SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended July 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number 0-16999

Urban Outfitters, Inc.
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-2003332
(State or Other Jurisdiction of Incorporation of Organization)	(I.R.S. Employer Identification No.)

1809 Walnut Street, Philadelphia, PA	19103
(Address of principal executive office)	(Zip Code)

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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 ___

Title of Each Class of Common Stock	Number of Shares Outstanding at September 14, 2001
Common Shares, par value, $.0001 per share	17,263,486

INDEX

URBAN OUTFITTERS, INC

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(Unaudited)

	July 31, 2001	January 31 2001	July 31, 2000
ASSETS			
Current assets:			
Cash and cash equivalents	$ 10,633	$ 16,286	$ 6,846
Marketable securities	339	314	8,319
Accounts receivable, net of allowance for doubtful accounts of $512, $500, and $509, respectively	5,526	3,444	5,922
Inventories	47,446	34,786	41,548
Prepaid expenses and other current assets	8,552	10,143	7,841
Total current assets	72,496	64,973	70,476
Property and equipment, net	103,045	97,901	84,105
Other assets	6,135	5,842	5,946
	$ 181,676	$ 168,716	$ 160,527
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 26,360	$ 19,387	$ 22,421
Accrued expenses and other current liabilities	14,718	13,931	9,280
Total current liabilities	41,078	33,318	31,701
Deferred rent	6,911	5,786	5,040
Total liabilities	47,989	39,104	36,741
Commitments and contingencies			
Shareholders' equity:			
Preferred shares; $.0001 par value, 10,000,000 shares authorized, none issued	-	-	-
Common shares; $.0001 par value, 50,000,000 shares authorized, 17,263,486, 17,253,486, and 17,253,486 issued and outstanding, respectively	2	2	2
Additional paid-in capital	16,367	16,268	16,268
Retained earnings	118,417	114,109	108,341
Accumulated other comprehensive loss	(1,099)	(767)	(825)
Total shareholders' equity	133,687	129,612	123,786
	$ 181,676	$ 168,716	$ 160,527

See accompanying notes

URBAN OUTFITTERS, INC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2001	2000	2001	2000
Net sales	$ 80,395	$ 66,728	$ 152,229	$ 132,678
Cost of sales, including certain buying, distribution and occupancy costs	54,451	46,880	104,725	89,563
Gross profit	25,944	19,848	47,504	43,115
Selling, general and administrative expenses	20,497	16,838	40,009	35,093
Income from operations	5,447	3,010	7,495	8,022
Other income (expense), net	(141)	(41)	(254)	59
Income before income taxes	5,306	2,969	7,241	8,081
Income tax expense	2,149	1,232	2,933	3,354
Net income	$ 3,157	$ 1,737	$ 4,308	$ 4,727
Net income per common share:				
Basic	$ 0.18	$ 0.10	$ 0.25	$ 0.27
Diluted	$ 0.18	$ 0.10	$ 0.25	$ 0.27
Weighted average common shares outstanding:				
Basic	17,260,798	17,253,486	17,257,222	17,260,805
Diluted	17,338,819	17,254,799	17,308,818	17,269,745

See accompanying notes

URBAN OUTFITTERS, INC

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands, except share data)
(Unaudited)

	Comprehensive Income		Common Shares					
	Quarter	Year-to-Date	Number of Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balances at February 1, 2001			17,253,486	$ 2	$ 16,268	$ 114,109	$ (767)	$ 129,612
Net Income	$ 3,157	$ 4,308				4,308		4,308
Foreign currency translation adjustments, net	(87)	(357)					(357)	(357)
Change in unrealized net losses on marketable securities	7	25					25	25
Comprehensive income	$ 3,077	$ 3,976						
Exercise of stock options			10,000		99			99
Balances at July 31, 2001			17,263,486	$ 2	$ 16,367	$ 118,417	$ (1,099)	$ 133,687
Balances at February 1, 2000			17,358,186	$ 2	$ 17,680	$ 103,614	$ (380)	$ 120,916
Net Income	$ 1,737	$ 4,727				4,727		4,727
Foreign currency translation adjustments, net	(221)	(356)					(356)	(356)
Change in unrealized net losses on marketable securities	(89)	(89)					(89)	(89)
Comprehensive income	$ 1,427	$ 4,282						
Purchases and retirements of common shares			(104,700)		(1,412)			(1,412)
Balances at July 31, 2000			17,253,486	$ 2	$ 16,268	$ 108,341	$ (825)	$ 123,786

