BUCKLE INC
Form 10-Q
September 06, 2012

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

FORM 10-Q

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

For the Quarterly Period Ended July 28, 2012

o 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	47-0366193
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

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

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

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(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 þ No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (See definition of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act).
þ Large accelerated filer; o Accelerated filer; o Non-accelerated filer; o Smaller Reporting Company

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

The number of shares outstanding of the Registrant's Common Stock, as of August 31, 2012, was 47,940,699.

THE BUCKLE, INC.

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THE BUCKLE, INC.

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands Except Share and Per Share Amounts)
(Unaudited)

ASSETS	July 28, 2012	January 28, 2012
CURRENT ASSETS:		
Cash and cash equivalents	$166,020	$166,511
Short-term investments	31,720	29,998
Receivables	7,724	4,584
Inventory	124,506	104,209
Prepaid expenses and other assets	17,177	14,825
Total current assets	347,147	320,127
PROPERTY AND EQUIPMENT	374,076	358,866
Less accumulated depreciation and amortization	(200,802)	(189,832)
	173,274	169,034
LONG-TERM INVESTMENTS	35,663	39,985
OTHER ASSETS	2,323	2,393
	$558,407	$531,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$44,648	$27,416
Accrued employee compensation	16,963	42,854
Accrued store operating expenses	9,067	11,125
Gift certificates redeemable	13,877	20,286
Income taxes payable	-	8,150
Total current liabilities	84,555	109,831
DEFERRED COMPENSATION	9,823	8,581
DEFERRED RENT LIABILITY	37,707	36,503
OTHER LIABILITIES	12,681	13,477
Total liabilities	144,766	168,392
COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common stock, authorized 100,000,000 shares of $.01 par value; 47,921,197 and 47,432,089 shares issued and outstanding at July 28, 2012 and January 28, 2012, respectively	479	474
Additional paid-in capital	108,947	100,333
Retained earnings	304,903	263,039

Accumulated other comprehensive loss	(688)	(699)
Total stockholders’ equity	413,641	363,147
	$558,407	$531,539

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

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

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
SALES, Net of returns and allowances	$215,483	$212,378	$479,245	$452,470
COST OF SALES (Including buying, distribution, and occupancy costs)	128,980	125,233	278,547	262,381
Gross profit	86,503	87,145	200,698	190,089
OPERATING EXPENSES:				
Selling	41,491	42,428	87,761	85,159
General and administrative	8,622	7,942	18,525	16,801
	50,113	50,370	106,286	101,960
INCOME FROM OPERATIONS	36,390	36,775	94,412	88,129
OTHER INCOME, Net	361	506	2,173	2,118
INCOME BEFORE INCOME TAXES	36,751	37,281	96,585	90,247
PROVISION FOR INCOME TAXES	13,528	13,723	35,553	33,220
NET INCOME	$23,223	$23,558	$61,032	$57,027
EARNINGS PER SHARE:				
Basic	$0.49	$0.50	$1.29	$1.22
Diluted	$0.49	$0.50	$1.28	$1.21
Basic weighted average shares	47,343	46,824	47,281	46,786
Diluted weighted average shares	47,662	47,314	47,630	47,289

See notes to unaudited condensed financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands)
(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
NET INCOME	$23,223	$23,558	$61,032	$57,027
OTHER COMPREHENSIVE INCOME, NET OF TAX:				
Change in unrealized loss on investments	13	91	11	112
Other comprehensive income	13	91	11	112
COMPREHENSIVE INCOME	$23,236	$23,649	$61,043	$57,139

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

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

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
FISCAL 2012						
BALANCE, January 29, 2012	47,432,089	$474	$ 100,333	$263,039	$ (699)	$363,147
Net income	-	-	-	61,032	-	61,032
Dividends paid on common stock, ($0.40 per share)	-	-	-	(19,168)	-	(19,168)
Common stock issued on exercise of stock options	238,448	2	315	-	-	317
Issuance of non-vested stock, net of forfeitures	250,660	3	(3)	-	-	-
Amortization of non-vested stock grants, net of forfeitures	-	-	4,137	-	-	4,137
Income tax benefit related to exercise of stock options	-	-	4,165	-	-	4,165
Change in unrealized loss on investments, net of tax	-	-	-	-	11	11
BALANCE, July 28, 2012	47,921,197	$479	$ 108,947	$304,903	$ (688)	$413,641
FISCAL 2011						
BALANCE, January 30, 2011	47,127,926	$471	$ 89,719	$256,146	$ (671)	$345,665
Net income	-	-	-	57,027	-	57,027
Dividends paid on common stock, ($0.40 per share)	-	-	-	(18,938)	-	(18,938)
Common stock issued on exercise of stock options	105,244	1	570	-	-	571
Issuance of non-vested stock, net of forfeitures	128,735	2	(2)	-	-	-
Amortization of non-vested stock grants, net of forfeitures	-	-	3,128	-	-	3,128
Income tax benefit related to exercise of						

