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BUCKLE INC
Form 10-Q/A
April 20, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

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

For the Quarterly Period Ended JULY 31, 2004

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

(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 is an accelerated filer (as
defined in Rule 12b-2 of the Act). Yes No

The number of shares issued of the Registrant's Common Stock, outstanding as of
September 2, 2004 was 21,509,333 shares of Common Stock.

EXPLANATORY NOTE

This Amendment No. 1 to The Buckle, Inc.'s (the "Company") Quarterly Report on
Form 10-Q/A ("Form 10-Q/A") is being filed in order to correct the previously
issued financial statements for the quarterly period ended July 31, 2004,
initially filed with the Securities and Exchange Commission (the "SEC") on
September 8, 2004 (the "Original Filing"). The corrections are to properly

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account for landlord construction allowances in accordance with Statement of Financial Accounting Standards No.13, "Accounting for Leases" and Financial Accounting Standards Board Technical Bulletin No. 88-1, "Issues Relating to Accounting for Leases"; and rent holidays in accordance with Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases." See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Financial Statements included in Item 1, "Financial Statements" of this Form 10-Q/A for additional discussion and a summary of the effect of these changes on the Company's financial statements as of July 31, 2004 and January 31, 2004 and for the interim periods ended July 31, 2004 and August 2, 2003.

This Form 10-Q/A amends and restates only Items 1, 2 and 4 of Part I and Item 6 of Part II of the Original Filing to reflect the effects of this restatement of our financial statements for the period presented or as deemed necessary in connection with the completion of restated financial statements. The remaining Items contained within this Amendment No. 1 on Form 10-Q/A consist of all other Items originally contained on Form 10-Q for the fiscal quarter ended July 31, 2004. These remaining Items are not amended hereby, but are included for the convenience of the reader. Except for the forgoing amended information, this Form 10-Q/A continues to describe conditions as of the date of the Original Filing, and we have not updated the disclosures contained herein to reflect events that occurred at a later date.

In connection with the preparation of this Form 10-Q/A, the Company concluded that it was appropriate to reclassify certain store operating liabilities to/from gift certificates redeemable and employee compensation. Accordingly, we have revised the classification to report these changes on the balance sheets as of July 31, 2004 and January 31, 2004. The Company has also made corresponding adjustments to the statements of cash flows for the periods ended July 31, 2004 and August 2, 2003, to reflect these reclassifications. See Note 2: "Restatement and Reclassification of Financial Statements" under Notes to Financial Statements included in Item 1, "Financial Statements " of this Form 10-Q/A for additional discussion on the effects of the change in classification.

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THE BUCKLE, INC.

FORM 10-Q/A

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THE BUCKLE, INC.
BALANCE SHEETS
(Columnar amounts in thousands)
(Unaudited)

	July 31, 2004 (As Restated, see Note 2)	January 31, 2004 (As Restated, see Note 2)
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 110,165	\$ 119,976
Investments	23,245	23,346
Accounts receivable, net of allowance of \$95,000 and \$181,000, respectively	1,467	3,585
Inventory	100,997	61,156
Prepaid expenses and other assets	4,863	9,083
	-----	-----
Total current assets	240,737	217,146
PROPERTY AND EQUIPMENT	173,838	169,453
Less accumulated depreciation and amortization	88,891	85,550
	-----	-----
	84,947	83,903
LONG-TERM INVESTMENTS	50,237	52,647
OTHER ASSETS	2,428	2,526
	-----	-----
	\$ 378,349	\$ 356,222
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 31,921	\$ 14,207
Accrued employee compensation	6,738	11,890
Accrued store operating expenses	4,838	3,833

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Gift certificates redeemable	2,682	3,778
Income taxes payable	3,073	2,760
	-----	-----
Total current liabilities	49,252	36,468
DEFERRED COMPENSATION	1,594	1,467
DEFERRED RENT LIABILITY	24,639	24,442
	-----	-----
Total liabilities	75,485	62,377
COMMITMENTS		
STOCKHOLDERS' EQUITY		
Common stock, authorized 100,000,000 shares of \$.01 par value; issued 21,561,849 and 21,484,316 shares, respectively	216	215
Additional paid-in capital	25,000	24,245
Retained earnings	279,018	272,125
Unearned compensation - restricted stock	(1,370)	(2,740)
	-----	-----
Total stockholders' equity	302,864	293,845
	-----	-----
	\$ 378,349	\$ 356,222
	=====	=====

See notes to financial statements.

