Seven Arts Entertainment Inc.
Form CERTNAS
September 01, 2011

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477,974

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable
$
37,147

$
34,124

Accrued employee compensation
36,933

42,183

Accrued store operating expenses
9,983

10,121

Gift certificates redeemable
23,131

22,221

Income taxes payable
16,187

20,307

Total current liabilities
123,381

128,956

DEFERRED COMPENSATION (Note I)
12,797

10,600

DEFERRED RENT LIABILITY
37,564

36,947

OTHER LIABILITIES (Note F)
10,621

11,822

Total liabilities
184,363

188,325

COMMITMENTS (Notes E and H)

STOCKHOLDERS' EQUITY (Note J):

Common stock, authorized 100,000,000 shares of $.01 par value; 48,336,392 and 48,059,269 shares issued and outstanding at February 1, 2014 and February 2, 2013, respectively
483

481

Additional paid-in capital
124,134

117,391

Retained earnings
238,151

172,711

Accumulated other comprehensive loss
(838
)

(934
)
Total stockholders' equity
361,930

289,649

$
546,293

$
477,974

See notes to consolidated financial statements.

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THE BUCKLE, INC.

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

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
SALES, Net of returns and allowances of $108,851, $106,612, and $95,476, respectively	$1,128,001	$1,124,007	$1,062,946
COST OF SALES (Including buying, distribution, and occupancy costs)	628,856	624,692	594,291
Gross profit	499,145	499,315	468,655
OPERATING EXPENSES:			
Selling	206,893	201,963	195,294
General and administrative	35,258	39,177	37,041
	242,151	241,140	232,335
INCOME FROM OPERATIONS	256,994	258,175	236,320
OTHER INCOME, Net (Note A)	3,462	3,524	4,161
INCOME BEFORE INCOME TAXES	260,456	261,699	240,481
PROVISION FOR INCOME TAXES (Note F)	97,872	97,394	89,025
NET INCOME	$162,584	$164,305	$151,456
EARNINGS PER SHARE (Note K):			
Basic	$3.41	$3.47	$3.23
Diluted	$3.39	$3.44	$3.20

See notes to consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
NET INCOME	$162,584	$164,305	$151,456
OTHER COMPREHENSIVE INCOME, NET OF TAX:			
Change in unrealized loss on investments, net of tax of $56, $(138), and $(17), respectively	96	(235)	(28)
Other comprehensive income	96	(235)	(28)
COMPREHENSIVE INCOME	$162,680	$164,070	$151,428

See notes to consolidated financial statements.

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THE BUCKLE, INC.

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

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE, January 29, 2011	47,127,926	$471	$89,719	$256,146	$(671)	$345,665
Net income	—	—	—	151,456	—	151,456
Dividends paid on common stock, ($3.05 per share)	—	—	—	(144,563)	—	(144,563)
Common stock issued on exercise of stock options	184,368	2	827	—	—	829
Issuance of non-vested stock, net of forfeitures	128,395	1	(1)	—	—	—
Amortization of non-vested stock grants, net of forfeitures	—	—	6,403	—	—	6,403
Common stock purchased and retired	(8,600)	—	(296)	—	—	(296)
Income tax benefit related to exercise of stock options	—	—	3,681	—	—	3,681
Change in unrealized loss on investments, net of tax	—	—	—	—	(28)	(28)
BALANCE, January 28, 2012	47,432,089	$474	$100,333	$263,039	$(699)	$363,147
Net income	—	—	—	164,305	—	164,305
Dividends paid on common stock, ($5.30 per share)	—	—	—	(254,633)	—	(254,633)
Common stock issued on exercise of stock options	377,520	4	842	—	—	846
Issuance of non-vested stock, net of forfeitures	249,660	3	(3)	—	—	—
Amortization of non-vested stock grants, net of forfeitures	—	—	8,388	—	—	8,388
Income tax benefit related to exercise of stock options	—	—	7,831	—	—	7,831
Change in unrealized loss on investments, net of tax	—	—	—	—	(235)	(235)
BALANCE, February 2, 2013	48,059,269	$481	$117,391	$172,711	$(934)	$289,649
Net income	—	—	—	162,584	—	162,584
Dividends paid on common stock, ($2.02 per share)	—	—	—	(97,144)	—	(97,144)
	25,555	—	—	—	—	—

Common stock issued on exercise of stock options						
Issuance of non-vested stock, net of forfeitures	251,568	2	(2)	—	—	—
Amortization of non-vested stock grants, net of forfeitures	—	—	5,066	—	—	5,066
Income tax benefit related to exercise of stock options	—	—	1,679	—	—	1,679
Change in unrealized loss on investments, net of tax	—	—	—	—	96	96
BALANCE, February 1, 2014	48,336,392	$483	$124,134	$238,151	$(838)	$361,930

See notes to consolidated financial statements.

