





>> SUCCESS > LEADERSHIP > VISION

> During fiscal 2002, the Buckle's sales grew to a new record high of **\$401.1 million**, up 3.5% from fiscal 2001. Our net income for fiscal 2002 was **\$32.1 million**, \$1.47 per share on a diluted basis. These results were down \$0.8 million or 2.4% compared to fiscal 2001. Our average store's sales were **\$1.3 million** and our sales per square foot were \$274. In the challenging fiscal 2002 retail environment, we achieved a net income to sales percentage of **8%**, compared to 8.5% in the prior year. The Buckle's balance sheet is strong, with working capital of **\$144 million** and stockholders' equity at **\$264.7 million**.

More Buckle 2002 highlights:

- > Opened 11 new stores and remodeled eight. Closed two stores after holiday to end the year with 304 stores in 37 states
- > Unveiled our new store design and corporate logo. Finished fiscal 2002 with 15 stores showcasing the new look – eight new stores and seven remodeled stores
- > Grew denim sales by 18%, accounting for nearly 33% of fiscal 2002 net sales
- > Repurchased 119,125 shares of Buckle stock at an average price of \$16.64
- > Increased cash and investments to \$162 million as of February 1, 2003
- > Launched a new website and continued to market our stores and brand image, while enhancing the online shopping experience

We remain focused on our **Mission Statement: To create the most enjoyable shopping experience possible for our guests**. We accomplish this by positioning the Buckle as a unique specialty retailer, with an emphasis on quality merchandise and outstanding customer service.

Expertise is one of our many strengths. Our top five merchandisers have a combined 110 years of Buckle experience. This knowledge, partnered with strong vendor relationships, provides a great advantage to our buying team. We work closely with key vendors for the best merchandise and develop exclusive product with our branded and private label resources. The availability of exclusive merchandise makes the Buckle a fun and unique place to shop. Currently some of our top vendors include **Lucky Brand Dungarees, Silver, Fossil, Dr. Martens, Ecko, Mavi, Billabong and Quiksilver/Roxy**.

Many talented teammates add value to the Buckle shopping experience. Through focused efforts by our sales management team, we have developed an outstanding reputation for service. This year, our two Vice Presidents of Sales will celebrate their 25th anniversaries with the Buckle. Our 15 district managers deliver 248 years of combined experience, while 61 area managers share more than 600 years of knowledge with their teams and store managers. We recognize accomplishments by promoting from within. This provides Buckle leaders with a solid foundation of the company philosophy and gives them the tools to educate and nurture their teams, assuring each guest is provided excellent customer service.

To continue developing the best talent, we're excited to expand our recruitment efforts on college campuses during fiscal 2003. As we educate students about opportunities at the Buckle, we can inspire them to join our team through either the Management Development or Internship Programs.

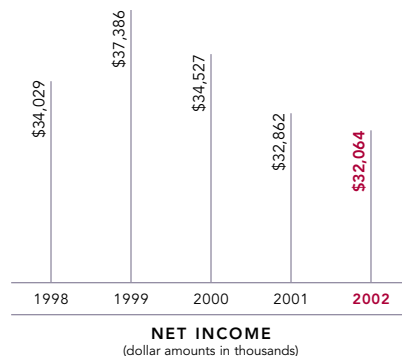
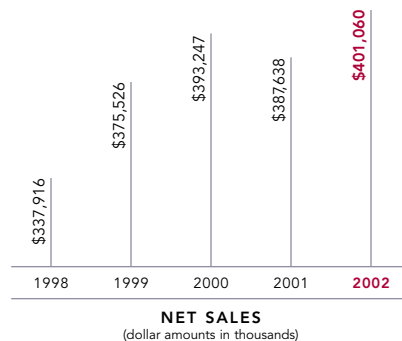
The Buckle's real estate is well positioned. Expansion plans for fiscal 2003 include **15 openings**, adding Nevada as a new state and completing **15 remodels**. Our growth strategy capitalizes on opportunities available in targeted markets, allowing us to secure great locations within the best malls. With our new design and corporate logo, we have improved our positioning as a retail destination. Guests' and developers' response to the new look has been outstanding. Our store design incorporates inviting merchandise displays and fixtures to help create an even more enjoyable shopping atmosphere. Some of the fixture innovations were rolled out to all existing stores during fiscal 2002.

I want to take this opportunity to say "Thanks" to all those who contribute to the Buckle's accomplishments – to our loyal guests, teammates, vendors and shareholders. As we move forward, the shared enthusiasm, expertise and experience provide key ingredients for continued growth and success.



DENNIS H. NELSON

President & Chief Executive Officer



"WE WORK DAILY TO DEVELOP RELATIONSHIPS WITH OUR GUESTS BY LISTENING TO THEIR WANTS AND NEEDS. THEN WE CAN EFFECTIVELY SERVE THEM – CREATING GUESTS FOR LIFE."

> JIM KOLBO, DISTRICT MANAGER

>> GUESTS > TEAM > SERVICE

> Listening is fundamental to understanding our guests' needs. By offering personal customer assistance, we recognize the opportunity to hear and learn each guest's desires and encourage open communication. This creates a store environment where great ideas translate into unparalleled service.