See accompanying notes

URBAN OUTFITTERS, INC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Six Months Ended July 31,	
	2001	2000
Cash flows from operating activities:		
Net income	$ 4,308	$ 4,727
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,412	5,347
Changes in assets and liabilities:		
Increase in receivables	(2,087)	(1,097)
Increase in inventories	(12,696)	(14,680)
Decrease in prepaid expenses and other assets	1,272	2,604
Increase in payables, accrued expenses and other liabilities	8,958	4,156
Net cash provided by operating activities	7,167	1,057
Cash flows from investing activities:		
Capital expenditures	(12,820)	(16,481)
Purchases of marketable securities	-	(500)
Sales and maturities of marketable securities	-	11,811
Net cash used in investing activities	(12,820)	(5,170)
Cash flows from financing activities:		
Exercise of stock options	99	-
Purchases and retirement of common stock	-	(1,412)
Net cash provided by (used in) financing activities	99	(1,412)
Effect of exchange rate changes on cash and cash equivalents	(99)	(356)
Decrease in cash and cash equivalents	(5,653)	(5,881)
Cash and cash equivalents at beginning of period	16,286	12,727
Cash and cash equivalents at end of period	$ 10,633	$ 6,846

See accompanying notes

URBAN OUTFITTERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for the three and six months ended July 31, 2001 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2001, filed with the Securities and Exchange Commission on April 16, 2001.

Certain prior period amounts have been reclassified to conform to the current year's presentation.

2. Marketable Securities

Marketable securities are classified as follows:

	July 31, 2001	January 31, 2001	July 31, 2000
	(in thousands)		
Current			
Available-for-sale	$ 339	$ 314	$ 8,319
Total marketable securities	$ 339	$ 314	$ 8,319

The difference between the fair market value and amortized cost of marketable securities is not material.

3. Net Income Per Share

The difference between the number of weighted average common shares outstanding used for basic net income per share and the number used for dilutive net income per share represents the share effect of dilutive stock options.

Options to purchase 1,361,700 and 1,031,000 shares were outstanding at July 31, 2001 and 2000, respectively, but were not included in the computation of EPS because their effect would be antidilutive.

4. Segment Reporting

Urban Outfitters is a national retailer of lifestyle-oriented general merchandise through 77 stores operating under the retail names "Urban Outfitters" and "Anthropologie," and through a catalog and two web sites. Sales from this retail segment account for over 90% of total consolidated sales for the fiscal year ended January 31, 2001. The remainder is derived from a wholesale division that manufactures and distributes apparel to the retail segment and to approximately 1,300 better specialty stores worldwide.

The Company has aggregated its operations into these two reportable segments based upon their unique management, customer base and economic characteristics. Reporting in this format provides management with the financial information necessary to evaluate the success of the segments and the overall business. The Company evaluates the performance of the segments based on the net sales and pre-tax income from operations (excluding intercompany royalty and interest charges) of the segment. Corporate expenses include expenses incurred in and directed by the corporate office that are not allocated to segments. The principal identifiable assets for each operating segment are inventory and fixed assets. Other assets are comprised primarily of general corporate assets, which principally consist of cash and cash equivalents, marketable securities, accounts receivable and other assets. The Company accounts for intersegment sales and transfers as if the sales and transfers were made to third parties making similar volume purchases.

