

BUCKLE INC
Form 10-Q
June 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 April 28, 2012

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: 001-12951

THE BUCKLE, INC.
(Exact name of Registrant as specified in its charter)

Nebraska
(State or other jurisdiction of
incorporation or organization)

47-0366193
(I.R.S. Employer
Identification No.)

2407 West 24th Street, Kearney, Nebraska 68845-4915
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (308) 236-8491

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

| Title of class | Name of Each Exchange on Which Registered |
|-------------------------------|-------------------------------------------|
| Common Stock, \$.01 par value | New York Stock Exchange |

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

(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 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 during

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the preceding 12 months (or for a 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 definition 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; Smaller Reporting Company

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

The number of shares outstanding of the Registrant's Common Stock, as of June 1, 2012, was 47,921,437.

THE BUCKLE, INC.

FORM 10-Q

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THE BUCKLE, INC.

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands Except Share and Per Share Amounts)

(Unaudited)

| ASSETS | April 28, 2012 | January 28, 2012 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$186,693 | \$166,511 |
| Short-term investments | 33,421 | 29,998 |
| Receivables | 3,953 | 4,584 |
| Inventory | 97,040 | 104,209 |
| Prepaid expenses and other assets | 15,762 | 14,825 |
| Total current assets | 336,869 | 320,127 |
| PROPERTY AND EQUIPMENT | | |
| Less accumulated depreciation and amortization | (196,368) | (189,832) |
| | 170,869 | 169,034 |
| LONG-TERM INVESTMENTS | | |
| | 39,810 | 39,985 |
| OTHER ASSETS | | |
| | 2,393 | 2,393 |
| | \$549,941 | \$531,539 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$33,162 | \$27,416 |
| Accrued employee compensation | 16,429 | 42,854 |
| Accrued store operating expenses | 9,295 | 11,125 |
| Gift certificates redeemable | 15,361 | 20,286 |
| Income taxes payable | 17,117 | 8,150 |
| Total current liabilities | 91,364 | 109,831 |
| DEFERRED COMPENSATION | | |
| | 9,858 | 8,581 |
| DEFERRED RENT LIABILITY | | |
| | 37,648 | 36,503 |
| OTHER LIABILITIES | | |
| Total liabilities | 151,951 | 168,392 |
| COMMITMENTS | | |
| STOCKHOLDERS' EQUITY: | | |
| Common stock, authorized 100,000,000 shares of \$.01 par value; 47,921,437 and 47,432,089 shares issued and outstanding at April 28, 2012 and January 28, 2012, respectively | 479 | 474 |
| Additional paid-in capital | 106,948 | 100,333 |
| Retained earnings | 291,264 | 263,039 |

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| | | |
|--------------------------------------|-----------|-----------|
| Accumulated other comprehensive loss | (701) | (699) |
| Total stockholders' equity | 397,990 | 363,147 |
| | \$549,941 | \$531,539 |

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands Except Per Share Amounts)
(Unaudited)

| | Thirteen Weeks Ended | |
|---------------------------------------------------------------------|----------------------|-------------------|
| | April 28, 2012 | April 30, 2011 |
| SALES, Net of returns and allowances | \$263,762 | \$240,092 |
| COST OF SALES (Including buying, distribution, and occupancy costs) | 149,567 | 137,148 |
| Gross profit | 114,195 | 102,944 |
| OPERATING EXPENSES: | | |
| Selling | 46,270 | 42,731 |
| General and administrative | 9,903 | 8,859 |
| | 56,173 | 51,590 |
| INCOME FROM OPERATIONS | 58,022 | 51,354 |
| OTHER INCOME, Net | 1,812 | 1,612 |
| INCOME BEFORE INCOME TAXES | 59,834 | 52,966 |
| PROVISION FOR INCOME TAXES | 22,025 | 19,497 |
| NET INCOME | \$37,809 | \$33,469 |
| EARNINGS PER SHARE: | | |
| Basic | \$0.80 | \$0.72 |
| Diluted | \$0.79 | \$0.71 |
| Basic weighted average shares | 47,219 | 46,748 |
| Diluted weighted average shares | 47,597 | 47,264 |

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

| | Thirteen Weeks Ended | |
|------------------------------------------|----------------------|-------------------|
| | April 28, 2012 | April 30, 2011 |
| NET INCOME | \$ 37,809 | \$ 33,469 |
| OTHER COMPREHENSIVE INCOME, NET OF TAX: | | |
| Change in unrealized loss on investments | (2) | 21 |
| Other comprehensive income | (2) | 21 |
| COMPREHENSIVE INCOME | \$ 37,807 | \$ 33,490 |

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
(Amounts in Thousands Except Share and
Per Share Amounts)
(Unaudited)

| | Number of Shares | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|----------------------------------------------------------------------|---------------------|-----------------|----------------------------------|----------------------|-----------------------------------------------|------------|
| FISCAL 2012 | | | | | | |
| BALANCE, January 29, 2012 | 47,432,089 | \$ 474 | \$ 100,333 | \$ 263,039 | \$ (699) | \$ 363,147 |
| Net income | - | - | - | 37,809 | - | 37,809 |
| Dividends paid on common stock, (\$0.20 per share) | - | - | - | (9,584) | - | (9,584) |
| Common stock issued on exercise of stock options | 238,448 | 2 | 315 | - | - | 317 |
| Issuance of non-vested stock, net of forfeitures | 250,900 | 3 | (3) | - | - | - |
| Amortization of non-vested stock grants, net of forfeitures | - | - | 2,138 | - | - | 2,138 |
| Income tax benefit related to exercise of stock options | - | - | 4,165 | - | - | 4,165 |
| Change in unrealized loss on investments, net of tax | - | - | - | - | (2) | (2) |
| BALANCE, April 28, 2012 | 47,921,437 | \$ 479 | \$ 106,948 | \$ 291,264 | \$ (701) | \$ 397,990 |
| FISCAL 2011 | | | | | | |
| BALANCE, January 30, 2011 | 47,127,926 | \$ 471 | \$ 89,719 | \$ 256,146 | \$ (671) | \$ 345,665 |
| Net income | - | - | - | 33,469 | - | 33,469 |

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| | | | | | | |
|-------------------------------------------------------------|-------------------|---------------|------------------|-------------------|------------------|-------------------|
| Dividends paid on common stock, (\$0.20 per share) | - | - | - | (9,465) | - | (9,465) |
| Common stock issued on exercise of stock options | 83,819 | 1 | 512 | - | - | 513 |
| Issuance of non-vested stock, net of forfeitures | 131,150 | 2 | (2) | - | - | - |
| Amortization of non-vested stock grants, net of forfeitures | - | - | 1,621 | - | - | 1,621 |
| Income tax benefit related to exercise of stock options | - | - | 1,050 | - | - | 1,050 |
| Change in unrealized loss on investments, net of tax | - | - | - | - | 21 | 21 |
| BALANCE, April 30, 2011 | 47,342,895 | \$ 474 | \$ 92,900 | \$ 280,150 | \$ (650) | \$ 372,874 |