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THE BUCKLE, INC.
STATEMENTS OF INCOME
(Amounts in thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Week
	July 31, 2004 (As Restated, See Note 2)	August 2, 2003 (As Restated, See Note 2)	July 31, 2004 (As Restated, See Note 2)
	-----	-----	-----
SALES, net of returns and allowances	\$ 96,848	\$ 85,683	\$191,622
COST OF SALES (including buying, distribution and occupancy costs)	67,054	61,111	131,166
	-----	-----	-----
Gross profit	29,794	24,572	60,456
	-----	-----	-----
OPERATING EXPENSES:			
Selling	18,399	16,428	36,733
General and administrative	3,853	3,423	7,750
	-----	-----	-----
	22,252	19,851	44,483
	-----	-----	-----

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Income from operations	7,542	4,721	15,973
OTHER INCOME, Net	825	932	1,743
	-----	-----	-----
Income before income taxes	8,367	5,653	17,716
PROVISION FOR INCOME TAXES	3,050	2,078	6,511
	-----	-----	-----
NET INCOME	\$ 5,317	\$ 3,575	\$ 11,205
	=====	=====	=====
Per share amounts:			
Basic income per share	\$ 0.25	\$ 0.17	\$ 0.52
Diluted income per share	\$ 0.24	\$ 0.17	\$ 0.50
Basic weighted average shares	21,406	21,006	21,388
Diluted weighted average shares	22,225	21,521	22,200

See notes to financial statements.

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THE BUCKLE, INC.
STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Twenty-six Weeks	
	July 31, 2004 (As Restated, see Note 2)	August (As R see
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 11,205	\$
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation	7,828	
Loss on disposal of assets	296	
Deferred taxes	(38)	
Amortization of unearned compensation-restricted stock	1,370	
Changes in operating assets and liabilities		
Accounts receivable	2,118	
Inventory	(39,841)	
Prepaid expenses and other assets	4,219	
Accounts payable	17,714	
Accrued employee compensation	(5,152)	
Accrued store operating expenses	1,005	
Gift certificates redeemable	(1,096)	
Income taxes payable	313	
Long-term liabilities and deferred compensation	324	
	-----	-----
Net cash flows (used in) from operating activities	265	
CASH FLOWS FROM INVESTING ACTIVITIES		

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Purchase of investments	(8,206)	
Proceeds from sales and maturities of investments	10,717	
Purchase of property and equipment	(9,166)	
Change in other assets	137	

Net cash flows used in investing activities	(6,518)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the exercise of stock options	1,951	
Purchases of common stock	(1,195)	
Dividends paid to stockholders	(4,314)	

Net cash flows used in financing activities	(3,558)	

Net decrease in cash and cash equivalents	(9,811)	
Cash and cash equivalents, Beginning of period	119,976	

Cash and cash equivalents, End of period	\$ 110,165	\$
	=====	=====

See notes to financial statements.

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THE BUCKLE, INC.

NOTES TO FINANCIAL STATEMENTS

THIRTEEN AND TWENTY-SIX WEEKS ENDED JULY 31, 2004 AND AUGUST 2, 2003

(Unaudited)

- Management Representation - The accompanying unaudited 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 a fair presentation of the results of operations for the interim periods have been included. Adjustments are of a normal recurring nature, except for adjustments required to make lease-related corrections, per Note 2 below. 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 financial statements for the fiscal year ended January 31, 2004, included in The Buckle, Inc.'s 2003 Form 10-K/A.
- Restatement of Financial Statements - On February 7, 2005, the Office of the Chief Accountant of the Securities and Exchange Commission (SEC) issued a letter to the American Institute of Certified Public Accountants expressing its views regarding certain operating lease-related accounting issues and their application under generally accepted accounting principles in the United States of America (GAAP). In light of this letter, the Company's management initiated a review of its lease accounting and determined that its then current method of accounting for leasehold improvements funded by landlord incentives or allowances under operating leases (tenant improvement allowances) and its then current method of accounting for rent holidays were not in accordance with GAAP. As a result, the Company restated its financial statements for each of the

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fiscal periods of 2004 and 2003 included in this report.

The Company had historically accounted for tenant improvement allowances as reductions to the related leasehold improvement asset on the balance sheets and capital expenditures in investing activities on the statements of cash flows. Management determined that Financial Accounting Standards Board (FASB) Technical Bulletin No. 88-1, Issues Relating to Accounting for Leases, requires these allowances to be recorded as deferred rent liabilities on the balance sheets and as a component of operating activities on the statements of cash flows.

For leases initiated in fiscal 2000 and forward, the Company recognized rent holiday periods on a straight-line basis over the lease term commencing with the opening date of the retail stores. The store opening date coincided with the commencement of business operations, which corresponds to the intended use of the property. Management re-evaluated FASB Technical Bulletin No. 85-3, Accounting for Operating Leases with Scheduled Rent Increases, and determined that the lease term should commence on the date the Company takes possession of the leased space for construction purposes, which is generally three months prior to a store opening date.