Both the retail and wholesale segment are highly diversified. No customer comprises more than 10% of sales. Foreign operations are not material relative to the overall Company.

	Three months ended July 31,		Six months ended July 31,	
	2001	2000	2001	2000
Net Sales				
Retail operations	$ 75,790	$ 61,681	$ 143,218	$ 121,287
Wholesale operations	6,620	6,264	11,860	13,754
Intersegment elimination	(2,015)	(1,217)	(2,849)	(2,363)
Total net sales	$ 80,395	$ 66,728	$ 152,229	$ 132,678
Income from operations				
Retail operations	$ 5,686	$ 2,507	$ 8,569	$ 6,695
Wholesale operations	1,087	1,321	1,043	2,958
Intersegment elimination	(445)	(258)	(609)	(520)
Total segment operating income	6,328	3,570	9,003	9,133
General corporate expenses	(881)	(560)	(1,508)	(1,111)
Total income from operations	$ 5,447	$ 3,010	$ 7,495	$ 8,022

	July 31, 2001	January 31, 2001	July 31, 2000
Property and equipment, net			
Retail operations	$102,112	$ 96,890	$ 83,067
Wholesale operations	932	1,010	1,037
Corporate	1	1	1
Total property and equipment, net	$103,045	$ 97,901	$ 84,105
Inventories			
Retail operations	$ 43,232	$ 31,845	$ 38,983
Wholesale operations	4,214	2,941	2,565
Total inventories	$ 47,446	$ 34,786	$ 41,548

5. Common Stock Purchase and Retirement

In February 2000, the Company purchased and retired 104,700 shares of its common stock at a cost of $1.4 million, in open market transactions, pursuant to a Board resolution adopted in January 2000. This resolution authorizes the Company to purchase up to 1,000,000 shares of the Company's common stock, from time-to-time, based on prevailing market conditions. As of July 31, 2001, up to 880,500 additional shares are authorized for purchase under the January 2000 buy-back plan.

6. Recent Accounting Pronouncements

In July 2000, the Emerging Issues Task Force issued No. 00-10, "Accounting for Shipping and Handling Fees and Costs" ("EITF 00-10"). Under the provisions of EITF 00-10, amounts billed to a customer in a sale transaction related to shipping and handling should be classified as revenue. As required, the Company adopted EITF 00-10 in its consolidated financial statements during the fourth quarter of Fiscal 2001 and has restated all comparative prior period financial statements.

In its financial statements, the Company includes shipping and handling revenues in net sales and shipping and handling costs in cost of sales. Previously, the Company had offset shipping and handling revenues earned from its direct response (catalog and e-commerce) activities against shipping and handling costs incurred within cost of sales. Additionally, revenues earned from delivery transactions generated by retail stores were offset against store level costs within selling, general and administrative expenses. The Company's shipping and handling revenues consist of amounts billed to customers for shipping and handling merchandise. Shipping and handling costs include shipping supplies, related labor costs and third-party shipping costs.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which is required to be adopted in Fiscal 2002. The Company currently enters into short-term foreign currency forward exchange contracts to manage exposures related to its Canadian dollar denominated investments and anticipated cash flow. The amounts of the contracts and related gains and losses have not been material. The adoption of SFAS No. 133 on February 1, 2001 did not have a significant effect on the financial position or results of operations of the Company.