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THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$162,584	$164,305	$151,456
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation and amortization	32,631	33,834	32,769
Amortization of non-vested stock grants, net of forfeitures	5,066	8,388	6,403
Deferred income taxes	(2,086)	(1,939)	5,417
Other	988	1,528	859
Changes in operating assets and liabilities:			
Receivables	(989)	596	1,232
Inventory	(20,288)	356	(15,616)
Prepaid expenses and other assets	(2,255)	(10,281)	321
Accounts payable	2,738	6,534	(2,883)
Accrued employee compensation	(5,250)	(671)	6,836
Accrued store operating expenses	(138)	(1,004)	1,472
Gift certificates redeemable	910	1,935	3,073
Income taxes payable	(2,699)	14,897	18,007
Deferred rent liabilities and deferred compensation	2,814	2,463	(73)
Net cash flows from operating activities	174,026	220,941	209,273
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(28,811)	(30,297)	(36,627)
Proceeds from sale of property and equipment	11	1,140	9
Change in other assets	112	130	19
Purchases of investments	(32,314)	(29,933)	(14,099)
Proceeds from sales/maturities of investments	30,981	37,294	33,125
Net cash flows from investing activities	(30,021)	(21,666)	(17,573)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the exercise of stock options	—	846	829
Excess tax benefit from stock option exercises	399	5,609	2,371
Purchases of common stock	—	—	(296)
Payment of dividends	(97,144)	(254,633)	(144,563)
Net cash flows from financing activities	(96,745)	(248,178)	(141,659)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,260	(48,903)	50,041

CASH AND CASH EQUIVALENTS, Beginning of year	117,608	166,511	116,470
CASH AND CASH EQUIVALENTS, End of year	$164,868	$117,608	$166,511

See notes to consolidated financial statements.

THE BUCKLE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar Amounts in Thousands Except Share and Per Share Amounts)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal Year - The Buckle, Inc. (the “Company”) has its fiscal year end on the Saturday nearest January 31. All references in these consolidated financial statements to fiscal years are to the calendar year in which the fiscal year begins. Fiscal 2013 represents the 52-week period ended February 1, 2014, fiscal 2012 represents the 53-week period ended February 2, 2013, and fiscal 2011 represents the 52-week period ended January 28, 2012.

Nature of Operations - The Company is a retailer of medium to better-priced casual apparel, footwear, and accessories for fashion-conscious young men and women operating 450 stores located in 43 states throughout the continental United States as of February 1, 2014.

During fiscal 2013, the Company opened 13 new stores, substantially renovated 8 stores, and closed 3 stores. During fiscal 2012, the Company opened 10 new stores, substantially renovated 21 stores, and closed 1 store. During fiscal 2011, the Company opened 13 new stores, substantially renovated 24 stores, and closed 2 stores.

Principles of Consolidation - The consolidated financial statements include the accounts of The Buckle, Inc. and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

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. Shipping costs were $6,223, $6,477, and $7,618 during fiscal 2013, 2012, and 2011, respectively. Merchandise returns are estimated based upon the historical average sales return percentage and accrued at the end of the period. The reserve for merchandise returns was $750 and $853 as of February 1, 2014 and February 2, 2013, respectively. The Company recognizes revenue from sales made under its layaway program upon delivery of the merchandise to the customer.

The Company records the sale of gift cards and gift certificates as a current liability and recognizes a sale when a customer redeems the gift card or gift certificate. The amount of the gift certificate liability is determined using the outstanding balances from the prior three years of issuance and the gift card liability is determined using the outstanding balances from the prior four years of issuance. The Company records breakage as other income when the probability of redemption, which is based on historical redemption patterns, is remote. Breakage reported for the fiscal years ended February 1, 2014, February 2, 2013, and January 28, 2012 was $1,146, $755, and $701, respectively. The Company recognizes a current liability for the down payment and subsequent installment payments made when merchandise is placed on layaway and recognizes layaways as a sale at the time the customer makes final payment and picks up the merchandise.

Cash and Cash Equivalents - The Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

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 impairments 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. Impairments that are considered other-than-temporary are recognized as a loss in the consolidated statements of income. The Company considers various factors in reviewing impairments, including the length of time and extent to which the fair value has been less than the Company’s cost basis, the financial condition and near-term prospects of the issuer, 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. Held-to-maturity securities are carried at amortized cost. The Company believes it has the ability and maintains its intent to hold these investments until recovery of market value occurs or until the ultimate maturity of the investments. Trading securities are reported at fair value, with unrealized gains and losses included in earnings, using the specific identification method.

Inventory - Inventory is stated at the lower of cost or market. Cost is determined using the average cost method. Management makes adjustments to inventory and cost of goods sold to account for merchandise obsolescence and markdowns based on assumptions using calculations applied to current inventory levels by department within each different markdown level. Management also reviews the levels of inventory in each markdown group, and the overall aging of inventory, versus the estimated future demand for such product and the current market conditions. The calculation for estimated markdowns and/or obsolescence reduced the Company's inventory valuation by $7,415 and $6,286 as of February 1, 2014 and February 2, 2013, respectively. The amount charged (credited) to cost of goods sold, resulting from adjustments for estimated markdowns and/or obsolescence, was $1,129, $1,382, and $(183), for fiscal years 2013, 2012, and 2011, respectively.