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

| | Thirteen Weeks Ended | |
|-------------------------------------------------------------------------------------|----------------------|-------------------|
| | April 28, 2012 | April 30, 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$37,809 | \$33,469 |
| Adjustments to reconcile net income to net cash flows from operating activities: | | |
| Depreciation and amortization | 7,894 | 7,500 |
| Amortization of non-vested stock grants, net of forfeitures | 2,138 | 1,621 |
| Deferred income taxes | (791) | (600) |
| Other | 211 | 311 |
| Changes in operating assets and liabilities: | | |
| Receivables | 515 | 1,580 |
| Inventory | 7,169 | (1,273) |
| Prepaid expenses and other assets | (557) | (7,865) |
| Accounts payable | 4,578 | 9,744 |
| Accrued employee compensation | (26,425) | (20,740) |
| Accrued store operating expenses | (1,830) | (330) |
| Gift certificates redeemable | (4,925) | (4,299) |
| Income taxes payable | 9,555 | 18,620 |
| Deferred rent liabilities and deferred compensation | 2,422 | 1,194 |
| Net cash flows from operating activities | 37,763 | 38,932 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property and equipment | (8,772) | (10,590) |
| Change in other assets | - | (4) |
| Purchases of investments | (5,718) | (2,107) |
| Proceeds from sales/maturities of investments | 2,467 | 4,519 |
| Net cash flows from investing activities | (12,023) | (8,182) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from the exercise of stock options | 317 | 513 |
| Excess tax benefit from stock option exercises | 3,709 | 1,024 |
| Payment of dividends | (9,584) | (9,465) |
| Net cash flows from financing activities | (5,558) | (7,928) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 20,182 | 22,822 |
| CASH AND CASH EQUIVALENTS, Beginning of period | 166,511 | 116,470 |

| | | |
|------------------------------------------|-----------|-----------|
| CASH AND CASH EQUIVALENTS, End of period | \$186,693 | \$139,292 |
|------------------------------------------|-----------|-----------|

See notes to unaudited condensed consolidated financial statements.

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THE BUCKLE, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THIRTEEN WEEKS ENDED APRIL 28, 2012 AND APRIL 30, 2011
 (Dollar Amounts in Thousands Except Share and Per Share Amounts)
 (Unaudited)

1. Management Representation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments necessary for the fair presentation of the results of operations for the interim periods have been included. All such adjustments are of a normal recurring nature. Because of the seasonal nature of the business, results for interim periods are not necessarily indicative of a full year's operations. The accounting policies followed by the Company and additional footnotes are reflected in the consolidated financial statements for the fiscal year ended January 28, 2012, included in The Buckle, Inc.'s 2011 Form 10-K.

The Company follows generally accepted accounting principles ("GAAP") established by the Financial Accounting Standards Board ("FASB"). References to GAAP in these notes are to the FASB Accounting Standards Codification ("ASC").

2. Description of the Business

The Company is a retailer of medium to better priced casual apparel, footwear, and accessories for fashion conscious young men and women. The Company operates its business as one reportable industry segment. The Company had 431 stores located in 43 states throughout the continental United States as of April 28, 2012 and 422 stores in 41 states as of April 30, 2011. During the thirteen week period ended April 28, 2012, the Company did not open any new stores, but did substantially remodel six stores. During the thirteen week period ended April 30, 2011, the Company opened two new stores and substantially remodeled six stores.

The following is information regarding the Company's major product lines, stated as a percentage of the Company's net sales:

| | Percentage of Net Sales | | | |
|---------------------------|-------------------------|---|-----------|---|
| | Thirteen Weeks Ended | | | |
| | April 28, | | April 30, | |
| | 2012 | | 2011 | |
| Denims | 44.7 | % | 44.6 | % |
| Tops (including sweaters) | 30.2 | | 31.3 | |
| Sportswear/Fashions | 10.7 | | 9.4 | |
| Accessories | 7.0 | | 7.7 | |
| Footwear | 5.6 | | 5.4 | |
| Casual bottoms | 0.9 | | 0.7 | |
| Outerwear | 0.8 | | 0.7 | |
| Other | 0.1 | | 0.2 | |
| | 100.0 | % | 100.0 | % |

3. Earnings Per Share

Basic earnings per share data are based on the weighted average outstanding common shares during the period. Diluted earnings per share data are based on the weighted average outstanding common shares and the effect of all dilutive potential common shares, including stock options.

| | Thirteen Weeks Ended April 28, 2012 | | | Thirteen Weeks Ended April 30, 2011 | | |
|----------------------------------------|----------------------------------------|-------------------------------|---------------------|----------------------------------------|-------------------------------|---------------------|
| | Income | Weighted Average Shares | Per Share Amount | Income | Weighted Average Shares | Per Share Amount |
| Basic EPS | \$ 37,809 | 47,219 | \$ 0.80 | \$ 33,469 | 46,748 | \$ 0.72 |
| Effect of Dilutive Securities: | | | | | | |
| Stock options and non-vested shares | - | 378 | (0.01) | - | 516 | (0.01) |
| Diluted EPS | \$ 37,809 | 47,597 | \$ 0.79 | \$ 33,469 | 47,264 | \$ 0.71 |

4. Investments

The following is a summary of investments as of April 28, 2012:

| | Amortized Cost or Par Value | Gross Unrealized Gains | Gross Unrealized Losses | Other-than- Temporary Impairment | Estimated Fair Value |
|--------------------------------|-----------------------------------|------------------------------|-------------------------------|----------------------------------------|----------------------------|
| Available-for-sale securities: | | | | | |
| Auction-rate securities | \$ 15,950 | \$ - | \$ (1,113) | \$ (725) | \$ 14,112 |
| Preferred stock | 2,000 | - | - | (1,974) | 26 |
| | \$ 17,950 | \$ - | \$ (1,113) | \$ (2,699) | \$ 14,138 |
| Held-to-maturity securities: | | | | | |
| State and municipal bonds | \$ 45,481 | \$ 233 | \$ (3) | \$ - | \$ 45,711 |
| Fixed maturities | 3,254 | 6 | - | - | 3,260 |
| Certificates of deposit | 500 | 14 | - | - | 514 |
| | \$ 49,235 | \$ 253 | \$ (3) | \$ - | \$ 49,485 |
| Trading securities: | | | | | |
| Mutual funds | \$ 9,957 | \$ - | \$ (99) | \$ - | \$ 9,858 |

The following is a summary of investments as of January 28, 2012:

| | Amortized Cost or Par Value | Gross Unrealized Gains | Gross Unrealized Losses | Other-than- Temporary Impairment | Estimated Fair Value |
|---------------------------------------|-----------------------------------|------------------------------|-------------------------------|----------------------------------------|----------------------------|
| Available-for-sale securities: | | | | | |
| Auction-rate securities | \$ 15,975 | \$ - | \$ (1,110) | \$ (725) | \$ 14,140 |
| Preferred stock | 2,000 | - | - | (1,974) | 26 |
| | \$ 17,975 | \$ - | \$ (1,110) | \$ (2,699) | \$ 14,166 |
| Held-to-maturity securities: | | | | | |
| State and municipal bonds | \$ 43,474 | \$ 323 | \$ - | \$ - | \$ 43,797 |
| Fixed maturities | 3,262 | 20 | - | - | 3,282 |
| Certificates of deposit | 500 | 16 | - | - | 516 |
| | \$ 47,236 | \$ 359 | \$ - | \$ - | \$ 47,595 |
| Trading securities: | | | | | |
| Mutual funds | \$ 8,946 | \$ - | \$ (365) | \$ - | \$ 8,581 |

The auction-rate securities and preferred stock were invested as follows as of April 28, 2012:

| Nature | Underlying Collateral | Par Value |
|-------------------------|----------------------------------------------------------------|-----------|
| Municipal revenue bonds | 100% insured by AAA/AA/A-rated bond insurers at April 28, 2012 | \$ 10,100 |
| Municipal bond funds | Fixed income instruments within issuers' money market funds | 2,900 |
| Student loan bonds | Student loans guaranteed by state entities | 2,950 |
| Preferred stock | Underlying investments of closed-end funds | 2,000 |
| Total par value | | \$ 17,950 |

As of April 28, 2012, the Company's auction-rate securities portfolio was 16% AAA/Aaa-rated, 57% AA/Aa-rated, 16% A-rated, and 11% below A-rated.