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THE BUCKLE, INC.
NOTES TO FINANCIAL STATEMENTS
THIRTEEN AND TWENTY-SIX WEEKS ENDED JULY 31, 2004 AND AUGUST 2, 2003
(Unaudited)

Following is a summary of the effects of the restatement on the Company's balance sheet as of July 31, 2004, and the Company's statements of income and cash flows for each of the thirteen and twenty-six week periods ending July 31, 2004 and August 2, 2003.

Balance Sheets				
July 31, 2004	As previously reported	Reclass- ifications	Adjustments	As Restate
Prepaid expenses and other assets	\$ 5,344	\$ -	\$ (481)	\$ 4,863
Property and equipment, net	67,404	-	17,543	84,947
Other assets	1,170	-	1,258	2,428
Accrued employee compensation	7,014	(276)	-	6,738
Accrued store operating expenses	6,421	(528)	(1,055)	4,838
Gift certificates redeemable	1,878	804	-	2,682
Deferred rent liability	-	-	24,639	24,639
Deferred tax liability	1,490	-	(1,490)	-
Retained earnings	282,792	-	(3,774)	279,018

Certain reclassifications have been made to accrued employee compensation, accrued store operating expenses and gift certificates redeemable to provide a more accurate reporting of gift certificates redeemable from layaway returns and the reserve account for health insurance claims, as shown above, to more consistently report such liabilities on the balance sheets of the Company.

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Statements of Income

	As previously reported	Adjustments	As restated
Thirteen weeks ended July 31, 2004			
Cost of sales	\$ 67,003	\$ 51	\$ 67,054
Income from operations	7,593	(51)	7,542
Income before income taxes	8,418	(51)	8,367
Provision for income taxes	3,069	(19)	3,050
Net income	5,349	(32)	5,317
Earnings per share - basic	\$ 0.25	\$ -	\$ 0.25
Earnings per share - diluted	\$ 0.24	\$ -	\$ 0.24
Thirteen weeks ended August 2, 2003			
Cost of sales	\$ 61,085	\$ 26	\$ 61,111
Income from operations	4,747	(26)	4,721
Income before income taxes	5,679	(26)	5,653
Provision for income taxes	2,087	(9)	2,078
Net income	3,592	(17)	3,575
Earnings per share - basic	\$ 0.17	\$ -	\$ 0.17
Earnings per share - diluted	\$ 0.17	\$ -	\$ 0.17

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THE BUCKLE, INC.
NOTES TO FINANCIAL STATEMENTS
THIRTEEN AND TWENTY-SIX WEEKS ENDED JULY 31, 2004 AND AUGUST 2, 2003
(Unaudited)

Statements of Income

	As previously reported	Adjustments	As restated
Twenty-six weeks ended July 31, 2004			
Cost of sales	\$ 131,065	\$ 101	\$ 131,166
Income from operations	16,074	(101)	15,973
Income before income taxes	17,817	(101)	17,716
Provision for income taxes	6,547	(36)	6,511
Net income	11,270	(65)	11,205
Earnings per share - basic	\$ 0.53	\$ (0.01)	\$ 0.52
Earnings per share - diluted	\$ 0.51	\$ (0.01)	\$ 0.50
Twenty-six weeks ended August 2, 2003			
Cost of sales	\$ 119,929	\$ 51	\$ 119,980
Income from operations	8,332	(51)	8,281
Income before income taxes	10,404	(51)	10,353
Provision for income taxes	3,822	(18)	3,804
Net income	6,582	(33)	6,549
Earnings per share - basic	\$ 0.31	\$ -	\$ 0.31

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under fair value based method for all awards, net of related tax effects	(872)	(431)	(2,258)
	-----	-----	-----
Pro forma net income	\$ 4,616	\$ 3,276	\$ 9,803
	=====	=====	=====
Earnings per share:			
Basic - as reported	\$.25	\$.17	\$.52
	=====	=====	=====
Basic - pro forma	\$.22	\$.16	\$.46
	=====	=====	=====
Diluted - as reported	\$.24	\$.17	\$.50
	=====	=====	=====
Diluted - pro forma	\$.21	\$.15	\$.44
	=====	=====	=====