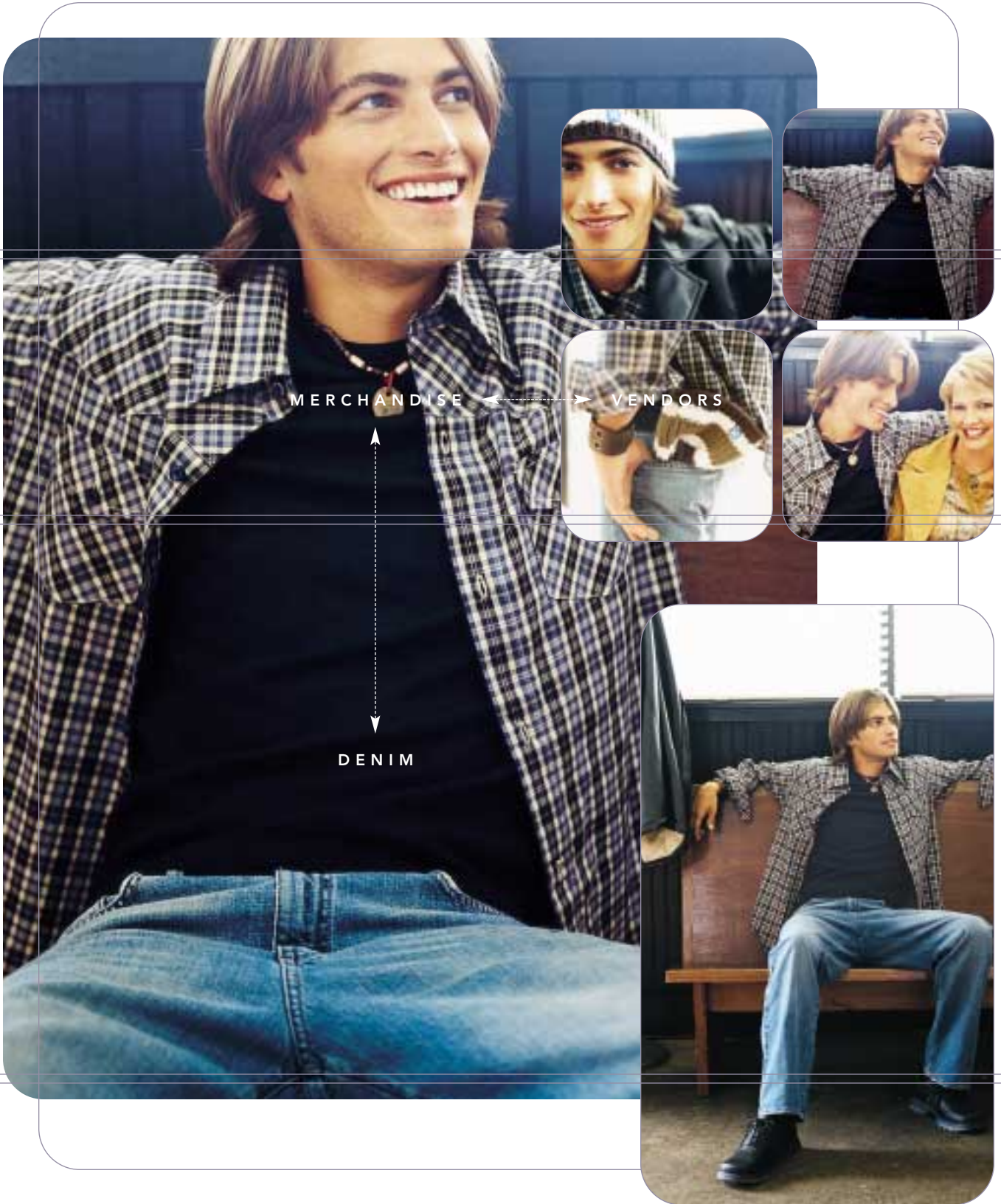


> Our leaders provide teammates with the ongoing education and guidance necessary to successfully deliver our message through their sales presentations. At the Buckle, the art of salesmanship requires knowing the product as well as developing an understanding of our guests to provide them the right looks and fits.

> Our guests appreciate the Buckle's commitment to deliver the best merchandise selection accompanied by exceptional service. We offer a private label credit card, electronic gift cards and free gift-wrapping. Buckle.com provides another layer of service with helpful features such as search tools, a denim guide and a style center.





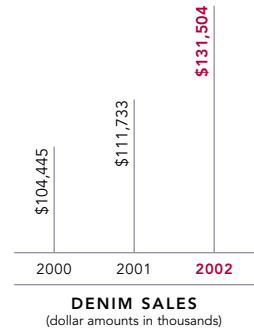


"FASHION TRENDS ARE CYCLICAL, BUT OUR APPROACH TO THEM IS CONSTANT. WE HAVE ALWAYS LOOKED TO THE SMALL DETAILS THAT MAKE OUR PRODUCTS UNIQUE."

> PAT WHISLER, VICE PRESIDENT OF WOMEN'S MERCHANDISING

>> **MERCHANDISE > DENIM > VENDORS**

> Our merchandise speaks to each guest's sense of style, while presenting a distinctive combination of selection and quality. Across all categories – from apparel and footwear to outerwear and accessories – the Buckle develops its product mix by taking a lifestyle approach to fashion.



> Denim remains the cornerstone of our merchandising strategy. We pay close attention to every detail, knowing the fabric, fit and finish contribute to the value of the completed product. This is why our guests continue to choose the Buckle year after year as their favorite store for jeans.

> Through solid vendor partnerships, forged over time, we have the ability to strengthen our branded and private label offerings. Exclusive merchandise, developed through our team's collaboration with vendors, establishes the Buckle as a unique place to shop. As a result, our guests trust us for fashion that expresses their individuality.





"THE BUCKLE TEAM IS RESPONSIVE AND CREATIVE. WHEN WE BEGAN TO SEE OUR NEW BRAND IMAGE TAKE SHAPE, WE QUICKLY FOUND ADDITIONAL WAYS TO BUILD ON ITS IMPACT."

> LORI KOEPPE, DIRECTOR OF FACILITIES

>> IDENTITY > STORE DESIGN > GROWTH

> Our fresh new look and brand image help convey all aspects of the Buckle message. The design theme integrates a cohesive corporate vision through the various graphic elements, including a signature red and B icon incorporated into the new logo.

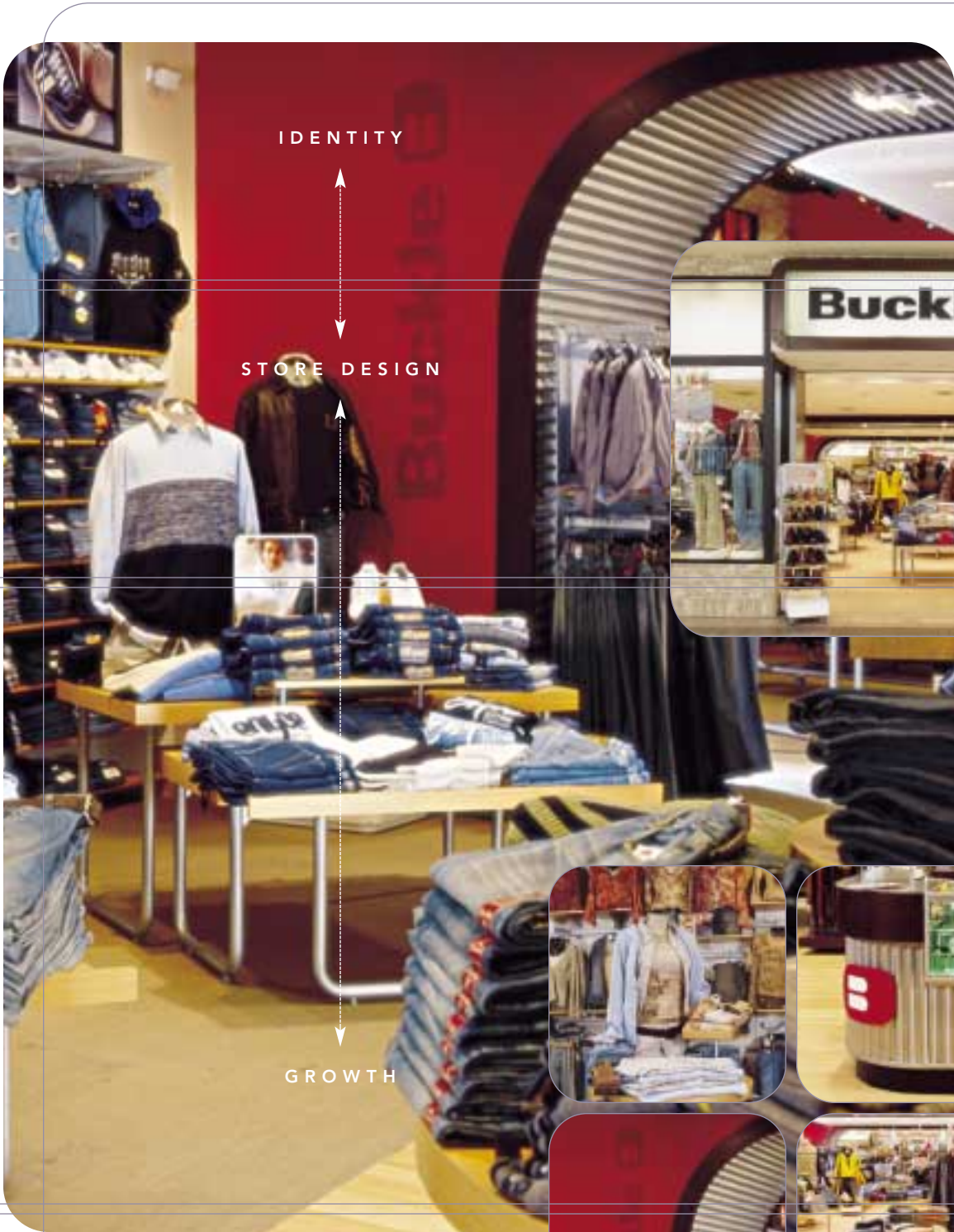


STORES OPEN AT YEAR END

> The Buckle's identity is carried through and advances the new store design at every level. While the retail look allows merchandising flexibility, it remains timeless and memorable. Accompanying items – bags, gift cards and marketing materials – extend the reach of the Buckle personality into the community.

> As we continue to develop and promote our brand image, the Buckle is well positioned for the future. When we combine the strong visual presence of our stores and website with the ongoing commitment to quality and service, we reinforce and expand our relationships.