The amortized cost and fair value of debt securities by contractual maturity as of April 28, 2012 is as follows:

| | Amortized Cost | Fair Value |
|------------------------------------|-------------------|---------------|
| Held-to-maturity securities | | |
| Less than 1 year | \$ 33,421 | \$ 33,525 |
| 1 - 5 years | 15,814 | 15,960 |
| | \$ 49,235 | \$ 49,485 |

At April 28, 2012 and January 28, 2012, \$14,138 and \$14,141 of available-for-sale securities and \$15,814 and \$17,263 of held-to-maturity securities are classified in long-term investments. Trading securities are held in a Rabbi Trust, intended to fund the Company's deferred compensation plan, and are classified in long-term investments.

The Company's investments in auction-rate securities ("ARS") and preferred securities are classified as available-for-sale and reported at fair market value. As of April 28, 2012, the reported investment amount is net of \$1,113 of temporary impairment and \$2,699 of other-than-temporary impairment ("OTTI") to account for the impairment of certain securities from their stated par value. The \$1,113 temporary impairment is reported, net of tax, as an "accumulated other comprehensive loss" of \$701 in stockholders' equity as of April 28, 2012. For the investments considered temporarily impaired, the Company believes that these ARS can be successfully redeemed or liquidated in the future at par value plus accrued interest. The Company believes it has the ability and maintains its intent to hold these investments until such recovery of market value occurs; therefore, the Company believes the current lack of liquidity has created the temporary impairment in valuation.

As of April 28, 2012, the Company had \$15,950 invested in ARS and \$2,000 invested in preferred securities, at par value, which are reported at their estimated fair value of \$14,112 and \$26, respectively. As of January 28, 2012, the Company had \$15,975 invested in ARS and \$2,000 invested in preferred securities, which were reported at their estimated fair value of \$14,140 and \$26, respectively. ARS have a long-term stated maturity, but are reset through a "dutch auction" process that occurs every 7 to 49 days, depending on the terms of the individual security. Until February 2008, the ARS market was highly liquid. During February 2008, however, a significant number of auctions related to these securities failed, meaning that there was not enough demand to sell the entire issue at auction. The failed auctions have limited the current liquidity of certain of the Company's investments in ARS and the Company has reason to believe that certain of the underlying issuers of its ARS are currently at risk. The Company does not, however, anticipate that further auction failures will have a material impact on the Company's ability to fund its business. During the first quarter of fiscal 2012, the Company was able to successfully liquidate \$25 of its investments in ARS at par value. The Company reviews all investments for OTTI at least quarterly or as indicators of impairment exist. Indicators of impairment include the duration and severity of decline in market value. In addition, the Company considers qualitative factors including, but not limited to, the financial condition of the investee, the credit rating of the investee, and the current and expected market and industry conditions in which the investee operates.

As of April 28, 2012, all of the Company's investments in ARS and preferred securities were classified in long-term investments. As of January 28, 2012, \$25 of the Company's investments in ARS and preferred securities was classified in short-term investments (due to a known upcoming redemption at par value) and \$14,141 was classified in long-term investments.

5. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted market prices in active markets for identical assets or liabilities. Short-term and long-term investments with active markets or known redemption values are reported at fair value utilizing Level 1 inputs.

Level 2 – Observable market-based inputs (either directly or indirectly) such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are not corroborated by market data and are projections, estimates, or interpretations that are supported by little or no market activity and are significant to the fair value of the assets. The Company has concluded that certain of its ARS represent Level 3 valuation and should be valued using a discounted cash flow analysis. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows, and expected holding periods of the ARS. As of April 28, 2012, the unobservable inputs used by the Company and its independent third-party valuation consultant in valuing its Level 3 investments in ARS included:

- o Durations until redemption ranging from 0.5 to 31.0 years, with a weighted average of 5.0 years.
- o Discount rates ranging from 0.57% to 6.10%, with a weighted average of 2.43%.
- o Loss severities ranging from 0% to 25% of par value, with a weighted average of 6.9%.

As of April 28, 2012 and January 28, 2012, the Company held certain assets that are required to be measured at fair value on a recurring basis including available-for-sale and trading securities. The Company's available-for-sale securities include its investments in ARS, as further described in Note 4. The failed auctions, beginning in February 2008, related to certain of the Company's investments in ARS have limited the availability of quoted market prices. The Company has determined the fair value of its ARS using Level 1 inputs for known or anticipated subsequent redemptions at par value, Level 2 inputs using observable inputs, and Level 3 using unobservable inputs where the following criteria were considered in estimating fair value:

Pricing was provided by the custodian of ARS;
Pricing was provided by a third-party broker for ARS;
Sales of similar securities;
Quoted prices for similar securities in active markets;
Quoted prices for publicly traded preferred securities;

Quoted prices for similar assets in markets that are not active - including markets where there are few transactions for the asset, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;

Pricing was provided by a third-party valuation consultant (using Level 3 inputs).

In addition, the Company considers other factors including, but not limited to, the financial condition of the investee, the credit rating, insurance, guarantees, collateral, cash flows, and the current and expected market and industry conditions in which the investee operates. Management believes it has used information that was reasonably obtainable in order to complete its valuation process and determine if the Company's investments in ARS had incurred any temporary and/or other-than-temporary impairment as of April 28, 2012 and January 28, 2012.

Future fluctuations in fair value of ARS that the Company judges to be temporary, including any recoveries of previous write-downs, would be recorded as an adjustment to "accumulated other comprehensive loss." The value and liquidity of ARS held by the Company may be affected by continued auction-rate failures, the credit quality of each security, the amount and timing of interest payments, the amount and timing of future principal payments, and the probability of full repayment of the principal. Additional indicators of impairment include the duration and severity of the decline in market value. The interest rates on these investments will be determined by the terms of each individual ARS. The material risks associated with the ARS held by the Company include those stated above as well as the current economic environment, downgrading of credit ratings on investments held, and the volatility of the entities backing each of the issues.

The Company's financial assets measured at fair value on a recurring basis were as follows:

| | Fair Value Measurements at Reporting Date Using | | | Total |
|---------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| April 28, 2012 | | | | |
| Available-for-sale securities: | | | | |
| Auction-rate securities | \$ - | \$ 2,917 | \$ 11,195 | \$ 14,112 |
| Preferred stock | 26 | - | - | 26 |
| Trading securities (including mutual funds) | 9,858 | - | - | 9,858 |

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| | | | | |
|--------|----------|----------|-----------|-----------|
| Totals | \$ 9,884 | \$ 2,917 | \$ 11,195 | \$ 23,996 |
|--------|----------|----------|-----------|-----------|

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| | Fair Value Measurements at Reporting Date Using | | | Total |
|---------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|-----------|
| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| January 28, 2012 | | | | |
| Available-for-sale securities: | | | | |
| Auction-rate securities | \$ - | \$ 2,920 | \$ 11,220 | \$ 14,140 |
| Preferred stock | 26 | - | - | 26 |
| Trading securities (including mutual funds) | 8,581 | - | - | 8,581 |
| Totals | \$ 8,607 | \$ 2,920 | \$ 11,220 | \$ 22,747 |

Securities included in Level 1 represent securities which have a known or anticipated upcoming redemption as of the reporting date and those that have publicly traded quoted prices. ARS included in Level 2 represent securities which have not experienced a successful auction subsequent to the end of fiscal 2007. The fair market value for these securities was determined by applying a discount to par value based on auction prices for similar securities and by utilizing a discounted cash flow model, using market-based inputs, to determine fair value. The Company used a discounted cash flow model to value its Level 3 investments, using estimates regarding recovery periods, yield, and liquidity. The assumptions used are subjective based upon management's judgment and views on current market conditions, and resulted in \$980 of the Company's recorded temporary impairment and \$725 of the OTTI as of April 28, 2012. The use of different assumptions would result in a different valuation and related temporary impairment charge.

