FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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bebe stores, inc.

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SIC: **2330** Women's, misses', and juniors outerwear

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

FORM 10-Q

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

For the quarterly period ended April 6, 2013

OR

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

Commission File Number 0-24395

bebe stores, inc.
(Exact name of registrant as specified in its charter)

California	**94-2450490**
(State or Jurisdiction of Incorporation or Organization)	**(IRS Employer Identification Number)**

400 Valley Drive
Brisbane, California 94005
(Address of principal executive offices)

Telephone: (415) 715-3900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant’ s common stock, par value $0.001 per share, outstanding as of April 30, 2013 was 78,935,446.

bebe stores, inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

bebe stores, inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(unaudited)

	As of April 6, 2013	As of June 30, 2012	As of March 31, 2012
Assets:			
Current assets:			
Cash and equivalents	$81,839	$104,982	$113,239
Available for sale securities	41,084	76,428	79,926
Receivables (net of allowance of $120, $1,255 and $1,255)	8,261	9,190	6,196
Inventories, net	36,006	33,292	34,234
Deferred income taxes, net	0	4,609	4,930
Prepaid and other	18,796	17,135	12,807
Total current assets	185,986	245,636	251,332
Available for sale securities	58,621	60,002	64,410
Property and equipment, net	112,112	114,707	93,871
Deferred income taxes, net	633	24,675	32,534
Intangible asset	912	912	912
Other assets	3,807	4,488	4,646
Total assets	$362,071	$450,420	$447,705
Liabilities and Shareholders' Equity:			
Current liabilities:			
Accounts payable	$16,638	$16,520	$17,783
Accrued liabilities	26,194	31,668	29,735
Total current liabilities	42,832	48,188	47,518
Deferred rent and other lease incentives	37,485	37,876	37,626
Uncertain tax positions	894	2,236	2,086
Total liabilities	81,211	88,300	87,230
Commitments and contingencies			
Shareholders' equity:			
Preferred stock-authorized 1,000,000 shares at $0.001 par value per share; no shares issued and outstanding	0	0	0
Common stock-authorized 135,000,000 shares at $0.001 par value per share; issued and outstanding 78,931,881, 84,360,349 and 84,327,578 shares	79	84	84
Additional paid-in capital	136,783	144,180	144,477
Accumulated other comprehensive income (loss)	981	152	(879)
Retained earnings	143,017	217,704	216,793
Total shareholders' equity	280,860	362,120	360,475
Total liabilities and shareholders' equity	$362,071	$450,420	$447,705

See accompanying notes to condensed consolidated financial statements.

bebe stores, inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Net sales	$112,905	$121,035	$365,531	$399,294
Cost of sales, including production and occupancy	79,327	74,220	243,750	241,073
Gross margin	33,578	46,815	121,781	158,221
Selling, general and administrative expenses	52,191	47,196	151,779	144,165
Operating income (loss)	(18,613)	(381)	(29,998)	14,056
Interest and other income, net	251	232	703	642
Income (loss) before income taxes	(18,362)	(149)	(29,295)	14,698
Income tax provision	30,907	65	27,375	5,997
Net income (loss)	$(49,269)	$(214)	$(56,670)	$8,701
Basic per share amounts:				
Net income (loss)	$(0.62)	$(0.00)	$(0.68)	$0.10
Diluted per share amounts:				
Net income (loss)	$(0.62)	$(0.00)	$(0.68)	$0.10
Basic weighted average shares outstanding	80,108	84,280	82,778	84,198
Diluted weighted average shares outstanding	80,108	84,280	82,778	84,443
Other comprehensive income (loss)				
Gain (loss) on available for sale securities, net of tax	$(619)	$363	$1,020	$446
Foreign currency translation adjustments	(839)	657	(190)	(1,320)
Other comprehensive income (loss)	(1,458)	1,020	830	(874)
Comprehensive income (loss)	$(50,727)	$806	$(55,840)	$7,827

See accompanying notes to condensed consolidated financial statements.