IDENTITY

STORE DESIGN

GROWTH



>> **SELECTED FINANCIAL DATA** >

(Dollar Amounts in Thousands Except Share and Per Share Amounts)

	FISCAL YEARS ENDED				
	FEBRUARY 1, 2003	FEBRUARY 2, 2002	FEBRUARY 3, 2001 (a)	JANUARY 29, 2000	JANUARY 30, 1999
INCOME STATEMENT DATA					
Net sales	\$ 401,060	\$ 387,638	\$ 393,247	\$ 375,526	\$ 337,916
Cost of sales (including buying, distribution and occupancy costs)	269,533	259,645	262,146	243,517	216,668
Gross profit	131,527	127,993	131,101	132,009	121,248
Selling expenses	74,754	69,786	69,635	64,876	59,557
General and administrative expenses	10,979	10,939	10,365	11,004	10,073
Income from operations	45,794	47,268	51,101	56,129	51,618
Other income, net	4,698	4,820	3,860	3,367	2,534
Income before income taxes and cumulative effect of change in accounting	50,492	52,088	54,961	59,496	54,152
Provision for income taxes	18,428	19,226	20,164	22,110	20,123
Income before cumulative effect of change in accounting	32,064	32,862	34,797	37,386	34,029
Cumulative effect of change in accounting, net of taxes	—	—	(270) (b)	—	—
Net income	\$ 32,064	\$ 32,862	\$ 34,527	\$ 37,386	\$ 34,029
Basic income per share	\$ 1.52	\$ 1.59	\$ 1.68	\$ 1.72	\$ 1.55
Diluted income per share	\$ 1.47	\$ 1.52	\$ 1.61	\$ 1.64	\$ 1.47
SELECTED OPERATING DATA					
Stores open at end of period	304	295	274	248	222
Average sales per square foot, (gross sq. ft.)	\$ 274	\$ 279	\$ 309	\$ 334	\$ 344
Average sales per store (000's)	\$ 1,334	\$ 1,352	\$ 1,482	\$ 1,581	\$ 1,603
Comparable store sales change	-0.5%	-6.2%	-6.0%	0.9%	15.4%
BALANCE SHEET DATA					
Working capital	\$ 143,952	\$ 145,312	\$ 115,148	\$ 86,040	\$ 93,523
Long-term investments	\$ 54,548	\$ 32,556	\$ 20,688	\$ 21,542	\$ 10,512
Total assets	\$ 299,800	\$ 264,657	\$ 230,533	\$ 198,546	\$ 186,113
Long-term debt	—	—	—	—	—
Stockholders' equity	\$ 264,672	\$ 233,702	\$ 194,066	\$ 163,260	\$ 146,130

(a) consists of 53 weeks

(b) In Fiscal 2000, the Company changed its method of revenue recognition for layaway sales in accordance with the guidance and interpretations provided by the SEC's SAB No. 101-*Revenue Recognition*.

See notes to financial statements.

>> MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS >

>> RESULTS OF OPERATIONS

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

	PERCENTAGE OF NET SALES FOR FISCAL YEARS ENDED			PERCENTAGE INCREASE (DECREASE)	
	FEBRUARY 1, 2003	FEBRUARY 2, 2002	FEBRUARY 3, 2001	FISCAL YEAR	
				2001 to 2002	2000 to 2001
INCOME STATEMENT DATA					
Net sales	100.0%	100.0%	100.0%	3.5%	-1.4%
Cost of sales (including buying, distribution and occupancy costs)	67.2%	67.0%	66.7%	3.8%	-1.0%
Gross profit	32.8%	33.0%	33.3%	2.8%	-2.4%
Selling expenses	18.7%	18.0%	17.7%	7.1%	0.2%
General and administrative expenses	2.7%	2.8%	2.6%	0.4%	5.5%
Income from operations	11.4%	12.2%	13.0%	-3.1%	-7.5%
Other income	1.2%	1.2%	1.0%	-2.5%	24.8%
Income before income taxes	12.6%	13.4%	14.0%	-3.1%	-5.2%
Provision for income taxes	4.6%	4.9%	5.1%	-4.2%	-4.7%
Net income	8.0%	8.5%	8.8%	-2.4%	-4.8%

> FISCAL 2002 COMPARED TO FISCAL 2001

Net sales increased from \$387.6 million in fiscal 2001 to \$401.1 million in fiscal 2002, a 3.5 % increase. Comparable store sales decreased by \$2.0 million, or 0.5% for the 52 weeks ended February 1, 2003 compared to the same 52-week period in the prior year. The Company had 1.9% sales growth in fiscal 2002 that was attributable to the inclusion of a full year of operating results in fiscal 2002 for stores opened in fiscal 2001 and 2.1% from the opening of 11 new stores in fiscal 2002.

The Company's average retail price per piece of merchandise decreased \$0.30 per piece in fiscal 2002 compared to fiscal 2001, primarily due to lower price points in footwear, as well as from a decline in footwear sales as a percentage of net sales. Average sales per square foot decreased 1.8% from \$279 to \$274.

Gross profit after buying, distribution and occupancy costs increased \$3.5 million in fiscal 2002 to \$131.5 million, a 2.8% increase. As a percentage of net sales, gross profit decreased from 33.0% in fiscal 2001 to 32.8% in fiscal 2002. The decrease was primarily attributable to higher occupancy costs partially offset by an improvement in the actual merchandise margins. Gross margin was also impacted by the decrease in merchandise shrinkage which fell to 0.6% in fiscal 2002 compared to 0.7% in fiscal 2001.

Selling expenses increased from \$69.8 million for fiscal 2001 to \$74.8 million for fiscal 2002, a 7.1% increase. Selling expenses as a percent of net sales increased to 18.7% for fiscal 2002 from 18.0% for fiscal 2001. The increase was primarily attributable to higher sales salaries, higher advertising expenses and higher travel expenses as a percentage of net sales partially due to a decline in leverage provided by comparable store sales.

>> MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS >

General and administrative expenses increased from \$10.9 million in fiscal 2001 to \$11.0 million in fiscal 2002, a 0.4% increase. As a percentage of net sales, general and administrative expense decreased to 2.7% for fiscal 2002 from 2.8% for fiscal 2001. Decreases in general and administrative expenses, as a percentage of net sales, resulted primarily from a gain on sales of assets plus slight decreases in bonus expense and general supplies expense.

As a result of the above changes, the Company's income from operations decreased \$1.5 million to \$45.8 million for fiscal 2002, a 3.1% decrease compared to fiscal 2001. Income from operations was 11.4% as a percentage of net sales in fiscal 2002 compared to 12.2% in fiscal 2001.

Other income for fiscal 2002 decreased 2.5% from fiscal 2001 to \$4.7 million. The decrease is primarily due to a decrease in income received from state tax incentive programs, partially offset by an increase in interest income compared to fiscal 2001.

Income tax expense as a percentage of pre-tax income was 36.5% in fiscal 2002 compared to 36.9% in fiscal 2001, bringing net income to \$32.1 million for fiscal 2002 versus \$32.9 million for fiscal 2001, a decrease of 2.4%.

> FISCAL 2001 COMPARED TO FISCAL 2000

Based upon the retail calendar, fiscal 2001 was a 52-week year compared to 53 weeks in fiscal 2000. Net sales decreased from \$393.2 million in fiscal 2000 to \$387.6 million in fiscal 2001, a 1.4% decrease. Comparable store sales decreased by \$22.4 million, or 6.2% for the 52 weeks ended February 2, 2002 compared to the same 52-week period in the prior year. The Company had 1.6% sales growth in fiscal 2001 that was attributable to the inclusion of a full year of operating results in fiscal 2001 for stores opened in fiscal 2000 and 4.5% from the opening of 24 new stores in fiscal 2001. The remaining 1.3% of the sales decrease came from \$5.0 million in sales during the extra week of fiscal 2000.

The Company's average retail price per piece of merchandise decreased \$2.11 per piece in fiscal 2001 compared to fiscal 2000, primarily due to lower price points in nearly every category, as well as from a decline in footwear sales as a percentage of net sales. Average sales per square foot decreased 9.7% from \$309 to \$279.