7. Commitments and Contingencies

The Company is party to various legal proceedings arising from normal business activities. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

8. Subsequent Events

On September 12, 2001, the Company entered into a new $25 million line of credit facility with one of its banks. The new credit facility, which replaces the Company's former $16.2 million discretionary line of credit with the bank, is a one-year committed line of credit to fund working capital requirements and letters of credit. The new line of credit contains sublimits for letters of credit and European subsidiary borrowings. Cash advances bear interest at LIBOR plus 1.25% to LIBOR plus 1.75% based on the Company's achievement of prescribed adjusted debt ratios. The agreement subjects the Company to various restrictive covenants, including maintenance of certain financial ratios such as a fixed charge coverage ratio, adjusted debt ratio and minimum tangible net worth and limits the Company's capital expenditures and share repurchases while prohibiting the payments of cash dividends on common stock. The Company also continues to maintain an additional $10 million discretionary line of credit with another bank, which expires on December 31, 2001. Combined line of credit facilities now aggregate $35 million to facilitate letter of credit transactions and cash borrowings. As of and during the six months ended July 31, 2001, there were no borrowings. Outstanding letters of credit totaled $11.2 million, $8.0 million and $11.6 million at July 31, 2001, January 31, 2001 and July 31, 2000, respectively. The fair value of these letters of credit is estimated to be the same as the contract values.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

GENERAL

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

Thus far this fiscal year, the Company has opened six new Urban Retail stores and three new Anthropologie stores. Management plans to open approximately two or three additional stores during the fiscal year.

RESULTS OF OPERATIONS

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 "Fiscal 2002" ("FY 2002") will end on January 31, 2002. This discussion of results of operations addresses the second quarter and first six months of FY 2002 and FY 2001.

The following table sets forth, for the periods indicated, the percentage of the Company's net sales represented by certain income statement data. The following discussion should be read in conjunction with the table that follows:

	Three months ended July 31,		Six months ended July 31,	
	2001	2000	2001	2000
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales, including certain buying, Distribution and occupancy costs	67.7 %	70.3%	68.8 %	67.5%
Gross profit	32.3 %	29.7%	31.2 %	32.5%
Selling, general and administrative expenses	25.5 %	25.2%	26.3 %	26.4%
Income from operations	6.8 %	4.5%	4.9 %	6.1%
Other income (expense), net	(0.2%)	(0.1%)	(0.2%)	0.1%
Income before income taxes	6.6 %	4.4%	4.7 %	6.2%
Income tax expense	2.7 %	1.8%	1.9 %	2.6%
Net income	3.9 %	2.6%	2.8 %	3.6%

THREE MONTHS ENDED JULY 31, 2001 COMPARED TO THREE MONTHS ENDED JULY 31, 2000

Net sales increased during the second quarter ended July 31, 2001 to $80.4 million, up 20.5% from $66.7 million for the same quarter last year. The $13.7 million increase over the prior year's second quarter was primarily the result of new and noncomparable store sales increases of $11.6 million, comparable store sales increases of $1.6 million or 2.8%

and direct response sales increases of $0.9 million or 26.5%. These increases were offset by a Wholesale segment sales decrease of $0.4 million or 8.8%. The 2.8% increase in comparable store sales was the direct result of strengthened customer response to the Company's fashion offerings, especially in the women's apparel and accessory categories. Direct response sales increased as a result of an increase in sales generated by the Urban web site, which launched in May of last year, and increased response to the Anthropologie catalog and web site. The decline in Wholesale sales as compared to last year was due to a decrease in sales of Summer goods which more than offset an increase in sales of Fall goods.

The Company's gross profit margin, expressed as a percentage of sales, increased to 32.3% from 29.7% for the comparable period last year. Decreased markdown requirements at the retail stores resulted in a 330 basis point improvement in gross profit margin. This improvement more than offset the increase in occupancy costs attributable to the impact of noncomparable and new stores.

Selling, general and administrative expenses, expressed as a percentage of sales, remained relatively flat for the quarter ended July 31, 2001 versus the same quarter last year as improvements in comparable store and direct response operating expenses were offset by the higher costs of noncomparable and new stores.

Net income for the quarter ended July 31, 2001 increased by 82.0% to $3.2 million versus $1.7 million for the comparable quarter last year.