Property and Equipment - Property and equipment are stated on the basis of historical cost. Depreciation is provided using a combination of accelerated and straight-line methods based upon the estimated useful lives of the assets. The majority of property and equipment have useful lives of five to ten years with the exception of buildings, which have estimated useful lives of 31.5 to 39 years. Leasehold improvements are stated on the basis of historical cost and are amortized over the shorter of the life of the lease or the estimated economic life of the assets. When circumstances indicate the carrying values of long-lived assets may be impaired, an evaluation is performed on current net book value amounts. Judgments made by the Company related to the expected useful lives of property and equipment and the ability to realize cash flows in excess of carrying amounts of such assets are affected by factors such as changes in economic conditions and changes in operating performance. As the Company assesses the expected cash flows and carrying amounts of long-lived assets, adjustments are made to such carrying values.

Pre-Opening Expenses - Costs related to opening new stores are expensed as incurred.

Advertising Costs - Advertising costs are expensed as incurred and were $11,088, $10,214 and $8,865 for fiscal years 2013, 2012, and 2011, respectively.

Health Care Costs -The Company is self-funded for health and dental claims up to $200 per individual per plan year. The Company's plan covers eligible employees, and management makes estimates at period end to record a reserve for unpaid claims based upon historical claims information. The accrued liability as a reserve for unpaid health care claims was $875 and $675 as of February 1, 2014 and February 2, 2013, respectively.

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 expenses on a straight-line basis over the terms of the leases, the Company uses the date of initial possession to begin expensing rent, 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 expenses 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 in "accrued store operating expenses" on the consolidated balance sheets and the corresponding rent expense when specified levels have been achieved or are reasonably probable to be achieved.

Other Income - The Company’s other income is derived primarily from interest and dividends received on cash and investments.

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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 judgment of the Company's management 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. 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, thus increasing net income in the period such determination was made. The Company records tax benefits only for tax positions that are more than likely to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards.

Financial Instruments and Credit Risk Concentrations - Financial instruments, which potentially subject the Company to concentrations of credit risk, are primarily cash, investments, and accounts receivable. The Company's investments are primarily in tax-free municipal bonds, auction-rate securities, corporate bonds, or U.S. Treasury securities with short-term maturities. The majority of the Company's cash and cash equivalents are held by Wells Fargo Bank, N.A. This amount, as well as cash and investments held by certain other financial institutions, exceed federally insured limits.

Of the Company's $228,501 in total cash and investments as of February 1, 2014, $9,644 was comprised of investments in auction-rate securities ("ARS"). 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.

Concentrations of credit risk with respect to accounts receivable are limited due to the nature of the Company's receivables, which include primarily employee receivables that can be offset against future compensation. The Company's financial instruments have a fair value approximating the carrying value.

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.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements - In February 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which adds additional disclosure requirements for items reclassified out of accumulated other comprehensive income. The additional disclosure requirements are effective for interim and annual reporting periods beginning after December 15, 2012. The adoption of ASU 2013-02 did not have a material impact on the Company's financial position or results of operations, as there were no such reclassifications during the periods presented in this Form 10-K.

Supplemental Cash Flow Information - The Company had non-cash investing activities during fiscal years 2013, 2012, and 2011 of $(285), $(174), and $3,190, 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 year. The liability for unpaid purchases of property, plant, and equipment included in accounts payable was $1,304, $1,019, and $845 as of February 1, 2014, February 2, 2013, and January 28, 2012, respectively. 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 fiscal years 2013, 2012, and 2011 of $102,259, $78,828, and $63,230, respectively.

B. INVESTMENTS

The following is a summary of investments as of February 1, 2014:

	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	$10,975	$—	$(1,331)	$—	$9,644
Held-to-Maturity Securities:					
State and municipal bonds	$41,192	$210	$(2)	$—	$41,400
Trading Securities:					
Mutual funds	$11,769	$1,028	$—	$—	$12,797

The following is a summary of investments as of February 2, 2013:

	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	$13,075	$—	$(1,482)	$(725)	$10,868
Preferred stock	2,000	—	—	(1,974)	26
	$15,075	$—	$(1,482)	$(2,699)	$10,894
Held-to-Maturity Securities:					
State and municipal bonds	$40,155	$108	$(15)	$—	$40,248
Certificates of deposit	500	4	—	—	504
	$40,655	$112	$(15)	$—	$40,752
Trading Securities:					
Mutual funds	$10,257	$343	$—	$—	$10,600

The auction-rate securities were invested as follows as of February 1, 2014:

Nature	Underlying Collateral	Par Value
Municipal revenue bonds	100% insured by AAA/AA/A-rated bond insurers	$7,975
Municipal bond funds	Fixed income instruments within issuers' money market funds	50
Student loan bonds	Student loans guaranteed by state entities	2,950
Total par value		$10,975

As of February 1, 2014, the Company’s auction-rate securities portfolio was 74% AA/Aa-rated and 26% A-rated.