4. 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 their business as one reportable industry segment. The Company had 324 stores located in 38 states throughout the central, northwestern and southern regions of the United States as of July 31, 2004, and 313 stores in 37 states as of August 2, 2003. During the second quarter of fiscal 2004, the Company opened three new stores and substantially renovated two stores. During the second quarter of fiscal 2003, the Company opened three new stores and substantially renovated seven 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		Percentage of Net Sales Twenty-six Weeks Ended	
	July 31, 2004	Aug. 2, 2003	July 31, 2004	Aug. 2, 2003
	-----	-----	-----	-----
Merchandise Group				
Denims	35.5%	31.8%	35.7%	32.2%
Tops (incl. sweaters)	33.9%	33.8%	32.4%	33.0%
Accessories	11.8%	10.8%	11.4%	10.0%
Sportswear/Fashions	9.2%	10.3%	9.4%	10.5%
Footwear	7.6%	9.7%	8.4%	10.6%
Casual bottoms	1.6%	3.2%	2.3%	3.1%
Outerwear	0.3%	0.4%	0.4%	0.6%
Other	0.1%	0.0%	0.0%	0.0%
	-----	-----	-----	-----
	100.0%	100.0%	100.0%	100.0%
	=====	=====	=====	=====

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THIRTEEN AND TWENTY-SIX WEEKS ENDED JULY 31, 2004 AND AUGUST 2, 2003
(Unaudited)

5. Net Income 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. Options to purchase 81,540 and 1,537,865 shares of common stock for the periods ended July 31, 2004 and August 2, 2003, respectively, are not included in the computation of diluted earnings per share because the options would be considered anti-dilutive.

	Thirteen Weeks Ended July 31, 2004			Thirteen Weeks Ended August 2, 2003	
	Income	Shares	Per Share Amount	Income	Shares
Basic EPS					
Net Income	\$5,317	21,406	\$ 0.25	\$3,575	21,006
Effect of Dilutive Securities					
Stock Options	-	819	(.01)	-	515
Diluted EPS	\$5,317	22,225	\$ 0.24	\$3,575	21,521
	=====	=====	=====	=====	=====

	Twenty-six Weeks Ended July 31, 2004			Twenty-six Weeks August 2, 2003	
	Income	Shares	Per Share Amount	Income	Shares
Basic EPS					
Net Income	\$11,205	21,388	\$ 0.52	\$ 6,549	21,014
Effect of Dilutive Securities					
Stock Options	-	812	(.02)	-	531
Diluted EPS	\$11,205	22,200	\$ 0.50	\$ 6,549	21,545
	=====	=====	=====	=====	=====

6. Reclassifications - Certain reclassifications have been made to the balance sheet amounts as reported to consistently reflect the Company's current classifications of assets and liabilities.

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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 Financial Statements and notes thereto of the Company included in this Form 10-Q/A. The following is management's discussion and analysis of certain significant factors

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which have affected the Company's financial condition and results of operations during the periods included in the accompanying financial statements.

RESTATEMENT OF FINANCIAL STATEMENTS

On February 7, 2005, the Office of the Chief Accountant of the Securities and Exchange Commission (SEC) issued a letter to the American Institute of Certified Public Accountants expressing its views regarding certain operating lease-related accounting issues and their application under generally accepted accounting principles in the United States of America (GAAP). In light of this letter, the Company's management initiated a review of its lease accounting and determined that its then current method of accounting for leasehold improvements funded by landlord incentives or allowances under operating leases (tenant improvement allowances) and its then current method of accounting for rent holidays were not in accordance with GAAP. As a result, the Company restated its financial statements for each of the fiscal periods of 2004 and 2003 included in this report.

The Company had historically accounted for tenant improvement allowances as reductions to the related leasehold improvement asset on the balance sheets and as capital expenditures in investing activities on the statements of cash flows. Management determined that Financial Accounting Standards Board (FASB) Technical Bulletin No. 88-1, Issues Relating to Accounting for Leases, requires these allowances to be recorded as deferred rent liabilities on the consolidated balance sheets and as a component of operating activities on the statements of cash flows.

For leases initiated in fiscal 2000 and forward, the Company recognized rent holiday periods on a straight-line basis over the lease term commencing with the opening date of the retail stores. The store opening date coincided with the commencement of business operations, which corresponds to the intended use of the property. Management re-evaluated FASB Technical Bulletin No. 85-3, Accounting for Operating Leases with Scheduled Rent Increases, and determined that the lease term should commence on the date the Company takes possession of the leased space for construction purposes, which is generally approximately three months prior to a store opening date.

See Note 2 to the financial statements for a summary of the effects of the restatement on the Company's balance sheet as of July 31, 2004 and the Company's statements of income and cash flows for thirteen and twenty-six week periods ended July 31, 2004 and August 2, 2003. The accompanying Management's Discussion and Analysis gives effect to these corrections.

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 and were open for the full fiscal period in both the current and prior year. 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. Management considers comparable store sales to be an important indicator of current company performance, helping provide positive operating leverage for 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.

