

URBAN OUTFITTERS INC  
Form 10-Q  
December 12, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**FORM 10-Q**

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

**For the Quarterly Period Ended October 31, 2016**

**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 No. 000-22754**

**Urban Outfitters, Inc.**

**(Exact Name of Registrant as Specified in Its Charter)**

<b>Pennsylvania</b> <b>(State or Other Jurisdiction of</b>	<b>23-2003332</b> <b>(I.R.S. Employer</b>
<b>Incorporation or Organization)</b>	<b>Identification No.)</b>
<b>5000 South Broad Street, Philadelphia, PA</b> <b>(Address of Principal Executive Offices)</b>	<b>19112-1495</b> <b>(Zip Code)</b>
<b>Registrant's telephone number, including area code: (215) 454-5500</b>	

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common shares, \$0.0001 par value 116,233,781 shares outstanding on December 5, 2016.

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(amounts in thousands, except share data)

(unaudited)

	October 31, 2016	January 31, 2016	October 31, 2015
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 234,886	\$ 265,276	\$ 149,597
Marketable securities	24,644	61,061	69,545
Accounts receivable, net of allowance for doubtful accounts of \$568, \$664 and \$675, respectively	68,896	75,723	68,332
Inventory	453,826	330,223	441,550
Prepaid expenses, deferred taxes and other current assets	107,767	102,078	118,202
Total current assets	890,019	834,361	847,226
Property and equipment, net	872,309	863,137	891,871
Marketable securities	5,605	36,600	54,138
Deferred income taxes and other assets	117,258	99,203	83,300
Total Assets	\$ 1,885,191	\$ 1,833,301	\$ 1,876,535
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 199,421	\$ 118,035	\$ 190,542
Accrued expenses, accrued compensation and other current liabilities	205,812	211,196	187,345
Total current liabilities	405,233	329,231	377,887
Long-term debt		150,000	115,000
Deferred rent and other liabilities	232,325	216,843	211,979
Total Liabilities	637,558	696,074	704,866
Commitments and contingencies (see Note 11)			

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Shareholders' equity:

Preferred shares; \$.0001 par value, 10,000,000 shares authorized, none issued			
Common shares; \$.0001 par value, 200,000,000 shares authorized, 116,233,584, 117,321,120 and 121,545,740 shares issued and outstanding, respectively	12	12	12
Additional paid-in-capital			
Retained earnings	1,285,268	1,160,666	1,184,308
Accumulated other comprehensive loss	(37,647)	(23,451)	(12,651)
Total Shareholders' Equity	1,247,633	1,137,227	1,171,669
Total Liabilities and Shareholders' Equity	\$ 1,885,191	\$ 1,833,301	\$ 1,876,535

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## URBAN OUTFITTERS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except share and per share data)

(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
Net sales	\$ 862,491	\$ 825,258	\$ 2,515,636	\$ 2,431,728
Cost of sales	562,594	537,070	1,611,337	1,579,014
Gross profit	299,897	288,188	904,299	852,714
Selling, general and administrative expenses	229,592	207,863	665,299	615,584
Income from operations	70,305	80,325	239,000	237,130
Other income (expense), net	854	63	348	(2,654)
Income before income taxes	71,159	80,388	239,348	234,476
Income tax expense	23,804	28,394	85,516	82,865
Net income	\$ 47,355	\$ 51,994	\$ 153,832	\$ 151,611
Net income per common share:				
Basic	\$ 0.41	\$ 0.42	\$ 1.31	\$ 1.19
Diluted	\$ 0.40	\$ 0.42	\$ 1.31	\$ 1.18
Weighted-average common shares outstanding:				
Basic	116,829,912	123,442,931	117,087,696	127,478,092
Diluted	117,393,710	123,725,581	117,453,005	128,506,955

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**URBAN OUTFITTERS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(amounts in thousands)****(unaudited)**

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net income.	\$ 47,355	\$ 51,994	\$ 153,832	\$ 151,611
Other comprehensive (loss) income:				
Foreign currency translation	(10,665)	(2,688)	(14,141)	2,810
Change in unrealized (losses) gains on marketable securities, net of tax	(55)	29	(55)	(34)
Total other comprehensive (loss) income	(10,720)	(2,659)	(14,196)	2,776
Comprehensive income	\$ 36,635	\$ 49,335	\$ 139,636	\$ 154,387

The accompanying notes are an integral part of these condensed consolidated financial statements.

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## URBAN OUTFITTERS, INC.

## CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

(amounts in thousands, except share data)

(unaudited)

	Common Shares			Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Number of Shares	Par Value	Additional Paid-in Capital			
Balances as of January 31, 2016	117,321,120	\$ 12	\$	\$ 1,160,666	\$ (23,451)	\$ 1,137,227
Comprehensive income				153,832	(14,196)	139,636
Share-based compensation			20,032			20,032
Stock options and awards	292,847		4,096			4,096
Excess tax deficiencies from share-based awards, net			(5,522)			(5,522)
Share repurchases	(1,380,383)		(18,606)	(29,230)		(47,836)
Balances as of October 31, 2016	116,233,584	\$ 12	\$	\$ 1,285,268	\$ (37,647)	\$ 1,247,633

The accompanying notes are an integral part of these condensed consolidated financial statements.



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## URBAN OUTFITTERS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)

(unaudited)

	Nine Months Ended October 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 153,832	\$ 151,611
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	101,181	106,751
(Benefit) provision for deferred income taxes	(11,087)	448
Excess tax benefits from share-based awards	(333)	(6,419)
Share-based compensation expense	20,032	12,141
Loss on disposition of property and equipment, net	2,801	910
Changes in assets and liabilities:		
Receivables	6,261	(6,217)
Inventory	(126,934)	(82,780)
Prepaid expenses and other assets	(7,331)	19,972
Payables, accrued expenses and other liabilities	90,592	32,188
Net cash provided by operating activities	229,014	228,605
Cash flows from investing activities:		
Cash paid for property and equipment	(112,069)	(109,128)
Cash paid for marketable securities	(152,340)	(213,423)
Sales and maturities of marketable securities	218,400	296,172
Acquisition of business	(15,325)	
Net cash used in investing activities	(61,334)	(26,379)
Cash flows from financing activities:		
Borrowings under long-term debt		191,612
Repayments of long-term debt	(150,000)	(76,612)
Proceeds from the exercise of stock options	4,096	46,400
Excess tax benefits from share-based awards	333	6,419
Share repurchases related to share repurchase program	(45,787)	(365,527)
Share repurchases related to taxes for share-based awards	(2,049)	(10,119)
Net cash used in financing activities	(193,407)	(207,827)
Effect of exchange rate changes on cash and cash equivalents	(4,663)	640

Decrease in cash and cash equivalents	(30,390)	(4,961)
Cash and cash equivalents at beginning of period	265,276	154,558
Cash and cash equivalents at end of period	\$ 234,886	\$ 149,597
<b>Supplemental cash flow information:</b>		
Cash paid during the period for:		
Income taxes	\$ 85,179	\$ 60,521
Non-cash investing activities Accrued capital expenditures	\$ 16,012	\$ 14,596

The accompanying notes are an integral part of these condensed consolidated financial statements.

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**URBAN OUTFITTERS, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(dollars in thousands, except share and per share data)**

**(unaudited)**

**1. Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States ( U.S. GAAP ) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These condensed financial statements should be read in conjunction with Urban Outfitters, Inc. s (the Company s ) Annual Report on Form 10-K for the fiscal year ended January 31, 2016, filed with the United States Securities and Exchange Commission on March 31, 2016.

The Company s business experiences seasonal fluctuations and realizes greater net sales and operating income in the fourth quarter of each year reflecting the year-end holiday period. Historically, and consistent with the retail industry, this seasonality also impacts our working capital requirements, particularly with regard to inventory. Accordingly, the results of operations for the three and nine months ended October 31, 2016 are not necessarily indicative of the results to be expected for the full year.

The Company s fiscal year ends on January 31. All references in these notes to the Company s fiscal years refer to the fiscal years ended on January 31 in those years. For example, the Company s fiscal year 2017 will end on January 31, 2017.