SIX MONTHS ENDED JULY 31, 2001 COMPARED TO THE SIX MONTHS ENDED JULY 31, 2000

Net sales increased during the six months ended July 31, 2001 to $152.2 million, up 14.7% from $132.7 million for the same period last year. The $19.5 million increase over the prior year's first six months was the result of new and noncomparable store sales increases of $21.3 million and direct response sales increases of $1.5 million or 17.0%. These increases more than offset the 1.0% comparable store sales decrease of $0.9 million and the 20.9% decrease in Wholesale segment sales of $2.4 million. The 1.0% comparable store sales decrease was attributable to a more modest response to the Company's Spring lines versus the same period in the prior year. Direct response sales increased as a result of an increase in response to the Anthropologie catalog and web site and the Urban web site, which launched in May of last year. The decline in Wholesale sales was attributable to lower sales of Spring and Summer goods due to a lackluster response to the Company's fashion offerings and production problems with the Spring line, offset, in part, by an increase in Fall shipments compared to last year.

The Company's gross profit margin for the six months ended July 31, 2001, expressed as a percentage of sales, decreased to 31.2% from 32.5% for the comparable period last year. This decrease was primarily attributable to the impact of noncomparable and new store occupancy costs which more than offset improvements in margin related to a reduction in clearance markdowns at the retail stores.

Selling, general and administrative expenses, expressed as a percentage of sales, remained relatively flat for the first six months ended July 31, 2001 versus the comparable period last year. The Company's cost control efforts continued to reduce operating expense levels which helped to offset the impact of increased costs for new and noncomparable stores.

Net income for the six months ended July 31, 2001 decreased by 8.9% to $4.3 million versus $4.7 million for the comparable period last year.

LIQUIDITY AND CAPITAL RESOURCES

Cash, cash equivalents and marketable securities were $11.0 million at July 31, 2001, as compared to $16.6 million at January 31, 2001 and $15.2 million at July 31, 2000. The Company's net working capital was $31.4 million at July 31, 2001, as compared to $31.7 million at January 31, 2001 and $38.8 million at July 31, 2000. The decrease in cash, cash equivalents and marketable securities at July 31, 2001 from year end principally reflects the increase in funding

FY 2002's capital expenditures, primarily for new store construction and purchases of inventories for new stores. Cash requirements for these activities more than offset other cash generated from operations.

Total inventories at July 31, 2001 increased by $5.9 million or 14.2% versus the comparable period end last year, principally attributable to the increase in the number of retail stores. Comparable in-store inventories, reflecting a lower level of carryover goods, decreased by 5.0% versus the prior year. Wholesale inventories increased primarily due to earlier receipts of Fall merchandise.

Management expects that capital expenditures for the current year will be approximately $27.5 million. Existing cash and investments at July 31, 2001, together with cash from future operations and available credit under the Company's line of credit facilities are expected to be sufficient to meet the Company's cash needs through January 31, 2003.

Accrued expenses and other current liabilities increased to $14.7 million as of July 31, 2001 from $9.3 million at July 31, 2000. The increase in the components of accrued expenses and other current liabilities (which includes accrued incentive and other compensation, accrued benefits and accrued income taxes) is primarily attributable to additional stores and incentive compensation accruals associated with improved profitability.

On September 12, 2001, the Company entered into a new $25 million line of credit facility with one of its banks. The new credit facility, which replaces the Company's former $16.2 million discretionary line of credit with the bank, is a one-year committed line of credit to fund working capital requirements and letters of credit. The new line of credit contains sublimits for letters of credit and European subsidiary borrowings. Cash advances bear interest at LIBOR plus 1.25% to LIBOR plus 1.75% based on the Company's achievement of prescribed adjusted debt ratios. The agreement subjects the Company to various restrictive covenants, including maintenance of certain financial ratios such as a fixed charge coverage ratio, adjusted debt ratio and minimum tangible net worth and limits the Company's capital expenditures and share repurchases while prohibiting the payments of cash dividends on common stock. The Company also continues to maintain an additional $10 million discretionary line of credit with another bank, which expires on December 31, 2001. Combined line of credit facilities now aggregate $35 million to facilitate letter of credit transactions and cash borrowings. As of and during the six months ended July 31, 2001, there were no borrowings. Outstanding letters of credit totaled $11.2 million, $8.0 million and $11.6 million at July 31, 2001, January 31, 2001 and July 31, 2000, respectively. The fair value of these letters of credit is estimated to be the same as the contract values.