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

Beginning with the four-week period ended May 1, 2004, the Company changed its method of reporting comparable store sales to exclude internet sales. Comparable store sales reported all periods subsequent to that date reflect the impact of this change. The impact of internet sales on comparable store sales results for all prior periods was immaterial.

Net 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 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 table below sets forth the percentage relationships of sales and various expense categories in the Statements of Income for each of the thirteen and twenty-six week periods ended July 31, 2004, and August 2, 2003:

THE BUCKLE, INC. RESULTS OF OPERATIONS

	Percentage of Net Sales			Percentage of	
	Thirteen weeks ended		Percentage increase (decrease)	Twenty-six weeks end	
	July 31, 2004	August 2, 2003		July 31, 2004	August 2003
	----	----	-----	----	----
Net sales	100.0%	100.0%	13.0%	100.0%	100.0%
Cost of sales (including buying, distribution and occupancy costs)	69.2%	71.3%	9.7%	68.5%	71.6%
Gross profit	30.8%	28.7%	21.3%	31.5%	28.3%
Selling expenses	19.0%	19.2%	12.0%	19.2%	19.7%
General and administrative expenses	4.0%	4.0%	12.5%	4.0%	3.7%
Income from operations	7.8%	5.5%	59.8%	8.3%	4.9%
Other income, net	0.9%	1.1%	(11.5)%	0.9%	1.2%
Income before income taxes	8.7%	6.6%	48.0%	9.2%	6.2%

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Provision for income tax	3.2%	2.4%	46.8%	3.4%	2.3%
	-----	-----	-----	-----	-----
Net income	5.5%	4.2%	48.7%	5.8%	3.9%
	=====	=====	=====	=====	=====

Net sales increased from \$85.7 million in the second quarter of fiscal 2003 to \$96.8 million in the second quarter of fiscal 2004, a 13.0% increase. Comparable store sales increased from the second quarter of fiscal 2003 to the second quarter of fiscal 2004 by \$5.7 million or 6.8%. The comparable store sales increase resulted partially from a 2.4% increase in the average price per piece of merchandise sold compared with the fiscal 2003

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

second quarter. Sales growth for this thirteen week period was also attributable to the inclusion of a full three months of operating results for the 10 stores opened after the first quarter of 2003 and the opening of 8 new stores in the first two quarters of fiscal 2004.

Net sales increased from \$167.4 million in the first six months of fiscal 2003 to \$191.6 million for the first six months of fiscal 2004, a 14.5% increase. Comparable store sales for the twenty-six weeks ended July 31, 2004 compared to the twenty-six weeks ended August 2, 2003 increased \$15.1 million or 9.3%. The comparable store sales growth was partially a function of a 2.0% increase in the average units per transaction and a 1.6% increase in average price per piece of merchandise sold. Sales growth for this twenty-six week period was also attributable to the inclusion of a full six months of operating results for the 16 stores opened in 2003 and the opening of 8 new stores in the first twenty-six weeks of fiscal 2004.

The Company's increase in average price per piece of merchandise sold (as stated above) during the second quarter and year-to-date periods was a function of increasing price points in denims, woven shirts, and accessories, partially offset by decreasing price points in other categories. The changes in price points a primarily a reflection of merchandise shifts in terms of brands, product styles, fabrics, details and finishes. Average sales per square foot increased 8.6% from \$110 to \$120 for the six months ended July 31, 2004.

Gross profit after buying, occupancy and distribution expenses increased \$5.2 million in the second quarter of fiscal 2004 to \$29.8 million, a 21.3% increase. As a percentage of net sales, gross profit was 30.8% in the second quarter of fiscal 2004 versus 28.7% in the second quarter of fiscal 2003

Gross profit increased \$13.0 million for the first twenty-six weeks of fiscal 2004 to \$60.5 million, a 27.5% increase. As a percentage of net sales, gross profit in the first six months increased from 28.3% for fiscal 2003, to 31.5% for fiscal 2004. Increases in gross profit, as a percentage of net sales, for both the three and six month periods of fiscal 2004 compared to the same periods of fiscal 2003 resulted primarily from improvement in actual merchandise margins of 0.4% and 1.4%, respectively. This improvement was achieved through fewer markdowns, timely sell-throughs on new products and an increase in sales of private label merchandise, which achieves higher margins. Additional improvement, as a percentage of net sales, came from reduced occupancy cost as a percentage of nets sales of 1.3% and 1.4% for the second quarter and year-to-date periods, respectively, and from reduced distribution cost as a

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percentage of net sales of 0.4% for both the second quarter and year-to-date periods due to leverage provided by comparable store sales increases.