**2. Recently Issued Accounting Pronouncements**

In October 2016, the Financial Accounting Standards Board ( FASB ) issued an accounting standards update that amends the existing guidance on the income tax effects of intra-entity asset transfers with the exception of transfers of inventory. The update requires the recognition of tax expense when an intra-entity asset transfer occurs as opposed to being deferred under the existing guidance. The update will be effective for the Company on February 1, 2018 and early adoption is permitted in the first interim period of a fiscal year. The update requires a modified retrospective transition approach, with a cumulative-effect adjustment to retained earnings. The Company is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued an accounting standards update that introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. This includes loan commitments, accounts receivable, trade receivables, and certain off-balance sheet credit exposures. The guidance also modifies the impairment model for available-for-sale debt securities. The update will be effective for the Company on February 1, 2020 and early adoption is permitted. The Company is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

In March 2016, the FASB issued an accounting standards update that makes several modifications to the accounting for employee share-based payment transactions, including the requirement to recognize excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement rather than in additional-paid-in capital. The

guidance also clarifies the classification of components of share-based awards on the statement of cash flows. The update will be effective for the Company on February 1, 2017 and early adoption is permitted. The Company is currently assessing the potential effects this update may have on its consolidated financial statements and related disclosures.

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In February 2016, the FASB issued an accounting standards update that amends the existing accounting standards for lease accounting. This update requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Lessees are permitted to make an accounting policy election to not recognize the asset and liability for leases with a term of twelve months or less. The update will be effective for the Company on February 1, 2019 and early adoption is permitted. The update requires a modified retrospective transition approach, which includes a number of practical expedients. While the Company expects adoption to result in a significant increase in the assets and liabilities recorded on its balance sheet, the Company is currently assessing the overall impact on its consolidated financial statements and related disclosures.

In July 2015, the FASB issued an accounting standards update that clarifies the measurement of inventory. The update applies to entities which utilize the first-in, first-out ( FIFO ) and average cost methods of measuring inventory and states that an entity should measure inventory at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less costs associated with completion, disposal and transportation. The update will be effective for the Company on February 1, 2017 and early adoption is permitted. The update is to be adopted on a prospective basis. The Company has performed an assessment of its inventory measurement process and determined that the effects of this update will be immaterial to its consolidated financial statements and related disclosures.

In May 2014, the FASB issued an accounting standards update that clarifies the principles for recognizing revenue from contracts with customers. The update outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The update states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Entities are required to apply the following steps when recognizing revenue under the update: (1) identify the contract(s) with a customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The update allows for a full retrospective adoption, meaning the update is applied to all periods presented, or a modified retrospective adoption, meaning the update is applied only to the most current periods presented in the financial statements. In August 2015, the FASB issued an accounting standards update which approved a one-year deferral of the effective date that allows the Company to defer the effective date to February 1, 2018, but still permits the Company to adopt the update as of the original February 1, 2017 effective date. The Company is currently evaluating the adoption method to apply and the impact that the update will have on its consolidated financial statements and related disclosures.

**3. Acquisition**

On February 1, 2016, the Company acquired certain assets of the Vetri Family group of restaurants, headquartered in Philadelphia, PA, for a total aggregate purchase price of approximately \$18,937, of which \$15,325 was paid in cash, \$2,687 was satisfied through the settlement of a note receivable and up to an additional \$925 that will be paid in cash in the fourth quarter of fiscal 2017. No liabilities were assumed. Pro forma information related to this acquisition is not included because the impact on the Company's Condensed Consolidated Statements of Income is not considered to be material.

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During all periods shown, marketable securities are classified as available-for-sale. The amortized cost, gross unrealized gains (losses) and fair value of available-for-sale securities by major security type and class of security as of October 31, 2016, January 31, 2016 and October 31, 2015 were as follows:

	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
<b>As of October 31, 2016</b>				
Short-term Investments:				
Corporate bonds	\$ 17,809	\$ 1	\$ (19)	\$ 17,791
Municipal and pre-refunded municipal bonds	6,859		(6)	6,853
Certificates of deposit				
	24,668	1	(25)	24,644
Long-term Investments:				
Corporate bonds	222	1		223
Municipal and pre-refunded municipal bonds	307			307
Mutual funds, held in rabbi trust	4,544		(97)	4,447
Certificates of deposit	628			628
	5,701	1	(97)	5,605
	\$ 30,369	\$ 2	\$ (122)	\$ 30,249

	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
<b>As of January 31, 2016</b>				
Short-term Investments:				
Corporate bonds	\$ 33,885	\$ 10	\$ (25)	\$ 33,870
Municipal and pre-refunded municipal bonds	26,243	33		26,276
Certificates of deposit	915			915
	61,043	43	(25)	61,061
Long-term Investments:				
Corporate bonds	12,227	9	(35)	12,201
Municipal and pre-refunded municipal bonds	18,028	58	(2)	18,084
Mutual funds, held in rabbi trust	4,604	6	(247)	4,363
Certificates of deposit	1,952			1,952
	36,811	73	(284)	36,600

\$ 97,854	\$ 116	\$ (309)	\$ 97,661
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	Amortized Cost	Unrealized Gains	Unrealized (Losses)	Fair Value
<b>As of October 31, 2015</b>				
Short-term Investments:				
Corporate bonds	\$ 37,260	\$ 4	\$ (45)	\$ 37,219
Municipal and pre-refunded municipal bonds	31,100	46	(1)	31,145
Certificates of deposit	1,181			1,181
	69,541	50	(46)	69,545
Long-term Investments:				
Corporate bonds	15,210	7	(28)	15,189
Municipal and pre-refunded municipal bonds	30,265	115	(2)	30,378
Mutual funds, held in rabbi trust	4,840	272	(1)	5,111
Certificates of deposit	3,460			3,460
	53,775	394	(31)	54,138
	\$ 123,316	\$ 444	\$ (77)	\$ 123,683

Proceeds from the sales and maturities of available-for-sale securities were \$218,400 and \$296,172 for the nine months ended October 31, 2016 and 2015, respectively. The Company included in Other income (expense), net in the Condensed Consolidated Statements of Income net realized losses of \$96 and \$74 for the three and nine months ended October 31, 2016, respectively, and net realized gains of \$11 and \$53 for the three and nine months ended October 31, 2015, respectively. Amortization of discounts and premiums, net, resulted in a reduction of Other income (expense), net of \$550 and \$1,711 for the three and nine months ended October 31, 2016, and \$997 and \$3,155 for the three and nine months ended October 31, 2015, respectively. Mutual funds represent assets held in an irrevocable rabbi trust for the Company's Non-qualified Deferred Compensation Plan (NQDC). These assets are a source of funds to match the funding obligations to participants in the NQDC but are subject to the Company's general creditors. The Company elected the fair value option for financial assets for the mutual funds held in the rabbi trust resulting in all unrealized gains and losses being recorded in Other income (expense), net in the Condensed Consolidated Statements of Income.

**5. Fair Value**

The Company utilizes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques (market approach, income approach and cost approach that relate to its financial assets and financial liabilities). The levels of the hierarchy are described as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.



Level 3: Unobservable inputs that reflect the Company's own assumptions.

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Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of financial assets and liabilities and their placement within the fair value hierarchy. The Company's financial assets that are accounted for at fair value on a recurring basis are presented in the tables below:

<b>Marketable Securities Fair Value as of October 31, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Corporate bonds	\$ 18,014	\$	\$	\$ 18,014
Municipal and pre-refunded municipal bonds		7,160		7,160
Mutual funds, held in rabbi trust	4,447			4,447
Certificates of deposit		628		628
	\$ 22,461	\$ 7,788	\$	\$ 30,249

<b>Marketable Securities Fair Value as of January 31, 2016</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Corporate bonds	\$ 46,071	\$	\$	\$ 46,071
Municipal and pre-refunded municipal bonds		44,360		44,360
Mutual funds, held in rabbi trust	4,363			4,363
Certificates of deposit		2,867		2,867
	\$ 50,434	\$ 47,227	\$	\$ 97,661

<b>Marketable Securities Fair Value as of October 31, 2015</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets:</b>				
Corporate bonds	\$ 52,408	\$	\$	\$ 52,408
Municipal and pre-refunded municipal bonds		61,523		61,523
Mutual funds, held in rabbi trust	5,111			5,111
Certificates of deposit		4,641		4,641
	\$ 57,519	\$ 66,164	\$	\$ 123,683

**Financial assets**

Level 1 assets consist of financial instruments whose value has been based on inputs that use, as their basis, readily observable market data that are actively quoted and are validated through external sources, including third-party pricing services and brokers.