The amortized cost and fair value of debt securities by contractual maturity as of February 1, 2014 is as follows:

	Amortized Cost	Fair Value
Held-to-Maturity Securities		
Less than 1 year	$20,197	$20,221
1 - 5 years	20,995	21,179
	$41,192	$41,400

At February 1, 2014 and February 2, 2013, $9,644 and $10,869 of available-for-sale securities and $20,995 and $14,266 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 February 1, 2014, the reported investment amount is net of $1,331 of temporary impairment to account for the impairment of certain securities from their stated par value. The $1,331 temporary impairment is reported, net of tax, as an “accumulated other comprehensive loss” of $838 in stockholders’ equity as of February 1, 2014. For the investments considered temporarily impaired, all of which have been in loss positions for over a year, 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 and has classified the investments in long-term investments.

As of February 1, 2014, the Company had $10,975 invested in ARS, at par value, which is reported at its estimated fair value of $9,644. As of February 2, 2013, the Company had $13,075 invested in ARS and $2,000 invested in preferred securities, which were reported at their estimated fair value of $10,868 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 fiscal years 2013, 2012, and 2011, the Company was able to successfully liquidate ARS and preferred securities with a par value of $4,100, $2,900, and $5,750, respectively. The Company reviews all investments for other-than-temporary impairment ("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 February 1, 2014, all of the Company’s investments in ARS were classified in long-term investments. As of February 2, 2013, $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 $10,869 was classified in long-term investments.

C. 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 February 1, 2014, 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 3.1 to 5.7 years, with a weighted average of 4.9 years.
Discount rates ranging from 3.93% to 4.93%, with a weighted average of 4.56%.

As of February 1, 2014 and February 2, 2013, 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 B. 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 or 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 February 1, 2014 and February 2, 2013.

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 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs	
February 1, 2014	(Level 1)	(Level 2)	(Level 3)	Total
Available-for-sale securities:				
Auction-rate securities	$—	$177	$9,467	$9,644
Trading securities (including mutual funds)	12,797	—	—	12,797
Totals	$12,797	$177	$9,467	$22,441

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Observable Inputs	Significant Unobservable Inputs	
February 2, 2013	(Level 1)	(Level 2)	(Level 3)	Total
Available-for-sale securities:				
Auction-rate securities	$—	$178	$10,690	$10,868
Preferred stock	26	—	—	26
Trading securities (including mutual funds)	10,600	—	—	10,600
Totals	$10,626	$178	$10,690	$21,494

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 $1,308 of the Company’s recorded temporary impairment as of February 1, 2014. 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:

	Fifty-two Weeks Ended February 1, 2014 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities		Trading Securities	
	Auction-rate Securities	Preferred Stock	Mutual Funds	Total
Balance, beginning of year	$10,690	$—	$—	$10,690
Total gains and losses:				
Included in other comprehensive income	152	—	—	152
Purchases, Issuances, Sales, and Settlements:				
Sales	(1,375)	—	—	(1,375)
Balance, end of year	$9,467	$—	$—	$9,467

	Fifty-three Weeks Ended February 2, 2013 Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
	Available-for-Sale Securities		Trading Securities	
	Auction-rate Securities	Preferred Stock	Mutual Funds	Total
Balance, beginning of year	$11,220	$—	$—	$11,220
Total gains and losses:				
Included in other comprehensive income	(480)	—	—	(480)
Purchases, Issuances, Sales, and Settlements:				
Sales	(50)	—	—	(50)
Balance, end of year	$10,690	$—	$—	$10,690

There were no transfers of securities between Levels 1, 2, or 3 during the fiscal years ended February 1, 2014 or February 2, 2013. 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 the Company determined to be Level 2 inputs. As of February 1, 2014, the fair value of held-to-maturity securities was $41,400 compared to the carrying amount of $41,192. As of February 2, 2013, the fair value of held-to-maturity securities was $40,752 compared to the carrying amount of $40,655.

The carrying values of receivables, accounts payable, accrued expenses and other current liabilities approximates fair value because of their short-term nature. From time to time, the Company measures certain assets at fair value on a non-recurring basis, specifically long-lived assets evaluated for impairment. These are typically store specific assets, which are reviewed for impairment when circumstances indicate impairment may exist due to the questionable recoverability of the carrying values of long-lived assets. If expected future cash flows related to a store's assets are less than their carrying value, an impairment loss would be recognized for the difference between the carrying value and the estimated fair value of the store's assets. The fair value of the store's assets is estimated utilizing an income-based approach based on the expected cash flows over the remaining life of the store's lease. The amount of impairment related to long-lived assets was immaterial as of both February 1, 2014 and February 2, 2013, respectively.