Selling expense increased from \$16.4 million in the second quarter of fiscal 2003 to \$18.4 million for the second quarter of fiscal 2004, a 12.0% increase. Selling expenses as a percentage of net sales decreased from 19.2% for the second quarter of fiscal 2003 to 19.0% for the second quarter of fiscal 2004. Year-to-date selling expense rose 11.4% from \$33.0 million through the first half of fiscal 2003 to \$36.7 million for the first half of fiscal 2004. As a percentage of net sales, selling expense in the first six months decreased from 19.7% for fiscal 2003, to 19.2% for fiscal 2004. As a percentage of net sales, the decreases in selling expense for both the three and six month periods were primarily attributable to lower sales salaries (down 0.4% and 0.7%, respectively, as a percentage of net sales), reduced travel expenses (down 0.1% and 0.2% respectively) and reduced bad debt expense (down 0.1% in each period), which were partially offset by increases in the bonus accrual for each period for year-end incentives based on growth in comparable store sales, gross margin and net income (up 0.2% and 0.4% respectively), increased internet advertising expense (up 0.3% in each period) and increased bankcard charges (up 0.10% in each period).

General and administrative expenses increased from \$3.4 million in the second quarter of fiscal 2003 to \$3.9 million for the second quarter of fiscal 2004, a 12.5% increase. As a percentage of net sales, general and administrative expenses remained the same at 4.0% for the second quarter of fiscal 2004 compared to the second quarter of fiscal 2003. For the first half of fiscal 2004, general and administrative expense rose 25.5%

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

from \$6.2 million for the six months ended August 2, 2003, to \$7.8 million for the six months ended July 31, 2004. As a percentage of net sales, general and administrative expense increased to 4.0% for the first half of fiscal 2004 compared to 3.7% for the first half of fiscal 2003. Increase in general and administrative expense, as a percentage of net sales, for the six month period of fiscal 2004 compared to the same period of fiscal 2003 resulted primarily from an increase in the accrual for restricted stock compensation (0.6%) and from higher bonus accruals for year-end incentives based upon growth in comparable store sales, growth in gross margin and growth in net income (0.1%). These increases were partially offset by reductions, as a percentage of net sales in loss on assets (0.1%) and certain other general and administrative expenses.

As a result of the above changes, the Company's income from operations increased \$2.8 million to \$7.5 million for the second quarter of fiscal 2004 compared to \$4.7 million for the second quarter of fiscal 2003, a 59.8% increase. Income from operations was 7.8% of net sales for the second quarter of fiscal 2004 compared to 5.5% of net sales for the second quarter of fiscal 2003. Income from operations, year-to-date through July 31, 2004, was \$16.0 million, a \$7.7 million increase from the first half of 2003. Income from operations was 8.3% of net sales for the first six months of fiscal 2004 compared to 4.9% for the first six months of fiscal 2003.

For the quarter ended July 31, 2004, other income decreased \$0.1 million. For the six months ended July 31, 2004, other income decreased \$0.3 million. Other income decreased in the both the three and six-month periods of fiscal 2004

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compared to the same periods of the prior year due to reduced interest income as rates continued to be lower than the prior year and due to a reduction in the net unrealized gains in the non-qualified deferred compensation plan compared to the prior year.

Income tax expense, as a percentage of pre-tax income, was 36.4% in the second quarter of fiscal 2004 compared to 36.8% for the second quarter of fiscal 2003. For both the first half of fiscal 2004 and fiscal 2003, income tax expense was 36.8% for the first half of fiscal 2004 compared to 36.7% of pre-tax income for the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary ongoing cash requirements are for inventory, payroll, new store expansion, and remodeling. Historically, the Company's primary source of working capital has been cash flow from operations. However, the first half of each fiscal year is typically a period of decreasing cash flows created by various operating, investing and financing activities. During the first half of fiscal 2004 and 2003, the Company's cash flow provided (used) by operating activities was \$0.3 and \$(0.5) million, respectively.

The uses of cash for both twenty-six week periods include payment of annual bonuses accrued at fiscal year end, changes in inventory and accounts payable for build up of inventory levels, and construction costs for new and remodeled stores. The differences in cash flow for the first half of fiscal 2004 compared to the first half of fiscal 2003 were primarily due to growth in net income, greater build-up of inventory, fewer purchases of investments and quarterly dividend payments to stockholders which began in the third quarter of fiscal 2003.

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 note provides that outstanding letters of credit cannot exceed \$10 million. Borrowing under the line of credit note provides for interest to be paid at a rate equal to the prime rate established by the Bank. As of July 31, 2004, the Company had working capital of \$191.5 million, including \$110.2 million of cash and cash equivalents and short-term investments of \$23.2 million. The Company has, from time to time, borrowed against this line during periods of peak inventory build-up. There were no bank borrowings during the first half of fiscal 2004 and only minor bank borrowings during the first half of fiscal 2003.