Level 2 assets consist of financial instruments whose value has been based on quoted prices for similar assets and liabilities in active markets as well as quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 assets consist of financial instruments where there has been no active market. The Company held no Level 3 financial instruments as of October 31, 2016, January 31, 2016 and October 31, 2015.

The fair value of cash and cash equivalents (Level 1) approximates carrying value since cash and cash equivalents consist of short-term highly liquid investments with maturities of less than three months at the time of purchase. As of October 31, 2016 and 2015, cash and cash equivalents included cash on hand, cash in banks, money market accounts and marketable securities with maturities of less than three months at the time of purchase. The fair value of debt approximates its carrying value as it is all variable rate debt.

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### ***Non-financial assets***

The Company's non-financial assets, primarily consisting of property and equipment, are periodically tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The fair value of the non-financial assets was determined using a discounted cash flow model that utilized Level 3 inputs. The Company's stores are reviewed for impairment at the store level, which is the lowest level at which individual cash flows can be identified. In calculating future cash flows, the Company makes estimates regarding future operating results based on its experience and knowledge of the market in which the store is located. For the three and nine months ended October 31, 2016 and 2015, impairment charges were zero.

### **6. Debt**

On July 1, 2015, the Company and its domestic subsidiaries entered into a five-year asset-based revolving Credit Agreement ( "Credit Agreement" ) with certain lenders, including JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as joint lead arrangers and co-book managers.

The Credit Agreement provides senior secured revolving credit for loans and letters of credit up to \$400,000 (the "Credit Facility" ), subject to a borrowing base that is comprised of the Company's eligible accounts receivable and inventory. The Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$150,000.

The Credit Facility provides for interest on borrowings, at the Company's option, at either (i) adjusted LIBOR, CDOR or EURIBOR plus an applicable margin ranging from 1.125% to 1.625%, or (ii) an adjusted ABR plus an applicable margin ranging from 0.125% to 0.625%, each such rate based on the level of availability under the Credit Facility and the Company's adjusted leverage ratio. Interest is payable either monthly or quarterly depending on the type of borrowing. A commitment fee is payable quarterly on the unused portion of the Credit Facility based on the Company's adjusted leverage ratio.

All obligations under the Credit Facility are unconditionally guaranteed by the Company and its domestic subsidiaries. The obligations under the Credit Facility are secured by a first-priority security interest in inventory, accounts receivable, and certain other assets of the borrowers and guarantors. The Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

As of October 31, 2016, the Company was in compliance with all terms of the Credit Agreement, borrowings on the Credit Facility totaled \$0 and stand-by letters of credit outstanding were \$13,113.

Additionally, the Company has borrowing agreements with two separate financial institutions under which the Company may borrow an aggregate of \$130,000 for the purposes of trade letter of credit issuances. The availability of any future borrowings under the trade letter of credit facilities is subject to acceptance by the respective financial institutions. As of October 31, 2016, the Company had outstanding trade letters of credit of \$66,001, and available trade letters of credit of \$63,999 under these facilities.

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The Company maintains stock incentive plans pursuant to which it can grant restricted shares, unrestricted shares, incentive stock options, non-qualified stock options, restricted stock units ( RSU s ), performance stock units ( PSU s ) or stock appreciation rights ( SAR s ). A lattice binomial pricing model was used to estimate the fair values of stock options and SAR s. The fair value of each of the PSU s was determined using a Monte Carlo simulation. Share-based compensation expense included in Selling, general and administrative expenses in the Condensed Consolidated Statements of Income, for the three and nine months ended October 31, 2016 and 2015 was as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
Stock Options	\$ 245	\$ 202	\$ 757	\$ 627
Stock Appreciation Rights	60	439	179	1,389
Performance Stock Units	5,595	3,828	15,550	10,102
Restricted Stock Units	1,380		3,546	23
<b>Total</b>	<b>\$ 7,280</b>	<b>\$ 4,469</b>	<b>\$ 20,032</b>	<b>\$ 12,141</b>

Share-based awards granted and the weighted-average fair value for the nine months ended October 31, 2016 was as follows:

	Nine Months Ended October 31, 2016	
	Awards Granted	Weighted-Average Fair Value
Stock Options	140,000	\$ 7.31
Stock Appreciation Rights		\$
Performance Stock Units	410,000	\$ 27.30
Restricted Stock Units	541,500	\$ 27.94
<b>Total</b>	<b>1,091,500</b>	

During the nine months ended October 31, 2016, 177,625 stock options were exercised, 67,975 SAR s were exercised and 100,000 PSU s vested. No RSU s vested during the nine months ended October 31, 2016.

The total unrecognized compensation cost related to outstanding share-based awards and the weighted-average period in which the cost is expected to be recognized as of October 31, 2016 is as follows:

**October 31, 2016**

	<b>Unrecognized Compensation Cost</b>	<b>Weighted- Average Years</b>
Stock Options	\$ 546	0.6
Stock Appreciation Rights	199	1.0
Performance Stock Units	34,265	2.3
Restricted Stock Units	10,826	2.3
<b>Total</b>	<b>\$ 45,836</b>	<b>2.3</b>

**Table of Contents****8. Shareholders Equity**

Share repurchase activity under the Company's share repurchase programs is as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
Number of common shares repurchased and subsequently retired	1,000,000	3,699,949	1,324,700	10,737,090
Total cost	\$ 35,083	\$ 111,909	\$ 45,787	\$ 365,527
Average cost per share, including commissions	\$ 35.08	\$ 30.25	\$ 34.56	\$ 34.04

On May 27, 2014, the Company's Board of Directors authorized the repurchase of 10,000,000 common shares under a share repurchase program; all shares were repurchased and the authorization was completed by the end of June 2015. On February 23, 2015, the Company's Board of Directors authorized the repurchase of 20,000,000 common shares under a share repurchase program, of which 5,995,059 common shares were remaining as of October 31, 2016.

In addition to the shares repurchased under the share repurchase program, during the nine months ended October 31, 2016, the Company acquired and subsequently retired 55,683 common shares at a total cost of \$2,049 from employees to meet minimum statutory tax withholding requirements. During the nine months ended October 31, 2015, the Company acquired and subsequently retired 247,124 common shares at a total cost of \$10,119 from employees to meet minimum statutory tax withholding requirements.

**9. Other Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss**

The following tables present the changes in Accumulated other comprehensive income (loss), by component, net of tax, for the three and nine months ended October 31, 2016 and 2015, respectively:

	Three Months Ended October 31, 2016			Nine Months Ended October 31, 2016		
	Unrealized Gains and (Losses) on			Unrealized Gains and (Losses) on		
	Foreign Currency Translation	Available-for- Sale Securities	Total	Foreign Currency Translation	Available-for- Sale Securities	Total
Balance at beginning of period	\$ (26,955)	\$ 28	\$ (26,927)	\$ (23,479)	\$ 28	\$ (23,451)
Other comprehensive income (loss) before reclassifications	(10,665)	41	(10,624)	(14,141)	19	(14,122)
Amounts reclassified from accumulated other comprehensive income (loss)		(96)	(96)		(74)	(74)
	(10,665)	(55)	(10,720)	(14,141)	(55)	(14,196)

Net current-period other  
comprehensive income (loss)

Balance at end of period	\$ (37,620)	\$	(27)	\$ (37,647)	\$ (37,620)	\$	(27)	\$ (37,647)
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	Three Months Ended October 31, 2015			Nine Months Ended October 31, 2015		
	Unrealized Gains and (Losses) on Foreign Currency Translation			Unrealized Gains and (Losses) on Foreign Currency Translation		
	Available-for-Sale Securities	Total	Available-for-Sale Securities	Total	Available-for-Sale Securities	Total
Balance at beginning of period	\$ (10,018)	\$ 26	\$ (9,992)	\$ (15,516)	\$ 89	\$ (15,427)
Other comprehensive income (loss) before reclassifications	(2,688)	18	(2,670)	2,810	(87)	2,723
Amounts reclassified from accumulated other comprehensive income (loss)		11	11		53	53
Net current-period other comprehensive income (loss)	(2,688)	29	(2,659)	2,810	(34)	2,776
Balance at end of period .	\$ (12,706)	\$ 55	\$ (12,651)	\$ (12,706)	\$ 55	\$ (12,651)

All unrealized gains and losses on available-for-sale securities reclassified from accumulated other comprehensive loss were recorded in Other income (expense), net in the Condensed Consolidated Statements of Income.