stock options	-	-	1,389	-	-	1,389
Change in unrealized loss on investments, net of tax	-	-	-	-	112	112
BALANCE, July 30, 2011	47,361,905	$474	$ 94,804	$294,235	$ (559)	$388,954

See notes to unaudited condensed consolidated financial statements.

THE BUCKLE, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

	Twenty-six Weeks Ended July 28, 2012	July 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$61,032	$57,027
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	16,249	15,308
Amortization of non-vested stock grants, net of forfeitures	4,137	3,128
Deferred income taxes	(1,530)	(1,157)
Other	401	428
Changes in operating assets and liabilities:		
Receivables	51	(348)
Inventory	(20,297)	(38,249)
Prepaid expenses and other assets	(1,640)	203
Accounts payable	15,978	14,482
Accrued employee compensation	(25,891)	(18,793)
Accrued store operating expenses	(2,058)	(307)
Gift certificates redeemable	(6,409)	(5,699)
Income taxes payable	(10,869)	5,436
Deferred rent liabilities and deferred compensation	2,446	1,126
Net cash flows from operating activities	31,600	32,585
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(19,637)	(23,168)
Change in other assets	70	(4)
Purchases of investments	(14,041)	(7,973)
Proceeds from sales/maturities of investments	16,659	14,014
Net cash flows from investing activities	(16,949)	(17,131)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the exercise of stock options	317	571
Excess tax benefit from stock option exercises	3,709	1,346
Payment of dividends	(19,168)	(18,938)
Net cash flows from financing activities	(15,142)	(17,021)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(491)	(1,567)
CASH AND CASH EQUIVALENTS, Beginning of period	166,511	116,470

CASH AND CASH EQUIVALENTS, End of period	$166,020	$114,903

See notes to unaudited condensed consolidated financial statements.

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

1. Management Representation

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

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

2. Description of the Business

The Company is a retailer of medium to better priced casual apparel, footwear, and accessories for fashion conscious young men and women. The Company operates its business as one reportable industry segment. The Company had 439 stores located in 43 states throughout the continental United States as of July 28, 2012 and 427 stores in 41 states as of July 30, 2011. During the twenty-six week period ended July 28, 2012, the Company opened eight new stores and substantially remodeled twelve stores; which includes eight new stores and six substantial remodels during the second quarter. During the twenty-six week period ended July 30, 2011, the Company opened nine new stores, substantially remodeled sixteen stores, and closed two stores; which includes seven new stores, ten substantial remodels, and two closed stores during the second quarter.

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

Merchandise Group	Percentage of Net Sales Thirteen Weeks Ended July 28, 2012		Percentage of Net Sales Thirteen Weeks Ended July 30, 2011		Percentage of Net Sales Twenty-six Weeks Ended July 28, 2012		Percentage of Net Sales Twenty-six Weeks Ended July 30, 2011	
Denims	36.2	%	38.5	%	40.9	%	41.7	%
Tops (including sweaters)	33.9		34.5		31.9		32.8	
Sportswear/Fashions	12.0		11.1		11.2		10.2	
Accessories	10.1		8.9		8.4		8.3	
Footwear	5.9		5.6		5.7		5.5	
Casual bottoms	0.8		0.6		0.9		0.6	
Outerwear	0.8		0.5		0.8		0.6	
Other	0.3		0.3		0.2		0.3	
	100.0	%	100.0	%	100.0	%	100.0	%

3. Earnings Per Share

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

	Thirteen Weeks Ended July 28, 2012			Thirteen Weeks Ended July 30, 2011		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
Basic EPS	$ 23,223	47,343	$ 0.49	$ 23,558	46,824	$ 0.50
Effect of Dilutive Securities:						
Stock options and non-vested shares	-	319	-	-	490	-
Diluted EPS	$ 23,223	47,662	$ 0.49	$ 23,558	47,314	$ 0.50