Changes in the fair value of the Company's financial assets measured at fair value on a recurring basis are as follows:

| | Thirteen Weeks Ended April 28, 2012 | | | |
|--------------------------------------------------|-------------------------------------------------------------------------|--------------------|------------------------------------------|-----------|
| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | |
| | Available-for-Sale Securities Auction-rate Securities | Preferred Stock | Trading Securities Mutual Funds | Total |
| Balance, beginning of year | \$ 11,220 | \$ - | \$ - | \$ 11,220 |
| Purchases, Issuances, Sales, and Settlements: | | | | |
| Sales | (25) | - | - | (25) |
| Balance, end of quarter | \$ 11,195 | \$ - | \$ - | \$ 11,195 |

| | Thirteen Weeks Ended April 30, 2011 | | | |
|----------------------------|-------------------------------------------------------------------------|--------------------|------------------------------------------|----------|
| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) | | | |
| | Available-for-Sale Securities Auction-rate Securities | Preferred Stock | Trading Securities Mutual Funds | Total |
| Balance, beginning of year | \$ 8,586 | \$ - | \$ - | \$ 8,586 |

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| | | | | | |
|--------------------------------------------------|-----------|-----|------|------|-----------|
| Transfers into Level 3 | 2,787 | (a) | - | - | 2,787 |
| Purchases, Issuances, Sales, and Settlements: | | | | | |
| Sales | (25 |) | - | - | (25 |
| Balance, end of quarter | \$ 11,348 | | \$ - | \$ - | \$ 11,348 |

(a) Transferred from Level 2 to Level 3 due to lack of observable market data due to reduction in market activity. The Company's policy is to recognize transfers in and transfers out as of the beginning of the reporting period in which the transfer occurred.

The carrying value of cash equivalents approximates fair value due to the low level of risk these assets present and their relatively liquid nature, particularly given their short maturities. The Company also holds certain financial instruments that are not carried at fair value on the consolidated balance sheets, including held-to-maturity securities. Held-to-maturity securities consist of state and municipal bonds, corporate bonds, and certificates of deposit. The fair values of these debt securities are based on quoted market prices and yields for the same or similar securities, which we determined to be Level 2 inputs. As of April 28, 2012, the fair value of held-to-maturity securities was \$49,485 compared to the carrying amount of \$49,235. As of January 28, 2012, the fair value of held-to-maturity securities is \$47,595 compared to the carrying amount of \$47,236.

6. Supplemental Cash Flow Information

The Company had non-cash investing activities during the thirteen week periods ended April 28, 2012 and April 30, 2011 of (\$1,168) and \$2,157, respectively. The non-cash investing activity relates to the change in the balance of unpaid purchases of property, plant, and equipment included in accounts payable as of the end of the period. Amounts reported as unpaid purchases are recorded as cash outflows from investing activities for purchases of property, plant, and equipment in the consolidated statement of cash flows in the period they are paid.

Additional cash flow information for the Company includes cash paid for income taxes during the thirteen week periods ended April 28, 2012 and April 30, 2011 of \$9,552 and \$453, respectively.

7. Stock-Based Compensation

The Company has several stock option plans which allow for granting of stock options to employees, executives, and directors. The options are in the form of non-qualified stock options and are granted with an exercise price equal to the market value of the Company's common stock on the date of grant. The options generally expire ten years from the date of grant. The Company also has a restricted stock plan that allows for the granting of non-vested shares of common stock to employees and executives and a restricted stock plan that allows for the granting of non-vested shares of common stock to non-employee directors.

As of April 28, 2012, 637,509 shares were available for grant under the various stock option plans, of which 447,884 were available for grant to executive officers. Also as of April 28, 2012, 89,624 shares were available for grant under the Company's various restricted stock plans, of which 51,000 shares were available for grant to executive officers.

Compensation expense was recognized during fiscal 2012 and fiscal 2011 for equity-based grants, based on the grant date fair value of the awards. The fair value of grants of non-vested common stock awards is the stock price on the date of grant.

Information regarding the impact of compensation expense related to grants of non-vested shares of common stock is as follows:

| | Thirteen Weeks Ended | |
|----------------------------------------------|----------------------|----------------|
| | April 28, 2012 | April 30, 2011 |
| Stock-based compensation expense, before tax | \$ 2,138 | \$ 1,621 |
| Stock-based compensation expense, after tax | \$ 1,347 | \$ 1,021 |

FASB ASC 718 requires the benefits of tax deductions in excess of the compensation cost recognized for stock options exercised during the period to be classified as financing cash inflows. This amount is shown as “excess tax benefit from stock option exercises” on the consolidated statements of cash flows. For the thirteen week periods ended April 28, 2012 and April 30, 2011, the excess tax benefit realized from exercised stock options was \$3,709 and \$1,024, respectively.

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A summary of the Company's stock-based compensation activity related to stock options for the thirteen week period ended April 28, 2012 is as follows:

| | Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---------------------------------|------------|------------------------------------------|---------------------------------------------------------|---------------------------------|
| Outstanding - beginning of year | 417,972 | \$ 2.38 | | |
| Granted | - | - | | |
| Expired/forfeited | - | - | | |
| Exercised | (238,448) | 1.33 | | |
| Outstanding - end of quarter | 179,524 | \$ 3.78 | 2.27 years | \$ 7,707 |
| Exercisable - end of quarter | 179,524 | \$ 3.78 | 2.27 years | \$ 7,707 |

No stock options were granted during fiscal 2012 or fiscal 2011. The total intrinsic value of options exercised during the thirteen week periods ended April 28, 2012 and April 30, 2011 was \$11,300 and \$3,016, respectively. As of April 28, 2012, there was no unrecognized compensation expense as all outstanding stock options were vested.

Non-vested shares of common stock granted during the thirteen week periods ended April 28, 2012 and April 30, 2011 were granted pursuant to the Company's 2005 Restricted Stock Plan and the Company's 2008 Director Restricted Stock Plan. Shares granted under the 2005 Plan typically vest over a period of four years, only upon certification by the Compensation Committee of the Board of Directors that the Company has achieved its pre-established performance targets for the fiscal year. Shares granted under the 2008 Director Plan vest 25% on the date of grant and then in equal portions on each of the first three anniversaries of the date of grant.

A summary of the Company's stock-based compensation activity related to grants of non-vested shares of common stock for the thirteen week period ended April 28, 2012 is as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|--------------------------------|-----------|-------------------------------------------------|
| Non-Vested - beginning of year | 386,202 | \$ 31.61 |
| Granted | 250,900 | 43.35 |
| Forfeited | - | - |
| Vested | (58,536) | 35.18 |
| Non-Vested - end of quarter | 578,566 | \$ 36.34 |

As of April 28, 2012, there was \$13,447 of unrecognized compensation expense related to grants of non-vested shares. It is expected that this expense will be recognized over a weighted average period of approximately 2.3 years. The total fair value of shares vested during the thirteen week periods ended April 28, 2012 and April 30, 2011 was \$2,767 and \$1,161, respectively.