**10. Net Income per Common Share**

The following is a reconciliation of the weighted-average common shares outstanding used for the computation of basic and diluted net income per common share:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
Basic weighted-average common shares outstanding	116,829,912	123,442,931	117,087,696	127,478,092
Effect of dilutive options, stock appreciation rights, performance stock units and restricted stock units	563,798	282,650	365,309	1,028,863
Diluted weighted-average shares outstanding	117,393,710	123,725,581	117,453,005	128,506,955

For the three months ended October 31, 2016 and 2015, awards to purchase 556,375 common shares with an exercise price range of \$35.41 to \$46.02 and 999,916 common shares with an exercise price range of \$30.50 to \$46.02, respectively, were excluded from the Company's computation of diluted weighted-average shares outstanding because their effect would have been anti-dilutive. For the nine months ended October 31, 2016 and 2015, awards to purchase 857,331 common shares with an exercise price range of \$28.10 to \$46.02 and 553,208 common shares with an exercise price range of \$30.50 to \$46.02, respectively, were excluded from the Company's computation of diluted

weighted-average shares outstanding because their effect would have been anti-dilutive.

Excluded from the calculation of diluted net income per common share as of October 31, 2016 and 2015 were 2,442,345 and 3,702,743 performance-based equity awards, respectively, since they did not meet the required performance criteria.

### **11. 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 effect on the Company's financial position or results of operations.

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**Table of Contents****12. Segment Reporting**

The Company is a portfolio of global consumer brands that offer lifestyle-oriented general merchandise and consumer products and services with two reportable segments Retail and Wholesale. The Company's Retail segment consists of the aggregation of its six brands operating under the names Anthropologie, Bhldn, Free People, Terrain, Urban Outfitters and Vetri Family. The Anthropologie, Bhldn, and Terrain brands make up the Anthropologie Group. As of October 31, 2016, there were 242 Urban Outfitters stores, 226 Anthropologie Group stores, 124 Free People stores and 12 restaurants. Urban Outfitters, the Anthropologie Group, and Free People, including their stores and direct-to-consumer channels, and restaurants are each considered an operating segment. Net sales from the Retail segment accounted for approximately 91.0% and 91.5% of total consolidated net sales for the three and nine months ended October 31, 2016, respectively. Net sales from the Retail segment accounted for approximately 92.8% and 92.4% of total consolidated net sales for the three and nine months ended October 31, 2015, respectively. The remaining net sales are derived from the Company's Wholesale segment that distributes apparel and shoes to approximately 1,800 better department and specialty retailers worldwide and to the Retail segment.

The Company has aggregated its brands into the Retail segment based upon their shared 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 charges) of the segment. Corporate expenses include expenses incurred and directed by the corporate office that are not allocated to segments. The principal identifiable assets for each reporting segment are inventory and property and equipment.

Other assets are comprised primarily of general corporate assets, which principally consist of cash and cash equivalents, marketable securities, deferred taxes and prepaid expenses, which are typically not allocated to the Company's segments. The Company accounts for intersegment sales and transfers as if the sales and transfers were made to third parties making similar volume purchases.

The Company's omni-channel strategy enhances its customers' brand experience by providing a seamless approach to the customer shopping experience. All available shopping channels are fully integrated, including stores, websites, mobile applications, catalogs and customer contact centers. The Company's investments in areas such as marketing campaigns and technology advancements are designed to generate demand for the omni-channel and not the separate store or direct-to-consumer channels. Store sales are primarily fulfilled from that store's inventory, but may also be shipped from any of the Company's fulfillment centers or from a different store location if an item is not available at the original store. Direct-to-consumer orders are primarily shipped to the Company's customers through its fulfillment centers, but may also be shipped from any store, or a combination of fulfillment centers and stores depending on the availability of a particular item. Direct-to-consumer orders may also be picked up at a store location. Customers may also return certain merchandise purchased through direct-to-consumer channels at store locations. As the Company's customers continue to shop across multiple channels, the Company has adapted its approach towards meeting this demand. Due to the availability of like product in a variety of shopping channels, the Company sources these products utilizing single stock keeping units based on the omni-channel demand rather than the demand of the separate channels. These and other technological capabilities allow the Company to better serve its customers and help it to complete a sale that otherwise may not have occurred due to out-of-stock positions. As a result of changing customer behavior and the substantial integration of the operations of the Company's store and direct-to-consumer channels, the Company manages and analyzes its performance based on a single omni-channel rather than separate channels and believes that the omni-channel results present the most meaningful and appropriate measure of the Company's performance.

The accounting policies of the reportable segments are the same as the policies described in Note 2, Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements included in

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the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2016. Both the Retail and Wholesale segments are highly diversified. No one customer constitutes more than 10% of the Company's total consolidated net sales. A summary of the information about the Company's operations by segment is as follows:

	October 31, 2016	January 31, 2016	October 31, 2015
<b>Inventory</b>			
Retail operations	\$ 415,923	\$ 289,170	\$ 391,771
Wholesale operations	37,903	41,053	49,779
Total inventory	\$ 453,826	\$ 330,223	\$ 441,550
<b>Property and equipment, net</b>			
Retail operations	\$ 869,042	\$ 859,277	\$ 887,927
Wholesale operations	3,267	3,860	3,944
Total property and equipment, net	\$ 872,309	\$ 863,137	\$ 891,871

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2016	2015	2016	2015
<b>Net sales</b>				
Retail operations	\$ 785,026	\$ 765,525	\$ 2,300,981	\$ 2,246,275
Wholesale operations	81,552	62,170	222,712	194,410
Intersegment elimination	(4,087)	(2,437)	(8,057)	(8,957)
Total net sales	\$ 862,491	\$ 825,258	\$ 2,515,636	\$ 2,431,728
<b>Income from operations</b>				
Retail operations	\$ 67,981	\$ 76,095	\$ 234,022	\$ 227,684
Wholesale operations	17,006	12,094	44,213	40,182
Intersegment elimination	(317)	(203)	(568)	(809)
Total segment operating income	84,670	87,986	277,667	267,057
General corporate expenses	(14,365)	(7,661)	(38,667)	(29,927)
Total income from operations	\$ 70,305	\$ 80,325	\$ 239,000	\$ 237,130

The Company has foreign operations primarily in Europe and Canada. Revenues and long-lived assets, based upon the Company's domestic and foreign operations, are as follows:

	<b>October 31, 2016</b>	<b>January 31, 2016</b>	<b>October 31, 2015</b>
<b>Property and equipment, net</b>			
Domestic operations	\$ 767,916	\$ 742,171	\$ 754,284
Foreign operations	104,393	120,966	137,587
Total property and equipment, net	\$ 872,309	\$ 863,137	\$ 891,871

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Net Sales</b>				
Domestic operations	\$ 760,074	\$ 720,671	\$ 2,211,925	\$ 2,126,877
Foreign operations	102,417	104,587	303,711	304,851
Total net sales	\$ 862,491	\$ 825,258	\$ 2,515,636	\$ 2,431,728