	Twenty-six Weeks Ended July 28, 2012			Twenty-six Weeks Ended July 30, 2011		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
Basic EPS	$ 61,032	47,281	$ 1.29	$ 57,027	46,786	$ 1.22
Effect of Dilutive Securities:						
Stock options and non-vested shares	-	349	(0.01)	-	503	(0.01)
Diluted EPS	$ 61,032	47,630	$ 1.28	$ 57,027	47,289	$ 1.21

4. Investments

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

	Amortized Cost or Par Value	Gross Unrealized Gains	Gross Unrealized Losses	Other-than-Temporary Impairment	Estimated Fair Value
Available-for-sale securities:					
Auction-rate securities	$ 15,075	$ -	$ (1,092)	$ (725)	$ 13,258
Preferred stock	2,000	-	-	(1,974)	26
	$ 17,075	$ -	$ (1,092)	$ (2,699)	$ 13,284
Held-to-maturity securities:					

State and municipal bonds	$	43,776	$	182	$	(6	)	$	-	$	43,952
Certificates of deposit		500		11		-			-		511
	$	44,276	$	193	$	(6	)	$	-	$	44,463
Trading securities:											
Mutual funds	$	10,015	$	-	$	(192	)	$	-	$	9,823

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

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

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

Nature	Underlying Collateral	Par Value
Municipal revenue bonds	100% insured by AAA/AA/A-rated bond insurers at July 28, 2012	$ 10,075
Municipal bond funds	Fixed income instruments within issuers' money market funds	2,050
Student loan bonds	Student loans guaranteed by state entities	2,950
Preferred stock	Underlying investments of closed-end funds	2,000
Total par value		$ 17,075

As of July 28, 2012, the Company’s auction-rate securities portfolio was 12% AAA/Aaa-rated, 59% AA/Aa-rated, 17% A-rated, and 12% below A-rated.

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

	Amortized Cost	Fair Value
Held-to-maturity securities		
Less than 1 year	$ 31,720	$ 31,833
1 - 5 years	12,556	12,630
	$ 44,276	$ 44,463

At July 28, 2012 and January 28, 2012, $13,284 and $14,141 of available-for-sale securities and $12,556 and $17,263 of held-to-maturity securities are classified in long-term investments. Trading securities are held in a Rabbi Trust, intended to fund the Company’s deferred compensation plan, and are classified in long-term investments.

The Company's investments in auction-rate securities ("ARS") and preferred securities are classified as available-for-sale and reported at fair market value. As of July 28, 2012, the reported investment amount is net of $1,092 of temporary impairment and $2,699 of other-than-temporary impairment ("OTTI") to account for the impairment of certain securities from their stated par value. The $1,092 temporary impairment is reported, net of tax, as an "accumulated other comprehensive loss" of $688 in stockholders' equity as of July 28, 2012. For the investments considered temporarily impaired, the Company believes that these ARS can be successfully redeemed or liquidated in the future at par value plus accrued interest. The Company believes it has the ability and maintains its intent to hold these investments until such recovery of market value occurs; therefore, the Company believes the current lack of liquidity has created the temporary impairment in valuation.

As of July 28, 2012, the Company had $15,075 invested in ARS and $2,000 invested in preferred securities, at par value, which are reported at their estimated fair value of $13,258 and $26, respectively. As of January 28, 2012, the Company had $15,975 invested in ARS and $2,000 invested in preferred securities, which were reported at their estimated fair value of $14,140 and $26, respectively. ARS have a long-term stated maturity, but are reset through a "dutch auction" process that occurs every 7 to 49 days, depending on the terms of the individual security. Until February 2008, the ARS market was highly liquid. During February 2008, however, a significant number of auctions related to these securities failed, meaning that there was not enough demand to sell the entire issue at auction. The failed auctions have limited the current liquidity of certain of the Company's investments in ARS and the Company has reason to believe that certain of the underlying issuers of its ARS are currently at risk. The Company does not, however, anticipate that further auction failures will have a material impact on the Company's ability to fund its business. During the second quarter of fiscal 2012, the Company was able to successfully liquidate $875 of its investments in ARS at par value. For the year-to-date period, the Company was able to successfully liquidate $900 of its investments in ARS at par value. The Company reviews all investments for OTTI at least quarterly or as indicators of impairment exist. Indicators of impairment include the duration and severity of decline in market value. In addition, the Company considers qualitative factors including, but not limited to, the financial condition of the investee, the credit rating of the investee, and the current and expected market and industry conditions in which the investee operates.