Gross profit after buying, distribution and occupancy costs decreased \$3.1 million in fiscal 2001 to \$128.0 million, a 2.4% decrease. As a percentage of net sales, gross profit decreased from 33.3% in fiscal 2000 to 33.0% in fiscal 2001. The decrease was primarily attributable to higher occupancy costs partially offset by an improvement in the actual merchandise margins. Gross margin was also impacted by the increase in merchandise shrinkage which rose to 0.7% in fiscal 2001 compared to 0.6% in fiscal 2000.

Selling expenses increased from \$69.6 million for fiscal 2000 to \$69.8 million for fiscal 2001, a 0.2% increase. Selling expenses as a percent of net sales increased to 18.0% for fiscal 2001 from 17.7% for fiscal 2000. The increase was primarily attributable to higher sales salaries and higher travel expenses as a percentage of net sales due to a decline in leverage provided by comparable store sales.

General and administrative expenses increased from \$10.4 million in fiscal 2000 to \$10.9 million in fiscal 2001, a 5.5% increase. As a percentage of net sales, general and administrative expense increased to 2.8% for fiscal 2001 from 2.6% for fiscal 2000. Increases in general and administrative expenses, as a percentage of net sales, resulted primarily from higher payroll and travel expenses due to a decline in leverage provided by comparable store sales.

As a result of the above changes, the Company's income from operations decreased \$3.8 million to \$47.3 million for fiscal 2001, a 7.5% decrease compared to fiscal 2000. Income from operations was 12.2% as a percentage of net sales in fiscal 2001 compared to 13.0% in fiscal 2000.

Other income for fiscal 2001 increased 24.8% from fiscal 2000 to \$4.8 million. The increase is primarily due to additional interest income as well as income received from state tax incentive programs compared to fiscal 2000.

Income tax expense as a percentage of pre-tax income was 36.9% in fiscal 2001 compared to 36.7% in fiscal 2000, bringing net income to \$32.9 million for fiscal 2001 versus \$34.5 million for fiscal 2000, a decrease of 4.8%.

> 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. During fiscal 2002, 2001, and 2000 the Company's cash flow from operations was \$42.8 million, \$43.4 million, and \$47.2 million, respectively. During fiscal 2002, 2001 and 2000, the Company also used cash for repurchasing shares of the Company's common stock. In fiscal 2002, the Company purchased 119,125 shares at a cost of \$2.0 million. In fiscal 2001, the Company purchased 79,200 shares at a cost of \$1.3 million and 559,200 shares in fiscal 2000 at a cost of \$7.3 million. The Company has available an unsecured line of credit of \$7.5 million and a \$10.0 million line of credit for foreign and domestic letters of credit, with Wells Fargo Bank Nebraska, N.A. Borrowings under the lending arrangements provide for interest to be paid at a rate equal to the prime rate as set by the Wells Fargo Bank, N.A. index on the date of the borrowings. As of February 1, 2003, the Company's working capital was \$144.0 million, including \$93.0 million of cash and cash equivalents.

The Company has, from time to time, borrowed against these lines of credit during periods of peak inventory build-up. There were immaterial borrowings during fiscal 2002, 2001 and fiscal 2000. The Company had no bank borrowings as of February 1, 2003.

During fiscal 2002, 2001, and 2000, the Company invested \$12.9 million, \$10.3 million, and \$13.4 million, respectively, in new store construction, store renovation and upgrading store technology, net of any construction allowances received from landlords. The Company also spent \$0.6 million, \$0.4 million, and \$1.3 million, in fiscal 2002, 2001, and 2000, respectively, in capital expenditures for the corporate headquarters and distribution facility. In the third quarter of fiscal 2002, the Company purchased a used Citation X aircraft and sold its Citation III aircraft at an additional cost of \$9.1 million, net of \$3 million in proceeds from the sale of the Citation III.

During fiscal 2003, the Company anticipates completing approximately 30 store construction projects, including approximately 15 new stores and approximately 15 stores to be remodeled and/or relocated. As of March 2003, leases for nine new stores have been signed, and leases for six additional locations are under negotiation; however, exact new store openings, remodels and relocations may vary from those anticipated. The average cost of opening a new store during fiscal 2003 was approximately \$710,000, including construction costs of approximately \$540,000 and inventory costs of approximately \$170,000, net of payables. Management estimates that total capital expenditures during fiscal 2003 will be approximately \$19.6 million, before landlord allowances, estimated to be \$2.8 million. 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. 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.

>> MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS >

> 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, including those related to merchandise returns, inventory, bad debts, health care costs and income taxes. Management bases its estimates on past experience and on various other factors that are thought to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company's certain critical accounting policies are listed below.

1. **Merchandise Returns.** The Company establishes a liability for estimated merchandise returns at the end of the period. Customer returns could potentially exceed those reserved for, reducing future net sales results.
2. **Inventory.** Inventory is valued at the lower of cost or market. Cost is determined using the average cost method and management makes estimates to reserve for obsolescence and markdowns that could effect market value, based on assumptions regarding future demand and market conditions. Such judgments may have a material impact on current and future operating results and financial position.
3. **Bad Debts.** The Company books an allowance for doubtful accounts based upon historical data and current trends. Management believes the reserve is adequate; however, customers' ability to pay could deteriorate causing actual losses to exceed those anticipated in the allowance.
4. **Health Care Costs.** The Company is self-funded for health and dental claims up to \$80,000 per individual per plan year. This plan covers eligible employees and management makes estimates at period end to record a reserve for future claims. The number and amount of claims submitted could vary from the amounts reserved, affecting current and future net earnings results.
5. **Income Taxes.** The Company records a deferred tax asset for future tax benefits for the difference between book and tax revenue and expense recognition. If the Company is unable to realize all or part of its deferred tax asset in the future, an adjustment would be charged to income in the period such determination was made.

> 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 or cash flows. In addition, the commercial obligations and commitments made by the Company are customary transactions, which are similar to those of other comparable retail companies.

The following tables identify the material obligations and commitments as of February 1, 2003:

PAYMENTS DUE BY PERIOD

Contractual obligations (dollar amounts in thousands)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Long term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Operating leases	\$ 189,634	\$ 28,158	\$ 51,562	\$ 45,375	\$ 64,539
Total contractual obligations	\$ 189,634	\$ 28,158	\$ 51,562	\$ 45,375	\$ 64,539

AMOUNTS OF COMMITMENT EXPIRATION PER PERIOD

Other Commercial Commitments (dollar amounts in thousands)	Total Amounts Committed	Less than 1 year	1-3 years	4-5 years	After 5 years
Lines of Credit	\$ 7,500	\$ 7,500	\$ -	\$ -	\$ -
Letters of Credit	\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -
Total commercial commitments	\$ 17,500	\$ 17,500	\$ -	\$ -	\$ -

> SEASONALITY AND INFLATION

The Company's business is seasonal, with the holiday season (from approximately November 15 to December 30) and the back-to-school season (from approximately July 15 to September 1) historically contributing the greatest volume of net sales. For fiscal years 2002, 2001, and 2000, the Christmas and back-to-school seasons accounted for an average of 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 past three fiscal years. Quarterly results may vary depending on the timing and amount of sales and costs associated with the opening of new stores and the remodeling of existing stores.

> 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, and 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.