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

*Certain matters contained in this filing with the United States Securities and Exchange Commission ( SEC ) may contain forward-looking statements and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this Quarterly Report on Form 10-Q, the words project, believe, plan, will, anticipate, expect and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. 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, lowered levels of consumer confidence and higher levels of unemployment, lowered levels of consumer spending resulting from worldwide political and economic events, any effects of war, terrorism and civil unrest, natural disasters or severe weather conditions, increases in labor costs, availability of suitable retail space for expansion, timing of store openings, risks associated with international expansion, seasonal fluctuations in gross sales, the departure of one or more key senior executives, import risks, including potential disruptions and changes in duties, tariffs and quotas, the closing or disruption of, or any damage to, any of our distribution centers, our ability to protect our intellectual property rights, risks associated with internet sales, response to new store concepts, our ability to integrate acquisitions, failure of our manufacturers to comply with our social compliance program, changes in accounting standards and subjective assumptions, regulatory changes and legal matters and other risks identified in our filings with the SEC, including those set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, filed on March 31, 2016. We disclaim 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.*

*Unless the context otherwise requires, all references to Urban Outfitters, the Company, we, us, our or our company refer to Urban Outfitters, Inc., together with its subsidiaries.*

**Overview**

We operate two reportable segments: a leading lifestyle specialty Retail segment and a Wholesale segment. Our Retail segment consists of our Anthropologie, Bhldn, Free People, Terrain, Urban Outfitters and Vetri Family brands. Our Retail segment consumer products and services are sold directly to our customers through our stores, websites, mobile applications, catalogs and customer contact centers. Our Wholesale segment consists of the Free People wholesale division that primarily designs, develops and markets young women's contemporary casual apparel and shoes through individual and chain specialty stores and department stores.

Our fiscal year ends on January 31. All references to our fiscal years refer to the fiscal years ended on January 31 in those years. For example, our fiscal year 2017 will end on January 31, 2017.

**Retail Segment**

Our omni-channel strategy enhances our customers' brand experience by providing a seamless approach to the customer shopping experience. All available shopping channels are fully integrated, including stores, websites, mobile applications, catalogs and customer contact centers. Our investments in areas such as marketing campaigns and technology advancements are designed to generate demand for the omni-channel and not the separate store or direct-to-consumer channels. Store sales are primarily fulfilled from that store's inventory, but may also be shipped from any of our fulfillment centers or from a different store location if an item is not available at the original store. Direct-to-consumer orders are primarily shipped to our customers through our fulfillment centers, but may also be shipped from any store, or a combination of fulfillment centers and stores depending on the availability of particular

items. Direct-to-consumer orders may also be picked up at a store location. Customers may also return certain merchandise purchased through direct-to-consumer channels at store



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locations. As our customers continue to shop across multiple channels, we have adapted our approach towards meeting this demand. Due to the availability of like product in a variety of shopping channels, we source these products utilizing single stock keeping units based on the omni-channel demand rather than the demand of the separate channels. These and other technological capabilities allow us to better serve our customers and help us complete sales that otherwise may not have occurred due to out-of-stock positions. As a result of changing customer behavior and the substantial integration of the operations of our store and direct-to-consumer channels, we manage and analyze our performance based on a single omni-channel rather than separate channels and believe that the omni-channel results present the most meaningful and appropriate measure of our performance.

Our comparable Retail segment net sales data is equal to the sum of our comparable store and comparable direct-to-consumer channel net sales. A store is considered to be comparable if it has been open at least twelve full months, unless it was materially expanded or remodeled within that year or was not otherwise operating at its full capacity within that year. A direct-to-consumer channel is considered to be comparable if it has been operational for at least twelve full months. There is no overlap between comparable store net sales and comparable direct-to-consumer net sales. Sales from stores and direct-to-consumer channels that do not fall within the definition of comparable store or channel are considered to be non-comparable. The effects of foreign currency translation are also considered non-comparable.

We monitor customer traffic at our stores, and customer sessions, average order value and conversion rates on our websites and mobile applications. We believe that changes in any of these metrics may be caused by a response to our brands' fashion offerings, our marketing campaigns, circulation of our catalogs and an overall growth in brand recognition as we expand our store base.

As of October 31, 2016, we operated 242 Urban Outfitters stores of which 180 were located in the United States, 18 were located in Canada and 44 were located in Europe. For the nine months ended October 31, 2016, we opened three new Urban Outfitters stores, two located in the United States and one located in Europe, and we closed one Urban Outfitters store located in the United States. Total store selling square footage increased 1.6% over the prior year period to 2.2 million square feet. Urban Outfitters operates websites and mobile applications in North America and Europe that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores. Urban Outfitters offers a catalog in Europe offering select merchandise, most of which is also available in our Urban Outfitters stores. Urban Outfitters targets young adults aged 18 to 28 through a unique merchandise mix, compelling store environment and websites. Urban Outfitters' product offering includes women's and men's fashion apparel, intimates, footwear, beauty and accessories, home goods, activewear and gear, electronics, as well as an assortment of exclusive product through collaborations with global third-party brands. We plan to open additional stores over the next several years. Urban Outfitters' North American and European Retail segment net sales accounted for approximately 32.4% and 7.4% of consolidated net sales, respectively, for the nine months ended October 31, 2016, compared to 32.4% and 7.8%, respectively, for the comparable period in fiscal 2016.

The Anthropologie Group consists of the Anthropologie, Bhldn and Terrain brands. We initially operated the Bhldn and Terrain brands as standalone concepts and opened two Bhldn stores and two Terrain garden centers. We ultimately determined that the Bhldn and Terrain brands were complementary to the Anthropologie brand and integrated those brands into the Anthropologie Group during fiscal 2015 and 2016, respectively. As of October 31, 2016, we operated 226 Anthropologie Group stores, of which 203 were located in the United States, 13 were located in Canada and ten were located in Europe. For the nine months ended October 31, 2016, we opened nine new Anthropologie Group stores, seven in the United States, one in Canada and one in Europe, and we closed one Anthropologie Group store located in the United States. Total store selling square footage increased 7.7% over the prior year period to 1.7 million square feet driven mainly by the opening of expanded format stores. The Anthropologie Group operates websites in North America and Europe and a mobile application in North America that

capture the spirit of our brands by offering a similar yet broader selection of merchandise as found in our stores. The Anthropologie brand offers registry services through our website and mobile applications and in all of our stores throughout the United States, allowing our customers to create gift

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registries for any occasion. In addition, the brand offers catalogs in North America and Europe that market select merchandise, most of which is also available in our Anthropologie brand stores. Merchandise at the Anthropologie brand is tailored to sophisticated and contemporary women aged 28 to 45. Product assortment includes women's casual apparel and accessories, intimates, shoes, beauty, home furnishings and a diverse array of gifts and decorative items. The Bhdn brand emphasizes every element that contributes to a wedding. The Bhdn brand offers a curated collection of heirloom quality wedding gowns, bridesmaid frocks, party dresses, assorted jewelry, headpieces, footwear, lingerie and decorations. The Terrain brand is designed to appeal to women and men interested in a creative and sophisticated outdoor living and gardening experience. Merchandise includes lifestyle home and garden products combined with antiques, live plants, flowers, wellness products and accessories. We plan to open additional Anthropologie Group stores, some of which will be expanded format stores, that allow us to present a broader product offering by presenting all Anthropologie Group brands and by expanding categories such as petites, jewelry and accessories, footwear, intimates, beauty and home furnishings. The Anthropologie Group's North American and European Retail segment net sales accounted for approximately 39.2% and 1.4% of consolidated net sales, respectively, for the nine months ended October 31, 2016, compared to 40.5% and 1.6%, respectively, for the comparable period in fiscal 2016.

As of October 31, 2016, we operated 124 Free People stores, of which 118 were located in the United States and six were located in Canada. For the nine months ended October 31, 2016, we opened 11 new Free People stores, ten located in the United States and one located in Canada, and we closed one Free People store located in the United States. Total store selling square footage increased 28.5% over the prior year period to 244,000 square feet. The increase in selling square footage compared to the prior year period was a result of operating 12 net new stores and the addition of expanded format stores that were not in operation during the prior twelve month period. Free People operates websites and mobile applications in North America, Europe and Asia that capture the spirit of the brand by offering a similar yet broader selection of merchandise as found in our stores, as well as substantially all of the Free People product wholesale offerings. Free People also offers a catalog that markets select merchandise, most of which is also available in our Free People stores. Free People focuses its product offering on private label merchandise targeted to young contemporary women aged 25 to 30 and provides a unique merchandise mix of casual women's apparel, intimates, shoes, activewear, accessories, beauty and wellness, home products and gifts. We plan to open additional stores over the next several years, some of which will be expanded format stores that allow us to present an expanded assortment of intimates, shoes, party dresses and activewear. Free People's Retail segment net sales accounted for approximately 10.4% of consolidated net sales for the nine months ended October 31, 2016, compared to approximately 10.1% for the comparable period in fiscal 2016.

