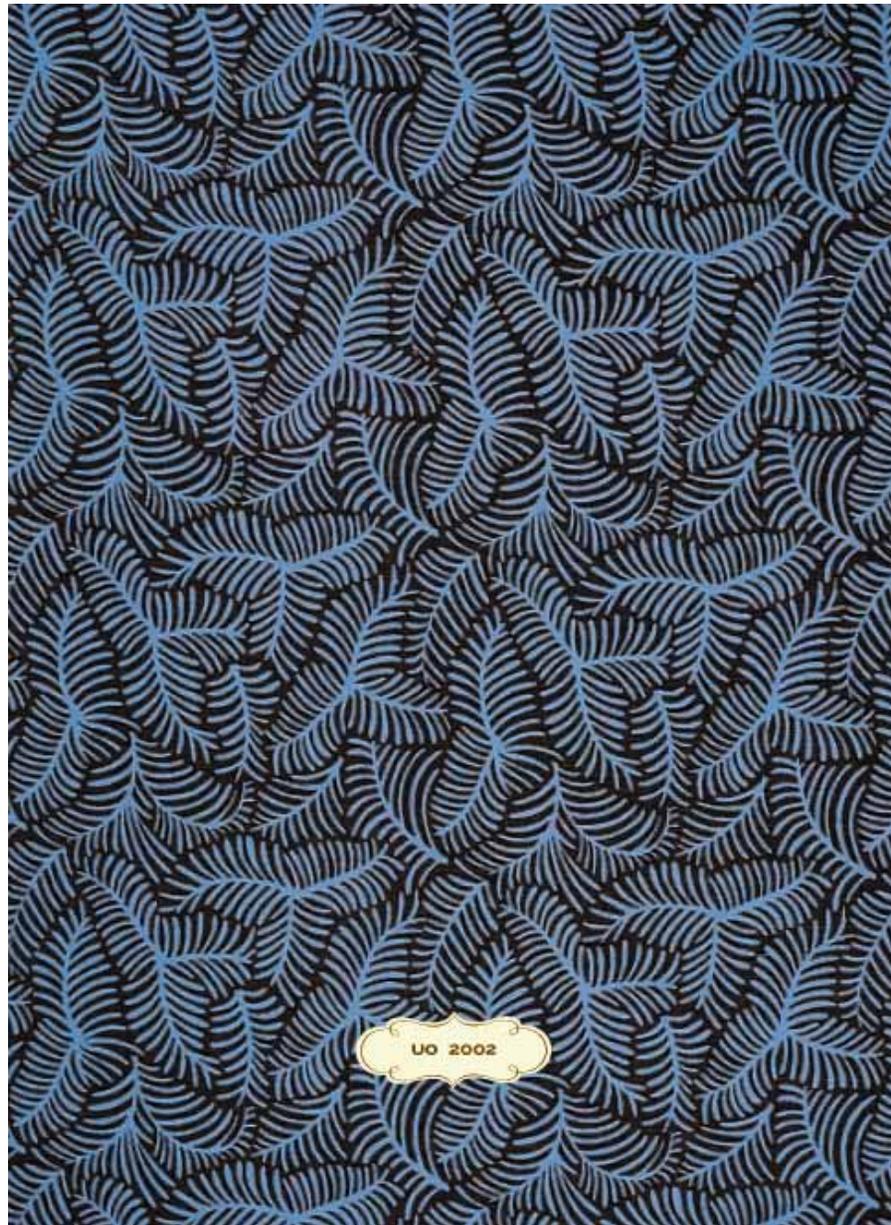
HOME OFFICES

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ANTHROPOLOGIE, INC.
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Philadelphia, PA 19103
215.564.2313

Please visit Urban Outfitters online at
WWW.URBN.COM

To request a catalog or order online, please visit
WWW.ANTHROPOLOGIE.COM



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