>> **BALANCE SHEETS** >

(Dollar Amounts in Thousands Except Share and Per Share Amounts)

ASSETS	FEBRUARY 1, 2003	FEBRUARY 2, 2002
CURRENT ASSETS:		
Cash and cash equivalents	\$ 92,976	\$ 101,915
Investments (Note B):		
Held-to-maturity	15,450	8,769
Available-for-sale	-	951
Accounts receivable, net of allowance of \$217 and \$250, respectively	1,390	2,021
Inventory	60,041	54,297
Prepaid expenses and other assets (Note E)	8,277	7,357
Total current assets	178,134	175,310
PROPERTY AND EQUIPMENT (Note C):	130,013	111,443
Less accumulated depreciation and amortization	(65,407)	(57,151)
	64,606	54,292
LONG-TERM INVESTMENTS (Note B)	54,548	32,556
OTHER ASSETS (Notes E and F)	2,512	2,499
	\$ 299,800	\$ 264,657
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 13,318	\$ 11,133
Accrued employee compensation	10,556	10,755
Accrued store operating expenses	4,487	4,231
Gift certificates redeemable	2,855	2,482
Income taxes payable	2,966	1,397
Total current liabilities	34,182	29,998
DEFERRED COMPENSATION (Note H)	946	957
Total liabilities	35,128	30,955
COMMITMENTS (Notes D and G)		
STOCKHOLDERS' EQUITY (Note I):		
Common stock, authorized 100,000,000 shares of \$.01 par value; issued and outstanding; 21,045,404 and 21,115,538 shares, respectively	210	211
Additional paid-in capital	18,089	19,320
Retained earnings	246,373	214,309
Unearned compensation - restricted stock	-	(126)
Accumulated other comprehensive income (loss)	-	(12)
Total stockholders' equity	264,672	233,702
	\$ 299,800	\$ 264,657

See notes to financial statements.

>> STATEMENTS OF INCOME >

(Dollar Amounts in Thousands Except Per Share Amounts)

	FISCAL YEARS ENDED		
	FEBRUARY 1, 2003	FEBRUARY 2, 2002	FEBRUARY 3, 2001
SALES, Net of returns and allowances of \$31,826, \$28,278 and \$28,203, respectively	\$ 401,060	\$ 387,638	\$ 393,247
COST OF SALES (Including buying, distribution and occupancy costs)	269,533	259,645	262,146
Gross profit	131,527	127,993	131,101
OPERATING EXPENSES:			
Selling	74,754	69,786	69,635
General and administrative	10,979	10,939	10,365
	85,733	80,725	80,000
INCOME FROM OPERATIONS	45,794	47,268	51,101
OTHER INCOME, Net	4,698	4,820	3,860
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING	50,492	52,088	54,961
PROVISION FOR INCOME TAXES (Note E)	18,428	19,226	20,164
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING	32,064	32,862	34,797
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING, Net of taxes (Note A)	—	—	(270)
NET INCOME	\$ 32,064	\$ 32,862	\$ 34,527
BASIC INCOME PER SHARE (Note J):			
Income before cumulative effect of change in accounting	\$ 1.52	\$ 1.59	\$ 1.69
Cumulative effect of change in accounting, net of taxes	—	—	(0.01)
Net income	\$ 1.52	\$ 1.59	\$ 1.68
DILUTED INCOME PER SHARE (Note J):			
Income before cumulative effect of change in accounting	\$ 1.47	\$ 1.52	\$ 1.63
Cumulative effect of change in accounting, net of taxes	—	—	(0.02)
Net income	\$ 1.47	\$ 1.52	\$ 1.61

See notes to financial statements.

>> STATEMENTS OF STOCKHOLDERS' EQUITY >

(Dollar Amounts in Thousands)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNEARNED COMPENSATION	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TOTAL	COMPREHENSIVE INCOME
BALANCE, January 30, 2000	\$ 207	\$ 17,131	\$ 146,920	\$ (791)	\$ (207)	\$ 163,260	
Comprehensive income:							
Net income	-	-	34,527	-	-	34,527	\$ 34,527
Unrealized gain on available-for-sale securities, net of taxes of \$142	-	-	-	-	236	236	236
Total comprehensive income							\$ 34,763
Common stock (197,036 shares) issued on exercise of stock options	2	1,485	-	-	-	1,487	
Restricted stock issuance (14,792 shares)	1	255	-	-	-	256	
Amortization of restricted stock issuance	-	-	-	171	-	171	
Common stock (559,200 shares) purchased and retired	(6)	(7,299)	-	-	-	(7,305)	
Tax benefit related to exercise of employee stock options	-	1,434	-	-	-	1,434	
BALANCE, February 3, 2001	\$ 204	\$ 13,006	\$ 181,447	\$ (620)	\$ 29	\$ 194,066	
Comprehensive income:							
Net income	-	-	32,862	-	-	32,862	\$ 32,862
Unrealized loss on available-for-sale securities, net of taxes of \$24	-	-	-	-	(41)	(41)	(41)
Total comprehensive income							\$ 32,821
Common stock (869,272 shares) issued on exercise of stock options	9	3,900	-	-	-	3,909	
Amortization of restricted stock issuance	-	-	-	126	-	126	
Forfeited restricted stock (53,191 shares)	(1)	(1,113)	-	368	-	(746)	
Common stock (79,200 shares) purchased and retired	(1)	(1,280)	-	-	-	(1,281)	
Tax benefit related to exercise of employee stock options	-	4,807	-	-	-	4,807	
BALANCE, February 2, 2002	211	19,320	214,309	(126)	(12)	233,702	
Comprehensive income:							
Net income	-	-	32,064	-	-	32,064	\$ 32,064
Reclassification adjustment for losses included in net income, net of taxes of \$7	-	-	-	-	12	12	12
Total comprehensive income							\$ 32,076
Common stock (48,991 shares) issued on exercise of stock options	-	574	-	-	-	574	
Amortization of restricted stock issuance	-	-	-	126	-	126	
Common stock (119,125 shares) purchased and retired	(1)	(1,987)	-	-	-	(1,988)	
Tax benefit related to exercise of employee stock options	-	182	-	-	-	182	
BALANCE, February 1, 2003	\$ 210	\$ 18,089	\$ 246,373	\$ -	\$ -	\$ 264,672	

See notes to financial statements.

>> STATEMENTS OF CASH FLOWS >

(Dollar Amounts in Thousands)

	FISCAL YEARS ENDED		
	FEBRUARY 1, 2003	FEBRUARY 2, 2002	FEBRUARY 3, 2001
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 32,064	\$ 32,862	\$ 34,527
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	12,323	12,007	11,696
Amortization of unearned compensation – restricted stock	126	126	171
Forfeiture of restricted stock	–	(746)	–
Deferred taxes	(319)	(307)	(296)
(Gain) loss on disposal of assets	(53)	512	455
Cumulative effect of change in accounting, net of taxes	–	–	270
Changes in operating assets and liabilities:			
Accounts receivable	631	47	(238)
Inventory	(5,744)	95	1,693
Prepaid expenses	(370)	(459)	(3,029)
Accounts payable	2,185	(2,570)	(2,470)
Accrued employee compensation	(199)	(998)	337
Accrued store operating expenses	256	159	581
Gift certificates redeemable	373	283	274
Deferred compensation	(11)	107	408
Income taxes payable	1,569	2,314	2,822
Net cash flows from operating activities	42,831	43,432	47,201
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(25,633)	(10,734)	(14,690)
Proceeds from sale of property and equipment	3,049	4	25
Increase in other assets	(40)	(431)	(261)
Purchase of investments	(50,157)	(21,973)	(19,551)
Proceeds from sales and maturities of investments	22,425	19,834	25,044
Net cash flows from investing activities	(50,356)	(13,300)	(9,433)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from the exercise of stock options	574	3,909	1,487
Purchases of common stock	(1,988)	(1,281)	(7,305)
Net cash flows from financing activities	(1,414)	2,628	(5,818)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,939)	32,760	31,950
CASH AND CASH EQUIVALENTS, Beginning of year	101,915	69,155	37,205
CASH AND CASH EQUIVALENTS, End of year	\$ 92,976	\$ 101,915	\$ 69,155

See notes to financial statements.

>> NOTES TO FINANCIAL STATEMENTS

FISCAL YEARS ENDED FEBRUARY 1, 2003, FEBRUARY 2, 2002 AND FEBRUARY 3, 2001 >

(Dollar Amounts are 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 financial statements to fiscal years are to the calendar year in which the fiscal year begins. Fiscal 2000 represents the 53-week period ended February 3, 2001 and fiscal 2002 and 2001 represent the 52-week periods ended February 1, 2003 and February 2, 2002, respectively.