8. Recently Issued Accounting Pronouncements

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income – Presentation of Comprehensive Income. ASU 2011-05 requires comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this update are to be applied retrospectively and are effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-05 did not have a material impact on the Company's financial position or results of operations.

In May 2011, the FASB issues ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, to improve the comparability of fair value measurements between statements presented in U.S. GAAP and IFRS. ASU 2011-04 clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and (3) quantitative information required for fair value measurements categorized within Level 3. ASU 2011-04 also provides guidance on measuring the fair value of financial instruments managed within a portfolio and application of premiums and discounts in a fair value measurement. In addition, ASU 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The amendments in this update are to be applied retrospectively and are effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Company's financial position or results of operations.

THE BUCKLE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and notes thereto of the Company included in this Form 10-Q. All references herein to the "Company", "Buckle", "we", "us", or similar terms refer to The Buckle, Inc. and its subsidiary. The following is management's discussion and analysis of certain significant factors which have affected the Company's financial condition and results of operations during the periods included in the accompanying consolidated financial statements.

EXECUTIVE OVERVIEW

Company management considers the following items to be key performance indicators in evaluating Company performance.

Comparable Store Sales – Stores are deemed to be comparable stores if they were open in the prior year on the first day of the fiscal period being presented. Stores which have been remodeled, expanded, and/or relocated, but would otherwise be included as comparable stores, are not excluded from the comparable store sales calculation. Online sales are excluded from comparable store sales. Management considers comparable store sales to be an important indicator of current Company performance, helping leverage certain fixed costs when results are positive. Negative comparable store sales results could reduce net sales and have a negative impact on operating leverage, thus reducing net earnings.

Merchandise Margins – Management evaluates the components of merchandise margin including initial markup and the amount of markdowns during a period. Any inability to obtain acceptable levels of initial markups or any significant increase in the Company's use of markdowns could have an adverse effect on the Company's gross margin and results of operations.

Operating Margin – Operating margin is a good indicator for management of the Company's success. Operating margin can be positively or negatively affected by comparable store sales, merchandise margins, occupancy costs, and the Company's ability to control operating costs.

Cash Flow and Liquidity (working capital) – Management reviews current cash and short-term investments along with cash flow from operating, investing, and financing activities to determine the Company's short-term cash needs for operations and expansion. The Company believes that existing cash, short-term investments, and cash flow from operations will be sufficient to fund current and long-term anticipated capital expenditures and working capital requirements for the next several years.

RESULTS OF OPERATIONS

The following table sets forth certain financial data expressed as a percentage of net sales and the percentage change in the dollar amount of such items compared to the prior period:

| | Percentage of Net Sales Thirteen Weeks Ended | | | | Percentage Increase/(Decrease) | |
|---------------------------------------------------------------------|-------------------------------------------------|---|----------------|---|-----------------------------------|---|
| | April 28, 2012 | | April 30, 2011 | | | |
| Net sales | 100.0 | % | 100.0 | % | 9.9 | % |
| Cost of sales (including buying, distribution, and occupancy costs) | 56.7 | % | 57.1 | % | 9.1 | % |
| Gross profit | 43.3 | % | 42.9 | % | 10.9 | % |
| Selling expenses | 17.5 | % | 17.8 | % | 8.3 | % |
| General and administrative expenses | 3.8 | % | 3.7 | % | 11.8 | % |
| Income from operations | 22.0 | % | 21.4 | % | 13.0 | % |
| Other income, net | 0.7 | % | 0.6 | % | 12.4 | % |
| Income before income taxes | 22.7 | % | 22.0 | % | 13.0 | % |
| Provision for income taxes | 8.4 | % | 8.1 | % | 13.0 | % |
| Net income | 14.3 | % | 13.9 | % | 13.0 | % |

Net sales increased from \$240.1 million in the first quarter of fiscal 2011 to \$263.8 million in the first quarter of fiscal 2012, a 9.9% increase. Comparable store sales increased by \$16.6 million, or 7.4%, for the thirteen week period ended April 28, 2012 compared to the same period in the prior year. The comparable store sales increase was primarily due to an 8.7% increase in the average retail price per piece of merchandise sold during the period and a 0.5% increase in the number of transactions at comparable stores during the period, partially offset by a 1.8% decrease in the average number of units sold per transaction. Sales growth for the thirteen week period was also attributable to the inclusion of a full quarter of operating results for the 13 new stores opened during fiscal 2011 and to growth in online sales. Online sales for the quarter (which are not included in comparable store sales) increased 15.1% to \$19.7 million. Average sales per square foot increased 6.8% from \$105.85 for the first quarter of fiscal 2011 to \$113.04 for the first quarter of fiscal 2012. Total square footage as of April 28, 2012 was 2.156 million.

The Company's average retail price per piece of merchandise sold increased \$3.88, or 8.7%, during the first quarter of fiscal 2012 compared to the first quarter of fiscal 2011. This \$3.88 increase was primarily attributable to the following changes (with their corresponding effect on the overall average price per piece): a shift in the merchandise mix (\$1.29), a 4.7% increase in average denim price points (\$0.98), a 13.0% increase in average active apparel price points (\$0.55), a 4.5% increase in average knit shirt price points (\$0.48), an 11.0% increase in average footwear price points (\$0.27), and increased average price points in certain other categories (\$0.31). These changes are primarily a reflection of merchandise shifts in terms of brands and product styles, fabrics, details, and finishes.

Gross profit after buying, distribution, and occupancy expenses increased from \$102.9 million in the first quarter of fiscal 2011 to \$114.2 million in the first quarter of fiscal 2012, a 10.9% increase. As a percentage of net sales, gross profit increased from 42.9% in the first quarter of fiscal 2011 to 43.3% in the first quarter of fiscal 2012. The improvement was attributable to the leveraging of certain occupancy and distribution costs (0.50%, as a percentage of net sales), which was partially offset by an increase in expense related to the incentive bonus accrual (0.10%, as a percentage of net sales). Merchandise margins for the first quarter of fiscal 2012 were even with the first quarter of fiscal 2011.

Selling expenses increased from \$42.7 million for the first quarter of fiscal 2011 to \$46.3 million for the first quarter of fiscal 2012, an 8.3% increase. As a percentage of net sales, selling expenses decreased from 17.8% for the first quarter of fiscal 2011 to 17.5% for the first quarter of fiscal 2012. The reduction was primarily attributable to decreases in bankcard fees (0.25%, as a percentage of net sales) and internet-related fulfillment and marketing expenses (0.20%, as a percentage of net sales), which were partially offset by an increase in expense related to the incentive bonus accrual (0.15%, as a percentage of net sales).

General and administrative expenses increased from \$8.9 million in the first quarter of fiscal 2011 to \$9.9 million in the first quarter of fiscal 2012, an 11.8% increase. As a percentage of net sales, general and administrative expenses increased from 3.7% in the first quarter of fiscal 2011 to 3.8% in the first quarter of fiscal 2012. Increases in vacation pay expense (0.25%, as a percentage of net sales) and equity compensation expense (0.15%, as a percentage of net sales) were partially offset by the leveraging of certain other general and administrative expenses (0.30%, as a percentage of net sales).