In February 2016, we acquired six restaurants as part of our acquisition of the Vetri Family group of restaurants. During fiscal 2017, our existing cafes were combined with the Vetri Family restaurants to form our Food and Beverage division. The Food and Beverage division focuses on a dining experience that provides excellence in food, beverage and service. For the nine months ended October 31, 2016, we opened two restaurants. The Food and Beverage division net sales accounted for less than 1.0% of consolidated net sales for the nine months ended October 31, 2016.

We plan to open approximately 32 new stores during fiscal 2017, including four Urban Outfitters stores, ten Anthropologie Group stores, 15 Free People stores and three restaurants.

*Wholesale Segment*

Our Wholesale segment consists of the Free People wholesale division that designs, develops and markets young women's contemporary casual apparel and shoes that are sold through approximately 1,800 better department and specialty stores worldwide, and our own Free People stores. Our Wholesale segment net sales accounted for approximately 8.5% of consolidated net sales for the nine months ended October 31, 2016, compared to 7.6% for the

comparable period in fiscal 2016.

**Table of Contents*****Critical Accounting Policies and Estimates***

Our Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States. These generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses during the reporting period.

Our senior management has reviewed the critical accounting policies and estimates with our Audit Committee. Our significant accounting policies are described in Note 2 – Summary of Significant Accounting Policies, in the Notes to our Consolidated Financial Statements for the fiscal year ended January 31, 2016, which are included in our Annual Report on Form 10-K filed with the SEC on March 31, 2016. Critical accounting policies are those that are most important to the portrayal of our financial condition, results of operations and cash flows and require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. If actual results were to differ significantly from estimates made, the reported results could be materially affected. We are not currently aware of any reasonably likely events or circumstances that would cause our actual results to be materially different from our estimates. We believe that there have been no significant changes to our critical accounting policies during the nine months ended October 31, 2016.

***Results of Operations******As a Percentage of Net Sales***

The following table sets forth, for the periods indicated, the percentage of our net sales represented by certain income statement data and the change in certain income statement data from period to period. This table should be read in conjunction with the discussion that follows:

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.2	65.1	64.1	64.9
Gross profit	34.8	34.9	35.9	35.1
Selling, general and administrative expenses	26.6	25.2	26.4	25.3
Income from operations	8.2	9.7	9.5	9.8
Other income (expense), net	0.1	0.0	0.0	(0.2)
Income before income taxes	8.3	9.7	9.5	9.6
Income tax expense	2.8	3.4	3.4	3.4
Net income	5.5%	6.3%	6.1%	6.2%

**Three Months Ended October 31, 2016 Compared To Three Months Ended October 31, 2015**

Net sales in the third quarter of fiscal 2017 increased by 4.5% to \$862.5 million, from \$825.3 million in the third quarter of fiscal 2016. The \$37.2 million increase was attributable to a \$19.5 million, or 2.5%, increase in Retail segment net sales and a \$17.7 million, or 29.7%, increase in our Wholesale segment net sales. Retail segment net sales for the third quarter of fiscal 2017 accounted for 91.0% of total net sales compared to 92.8% of total net sales in the third quarter of fiscal 2016.

The growth in our Retail segment net sales during the third quarter of fiscal 2017 was due to an increase of \$7.3 million, or 1.0%, in Retail segment comparable net sales, which includes our direct-to-consumer channel, and an increase of \$12.2 million in non-comparable net sales, including new store net sales. Retail segment

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comparable net sales increased 5.2% at Urban Outfitters and decreased 1.5% at Free People and 2.7% at the Anthropologie Group. The increase in Retail segment comparable net sales was driven by continued growth in the direct-to-consumer channel, which was partially offset by negative comparable store net sales. The direct-to-consumer net sales increase was driven by an increase in sessions and conversion rate, while average order value decreased. Negative comparable store net sales resulted from a decrease in average unit selling price and transactions, while units per transaction increased. The increase in net sales attributable to non-comparable sales was primarily the result of operating 49 new stores during the third quarter of fiscal 2017 that were not in operation for the full comparable quarter in fiscal 2016 including sales from the newly acquired Vetri Family restaurants, partially offset by the negative impact of foreign currency translation. Thus far during the fourth quarter of fiscal 2017, comparable Retail segment net sales are low single-digit positive.

The increase in Wholesale segment net sales in the third quarter of fiscal 2017, as compared to the third quarter of fiscal 2016, was primarily due to increased selling square footage at select department stores to support our category expansions including shoes and activewear. This increase was also attributable to the delay at our recently opened east coast fulfillment center that caused approximately \$8.9 million of shipments to move out of the third quarter of fiscal 2016 and into the fourth quarter of fiscal 2016.

Gross profit percentage for the third quarter of fiscal 2017 decreased to 34.8% of net sales, from 34.9% of net sales in the comparable quarter in fiscal 2016. Gross profit increased to \$299.9 million in the third quarter of fiscal 2017 compared to \$288.2 million in the comparable quarter in fiscal 2016. The reduction in gross profit rate was primarily driven by the increased penetration of the direct-to-consumer channel resulting in increased delivery and overall logistics expense rates. Within gross profit, maintained margins for the quarter were flat compared to the prior year comparable period with lower initial mark-ups offset by lower markdowns. Initial mark-up was lower due to the increased penetration of Wholesale segment net sales which has a lower initial mark-up compared to the Retail segment. Initial mark-up in the Retail segment increased due to improvements at each of the brands. The markdown rate was lower due to lower markdowns at the Urban Outfitters brand, which more than offset higher markdowns at the Free People and Anthropologie brands. The dollar increase in gross profit was due to higher net sales. Total inventory at October 31, 2016 increased by \$12.3 million, or 2.8%, to \$453.8 million from \$441.6 million at October 31, 2015. The increase in inventory is primarily due to an increase in non-comparable inventory to support our new and expanded stores. Comparable Retail segment inventory increased 0.6% at cost.

Selling, general and administrative expenses as a percentage of net sales increased during the third quarter of fiscal 2017 to 26.6% of net sales, compared to 25.2% of net sales for the third quarter of fiscal 2016. The increase in selling, general and administrative expenses as a percentage of net sales was partially due to the net effect of one-time legal settlements, which accounted for approximately 50 basis points of deleverage. The remaining change primarily related to an increase in direct store controllable expenses that were largely due to pre-opening expenses and initial staffing levels for several large format Anthropologie stores opened during the third quarter of fiscal 2017 or previously opened. Selling, general and administrative expenses increased by \$21.7 million, or 10.5%, to \$229.6 million, in the third quarter of fiscal 2017, from \$207.9 million in the third quarter of fiscal 2016. The dollar increase versus the prior year was primarily related to the operating expenses of non-comparable stores, the net effect of one-time legal settlements and increased marketing expense to support our customer acquisition and retention efforts.

Income from operations decreased to 8.2% of net sales, or \$70.3 million, for the third quarter of fiscal 2017 compared to 9.7%, or \$80.3 million, for the third quarter of fiscal 2016.

Our effective tax rate for the third quarter of fiscal 2017 was 33.5% of income before income taxes compared to 35.3% of income before income taxes in the third quarter of fiscal 2016. The decrease in the effective tax rate was due to the ratio of foreign taxable losses to global taxable profits for the year.





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**Table of Contents****Nine Months Ended October 31, 2016 Compared To Nine Months Ended October 31, 2015**

Net sales for the nine months ended October 31, 2016 increased by 3.5% to \$2.52 billion, from \$2.43 billion in the comparable period of fiscal 2016. The \$83.9 million increase was attributable to a \$54.7 million, or 2.4%, increase in Retail segment net sales and a \$29.2 million, or 15.7%, increase in our Wholesale segment net sales. Retail segment net sales for the nine months ended October 31, 2016 accounted for 91.5% of total net sales compared to 92.4% of total net sales during the nine months ended October 31, 2015.