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 304 stores located in 37 states throughout the central, northwestern and southern regions of the United States, as of February 1, 2003.

During fiscal 2002, the Company opened eleven new stores, substantially renovated eight stores, and closed two stores. During fiscal 2001, the Company opened twenty-four new stores, substantially renovated eight stores and closed three stores. During fiscal 2000, the Company opened twenty-eight new stores, substantially renovated eleven stores, and closed two stores.

Revenue Recognition >> The Company operates on a cash and carry basis, so revenue is recognized at the time of sale. Merchandise returns are estimated and accrued at the end of the period.

Investments >> The Company accounts for investments in accordance with Statement of Financial Accounting Standards Board (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Held-to-maturity securities are carried at amortized cost. 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) until they are sold. Trading securities are reported at fair value, with unrealized gains and losses included in earnings.

Inventories >> Inventories are stated at the lower of cost or market. Cost is determined on the average cost method.

Depreciation and Amortization >> 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 the 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.

Cash Equivalents >> For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

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

Advertising Costs >> Advertising costs are expensed as incurred and amounted to \$4,404, \$3,706 and \$3,985 for fiscal years 2002, 2001 and 2000, respectively.

Stock-Based Compensation >> The Company has several stock-based employee compensation plans, which are described more fully in Note I. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Compensation cost related to stock-based compensation was \$126, \$126 and \$171 for the fiscal years ended 2002, 2001 and 2000, respectively. The following table

illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation.

	FISCAL YEAR		
	2002	2001	2000
Net income, as reported	\$ 32,064	\$ 32,862	\$ 34,527
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	80	80	109
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(4,117)	(3,706)	(3,995)
Pro forma net income	\$ 28,027	\$ 29,236	\$ 30,641
Earnings per share:			
Basic - as reported	\$ 1.52	\$ 1.59	\$ 1.68
Basic - pro forma	\$ 1.33	\$ 1.41	\$ 1.49
Diluted - as reported	\$ 1.47	\$ 1.52	\$ 1.61
Diluted - pro forma	\$ 1.28	\$ 1.35	\$ 1.43

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 places its investments primarily in tax-free municipal bonds or U.S. Treasury securities with short-term maturities, and limits the amount of credit exposure to any one entity. Concentrations of credit risk with respect to accounts receivable are limited due to the nature of the Company's receivables; which include employee receivables, which 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 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 assets and liabilities and 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.

Comprehensive Income >> Comprehensive income consists of net income and unrealized gains and losses on available-for-sale securities. Unrealized gains and losses on the Company's available-for-sale securities are included in accumulated other comprehensive income (loss) and are separately included as a component of stockholders' equity, net of related income taxes.

>> NOTES TO FINANCIAL STATEMENTS >

(Dollar Amounts are in Thousands Except Share and Per Share Amounts)

Accounting Pronouncements >> In June 2001, the Financial Accounting Standards Board ("FASB") approved the issuance of SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. These standards establish accounting and reporting for business combinations. SFAS No. 141 requires all business combinations entered into subsequent to June 30, 2001 to be accounted for using the purchase method of accounting. SFAS No. 142 provides that goodwill and other intangible assets with indefinite lives will not be amortized, but will be tested for impairment on an annual basis. SFAS No. 142 is effective for the Company beginning February 3, 2002. The adoption of SFAS No.'s 141 and 142 did not have a significant impact on the financial position, results of operations, or cash flows for the Company.

In June 2001, the FASB approved the issuance of SFAS No. 143, *Accounting for Asset Retirement Obligations*. This Statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS No. 143 is effective for the Company beginning February 2, 2003. The adoption of SFAS No. 143 will not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In August 2001, the FASB approved the issuance of SFAS No. 144, *Accounting for the Impairment and Disposal of Long-Lived Assets*. This Statement replaces SFAS No. 121, *Accounting for Impairment or Disposal of Long-Lived Assets*, and replaces the provisions of APB Opinion No. 30, *Reporting the Results of Operations-Reporting the Effects of Disposal of a Segment of a Business* for the disposal of segments of a business. The Statement develops one accounting model for long-lived assets to be disposed of by sale and broadens the reporting of discontinued operations. SFAS No. 144 is effective for the Company beginning February 3, 2002. The adoption of SFAS No. 144 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In April 2002, the FASB approved the issuance of SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*, which is effective for financial statements issued on or after May 15, 2002. This statement rescinds SFAS No. 4, *Reporting Gains and Losses from Extinguishment of Debt*, and an amendment of that statement, SFAS No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. This statement also rescinds SFAS No. 44, *Accounting for Intangible Assets of Motor Carriers*. This statement amends SFAS No. 13, *Accounting for Leases*, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The adoption of SFAS No. 145 did not have a significant effect on the Company's financial position, results of operations or cash flows.

The FASB approved the issuance of SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* in June 2002. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)*. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002. The adoption of SFAS No. 146 did not have a significant effect on the Company's financial position, results of operations or cash flows.

SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123*, was issued in December 2002. This Statement amends FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement No. 123 to require prominent

disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. As the Company follows Accounting Principles Board (“APB”) Opinion No. 25, *Accounting for Stock Issued to Employees*, the disclosure-only provisions of the Statement apply to the Company.

FASB Interpretation No. (FIN) 45, *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*, was issued in November 2002. The initial recognition and measurement provisions should be applied only on a prospective basis to guarantees issued or modified after December 31, 2002. FIN No. 45 clarifies the requirements for a guarantor to recognize a liability for a guarantee at inception of the guarantee. It specifies guarantor’s financial statement disclosures for its obligations under guarantees. Management believes the adoption of the interpretation did not have a significant effect on the Company’s financial position, results of operations or cash flows of the Company.

FASB Interpretation No. 46, *Consolidation of Variable Interest Entities – (an Interpretation of ARB No. 51)*, was issued in January 2003. FIN No. 46 applies immediately to variable interest entities created after January 31, 2003, and is effective in the first fiscal year beginning after June 15, 2003, to variable interest entities in which an enterprise holds a variable interest that it acquired before February 1, 2003. The FIN requires an enterprise to consolidate a variable interest entity if that enterprise has a variable interest (or combination of variable interests) that will absorb a majority of the entity’s expected losses if they occur, receive a majority of the entity’s expected residual returns if they occur or both. Management believes the adoption of the interpretation will not have a significant effect on the Company’s financial position, results of operations or cash flows of the Company.

Cumulative Effect of Change in Accounting >> On January 30, 2000, the Company changed its revenue recognition policy related to layaway sales in accordance with the guidance and interpretations provided by the SEC’s Staff Accounting Bulletin (SAB) No. 101, *Revenue Recognition*. This SAB affected the Company’s recognition of layaway sales, which requires recognition of revenue from sales made under its layaway program upon delivery of the merchandise to the customer. In the first quarter of fiscal 2000, the Company recorded a \$270 cumulative effect adjustment for the change in this accounting principle in accordance with APB Opinion No. 20, *Accounting Changes*.

Reclassification >> Certain reclassifications have been made to 2001 balances to conform to the 2002 presentation.

>> **NOTES TO FINANCIAL STATEMENTS** >

(Dollar Amounts are in Thousands Except Share and Per Share Amounts)

B. INVESTMENTS

The following is a summary of investments as of February 1, 2003:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Held-to-Maturity Securities:				
State and municipal bonds	\$ 64,499	\$ 1,145	\$ (291)	\$ 65,353
U.S. corporate bonds	2,353	-	(19)	2,334
U.S. treasuries	2,200	5	-	2,205
	\$ 69,052	\$ 1,150	\$ (310)	\$ 69,892
Trading Securities:				
Mutual funds	\$ 1,397	\$ -	\$ (451)	\$ 946

The following is a summary of investments as of February 2, 2002:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMATED FAIR VALUE
Available-for-Sale Securities:				
U.S. corporate securities	\$ 970	\$ 11	\$ (30)	\$ 951
Held-to-Maturity Securities:				
State and municipal bonds	\$ 37,823	\$ 572	\$ (125)	\$ 38,270
U.S. corporate bonds	248	-	(3)	245
U.S. treasuries	2,297	2	(25)	2,274
	\$ 40,368	\$ 574	\$ (153)	\$ 40,789
Trading Securities:				
Mutual funds	\$ 1,190	\$ -	\$ (233)	\$ 957

Trading securities have been classified in long-term investments. These trading securities are held in a Rabbi Trust and are intended to fund the Company's deferred compensation plan (See Note H).