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

During the first half of fiscal 2004 and 2003 the Company invested \$8.8 million and \$11.1 million, respectively, in new store construction, store renovation and upgrading store technology. The Company also spent approximately \$0.4 million and \$0.5 million in the first half of fiscal 2004 and 2003, respectively, in capital expenditures for the corporate headquarters and distribution center.

During the remainder of fiscal 2004, the Company anticipates completing approximately seven additional store construction projects, including approximately five new stores and approximately two stores to be remodeled and/or relocated. As of July 31, 2004, five additional lease contracts have been signed, and additional leases are in various stages of negotiation.

Management now estimates that total capital expenditures during fiscal 2004 will be approximately \$19.6 million. The Company believes that existing cash and cash

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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 May 1, 2004, had total cash and investments of \$183.6 million. The Company does not currently have plans for a merger, acquisition or accelerated store expansion. The Company's plans for new store expansion and remodels/relocations during the next three years are reasonably consistent with its past three fiscal years' average. Based upon past results and current plans, management does not anticipate any material changes in the Company's need for cash in the upcoming year. However, future conditions 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon The Buckle, Inc.'s financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires that management make estimates and judgments that affect the reported amounts of assets and liabilities, and 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. 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.

The Company's certain critical accounting policies are listed below.

1. Revenue Recognition. Sales are recorded upon the purchase of merchandise by customers. The Company accounts for layaway sales in accordance with SAB No. 101, recognizing 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 is redeemed for merchandise. A current liability is recorded at the time of card purchases. The Company establishes a current liability for estimated merchandise returns based upon historical average sales return percentage, applying the percentage using the assumption that merchandise returns will occur within nine days following the sale. Customer returns could potentially exceed historical average and returns may occur after the time period reserved for, thus reducing future net sales results and potentially reducing future net earnings. The accrued liability for reserve for sales returns was \$258,000 at both July 31, 2004 and January 31, 2004.

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

2. Inventory. Inventory is valued at the lower of cost or market. Cost is determined using the average cost method that approximates the first-in,

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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 by department within each of four different markdown levels. Management also reviews the levels of inventory in each markdown group 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 fluctuation 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 \$4.1 million and \$2.5 million as of July 31, 2004 and January 31, 2004, respectively. We are not aware of any events, conditions or changes in demand or price that would indicate to us that our inventory valuation may be materially inaccurate at this time.

3. **Income Taxes.** Current income tax expense is the amount of income taxes expected to be payable for the current fiscal year. 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.
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 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 balance sheets and amortizes the deferred rent over the terms of the leases as reductions to rent expense on the statements of earnings.

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 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 balance sheets and the corresponding rent expense when specified levels have been achieved. If the Company subsequently determined the lease term to vary from that used in calculations of straight-line rent expense, there could be additional expense to be recorded, thus reducing the Company's earnings for the period of correction.

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

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 or results of operations. 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 following tables identify the material obligations and commitments as of July 31, 2004:

Contractual obligations (dollar amounts in thousands) -----	Payments Due by Period			
	Total -----	Less than 1 year ----	1-3 years -----	4-5 years -----
Long term debt and purchase obligations	\$ -	\$ -	\$ -	\$ -
Deferred Compensation	\$ 1,594	\$ -	\$ -	\$ -
Operating leases	\$ 199,854	\$ 30,909	\$ 56,043	\$ 49,802
Total contractual obligations	\$ 201,448	\$ 30,909	\$ 56,043	\$ 49,802

Other Commercial Commitments (dollar amounts in thousands) -----	Amount of Commitment Expiration Per Period			
	Total Amounts Committed -----	Less than 1 year ----	1-3 years -----	4-5 years -----
Lines of Credit	\$ 17,500	\$ 17,500	\$ -	\$ -
Total Commercial Commitments	\$ 17,500	\$ 17,500	\$ -	\$ -

The Company did not have any contingent liability for landlord allowances as of July 31, 2004. The Company has available an unsecured line of credit of \$17.5 million of which \$10 million is available for letters of credit. 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. Amounts of outstanding letters of credit, reported in the notes included in the Company's 2003 Annual Report, 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.

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

SEASONALITY AND INFLATION

The Company's business is seasonal, with the Christmas 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 2001, 2002 and 2003, the Christmas and back-to-school seasons accounted for approximately 40% 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 twenty-six week periods ended July 31, 2004, and August 2, 2003.

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.

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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 no market risk sensitive instruments for which these additional disclosures are required.

ITEM 4 - CONTROLS AND PROCEDURES

During the second quarter of fiscal 2004, there were no changes in the Company's internal control over financial reporting that materially affected or are reasonable likely to materially affect internal control over financial reporting.