The growth in Retail segment net sales during the first nine months of fiscal 2017 was driven by an increase of \$24.2 million, or 1.2%, in Retail segment comparable net sales, which includes our direct-to-consumer channel, and a \$30.5 million increase in non-comparable net sales, including new store net sales. Retail segment comparable net sales increased 4.6% at Urban Outfitters, and decreased 0.7% and 1.8% at Free People and the Anthropologie Group, respectively. The increase in the Retail segment comparable net sales was driven by continued growth in the direct-to-consumer channel, partially offset by negative comparable store net sales. Direct-to-consumer net sales were driven by an increase in sessions and conversion rate, while average order value decreased. Negative comparable store net sales resulted from a reduction in transactions and average unit selling price, while units per transaction were flat. The increase in net sales attributable to non-comparable sales was primarily the result of operating 62 new stores during the first nine months of fiscal 2017 that were not in operation for the full comparable first nine months of fiscal 2016 and sales from the newly acquired Vetri Family restaurants, partially offset by the negative impact of foreign currency translation.

The increase in Wholesale segment net sales during the first nine months of fiscal 2017, as compared to the first nine months of fiscal 2016, was primarily due to increased sales to department and specialty stores, driven by increased selling square footage at select department stores and growth in our European distribution. Wholesale sales growth was driven by an increase in units that was partially offset by a decrease in average unit selling price.

Gross profit percentage for the first nine months of fiscal 2017 increased to 35.9% of net sales, from 35.1% of net sales in the comparable period in fiscal 2016. Gross profit increased to \$904.3 million for the first nine months of fiscal 2017 compared to \$852.7 million in the comparable period in fiscal 2016. The increase in gross profit percentage was primarily driven by improvement in maintained margins at the Urban Outfitters and Anthropologie brands due to higher initial mark-ups and lower merchandise markdowns compared to the prior year. The percentage increase was partially offset by lower maintained margins at Free People due to higher merchandise markdowns. The dollar increase in gross profit was primarily due to higher net sales and the increase in gross profit percentage.

Selling, general and administrative expenses as a percentage of net sales increased during the first nine months of fiscal 2017 to 26.4% of net sales, compared to 25.3% of net sales for the first nine months of fiscal 2016. The increase in selling, general and administrative expenses as a percentage of net sales was primarily driven by direct store controllable expenses to support our 5.4% square footage growth and an increase in direct marketing and technology related expense to support our direct-to-consumer growth. Selling, general and administrative expenses increased by \$49.7 million, or 8.1%, to \$665.3 million, in the first nine months of fiscal 2017, from \$615.6 million in the first nine months of fiscal 2016. The dollar increase versus the prior year was primarily related to the operating expenses of non-comparable stores and increased marketing and technology expenses, which helped to drive higher direct-to-consumer traffic.

Income from operations expressed as a percentage of net sales decreased to 9.5% of net sales for the first nine months of fiscal 2017 compared to 9.8% for the first nine months of fiscal 2016. Income from operations increased by \$1.9 million, or 0.8%, to \$239.0 million, in the first nine months of fiscal 2017, from \$237.1 million in the first nine months of fiscal 2016.



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Our effective tax rate for the first nine months of fiscal 2017 was 35.7% of income before income taxes compared to 35.3% of income before income taxes in the first nine months of fiscal 2016.

***Liquidity and Capital Resources***

Cash, cash equivalents and marketable securities were \$265.1 million as of October 31, 2016, as compared to \$362.9 million as of January 31, 2016 and \$273.3 million as of October 31, 2015. The decrease in cash, cash equivalents and marketable securities as compared to January 31, 2016 was primarily due to cash used for the repayment of long-term debt and for share repurchases. Our working capital was \$484.8 million at October 31, 2016 compared to \$505.1 million at January 31, 2016 and \$469.3 million at October 31, 2015. The decrease in working capital as compared to January 31, 2016 was primarily due to the decrease in cash, cash equivalents and marketable securities, noted above.

During the last two years, we have satisfied our cash requirements primarily through our cash flow from operating activities. In fiscal 2016, we utilized borrowings on our long-term debt facility as an additional source of cash that were used for the repurchase of our common shares. In addition to repurchasing common shares, our primary uses of cash have been to open new stores, purchase inventory and expand our home offices and fulfillment facilities. We have also continued to invest in our omni-channel capabilities and technology.

***Cash Flows from Operating Activities***

Cash provided by operating activities during the first nine months of fiscal 2017 increased by \$0.4 million to \$229.0 million from \$228.6 million in the first nine months of fiscal 2016. For both periods, our major source of cash from operations was merchandise sales and our primary outflow of cash for operations was for the payment of operational costs.

***Cash Flows from Investing Activities***

Cash used in investing activities during the first nine months of fiscal 2017 increased by \$34.9 million to \$61.3 million from \$26.4 million in the first nine months of fiscal 2016. For both periods, our primary outflow of cash for investing activities was for the payment of property and equipment. Cash paid for property and equipment for the nine months ended October 31, 2016 and 2015 was \$112.1 million and \$109.1 million, respectively, and was used in fiscal 2017 primarily to expand our store base and in fiscal 2016 primarily to expand our store base and home offices and to increase our fulfillment capabilities. Additionally, the increase in cash used in investing activities was driven by \$15.3 million used to acquire the Vetri Family group of restaurants and a \$16.6 million change in net purchases of marketable securities.

***Cash Flows from Financing Activities***

Cash used in financing activities during the first nine months of fiscal 2017 was \$193.4 million, primarily related to \$150.0 million in long-term debt repayments and \$45.8 million of repurchases of our common shares under our February 23, 2015 share repurchase program.

***Credit Facilities***

On July 1, 2015, we entered into a five-year asset-based revolving Credit Agreement ( *Credit Agreement* ) with certain lenders, including JPMorgan Chase Bank, N.A., as administrative agent, and J.P. Morgan Securities LLC and Wells Fargo Bank, National Association, as joint lead arrangers and co-book managers. The Credit Agreement provides

senior secured revolving credit for loans and letters of credit up to \$400.0 million (the Credit Facility ), subject to a borrowing base that is comprised of our eligible accounts receivable and inventory. The Credit Facility includes a swing-line sub-facility, a multicurrency sub-facility and the option to expand the facility by up to \$150.0 million. The funds available under the Credit Facility may be used for working capital and other general corporate purposes.

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The Credit Facility provides for interest on borrowings, at our option, at either (i) adjusted LIBOR, CDOR or EURIBOR plus an applicable margin ranging from 1.125% to 1.625%, or (ii) an adjusted ABR plus an applicable margin ranging from 0.125% to 0.625%, each such rate based on the level of availability under the Credit Facility and our adjusted leverage ratio. Interest is payable either monthly or quarterly depending on the type of borrowing. A commitment fee is payable quarterly on the unused portion of the Credit Facility based on our adjusted leverage ratio.

All obligations under the Credit Facility are unconditionally guaranteed by us and our domestic subsidiaries. The obligations under the Credit Facility are secured by a first-priority security interest in inventory, accounts receivable, and certain other assets of the borrowers and guarantors. The Credit Agreement contains customary representations and warranties, negative and affirmative covenants and provisions relating to events of default.

As of October 31, 2016, we were in compliance with all terms of the Credit Agreement, we had no borrowings on the Credit Facility and stand-by letters of credit outstanding were \$13.1 million.

Additionally, we have borrowing agreements with two separate financial institutions under which we may borrow an aggregate of \$130.0 million for the purposes of trade letter of credit issuances. The availability of any future borrowings under the trade letter of credit facilities is subject to acceptance by the respective financial institutions. As of October 31, 2016, we had \$66.0 million in outstanding trade letters of credit, and \$64.0 million available for future trade letters of credit under these facilities.