As a result of the above changes, the Company's income from operations increased 13.0% to \$58.0 million for the first quarter of fiscal 2012 compared to \$51.4 million for the first quarter of fiscal 2011. Income from operations was 22.0% of net sales for the first quarter of fiscal 2012 compared to 21.4% of net sales for the first quarter of fiscal 2011.

Other income increased from \$1.6 million for the first quarter of fiscal 2011 to \$1.8 million for the first quarter of fiscal 2012. The Company's other income is derived primarily from interest and dividends received on the Company's cash and investments.

Income tax expense as a percentage of pre-tax income was 36.8% in the first quarter of both fiscal 2012 and fiscal 2011, bringing net income to \$37.8 million in the first quarter of fiscal 2012 compared to \$33.5 million in the first quarter of fiscal 2011, an increase of 13.0%.

LIQUIDITY AND CAPITAL RESOURCES

As of April 28, 2012, the Company had working capital of \$245.5 million, including \$186.7 million of cash and cash equivalents and short-term investments of \$33.4 million. The Company's cash receipts are generated from retail sales and from investment income, and the Company's primary ongoing cash requirements are for inventory, payroll, occupancy costs, dividend payments, new store expansion, remodeling, and other capital expenditures. Historically, the Company's primary source of working capital has been cash flow from operations. During the first quarter of fiscal 2012 and fiscal 2011, the Company's cash flow from operations was \$37.8 million and \$38.9 million, respectively.

The uses of cash for both thirteen week periods include payment of annual bonuses accrued at fiscal year end, changes in inventory and accounts payable for build-up of inventory levels, dividend payments, construction costs for new and remodeled stores, and other capital expenditures.

During the first quarter of fiscal 2012 and 2011, the Company invested \$7.9 million and \$8.6 million, respectively, in new store construction, store renovation, and store technology upgrades. The Company also spent \$0.9 million and \$2.0 million in the first quarter of fiscal 2012 and 2011, respectively, in capital expenditures for the corporate headquarters and distribution facility.

During the remainder of fiscal 2012, the Company anticipates completing approximately 24 additional store construction projects, including approximately 10 new stores and approximately 14 stores to be substantially remodeled and/or relocated. Management estimates that total capital expenditures during fiscal 2012 will be approximately \$32 to \$36 million, which includes primarily planned new store and store remodeling projects. The Company believes that existing cash and cash equivalents, investments, and cash flow from operations will be sufficient to fund current and long-term anticipated capital expenditures and working capital requirements for the next several years. The Company has a consistent record of generating positive cash flow each year and, as of April 28, 2012, had total cash and investments of \$259.9 million. The Company does not currently have plans for a merger or acquisition and has fairly consistent plans for new store expansion and remodels. Based upon past results and current plans, management does not anticipate any large swings in the Company's need for cash in the upcoming years.

Future conditions, however, may reduce the availability of funds based upon factors such as a decrease in demand for the Company's product, change in product mix, competitive factors, and general economic conditions as well as other risks and uncertainties which would reduce the Company's sales, net profitability, and cash flows. Also, the Company's acceleration in store openings and/or remodels or the Company entering into a merger, acquisition, or other financial related transaction could reduce the amount of cash available for further capital expenditures and working capital requirements.

The Company has available an unsecured line of credit of \$17.5 million with Wells Fargo Bank, N.A. for operating needs and letters of credit. The line of credit provides that outstanding letters of credit cannot exceed \$10.0 million. Borrowings under the line of credit provide for interest to be paid at a rate equal to the prime rate established by the bank. The Company has, from time to time, borrowed against these lines during periods of peak inventory build-up. There were no bank borrowings during the first quarter of fiscal 2012 or 2011.

Auction-Rate Securities - As of April 28, 2012, total cash and investments included \$14.1 million of auction-rate securities ("ARS") and preferred securities, which compares to \$14.2 million of ARS and preferred securities as of January 28, 2012. All of the \$14.1 million of ARS and preferred securities as of April 28, 2012 has been included in long-term investments. ARS have a long-term stated maturity, but are reset through a "dutch auction" process that occurs every 7 to 49 days, depending on the terms of the individual security. During February 2008, a significant number of auctions related to these securities failed, meaning that there was not enough demand to sell the entire issue at auction. The failed auctions have limited the current liquidity of the Company's investments in ARS and the Company has reason to believe that certain of the underlying issuers of its ARS are currently at risk. The Company does not anticipate, however, that further auction failures will have a material impact on the Company's ability to fund its business.

ARS and preferred securities are reported at fair market value, and as of April 28, 2012, the reported investment amount is net of a \$1.1 million temporary impairment and a \$2.7 million other-than-temporary impairment ("OTTI") to account for the impairment of certain securities from their stated par value. The Company reported the \$1.1 million temporary impairment, net of tax, as an "accumulated other comprehensive loss" of \$0.7 million in stockholders' equity as of April 28, 2012. The Company has accounted for the impairment as temporary, as it currently believes that these ARS can be successfully redeemed or liquidated in the future at par value plus accrued interest.

The Company reviews all investments for OTTI at least quarterly or as indicators of impairment exist. The value and liquidity of ARS held by the Company may be affected by continued auction-rate failures, the credit quality of each security, the amount and timing of interest payments, the amount and timing of future principal payments, and the probability of full repayment of the principal. Additional indicators of impairment include the duration and severity of the decline in market value. The interest rates on these investments will be determined by the terms of each individual ARS. The material risks associated with the ARS held by the Company include those stated above as well as the current economic environment, downgrading of credit ratings on investments held, and the volatility of the entities backing each of the issues. In addition, the Company considers qualitative factors including, but not limited to, the financial condition of the investee, the credit rating of the investee, and the current and expected market and industry conditions in which the investee operates. The Company believes it has the ability and intent to hold these investments until recovery of market value occurs.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon The Buckle, Inc.'s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires that management make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the financial statement date, and the reported amounts of sales and expenses during the reporting period. The Company regularly evaluates its estimates, including those related to inventory, investments, incentive bonuses, and income taxes. Management bases its estimates on past experience and on various other factors that are thought to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes that the estimates and judgments used in preparing these consolidated financial statements were the most appropriate at that time. Presented below are those critical accounting policies that management believes require subjective and/or complex judgments that could potentially affect reported results of operations. The critical accounting policies and estimates utilized by the Company in the preparation of its condensed consolidated financial statements for the period ending April 28, 2012 have not changed materially from those utilized for the fiscal year ended January 28, 2012, included in The Buckle Inc.'s 2011 Annual Report on Form 10-K .

1. Revenue Recognition. Retail store sales are recorded upon the purchase of merchandise by customers. Online sales are recorded when merchandise is delivered to the customer, with the time of delivery being based on estimated shipping time from the Company's distribution center to the customer. Shipping fees charged to customers are included in revenue and shipping costs are included in selling expenses. The Company recognizes revenue from sales made under its layaway program upon delivery of the merchandise to the customer. Revenue is not recorded when gift cards and gift certificates are sold, but rather when a card or certificate is redeemed for merchandise. A current liability for unredeemed gift cards and certificates is recorded at the time the card or certificate is purchased. The amounts of the gift certificate and gift card liabilities are determined using the outstanding balances from the prior three and four years of issuance, respectively. The liability recorded for unredeemed gift certificates and gift cards was \$15.4 million and \$20.3 million as of April 28, 2012 and January 28, 2012, respectively. The Company records breakage as other income when the probability of redemption, which is based on historical redemption patterns, is remote.