However, on March 3, 2005, Company management announced that, in light of the views expressed by the staff of the Securities and Exchange Commission ("SEC") on February 7, 2005, the Company's management reviewed its lease-related

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accounting policies and determined that its then-current method of accounting for leasehold improvements funded by landlord allowances under operating leases (tenant improvement allowances), accounting for rent holidays and straight-line rent appeared to be incorrect.

Management and the Chairman of the Audit Committee determined that the Company's accounting for tenant improvement allowances, rent holidays and straight-line rent was incorrect and thus the company's audited financial statements for the years ended January 31, 2004 and February 1, 2003, and unaudited interim financial statements for these years, should be restated.

Based upon the definition of "material weakness" in the Public Accounting Oversight Board's Auditing Standards No. 2, an Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements, restatement of financial statements in prior filings with the SEC is a strong indicator of the existence of a "material weakness" in design or operation of internal control over financial reporting. Based on that, management concluded that a material weakness existed in the Company's internal control over financial reporting, and disclosed this to the Audit Committee and to the independent registered public accountants.

The Company also carried out an evaluation, under the supervision and with the participation of the Company's management, including the chief executive officer and the chief financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15 (e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, which included the matters discussed above, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were not effective, as of the end of the period covered by this report, in ensuring that material information relating to The Buckle, Inc. required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

The Company has remediated the material weakness in internal control over financial reporting and the ineffectiveness of its disclosure controls and procedures by conducting a review of its accounting related to leases, establishing new lease-related accounting policies and correcting its method of accounting for tenant allowances, rent holidays and straight-line rent.

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THE BUCKLE, INC.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings: None

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 the periods indicated:

Total Number of Shares	Average Price Paid	Total Number of Shares Purchased as Part of Publicly	Approximate Dollar Value of Shares that May Yet Be Purchased Under Publicly
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	Purchased -----	Per Share -----	Announced Plan -----	Announced Plan -----
May 2, to May 29, 2004	-0-			\$ 3,883,750
May 30, to July 3, 2004	40,000	\$ 26.00	40,000	2,843,750
July 4, to July 31, 2004	5,700	26.84	5,700	2,695,550
	-----	-----	-----	-----
	45,700	\$ 26.10	45,700	
	=====	=====	=====	=====

These shares were part of a 500,000 share repurchase plan, announced by the Company on December 27, 2000. Subsequent to July 31, 2004, the Company has repurchased 440,000 shares of its common stock at a cost of approximately \$10,000,000, bringing the total repurchased under the plan to 2,590,000 shares.

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

(a) May 28, 2004, Annual Meeting

(b) Board of Directors:

Daniel J. Hirschfeld	Robert E. Campbell
Dennis H. Nelson	William D. Orr
Karen B. Rhoads	Ralph M. Tysdal
James E. Shada	Bruce L. Hoberman
Bill L. Fairfield	David A. Roehr

NUMBER OF SHARES*

For ---	Against -----	Abstain -----	Del N-Vote -----
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(c) 1. Election of Board of Directors:

Daniel J. Hirschfeld	19,654,406	0	1,596,552
Dennis H. Nelson	19,654,706	0	1,596,252
Karen B. Rhoads	19,649,139	0	1,601,819
James E. Shada	19,654,556	0	1,596,402
Bill L. Fairfield	20,955,877	0	295,081
Robert E. Campbell	20,965,576	0	285,382
William D. Orr	20,965,260	0	285,698
Ralph M. Tysdal	20,965,476	0	285,482
Bruce L. Hoberman	20,968,860	0	282,098
David A. Roehr	20,967,476	0	283,482

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THE BUCKLE, INC.

PART II -- OTHER INFORMATION

Number of Shares*

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	For ---	Against -----	Abstain -----	Del N-Vote -----
2. Appoint Deloitte & Touche LLP as independent auditors.	21,169,969	79,833	1,156	
3. Approve Company's 2004 Management Incentive Program	19,228,418	679,820	9,316	1,333,404
4. Approve Amendment to Company's 1997 Executive Stock Plan	18,425,974	1,481,639	9,941	1,333,404
5. Approve Awards Pursuant to Company's 1998 Restricted Stock Plan	20,456,893	786,601	7,464	
6. Approve Amendment to Company's 1998 Employee Stock Option Plan	18,170,225	1,739,868	7,461	1,333,404

*includes only shares represented in person or by proxy at the annual meeting

(d) 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.

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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: April 18, 2005

/s/ DENNIS H. NELSON

DENNIS H. NELSON, President and CEO

Dated: April 18, 2005

/s/ KAREN B. RHOADS

KAREN B. RHOADS, Vice President
of Finance and CFO

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