The amortized cost and fair value of debt securities by contractual maturity at February 1, 2003 is as follows:

	AMORTIZED COST	FAIR VALUE
2003	\$ 15,450	\$ 15,400
2004	16,911	17,069
2005	14,216	14,461
2006	10,080	10,340
2007	3,206	3,262
Thereafter	9,189	9,360
	\$ 69,052	\$ 69,892

At February 1, 2003 and February 2, 2002, held to maturity investments of \$53,602 and \$31,599 are classified in long-term investments.

C. PROPERTY AND EQUIPMENT

A summary of the cost of property and equipment follows:

	FEBRUARY 1, 2003	FEBRUARY 2, 2002
Land	\$ 917	\$ 917
Building and improvements	8,449	8,436
Office equipment	3,373	2,969
Transportation equipment	15,629	7,758
Leasehold improvements	41,325	39,060
Furniture and fixtures	52,596	47,269
Shipping/receiving equipment	4,218	4,191
Screenprinting equipment	102	102
Construction-in-progress	3,404	741
	\$ 130,013	\$ 111,443

D. FINANCING ARRANGEMENTS

The Company has available an unsecured line of credit of \$7.5 million and a \$10 million letter of credit facility. Borrowings under the line of credit and letter of credit provide for interest to be paid at a rate equal to the prime rate as set by the Wells Fargo Bank, N.A. index on the date of the borrowings. There were no bank borrowings at February 1, 2003 and February 2, 2002. There were immaterial bank borrowings during fiscal 2002, 2001 and 2000. The Company had outstanding letters of credit totaling \$1,650 and \$621 at February 1, 2003 and February 2, 2002, respectively.

>> NOTES TO FINANCIAL STATEMENTS >

(Dollar Amounts are in Thousands Except Share and Per Share Amounts)

E. INCOME TAXES

The provision for income taxes consists of:

	FISCAL YEAR		
	2002	2001	2000
Current:			
Federal	\$ 15,857	\$ 16,214	\$ 17,454
State	2,890	3,319	3,006
Deferred	(319)	(307)	(296)
Total	\$ 18,428	\$ 19,226	\$ 20,164

Total 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 YEAR		
	2002	2001	2000
Statutory rate	35.0%	35.0%	35.0%
State income tax effect	3.9	4.3	3.9
Tax exempt interest income	(2.6)	(2.5)	(1.8)
Expenses not deductible	0.2	0.1	0.1
Benefits of state tax credits	-	-	(0.5)
Effective tax rate	36.5%	36.9%	36.7%

Deferred tax assets are comprised of the following:

	FEBRUARY 1, 2003	FEBRUARY 2, 2002
Deferred tax assets:		
Inventory	\$ 1,351	\$ 927
Stock-based compensation	666	974
Accrued compensation	574	468
Accrued store operating costs	455	320
Property and equipment	299	357
Unrealized loss on trading securities	169	88
Gift certificates redeemable	99	133
Allowance for doubtful accounts	81	94
Unrealized loss on available-for-sale securities	-	7
	\$ 3,694	\$ 3,368

At February 1, 2003 and February 2, 2002, respectively, the net current deferred tax assets of \$2,512 and \$2,144 are classified in prepaid expenses and other assets and the net non-current deferred tax assets of \$1,182 and \$1,224 are classified in other assets.

Cash paid for income taxes was \$17,662, \$17,449 and \$17,187 in fiscal years 2002, 2001 and 2000, respectively.

F. RELATED PARTY TRANSACTIONS

Included in other assets is a note receivable of \$825 and \$795 at February 1, 2003 and February 2, 2002, respectively, from a life insurance trust fund controlled by the Company's Chairman. The note is secured by a life insurance policy on the Chairman.

G. LEASE COMMITMENTS

The Company conducts its operations in leased facilities under numerous noncancellable operating leases expiring at various dates through 2014. Most of the Company's stores have lease terms of approximately ten years and generally do not contain renewal options. Operating lease base rental expense for fiscal 2002, 2001 and 2000 was \$27,611, \$25,650 and \$22,326, 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 2002, 2001 and 2000 were \$656, \$821 and \$1,268, respectively. Total future minimum rental commitments under these operating leases are as follows:

FISCAL YEAR

2003	\$ 28,158
2004	26,486
2005	25,076
2006	23,153
2007	22,222
Thereafter	64,539
Total minimum payments required	\$ 189,634

H. EMPLOYEE BENEFITS

The Company has a 401(k) profit sharing plan covering all eligible employees who desire to participate. Contributions to the plan are based upon the amount of the employees' deferrals and the employer's matching formula. The Company may contribute to the plan at its discretion. The total expense under the profit sharing plan was \$600, \$561 and \$550 for fiscal years 2002, 2001 and 2000, 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 \$66, \$65 and \$110 for fiscal years 2002, 2001 and 2000, respectively.

>> **NOTES TO FINANCIAL STATEMENTS** >

(Dollar Amounts are in Thousands Except Share and Per Share Amounts)

I. STOCK-BASED COMPENSATION

The Company has several stock option plans that provide for granting of options to purchase common stock to designated employees, officers and directors. The options may be in the form of incentive stock options or nonqualified stock options, and are granted at fair market value on the date of grant. The options generally expire ten years from the date of grant. At February 1, 2003, 749,675 shares of common stock were available for grant under the various option plans of which 500,000 shares were available to executive officers of the Company.

The Company granted 75,000 shares of restricted common stock in December 1997 with an aggregate market value of \$1,550 at fiscal 1997 year end. Unearned compensation equivalent to the market value of the shares at the date of grant was charged to stockholders' equity. Such unearned compensation was amortized into compensation expense over a five year period. The shares fully vested in December 2002. Due to officers terminating their employment with the Company in 2001 prior to the vesting of the restricted common stock awarded pursuant to this plan, unearned compensation was reduced \$368 and compensation expense was reduced \$325 in fiscal 2001 for previously amortized compensation expense.

Pursuant to the 1998 Management Incentive Plan, compensation expense of \$256 associated with the fiscal 1999 bonus was recorded as accrued employee compensation at January 29, 2000. During fiscal year 2000, the Company granted 14,792 shares of restricted common stock related to this amount upon approval of the Board of Directors. There was no stock compensation expense for the years ended February 1, 2003 or February 2, 2002 related to this plan. Due to officers terminating their employment with the Company in 2001, which was prior to the full vesting of the restricted common stock awarded pursuant to this plan, compensation expense was reduced \$421 in fiscal 2001 for previously recognized compensation expense.

The weighted average fair value of options granted during the year under the SFAS No. 123 methodology was \$15.68, \$13.76 and \$12.39 per option for fiscal 2002, 2001 and 2000, respectively. The fair value of options granted under the Plans was estimated at the date of grant using a binomial option pricing model with the following assumptions:

	2002	2001	2000
Risk-free interest rate	4.50%	5.00%	6.00%
Dividend yield	0.00%	0.00%	0.00%
Expected volatility	62.0%	54.0%	60.0%
Expected life (years)	7.0 years	7.0 years	6.0 years

A summary of the Company's stock-based compensation activity related to stock options for the last three fiscal years is as follows:

	2002		2001		2000	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding - beginning of year	3,407,135	\$ 15.29	4,421,641	\$ 13.54	4,163,380	\$ 13.01
Granted	546,870	20.62	447,040	19.73	500,375	16.00
Expired/terminated	(37,637)	22.41	(592,274)	21.36	(45,078)	23.94
Exercised	(48,991)	11.72	(869,272)	4.50	(197,036)	7.55
Outstanding - end of year	3,867,377	\$ 16.10	3,407,135	\$ 15.29	4,421,641	\$ 13.54

There were 2,371,042; 2,011,127 and 2,765,205 options exercisable at February 1, 2003, February 2, 2002 and February 3, 2001, respectively.