The Company establishes a liability for estimated merchandise returns based upon the historical average sales return percentage. Customer returns could potentially exceed the historical average, thus reducing future net sales results and potentially reducing future net earnings. The accrued liability for reserve for sales returns was \$0.8 million as of both April 28, 2012 and January 28, 2012.

2. Inventory. Inventory is valued at the lower of cost or market. Cost is determined using an average cost method that approximates the first-in, first-out (FIFO) method. Management makes adjustments to inventory and cost of goods sold, based upon estimates, to reserve for merchandise obsolescence and markdowns that could affect market value, based on assumptions using calculations applied to current inventory levels within each different markdown level. Management also reviews the levels of inventory in each markdown group and the overall aging of the inventory versus the estimated future demand for such product and the current market conditions. Such judgments could vary significantly from actual results, either favorably or unfavorably, due to fluctuations in future economic conditions, industry trends, consumer demand, and the competitive retail environment. Such changes in market conditions could negatively impact the sale of markdown inventory, causing further markdowns or inventory obsolescence, resulting in increased cost of goods sold from write-offs and reducing the Company's net earnings. The liability recorded as a reserve for markdowns and/or obsolescence was \$4.7 million and \$4.9 million as of April 28, 2012 and January 28, 2012, respectively. The Company is not aware of any events, conditions, or changes in demand or price that would

indicate that its inventory valuation may not be materially accurate at this time.

3. **Income Taxes.** The Company records a deferred tax asset and liability for expected future tax consequences resulting from temporary differences between financial reporting and tax bases of assets and liabilities. The Company considers future taxable income and ongoing tax planning in assessing the value of its deferred tax assets. If the Company determines that it is more than likely that these assets will not be realized, the Company would reduce the value of these assets to their expected realizable value, thereby decreasing net income. Estimating the value of these assets is based upon the Company's judgment. If the Company subsequently determined that the deferred tax assets, which had been written down, would be realized in the future, such value would be increased. Adjustment would be made to increase net income in the period such determination was made. As of April 28, 2012 and January 28, 2012, the Company's non-current deferred tax liability includes a \$0.2 million valuation allowance recorded to reduce the value of the Company's capital loss carryforward to its expected realizable amount prior to expiration.

4. **Operating Leases.** The Company leases retail stores under operating leases. Most lease agreements contain tenant improvement allowances, rent holidays, rent escalation clauses, and/or contingent rent provisions. For purposes of recognizing lease incentives and minimum rental expense on a straight-line basis over the terms of the leases, the Company uses the date of initial possession to begin amortization, which is generally when the Company enters the space and begins to make improvements in preparation of intended use. For tenant improvement allowances and rent holidays, the Company records a deferred rent liability on the consolidated balance sheets and amortizes the deferred rent over the terms of the leases as reductions to rent expense on the consolidated statements of income.

For scheduled rent escalation clauses during the lease terms or for rental payments commencing at a date other than the date of initial occupancy, the Company records minimum rental expense on a straight-line basis over the terms of the leases on the consolidated statements of income. Certain leases provide for contingent rents, which are determined as a percentage of gross sales in excess of specified levels. The Company records a contingent rent liability on the consolidated balance sheets and the corresponding rent expense when specified levels have been achieved or are reasonably probable to be achieved.

5. **Investments.** Investments classified as short-term investments include securities with a maturity of greater than three months and less than one year, and a portion of the Company's investments in auction-rate securities ("ARS"), which are available-for-sale securities. Available-for-sale securities are reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity (net of the effect of income taxes), using the specific identification method, until they are sold.

The Company reviews impairment to determine the classification of potential impairments as either temporary or other-than-temporary. A temporary impairment results in an unrealized loss being recorded in other comprehensive income. An impairment that is considered other-than-temporary would be recognized in net income. The Company considers various factors in reviewing impairment, including the duration and severity of the decline in market value. In addition, the Company considers qualitative factors including, but not limited to, the financial condition of the investee, the credit rating of the investee, the current and expected market and industry conditions in which the investee operates, and the Company's intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery in market value. The Company believes it has the ability and maintains its intent to hold these investments until recovery of market value occurs.

The Company determined the fair value of ARS using Level 1 inputs for known or anticipated subsequent redemptions at par value, Level 2 inputs using observable inputs, and Level 3 using unobservable inputs, where the following criteria were considered in estimating fair value:

Pricing was provided by the custodian of ARS;
Pricing was provided by a third-party broker for ARS;

Sales of similar securities;

Quoted prices for similar securities in active markets;

Quoted prices for publicly traded preferred securities;

Quoted prices for similar assets in markets that are not active - including markets where there are few transactions for the asset, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;

Pricing was provided by a third-party valuation consultant (using Level 3 inputs).

In addition, the Company considers other factors including, but not limited to, the financial condition of the investee, the credit rating, insurance, guarantees, collateral, cash flows, and the current and expected market and industry conditions in which the investee operates. Management believes it has used information that was reasonably obtainable in order to complete its valuation process and determine if the Company's investments in ARS had incurred any temporary and/or other-than-temporary impairment as of April 28, 2012.

The Company has concluded that certain of its ARS represent Level 3 valuation and should be valued using a discounted cash flow analysis. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows, and expected holding periods of the ARS. As of April 28, 2012, the unobservable inputs used by the Company and its independent third-party valuation consultant in valuing its Level 3 investments in ARS included:

Durations until redemption ranging from 0.5 to 31.0 years, with a weighted average of 5.0 years.

Discount rates ranging from 0.57% to 6.10%, with a weighted average of 2.43%.

Loss severities ranging from 0% to 25% of par value, with a weighted average of 6.9%.

OFF-BALANCE SHEET ARRANGEMENTS, CONTRACTUAL OBLIGATIONS, AND COMMERCIAL COMMITMENTS

As referenced in the tables below, the Company has contractual obligations and commercial commitments that may affect the financial condition of the Company. Based on management's review of the terms and conditions of its contractual obligations and commercial commitments, there is no known trend, demand, commitment, event, or uncertainty that is reasonably likely to occur which would have a material effect on the Company's financial condition, results of operations, or cash flows.

In addition, the commercial obligations and commitments made by the Company are customary transactions which are similar to those of other comparable retail companies. The operating lease obligations shown in the table below represent future cash payments to landlords required to fulfill the Company's minimum rent requirements. Such amounts are actual cash requirements by year and are not reported net of any tenant improvement allowances received from landlords.

The following tables identify the material obligations and commitments as of April 28, 2012:

| Contractual obligations (dollar amounts in thousands): | Total | Payments Due by Period | | | |
|--------------------------------------------------------|------------|------------------------|------------|-----------|---------------|
| | | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Long term debt and purchase obligations | \$ 6,196 | \$ 6,039 | \$ 157 | \$ - | \$ - |
| Deferred compensation | 9,858 | - | - | - | 9,858 |
| Operating leases | 352,876 | 56,589 | 100,018 | 82,086 | 114,183 |
| Total contractual obligations | \$ 368,930 | \$ 62,628 | \$ 100,175 | \$ 82,086 | \$ 124,041 |

| Other commercial commitments (dollar amounts in thousands): | Total Amounts Committed | Amount of Commitment Expiration Per Period | | | |
|-------------------------------------------------------------|-------------------------|--------------------------------------------|-----------|-----------|---------------|
| | | Less than 1 year | 1-3 years | 4-5 years | After 5 years |
| Lines of credit | \$ - | \$ - | \$ - | \$ - | \$ - |

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| | | | | | | | | | | |
|------------------------------|----|---|----|---|----|---|----|---|----|---|
| Total commercial commitments | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |
|------------------------------|----|---|----|---|----|---|----|---|----|---|

The Company has available an unsecured line of credit of \$17.5 million, of which \$10.0 million is available for letters of credit, which is excluded from the preceding table. Certain merchandise purchase orders require that the Company open letters of credit. When the Company takes possession of the merchandise, it releases payment on the letters of credit. The amounts of outstanding letters of credit reported reflect the open letters of credit on merchandise ordered, but not yet received or funded. The Company believes it has sufficient credit available to open letters of credit for merchandise purchases. There were no bank borrowings during the first quarter of fiscal 2012 or the first quarter of fiscal 2011. The Company had outstanding letters of credit totaling \$3.7 million and \$2.3 million at April 28, 2012 and January 28, 2012, respectively. The Company has no other off-balance sheet arrangements.