D. PROPERTY AND EQUIPMENT

	February 1, 2014	February 2, 2013
Land	$2,165	$2,165
Building and improvements	28,006	28,055
Office equipment	9,357	8,265
Transportation equipment	20,782	15,445
Leasehold improvements	146,655	141,165
Furniture and fixtures	157,771	149,836
Shipping/receiving equipment	26,392	25,847
Screenprinting equipment	111	111
Construction-in-progress	2,417	2,397
	$393,656	$373,286

E. FINANCING ARRANGEMENTS

The Company has available an unsecured line of credit of $25,000 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 $20,000. Borrowings under the line of credit provide for interest to be paid at a rate based on LIBOR. The Company has, from time to time, borrowed against these lines during periods of peak inventory build-up. There were no bank borrowings as of February 1, 2014 and February 2, 2013. There were no bank borrowings during fiscal 2013, 2012, and 2011. The Company had outstanding letters of credit totaling $3,226 and $3,243 as of February 1, 2014 and February 2, 2013, respectively. The line of credit is scheduled to expire on July 31, 2015.

F. INCOME TAXES

The provision for income taxes consists of:

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Current income tax expense:			
Federal	$89,198	$88,265	$73,880
State	10,760	11,068	9,728
Deferred income tax expense	(2,086)	(1,939)	5,417
Total	$97,872	$97,394	$89,025

Total income tax expense for the year varies from the amount which would be provided by applying the statutory income tax rate to earnings before income taxes. The primary reasons for this difference (expressed as a percent of pre-tax income) are as follows:

	Fiscal Years Ended February 1, 2014	February 2, 2013	January 28, 2012
Statutory rate	35.0 %	35.0 %	35.0 %
State income tax effect	2.7	2.8	2.7

Tax exempt interest income	(0.1)	(0.1)	(0.2)
Other	—	(0.5)	(0.5)
Effective tax rate	37.6 %	37.2 %	37.0 %

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Deferred income tax assets and liabilities are comprised of the following:

	February 1, 2014	February 2, 2013
Deferred income tax assets (liabilities):		
Inventory	$5,020	$4,260
Stock-based compensation	4,012	4,595
Accrued compensation	4,903	4,121
Accrued store operating costs	655	733
Realized and unrealized loss on securities	1,264	1,843
Gift certificates redeemable	1,311	1,060
Allowance for doubtful accounts	4	3
Deferred rent liability	13,899	13,670
Property and equipment	(31,411)	(33,390)
Less: Valuation allowance	(925)	(194)
Net deferred income tax asset (liability)	$(1,268)	$(3,299)

As of February 1, 2014 and February 2, 2013, respectively, the net current deferred income tax assets of $9,353 and $8,523 are classified in “prepaid expenses and other assets.” As of February 1, 2014 and February 2, 2013, respectively, the net non-current deferred income tax liabilities of $10,621 and $11,822 are classified in “other liabilities.” There are no unrecognized tax benefits recorded in the Company’s consolidated financial statements as of February 1, 2014 or February 2, 2013. The Company has no open examinations with the Internal Revenue Service and fiscal years 2010, 2011, 2012 and 2013 remain subject to examination by the Internal Revenue Service as well as state taxing authorities.

Valuation allowances are recorded to reduce the value of deferred tax assets to the amount that is more likely than not to be realized. As of February 1, 2014, the Company had $1,152 in deferred tax assets for capital loss carryforwards, which expire in periods from fiscal 2014 through fiscal 2019, and a related valuation allowance of $(925). As of February 2, 2013, the Company had a deferred tax asset of $423 for capital loss carryforwards and a related valuation allowance of $(194).

G. RELATED PARTY TRANSACTIONS

Included in other assets is a note receivable of $1,155 as of February 1, 2014 and $1,125 as of February 2, 2013, respectively, from a life insurance trust fund controlled by the Company’s Chairman. The note was created over three years, beginning in July 1994, when the Company paid life insurance premiums of $200 each year for the Chairman on a personal policy. The note accrues interest at 5% of the principal balance per year and is to be paid from the life insurance proceeds. The note is secured by a life insurance policy on the Chairman.

H. COMMITMENTS

Leases - The Company conducts its operations in leased facilities under numerous non-cancelable operating leases expiring at various dates through fiscal 2024. Most of the Company’s stores have lease terms of approximately ten years and generally do not contain renewal options. 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 expenses 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 expenses 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. Operating lease base rental expense for fiscal 2013, 2012, and 2011 was $61,640, $58,683, and $54,626, respectively. Most of the rental payments are based on a minimum annual rental plus a percentage of sales in excess of a specified amount. Percentage rents for fiscal 2013, 2012, and 2011 were $5,080, $5,163, and $5,256, respectively.

Total future minimum rental commitments under these operating leases with remaining lease terms in excess of one year as of February 1, 2014 are as follows:

Fiscal Year	Minimum Rental Commitments
2014	$62,915
2015	57,745
2016	52,628
2017	47,617
2018	41,237
Thereafter	89,579
Total minimum rental commitments	$351,721

Litigation - From time to time, the Company is involved in litigation relating to claims arising out of its operations in the normal course of business. As of the date of these consolidated financial statements, the Company was not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material effect on the Company.