The following table summarizes information about stock options outstanding as of February 1, 2003:

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 4.167 - \$ 4.750	230,450	2.00 years	\$ 4.59	230,450	\$ 4.59
4.958 - 5.583	216,375	1.00	5.42	216,375	5.42
6.000 - 6.667	286,700	2.81	6.32	286,700	6.32
8.500 - 9.292	738,601	4.00	9.14	738,601	9.14
11.500 - 17.010	388,724	7.16	16.42	44,790	16.65
17.188 - 23.250	1,614,157	5.67	21.03	761,456	21.37
26.750 - 34.083	392,370	5.81	28.39	92,670	33.69
	3,867,377	4.82	\$ 16.10	2,371,042	\$ 13.05

J. EARNINGS PER SHARE

The following table provides a reconciliation between basic and diluted earnings per share (amounts in thousands except per share amounts):

>> **NOTES TO FINANCIAL STATEMENTS** >

(Dollar Amounts are in Thousands Except Share and Per Share Amounts)

	2002			2001			2000		
	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount	Income	Weighted Average Shares	Per Share Amount
BASIC EPS									
Net income	\$ 32,064	21,119	\$ 1.52	\$ 32,862	20,733	\$ 1.59	\$ 34,527	20,540	\$ 1.68
EFFECT OF DILUTIVE SECURITIES									
Stock Options	-	693	(0.05)	-	853	(0.07)	-	851	(0.07)
DILUTED EPS	\$ 32,064	21,812	\$ 1.47	\$ 32,862	21,586	\$ 1.52	\$ 34,527	21,391	\$ 1.61

Options to purchase 1,122,094; 1,403,250 and 1,982,233 shares of common stock in fiscal 2002, 2001 and 2000, respectively, are not included in the computation of diluted earnings per share because the options would be considered anti-dilutive.

K. SEGMENT INFORMATION

The Company is a retailer of medium to better priced casual apparel, footwear and accessories. The Company operates 304 stores located in 37 states throughout the central, northwestern and southern regions of the United States at February 1, 2003. The Company operates their business as one reportable industry segment.

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

MERCHANDISE GROUP	PERCENTAGE OF NET SALES		
	FISCAL YEAR		
	2002	2001	2000
Denims	32.8%	28.8%	26.6%
Slacks/Casual Bottoms	3.7	5.0	5.4
Tops (including sweaters)	32.0	33.5	32.2
Sportswear/Fashion Clothes	4.8	5.7	6.5
Outerwear	3.7	2.9	3.3
Accessories	11.3	11.0	9.1
Footwear	11.4	11.8	14.4
Little Guys/Gals	0.1	1.0	2.2
Other	0.2	0.3	0.3
	100.0%	100.0%	100.0%

L. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial information for fiscal 2002 and 2001 are as follows:

FISCAL 2002	QUARTER			
	First	Second	Third	Fourth
Net sales	\$ 79,855	\$ 83,516	\$ 114,436	\$ 123,253
Gross profit	\$ 23,116	\$ 23,810	\$ 40,238	\$ 44,363
Net income	\$ 4,298	\$ 4,069	\$ 11,264	\$ 12,433
Basic income per share	\$ 0.20	\$ 0.19	\$ 0.53	\$ 0.59
Diluted income per share	\$ 0.20	\$ 0.19	\$ 0.52	\$ 0.57

FISCAL 2001	QUARTER			
	First	Second	Third	Fourth
Net sales	\$ 76,439	\$ 78,596	\$ 111,142	\$ 121,461
Gross profit	\$ 22,853	\$ 22,185	\$ 38,730	\$ 44,225
Net income	\$ 4,239	\$ 3,909	\$ 11,021	\$ 13,693
Basic income per share	\$ 0.21	\$ 0.19	\$ 0.53	\$ 0.65
Diluted income per share	\$ 0.20	\$ 0.18	\$ 0.51	\$ 0.63

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.

>> INDEPENDENT AUDITOR'S REPORT >

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

We have audited the accompanying balance sheets of The Buckle, Inc. (the Company), as of February 1, 2003 and February 2, 2002, and the related statements of income, stockholders' equity and cash flows for each of the three fiscal years in the period ended February 1, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of The Buckle, Inc. as of February 1, 2003 and February 2, 2002, and the results of its operations and its cash flows for each of the three fiscal years in the period ended February 1, 2003, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Omaha, Nebraska
March 5, 2003

>> STOCK PRICES BY QUARTER >

The Company's common stock trades on the New York Stock Exchange under the symbol BKE. The Company did not pay any cash dividends in fiscal 2002, 2001 or 2000, and has no current plans for cash dividend payments.

The number of record holders of the Company's common stock as of March 24, 2003 was 404. Based upon information from the principal market makers, the Company believes there are more than 3,000 beneficial owners. The last reported sales price of the Company's common stock on March 24, 2003 was \$18.00.

The following table lists the Company's quarterly market range for fiscal years 2002, 2001 and 2000.

Quarter	2002		2001		2000	
	High	Low	High	Low	High	Low
First	24.90	20.05	21.55	16.89	17.19	12.38
Second	25.46	20.40	20.59	17.30	14.44	10.81
Third	22.30	15.72	20.48	14.59	16.38	11.19
Fourth	20.35	16.46	22.50	17.41	21.13	15.00

> CORPORATE INFORMATION

Date Founded
1948

Number of Employees
5,800

Stock Transfer Agent & Registrar
UMB Bank, n.a.
P.O. Box 419226
Kansas City, Missouri 64141-6226
(816) 860-7000

Stock Exchange Listing
New York Stock Exchange
Trading Symbol: BKE

Independent Public Accountants
Deloitte & Touche, LLP
Omaha, Nebraska

Annual Meeting
The Annual Meeting of Shareholders is scheduled for 10:00 a.m. Thursday, May 29, 2003, at the Holiday Inn Kearney, Nebraska

Form 10-K
A copy of the 10-K is available to shareholders without charge upon written request to:
Karen B. Rhoads, Vice President of Finance
The Buckle, Inc.
P.O. Box 1480
Kearney, Nebraska 68848-1480

Trademarks
BUCKLE, THE BUCKLE, BKLE, RECLAIM and BKE are trademarks of The Buckle, Inc., which is registered in the United States.

> BOARD OF DIRECTORS

Daniel J. Hirschfeld
Chairman of the Board

Dennis H. Nelson
President & Chief Executive Officer

Karen B. Rhoads
Vice President of Finance,
Treasurer & Chief
Financial Officer

Ralph M. Tysdal
Owner of McDonald's
restaurant franchises

Bill L. Fairfield
Chairman, DreamField
Capital Ventures

William D. Orr

Robert E. Campbell
President, Miller & Paine
Director of Development,
Madonna Foundation

Bruce L. Hoberman
Chief Executive Officer,
Proxibid, Inc.

David A. Roehr
President, Cabela's, Inc.

James E. Shada
Executive Vice President
of Sales

> EXECUTIVE OFFICERS

Dennis H. Nelson
President & Chief Executive Officer

Karen B. Rhoads
Vice President of Finance,
Treasurer & Chief
Financial Officer

James E. Shada
Executive Vice President
of Sales

Kari G. Smith
Vice President of Sales

Kyle L. Hanson
Corporate Secretary & General
Counsel

Brett P. Milkie
Vice President of Leasing

Patricia K. Whisler
Vice President of Women's
Merchandising

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KEARNEY, NE 68845 > 308.236.8491 > www.buckle.com

Buckle 