SEASONALITY AND INFLATION

The Company's business is seasonal, with the holiday season (from approximately November 15 to December 30) and the back-to-school season (from approximately July 15 to September 1) historically contributing the greatest volume of net sales. For fiscal years 2011, 2010, and 2009, the holiday and back-to-school seasons accounted for approximately 35% for each respective year of the Company's fiscal year net sales. Although the operations of the Company are influenced by general economic conditions, the Company does not believe that inflation has had a material effect on the results of operations during the thirteen week periods ended April 28, 2012 and April 30, 2011. Quarterly results may vary significantly depending on a variety of factors including the timing and amount of sales and costs associated with the opening of new stores, the timing and level of markdowns, the timing of store closings, the remodeling of existing stores, competitive factors, and general economic conditions.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income – Presentation of Comprehensive Income. ASU 2011-05 requires comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In both choices, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This update eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this update do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The amendments in this update are to be applied retrospectively and are effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-05 did not have a material impact on the Company's financial position or results of operations.

In May 2011, the FASB issues ASU No. 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, to improve the comparability of fair value measurements between statements presented in U.S. GAAP and IFRS. ASU 2011-04 clarifies the application of existing fair value measurement requirements including (1) the application of the highest and best use and valuation premise concepts, (2) measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and (3) quantitative information required for fair value measurements categorized within Level 3. ASU 2011-04 also provides guidance on measuring the fair value of financial instruments managed within a portfolio and application of premiums and discounts in a fair value measurement. In addition, ASU 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The amendments in this update are to be applied retrospectively and are effective for interim and annual reporting periods beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Company's financial position or results of operations.

FORWARD LOOKING STATEMENTS

Information in this report, other than historical information, may be considered to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "1995 Act"). Such statements are made in good faith by the Company pursuant to the safe-harbor provisions of the 1995 Act. In connection with these safe-harbor provisions, this management's discussion and analysis contains certain forward-looking statements, which reflect management's current views and estimates of future economic conditions, Company performance, and financial results. The statements are based on many assumptions and factors that could cause future results to differ materially. Such factors include, but are not limited to, changes in product mix, changes in fashion trends, competitive factors, and general economic conditions, economic conditions in the retail apparel industry, as well as other risks and

uncertainties inherent in the Company's business and the retail industry in general. Any changes in these factors could result in significantly different results for the Company. The Company further cautions that the forward-looking information contained herein is not exhaustive or exclusive. The Company does not undertake to update any forward-looking statements, which may be made from time to time by or on behalf of the Company.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company has evaluated the disclosure requirements of Item 305 of S-K “Quantitative and Qualitative Disclosures about Market Risk,” and has concluded that the Company has inherent risks in its operations as it is exposed to certain market risks, including interest rates.

Interest Rate Risk - To the extent that the Company borrows under its line of credit facility, the Company would be exposed to market risk related to changes in interest rates. As of April 28, 2012, no borrowings were outstanding under the line of credit facility. The Company is not a party to any derivative financial instruments. Additionally, the Company is exposed to market risk related to interest rate risk on the cash and investments in interest-bearing securities. These investments have carrying values that are subject to interest rate changes that could impact earnings to the extent that the Company did not hold the investments to maturity. If there are changes in interest rates, those changes would also affect the investment income the Company earns on its cash and investments. For each one-quarter percent decline in the interest/dividend rate earned on cash and investments (approximately a 50% change in the rate earned), the Company’s net income would decrease approximately \$0.3 million, or less than \$0.01 per share. This amount could vary based upon the number of shares of the Company’s stock outstanding and the level of cash and investments held by the Company.

Other Market Risk – At April 28, 2012, the Company held \$18.0 million, at par value, of investments in auction-rate securities (“ARS”) and preferred stock. The Company concluded that a \$1.1 million temporary impairment and \$2.7 million other-than-temporary impairment existed related to these securities as of April 28, 2012. Given current market conditions in the ARS and equity markets, the Company may incur additional temporary or other-than-temporary impairment in the future if market conditions persist and the Company is unable to recover the cost of its investments in ARS.

ITEM 4 – CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that material information, which is required to be timely disclosed, is accumulated and communicated to management in a timely manner. An evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934 (the “Exchange Act”)) was performed as of the end of the period covered by this report. This evaluation was performed under the supervision and with the participation of the Company’s Chief Executive Officer and Chief Financial Officer.

Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures as of the end of the period covered by this report were effective to provide reasonable assurance that information required to be disclosed by the Company in the Company’s reports that it files or submits under the Exchange Act is accumulated and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized, and reported within the time periods specified by the SEC’s rules and forms.

Change in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

THE BUCKLE, INC.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings:
None

Item 1A. Risk Factors:

There have been no material changes from the risk factors disclosed under “Item 1A - Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended January 28, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:

The following table sets forth information concerning purchases made by the Company of its common stock for each of the months in the fiscal quarter ended April 28, 2012:

| | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans | Maximum Number of Shares that May Yet Be Purchased Under Publicly Announced Plans |
|--------------------------------|-------------------------------------------|------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Jan. 29, 2012 to Feb. 25, 2012 | - | - | - | 543,900 |
| Feb. 26, 2012 to Mar. 31, 2012 | - | - | - | 543,900 |
| Apr. 1, 2012 to Apr. 28, 2012 | - | - | - | 543,900 |
| | - | - | - | |

The Board of Directors authorized a 1,000,000 share repurchase plan on November 20, 2008. The Company has 543,900 shares remaining to complete this authorization.

Item 3. Defaults Upon Senior Securities: None

Item 4. Mine Safety Disclosures:
None

Item 5. Other Information:

None

Item 6. Exhibits:

(a) Exhibits 31.1 and 31.2 certifications, as well as Exhibits 32.1 and 32.2 Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- (b) Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, and 10.6.1 to The Buckle, Inc.'s Annual Report on Form 10-K for the fiscal year ended January 28, 2012, filed on March 28, 2012, are incorporated herein by this reference.
- (c) Exhibit 101 includes the following materials from The Buckle, Inc.'s Quarterly Report on Form 10-Q for the quarter ended April 28, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Stockholders' Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and in detail.

Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101 are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

THE BUCKLE, INC.

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.

THE BUCKLE, INC.

Dated: June 7
, 2012

/s/ DENNIS H. NELSON
DENNIS H. NELSON, President and CEO
(principal executive officer)

Dated: June 7
, 2012

/s/ KAREN B. RHOADS
KAREN B. RHOADS, Vice President
of Finance and CFO
(principal accounting officer)