I. EMPLOYEE BENEFITS

The Company has a 401(k) profit sharing plan covering all eligible employees who elect to participate. Contributions to the plan are based upon the amount of the employees' deferrals and the employer's discretionary matching formula. The Company may contribute to the plan at its discretion. The total expense under the profit sharing plan was $1,166, $1,059, and $791 for fiscal years 2013, 2012, and 2011, respectively.

The Buckle, Inc. Deferred Compensation Plan covers the Company's executive officers. The plan is funded by participant contributions and a specified annual Company matching contribution not to exceed 6% of the participant's compensation. The Company's contributions were $326, $429, and $235 for fiscal years 2013, 2012, and 2011, respectively.

J. 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 February 1, 2014, 635,315 shares were available for grant under the various stock option plans, of which 447,457 shares were available for grant to executive officers. Also as of February 1, 2014, 1,139,296 shares were available for grant under the Company's various restricted stock plans, of which 1,114,172 shares were available for grant to executive officers.

Compensation expense was recognized during fiscal 2013, 2012, and 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.

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

	Fiscal Years Ended		
	February 1, 2014	February 2, 2013	January 28, 2012
Stock-based compensation expense, before tax	$5,066	$8,388	$6,403
Stock-based compensation expense, after tax	$3,192	$5,284	$4,034

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 fiscal 2013, 2012, and 2011, the excess tax benefit realized from exercised stock options was $399, $5,609, and $2,371, respectively.

The Company paid a special cash dividend in each of the past three fiscal years. On September 19, 2011, the Board of Directors authorized a $2.25 per share special cash dividend to be paid on October 27, 2011 to shareholders of record at the close of business on October 14, 2011. On November 5, 2012, the Board of Directors authorized a $4.50 per share special cash dividend to be paid on December 21, 2012 to shareholders of record at the close of business on December 7, 2012. On December 9, 2013, the Board of Directors authorized a $1.20 per share special cash dividend to be paid on January 27, 2014 to shareholders of record at the close of business on January 15, 2014. To preserve the intrinsic value for option holders, the Board also approved on each occasion, pursuant to the terms of the Company’s various stock option plans, a proportional adjustment to both the exercise price and the number of shares covered by each award for all outstanding stock options. This adjustment did not result in any incremental compensation expense.

A summary of the Company’s stock-based compensation activity related to stock options for the fiscal year ended February 1, 2014 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding - beginning of year	42,808	$1.79		
Granted	—	—		
Other (1)	334	0.05		
Expired/forfeited	(496)	0.01		
Exercised	(25,555)	0.01		
Outstanding - end of year	17,091	$4.12	1.27 years	$687
Exercisable - end of year	17,091	$4.12	1.27 years	$687

(1) An adjustment was made to the exercise price and number of options outstanding for the special cash dividend paid during January 2014. "Other" represents additional options issues as a result of this adjustment in the fourth quarter of fiscal 2013.

No stock options were granted during fiscal 2013, 2012, and 2011. The total intrinsic value of options exercised during fiscal 2013, 2012, and 2011 was $1,244, $17,386, and $7,218, respectively. As of February 1, 2014, there was no unrecognized compensation expense as all outstanding stock options were vested.

Non-vested shares of common stock granted during each of the past three fiscal years 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 fiscal year ended February 1, 2014 is as follows:

	Shares	Weighted Average Grant Date Fair Value
Non-Vested - beginning of year	419,261	$39.52
Granted	254,400	47.03
Forfeited	(2,832)	40.49
Vested	(207,030)	38.28
Non-Vested - end of year	463,799	$44.19

As of February 1, 2014, there was $3,241 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 1.5 years. The total fair value of shares vested during fiscal 2013, 2012, and 2011 was $9,329, $10,199, and $7,527 respectively.

K. EARNINGS PER SHARE

The following table provides reconciliation between basic and diluted earnings per share:

	Fiscal Years Ended February 1, 2014			February 2, 2013			January 28, 2012		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
Basic EPS	$162,584	47,744	$3.41	$164,305	47,383	$3.47	$151,456	46,859	$3.23
Effect of Dilutive Securities									
Stock options and non-vested shares	—	232	(0.02)	—	327	(0.03)	—	500	(0.03)
Diluted EPS	$162,584	47,976	$3.39	$164,305	47,710	$3.44	$151,456	47,359	$3.20

No stock options were deemed anti-dilutive and excluded from the computation of diluted earnings per share for fiscal 2013, 2012 or 2011.

L. SEGMENT INFORMATION

The Company is a retailer of medium to better priced casual apparel, footwear, and accessories. The Company operates its business as one reportable segment. The Company operated 450 stores located in 43 states throughout the continental United States as of February 1, 2014.