OTHER MATTERS

Subsequent Events

On September 11, 2001, acts of terrorism occurred in the United States. As a result of these events, a majority of the Company's retail stores either did not open or were closed early on that day. As of September 14, 2001, the date of the filing of this Form 10-Q, five out of the Company's seven stores located in New York City remain temporarily closed. Management of the Company is not aware of any physical damage to its stores and believes that the remaining unopened stores will be allowed to open for operations shortly. These closings have adversely affected the Company's sales. Management of the Company is unable to determine the long-term impact, if any, of these events on the Company's sales.

Recent Accounting Pronouncements

In July 2000, the Emerging Issues Task Force issued No. 00-10, "Accounting for Shipping and Handling Fees and Costs" ("EITF 00-10"). Under the provisions of EITF 00-10, amounts billed to a customer in a sale transaction related to shipping and handling should be classified as revenue. As required, the Company adopted EITF 00-10 in its consolidated financial statements during the fourth quarter of Fiscal 2001 and has restated all comparative prior period financial statements.

In its financial statements, the Company includes shipping and handling revenues in net sales and shipping and handling costs in cost of sales. Previously, the Company had offset shipping and handling revenues earned from its direct response (catalog and e-commerce) activities against shipping and handling costs incurred within cost of sales. Additionally, revenues earned from delivery transactions generated by retail stores were offset against store level costs within selling, general and administrative expenses. The Company's shipping and handling revenues consist of amounts billed to customers for shipping and handling merchandise. Shipping and handling costs include shipping supplies, related labor costs and third-party shipping costs.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), which is required to be adopted in Fiscal 2002. The Company currently enters into short-term foreign currency forward exchange contracts to manage exposures related to its Canadian dollar denominated investments and anticipated cash flow. The amounts of the contracts and related gains and losses have not been material. The adoption of SFAS No. 133 on February 1, 2001 did not have a significant effect on the financial position or results of operations of the Company.

Seasonality and Quarterly Results

While Urban Outfitters has been profitable in each of its last 46 operating quarters, its operating results are subject to seasonal fluctuations. 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 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.

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 or by the size and timing of mailings and web site traffic for the Company's direct response operations. Fluctuations in the bookings and shipments of Wholesale merchandise between quarters can also have positive or negative effects on earnings during the quarters.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company is exposed to the following types of market risks - fluctuations in the purchase price of merchandise, as well as other goods and services; the value of foreign currencies in relation to the U.S. dollar; and changes in interest rates. Due to the Company's inventory turn and its historical ability to pass through the impact of any generalized changes in its cost of goods to its customers through pricing adjustments, commodity and other product risks are not expected to be material. The Company purchases substantially all its merchandise in U.S. dollars, including a portion of the goods for its stores located in Canada and Europe. As explained in the section above on "Recent Accounting Pronouncements," market risks are further limited by the Company's purchase of foreign currency forward exchange contracts.

Since the Company has not been a borrower thus far this year, its exposure to interest rate fluctuations has been limited to the impact on its holdings. The impact of a hypothetical two percent increase or decrease in prevailing interest rates would not materially affect the Company's consolidated financial position or results of operations.

PART II

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) Reports on Form 8-K: None

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

URBAN OUTFITTERS, INC.
(Registrant)

By: /s/ Richard A. Hayne

Richard A. Hayne
Chairman of the Board of Directors

By: /s/ Stephen A. Feldman

Stephen A. Feldman
Chief Financial Officer

Dated: September 14, 2001