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

5. Fair Value Measurements

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

Level 1 – Quoted market prices in active markets for identical assets or liabilities. Short-term and long-term investments with active markets or known redemption values are reported at fair value utilizing Level 1 inputs.
Level 2 – Observable market-based inputs (either directly or indirectly) such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or inputs that are corroborated by market data.
Level 3 – Unobservable inputs that are not corroborated by market data and are projections, estimates, or interpretations that are supported by little or no market activity and are significant to the fair value of the assets. The Company has concluded that certain of its ARS represent Level 3 valuation and should be valued using a discounted cash flow analysis. The assumptions used in preparing the discounted cash flow model include estimates for interest rates, timing and amount of cash flows, and expected holding periods of the ARS. As of July 28, 2012,

the unobservable inputs used by the Company and its independent third-party valuation consultant in valuing its Level 3 investments in ARS included:

- Durations until redemption ranging from 0.5 to 31.0 years, with a weighted average of 5.0 years.
- Discount rates ranging from 0.57% to 6.10%, with a weighted average of 2.43%.

o Loss severities ranging from 0% to 25% of par value, with a weighted average of 6.92%.

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

Pricing was provided by the custodian of ARS;
Pricing was provided by a third-party broker for ARS;
Sales of similar securities;
Quoted prices for similar securities in active markets;
Quoted prices for publicly traded preferred securities;
Quoted prices for similar assets in markets that are not active - including markets where there are few transactions for the asset, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly;
Pricing was provided by a third-party valuation consultant (using Level 3 inputs).

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

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

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

	Fair Value Measurements at Reporting Date Using			
July 28, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Available-for-sale securities:				
Auction-rate securities	$ -	$ 2,088	$ 11,170	$ 13,258
Preferred stock	26	-	-	26

Trading securities (including mutual funds)		9,823		-		-		9,823
Totals	$	9,849	$	2,088	$	11,170	$	23,107

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

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

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

	Twenty-six Weeks Ended July 28, 2012			
	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
Purchases, Issuances,				
Sales, and Settlements:				
Sales	(50)	-	-	(50)
Balance, end of quarter	$ 11,170	$ -	$ -	$ 11,170

	Twenty-six Weeks Ended July 30, 2011				
	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	$ 8,586		$ -	$ -	$ 8,586
Transfers into Level 3	2,787	(a)	-	-	2,787
Total gains and losses:					
Included in other					

comprehensive income	91	-	-	91
Purchases, Issuances,				
Sales, and Settlements:				
Sales	(50)	-	-	(50)
Balance, end of quarter	$ 11,414	$ -	$ -	$ 11,414

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

The carrying value of cash equivalents approximates fair value due to the low level of risk these assets present and their relatively liquid nature, particularly given their short maturities. The Company also holds certain financial instruments that are not carried at fair value on the consolidated balance sheets, including held-to-maturity securities. Held-to-maturity securities consist of state and municipal bonds, corporate bonds, and certificates of deposit. The fair values of these debt securities are based on quoted market prices and yields for the same or similar securities, which the Company determined to be Level 2 inputs. As of July 28, 2012, the fair value of held-to-maturity securities was $44,463 compared to the carrying amount of $44,276. As of January 28, 2012, the fair value of held-to-maturity securities is $47,595 compared to the carrying amount of $47,236.

6. Supplemental Cash Flow Information

The Company had non-cash investing activities during the twenty-six week periods ended July 28, 2012 and July 30, 2011 of ($1,254) and $1,502, respectively. The non-cash investing activity relates to the change in the balance of unpaid purchases of property, plant, and equipment included in accounts payable as of the end of the period. Amounts reported as unpaid purchases are recorded as cash outflows from investing activities for purchases of property, plant, and equipment in the consolidated statement of cash flows in the period they are paid.

Additional cash flow information for the Company includes cash paid for income taxes during the twenty-six week periods ended July 28, 2012 and July 30, 2011 of $44,244 and $27,352, respectively.

7. Stock-Based Compensation

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

As of July 28, 2012, 637,509 shares were available for grant under the various stock option plans, of which 447,884 were available for grant to executive officers. Also as of July 28, 2012, 589,864 shares were available for grant under the Company's various restricted stock plans, of which 551,240 shares were available for grant to executive officers.

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

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

	Thirteen Weeks Ended	
	July 28, 2012	July 30, 2011
Stock-based compensation expense, before tax	$ 1,999	$ 1,507
Stock-based compensation expense, after tax	$ 1,259	$ 949