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

Merchandise Group	Fiscal Years Ended February 1, 2014		February 2, 2013		January 28, 2012	
Denims	45.3	%	46.4	%	46.6	%
Tops (including sweaters)	30.2		30.9		32.1	
Accessories	8.5		8.4		8.2	
Sportswear/Fashions	6.0		5.7		5.1	
Footwear	5.8		5.3		4.9	
Outerwear	2.3		2.2		2.3	
Casual bottoms	0.9		0.8		0.6	
Other	1.0		0.3		0.2	
	100.0	%	100.0	%	100.0	%

M. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Selected unaudited quarterly financial information for fiscal 2013 and 2012 are as follows:

Fiscal 2013	Quarter First	Second	Third	Fourth
Net sales	$269,712	$232,529	$286,761	$338,999
Gross profit	$117,007	$94,487	$126,225	$161,426
Net income	$37,552	$25,144	$40,584	$59,304
Basic earnings per share	$0.79	$0.53	$0.85	$1.24
Diluted earnings per share	$0.78	$0.52	$0.85	$1.23

Fiscal 2012	Quarter First	Second	Third	Fourth
Net sales	$263,762	$215,483	$284,147	$360,615
Gross profit	$114,195	$86,503	$125,415	$173,202
Net income	$37,809	$23,223	$41,917	$61,356
Basic earnings per share	$0.80	$0.49	$0.89	$1.29
Diluted earnings per share	$0.79	$0.49	$0.88	$1.28

Basic and diluted shares outstanding are computed independently for each of the quarters presented and, therefore, may not sum to the totals for the year. Each of the quarters presented is a 13-week quarter with the exception of the fourth quarter of fiscal 2012, which was a 14-week quarter ending the Company's 53-week fiscal year.

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ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A – 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.

Management’s Report on Internal Control Over Financial Reporting - Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company’s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United State of America (“GAAP”).

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Management has assessed the effectiveness of the Company’s internal control over financial reporting as of February 1, 2014, based on the criteria set forth by the Committee of Sponsoring Organizations (“COSO”) of the Treadway Commission in their Internal Control-Integrated Framework (1992). In making its assessment of internal control over financial reporting, management has concluded that the Company’s internal control over financial reporting was effective as of February 1, 2014.

The Company’s independent registered public accounting firm, Deloitte & Touche LLP, has audited the effectiveness of the Company’s internal control over financial reporting. Their report appears herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Buckle, Inc.
Kearney, Nebraska

We have audited the internal control over financial reporting of The Buckle, Inc. and subsidiary (the “Company”) as of February 1, 2014, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2014, based on the criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the fiscal year ended February 1, 2014 of the Company and our report dated April 2, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Omaha, Nebraska
April 2, 2014

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ITEM 9B - OTHER INFORMATION

As required by Section 303A of the New York Stock Exchange's Corporate Governance Standards, the Company's Chief Executive Officer submitted a certification to the New York Stock Exchange in fiscal 2013 that he was not aware of any violation by the Company of the New York Stock Exchange's Corporate Governance Standards as of the date of the certification, July 1, 2013.

PART III

ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE
The information required by this item appears under the captions "Executive Officers of the Company" appearing on pages 10 and 11 of this report and "Election of Directors" in the Company's Proxy Statement for its 2014 Annual Shareholders' Meeting and is incorporated by reference.

ITEM 11 - EXECUTIVE COMPENSATION
The information required by this item appears under the following captions in the Company's Proxy Statement for its 2014 Annual Shareholders' Meeting and is incorporated by reference: "Executive Compensation," "Director Compensation" (included under the "Election of Directors" section), and "Report of the Audit Committee."

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item appears under the captions "Beneficial Ownership of Common Stock" and "Election of Directors" in the Company's Proxy Statement for its 2014 Annual Shareholders' Meeting and in the Notes to Consolidated Financial Statements under Footnote J on pages 45 to 47 of this report and is incorporated by reference.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE
The information required by this item appears under the captions "Independence" and "Related Party Transactions" (included under the "Election of Directors" section) in the Company's Proxy Statement for its 2014 Annual Shareholders' Meeting and is incorporated by reference.

ITEM 14 - PRINCIPAL ACCOUNTANT FEES AND SERVICES
Information regarding the fees billed by our independent registered public accounting firm and the nature of services comprising the fees for each of the two most recent fiscal years is set forth under the caption "Ratification of Independent Registered Public Accounting Firm" in the Company's Proxy Statement for its 2014 Annual Shareholders' Meeting and is incorporated by reference.

PART IV

ITEM 15 - EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) Financial Statement Schedule
Valuation and Qualifying Account. This schedule is on page 53.
All other schedules are omitted because they are not applicable or the required information is presented in the consolidated financial statements or notes thereto.

(b) Exhibits
See index to exhibits on pages 54 and 55.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE BUCKLE, INC.

Date: April 2, 2014	By:	/s/ DENNIS H. NELSON DENNIS H. NELSON, President and CEO (principal executive officer)
Date: April 2, 2014	By:	/s/ KAREN B. RHOADS KAREN B. RHOADS, Senior Vice President of Finance and CFO (principal accounting officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on the 2nd day of April, 2014.