### *Capital and Operating Expenditures*

During fiscal 2017, we plan to construct and open approximately 32 new stores, including our restaurant locations, expand certain existing stores, complete the construction of our new east coast fulfillment center, upgrade our systems, improve our capabilities in the digital channel, invest in omni-channel marketing and purchase inventory for our Retail and Wholesale segments at levels appropriate to maintain our planned sales growth. We believe that our marketing, social media, merchandise expansion, website and mobile initiatives are a significant contributor to our Retail segment sales growth. During fiscal 2017, we plan to continue our investment in these initiatives for all brands. We anticipate our capital expenditures during fiscal 2017 to be approximately \$160 million, all of which are expected to be financed by cash flow from operating activities. We believe that our new store investments have the potential to generate positive cash flow within a year. We may also enter into one or more acquisitions or transactions related to the expansion of our brand offerings. We believe that our existing cash and cash equivalents, available credit facilities and future cash flows from operations will be sufficient to fund these initiatives.

### *Share Repurchases*

See Note 8 Shareholders' Equity of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for certain financial information regarding the Company's share repurchases.

### *Off-Balance Sheet Arrangements*

As of and for the nine months ended October 31, 2016, except for operating leases entered into in the normal course of business, we were not party to any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

### *Other Matters*

See Note 2 Recently Issued Accounting Pronouncements, of the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for a description of recently issued accounting pronouncements.

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**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are 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 our inventory turnover rate and our historical ability to pass through the impact of any generalized changes in our cost of goods to our customers through pricing adjustments, commodity and other product risks are not expected to be material. We purchase the majority of our merchandise in U.S. dollars, including a majority of the goods for our stores located in Canada and a portion of the goods for our stores located in Europe.

Our exposure to market risk for changes in foreign currencies is due to our financial statements being presented in U.S. dollars and our international subsidiaries transacting in currencies other than U.S. dollars. Fluctuations in exchange rates in effect during or at the end of the reporting period may affect the value of the reported amounts of revenues, expenses, assets and liabilities. As we expand our international operations, the potential impact of currency fluctuations increases.

Our exposure to market risk for changes in interest rates relates to our cash, cash equivalents and marketable securities and our Credit Facility. As of October 31, 2016, our cash, cash equivalents and marketable securities consisted primarily of cash on hand and in banks, money market accounts, municipal and pre-refunded municipal bonds rated BBB or better, corporate bonds rated BBB or better, certificates of deposit, and mutual funds. Due to the short average maturity and conservative nature of our investment portfolio, we believe a 100 basis point change in interest rates would not have a material effect on the Condensed Consolidated Financial Statements. As the interest rates on a material portion of our cash, cash equivalents and marketable securities are variable, a change in interest rates earned on the cash, cash equivalents and marketable securities would impact interest income along with cash flows, but would not impact the fair market value of the related underlying instruments.

We are exposed to market risks relating to changes in interest rates on outstanding borrowings under our Credit Facility because these borrowings bear interest at variable rates. A 100 basis point change in our applicable interest rate would not have a material impact to interest expense for the nine months ended October 31, 2016.

**Item 4. Controls and Procedures**

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed by us in our Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and communicated to management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was performed under the supervision and with the participation of our management, including the Principal Executive Officer and the Principal Financial Officer, of the effectiveness of the design and operation of these disclosure controls and procedures. Based on that evaluation, the Principal Executive Officer and the Principal Financial Officer concluded that our disclosure controls and procedures were effective.

There have been no changes in our internal controls over financial reporting during the quarter ended October 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**Table of Contents****PART II****OTHER INFORMATION****Item 1. Legal Proceedings**

We are 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 our financial position, results of operations or cash flows.

**Item 1A. Risk Factors**

There have been no material changes in our risk factors since January 31, 2016. Please refer to our Annual Report on Form 10-K for the fiscal year ended January 31, 2016, filed with the United States Securities and Exchange Commission on March 31, 2016, for our risk factors.

**Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds**  
**Issuer Purchase of Equity Securities**

A summary of the repurchase activity under the Company's share repurchase program for the quarter ended October 31, 2016 is as follows:

	<b>Total Number of Shares (or Units) Purchased<sup>(1)</sup></b>	<b>Average Price Paid per share (or Unit)</b>	<b>Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs<sup>(2)</sup></b>
August 1, 2016 through August 31, 2016		\$		6,995,059
September 1, 2016 through September 30, 2016	957,327	\$ 35.10	957,327	6,037,732
October 1, 2016 through October 31, 2016	42,673	\$ 34.77	42,673	5,995,059
<b>Total Fiscal 2017 Third Quarter</b>	<b>1,000,000</b>		<b>1,000,000</b>	<b>5,995,059</b>



In addition to the shares repurchased under the share repurchase program, for the quarter ended October 31, 2016, the Company acquired and subsequently retired 55,683 common shares from employees to meet minimum statutory withholding requirements. These shares do not reduce the number of shares that may yet be purchased under our publicly announced share repurchase program.

- <sup>2</sup> On February 23, 2015, the Company's Board of Directors authorized the repurchase of 20,000,000 shares under a share repurchase program.

## **Item 5. Other Information**

### **Amendments to the Company's Second Amended and Restated By-laws**

On December 12, 2016, the Company's Board of Directors (the Board) amended and restated the Company's Second Amended and Restated By-laws (the By-laws) to implement proxy access, a means for the Company's eligible shareholders to include shareholder-nominated director candidates in the Company's proxy materials for annual meetings of shareholders (the Amendments). The Amendments took effect immediately upon approval by the Board. The Amendments were undertaken in response to the approval by shareholders at the Company's 2016 Annual Meeting of Shareholders of a non-binding shareholder proposal to adopt proxy access.

Section 1.10 has been added to the By-laws to allow a shareholder, or a group of up to 20 shareholders, owning at least 3% of the number of outstanding common shares of the Company continuously for at least three

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years, to include in the Company's proxy materials for an annual meeting of shareholders a number of director nominees up to the greater of two or 25% of the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified therein. Certain conforming and technical amendments were also made to the By-laws.

The foregoing description of the Amendments is qualified in its entirety by the full text of the Amended and Restated By-laws, a copy of which is filed as Exhibit 3.4 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

**Item 6. Exhibits**

(a) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation are incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (file no. 000-22754) filed on September 9, 2004.
3.2	Amendment No. 1 to Amended and Restated Articles of Incorporation is incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q (file no. 000-22754) filed on September 9, 2004.
3.3	Amendment No. 2 to Amended and Restated Articles of Incorporation is incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on May 31, 2013.
3.4*	Amended and Restated By-laws of Urban Outfitters, Inc.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer.
32.1**	Section 1350 Certification of the Principal Executive Officer.
32.2**	Section 1350 Certification of the Principal Financial Officer.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.

\* Filed herewith

\*\* Furnished herewith

Attached as Exhibits 101 to this report are the following financial statements from the Company's Quarterly Report on Form 10-Q for the three and nine months ended October 31, 2016, filed with the Securities and Exchange

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Commission on December 12, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Income; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Condensed Consolidated Statement of Shareholders Equity; (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.

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**SIGNATURES**

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.

Date: December 12, 2016

By:

/s/ RICHARD A. HAYNE  
**Richard A. Hayne**  
**Chief Executive Officer**

**(Principal Executive Officer)**

URBAN OUTFITTERS, INC.

Date: December 12, 2016

By:

/s/ FRANCIS J. CONFORTI  
**Francis J. Conforti**  
**Chief Financial Officer**

**(Principal Financial Officer)**

**Table of Contents****EXHIBIT INDEX**

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32.1**	Section 1350 Certification of the Principal Executive Officer.
32.2**	Section 1350 Certification of the Principal Financial Officer.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Extension Schema.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB*	XBRL Taxonomy Extension Label Linkbase.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase.

\* Filed herewith

\*\* Furnished herewith

Attached as Exhibits 101 to this report are the following financial statements from the Company's Quarterly Report on Form 10-Q for the three and nine months ended October 31, 2016, filed with the Securities and Exchange Commission on December 12, 2016, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Income; (iii) the Condensed Consolidated Statements of Comprehensive Income; (iv) the Condensed Consolidated Statement of Shareholders Equity; (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.