/s/ DANIEL J. HIRSCHFELD Daniel J. Hirschfeld Chairman of the Board and Director	/s/ BILL L. FAIRFIELD Bill L. Fairfield Director
/s/ DENNIS H. NELSON Dennis H. Nelson President and Chief Executive Officer and Director	/s/ BRUCE L. HOBERMAN Bruce L. Hoberman Director
/s/ KAREN B. RHOADS Karen B. Rhoads Senior Vice President of Finance and Principal Accounting Officer and Director	/s/ MICHAEL E. HUSS Michael E. Huss Director
/s/ JOHN P. PEETZ John P. Peetz, III Director	/s/ JAMES E. SHADA James E. Shada Director
/s/ ROBERT E. CAMPBELL Robert E. Campbell Director	

SCHEDULE II - Valuation and Qualifying Accounts
(Amounts in Thousands)

	Allowance for Doubtful Accounts	Reserve for Sales Returns	Valuation Allowance - Deferred Tax Assets
Balance, January 29, 2011	$40	$731	$241
Amounts charged to costs and expenses	356	—	—
Amounts charged to other accounts	—	95,476	—
Deductions	(378)	(95,375)	(47)
Balance, January 28, 2012	$18	$832	$194
Amounts charged to costs and expenses	591	—	—
Amounts charged to other accounts	—	106,612	—
Deductions	(601)	(106,591)	—
Balance, February 2, 2013	$8	$853	$194
Amounts charged to costs and expenses	729	—	731
Amounts charged to other accounts	—	108,851	—
Deductions	(726)	(108,954)	—
Balance, February 1, 2014	$11	$750	$925

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INDEX TO EXHIBITS

Exhibits			Page Number or Incorporation by Reference to
(3)	Articles of Incorporation and By-Laws.		
	(3.1)	Articles of Incorporation of The Buckle, Inc. as amended	Exhibit 3.1 to Form S-1 No. 33-46294
	(3.1.1)	Amendment to the Articles of Incorporation of The Buckle, Inc.	
	(3.2)	By-Laws of The Buckle, Inc.	Exhibit 3.2 to Form S-1 No. 33-46294
(4)	Instruments defining the rights of security holders, including indentures		
	(4.1)	See Exhibits 3.1 and 3.2 for provisions of the Articles of Incorporation and By-laws of the Registrant defining rights of holders of Common Stock of the registrant	
	(4.2)	Form of stock certificate for Common Stock	Exhibit 4.1 to Form S-1 No. 33-46294
(9)	Not applicable		
(10)	Material Contracts		
	(10.1)	Amended and Restated Non-Qualified Deferred Compensation Plan (*)	Exhibit 10.6 and 10.6.1 to Form 10-K filed for the fiscal year ended January 28, 2012
	(10.2)	Revolving Line of Credit Note and First Amendment to Credit Agreement, dated June 8, 2012 between The Buckle, Inc. and Buckle Brands, Inc. and Wells Fargo Bank, N.A. for a $25.0 million line of credit	Exhibit 10.1 to Form 10-Q filed for the fiscal quarter ended July 28, 2012
	(10.3)	1993 Director Stock Option Plan Amended and Restated (*)	Exhibit B to Proxy Statement for Annual Meeting held June 2, 2006
	(10.4)	1997 Executive Stock Option Plan (*)	Exhibit B to Proxy Statement for Annual Meeting held May 28, 1998
	(10.5)	1998 Restricted Stock Plan (*)	Exhibit C to Proxy Statement for Annual Meeting held May 28, 1998
	(10.6)	2005 Restricted Stock Plan Amended and Restated (*)	Exhibit B to Proxy Statement for Annual Meeting held May 31, 2013
	(10.7)	2008 Director Restricted Stock Plan (*)	Exhibit B to Proxy Statement For Annual Meeting held May 28, 2008
	(10.8)	2012 Management Incentive Plan (*)	Exhibit A to Proxy Statement for Annual Meeting held June 1, 2012
	(10.9)	2013 Management Incentive Plan (*)	Exhibit A to Proxy Statement for Annual Meeting held May 31, 2013
	(10.10)	Summary of Named Executive Officer Compensation	Incorporated by reference from the section titled "Executive Compensation and Other Information" in Proxy Statement for Annual Meeting to be held May 27, 2014
	(10.11)	Summary of Non-Employee Director Compensation	Incorporated by reference from the section titled "Director Compensation" in Proxy Statement for Annual Meeting to be held

May 27, 2014

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Exhibits		Page Number or Incorporation by Reference to
(11)	Not applicable	
(12)	Not applicable	
(13)	Not applicable	
(14)	Not applicable	
(16)	Not applicable	
(18)	Not applicable	
(21)	List of Subsidiaries	
(23)	Consent of Deloitte & Touche LLP	
(31a)	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
(31b)	Certification Pursuant to Rule 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
(32)	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
(101)	Includes the following materials from The Buckle, Inc.'s Annual Report on Form 10-K for the fiscal year ended February 1, 2014, 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.	
(*)	Denotes management contract or compensatory plan or arrangement.	

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