bebe stores, inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months Ended	
	April 6, 2013	March 31, 2012
Cash flows from operating activities:		
Net income (loss)	$(56,670)	$ 8,701
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:		
Non-cash compensation expense	1,977	1,627
Depreciation and amortization	16,039	15,098
Non-cash charge for asset impairment	2,910	391
Net loss (gain) on disposal of property	869	(481)
Tax benefit from exercise of stock options and awards	88	279
Excess tax benefit from exercise of stock options and awards	(1)	(120)
Deferred rent and other lease incentives	(43)	173
Deferred income taxes	28,401	(3,539)
Changes in operating assets and liabilities:		
Receivables	387	(217)
Inventories	(2,714)	(826)
Prepaid expenses and other	(968)	600
Accounts payable	1,502	(265)
Accrued liabilities	(3,497)	1,202
Long term income taxes payable	(1,342)	27
Net cash provided (used) by operating activities	(13,062)	22,650
Cash flows from investing activities:		
Purchase of property and equipment	(20,782)	(17,478)
Insurance proceeds from property and equipment	0	763
Purchase of intangible assets	0	(27)
Purchase of marketable securities	(54,545)	(69,750)
Proceeds from sales of investment securities	92,251	86,771
Net cash provided by investing activities	16,924	279
Cash flows from financing activities:		
Proceeds from issuance of common stock	133	1,165
Excess tax benefit from exercise of stock options and awards	1	120
Cash dividends paid	(6,242)	(6,318)
Purchase of common stock	(21,229)	0
Net cash used by financing activities	(27,337)	(5,033)
Net increase (decrease) in cash and equivalents	(23,475)	17,896
Effect of exchange rate changes on cash	332	166
Cash and equivalents:		
Beginning of period	104,982	95,177
End of period	$81,839	$ 113,239

See accompanying notes to condensed consolidated financial statements.

bebe stores, inc.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated balance sheets of bebe stores, inc. (the “Company”) as of April 6, 2013, June 30, 2012 and March 31, 2012, the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended April 6, 2013 and March 31, 2012 and the condensed consolidated statements of cash flows for the nine months ended April 6, 2013 and March 31, 2012 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, without audit. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States of America for annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the Company’ s Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position at the balance sheet dates and the results of operations for the periods presented have been included. The condensed consolidated balance sheet at June 30, 2012, presented herein, was derived from the audited balance sheet included in the Company’ s Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

The Company’ s business is affected by the pattern of seasonality common to most retail apparel businesses. The results for the periods presented are not necessarily indicative of future financial results.

FISCAL YEAR

The Company’ s fiscal year is a 52 or 53 week period, each period ending on the first Saturday after June 30. Fiscal years 2013 and 2012 include 53 weeks and 52 weeks, respectively.

The three month periods ended April 6, 2013 and March 31, 2012 include 14 weeks and 13 weeks, respectively. The nine month periods ended April 6, 2013 and March 31, 2012 include 40 weeks and 39 weeks, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

Fair Value

In May 2011, the Financial Accounting Standards Board (“FASB”) issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured on a net basis and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance was effective for the Company beginning in fiscal 2013, which is July 1, 2012. The disclosure guidance adopted July 1, 2012 did not have a material impact on the Company’ s consolidated financial statements.

Other Comprehensive Income

In June 2011, the FASB issued ASU 2011-05, which requires that all non-owner changes in stockholders’ equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income and the total of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the consolidated statements of shareholders’ equity. For public entities, the amendments in ASU 2011-05 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and are to be applied retrospectively, with early adoption permitted.

This guidance became effective for the Company’ s fiscal year and interim periods beginning July 1, 2012. The adoption did not have a material effect on the Company’ s consolidated financial statements.

In February 2013, the FASB issued an ASU that requires enhanced disclosures around the amounts reclassified out of accumulated other comprehensive income. The amendments do not change the requirements for reporting net income or other comprehensive income. The ASU requires an entity to present information about significant reclassifications out of accumulated other comprehensive income and their corresponding effects on the respective line items in net income. The ASU is effective for annual and interim reporting periods beginning after December 15, 2012 and as such, the Company will adopt the disclosure provisions in the first quarter of fiscal 2014.

INVESTMENTS

The Company' s investment portfolio consists of treasury bills, certificates of deposit and auction rate securities. The Company held short term available for sale securities totaling $41.1 million as of April 6, 2013, that consisted of $12.0 million in treasury bills and $29.1 million in certificates of deposit at cost which approximates fair value. The Company also holds long term available for sale securities at fair value totaling $58.6 million as of April 6, 2013, that consisted of $19.9 million in treasury bills and $38.7 million of interest bearing auction rate securities ("ARS").

The Company holds a variety of interest bearing ARS consisting of federally insured student loan backed securities and insured municipal authority bonds. As of April 6, 2013, the Company' s ARS portfolio totaled approximately $45.6 million classified as available for sale securities, net of a temporary impairment charge of $6.9 million. As of that date, the Company' s ARS portfolio included approximately 92% federally insured student loan backed securities and 8% municipal authority bonds and consisted of approximately 20% AAA rated investments, 47% A rated investments, 18% BBB rated investments and 15% CCC rated investments. As of June 30, 2012, the Company' s ARS consisted of 27% AAA rated investments, 23% AA rated investments, 28% A rated investments, 12% BBB rated investments and 10% CCC rated investments. These ARS investments are intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The uncertainties in the credit markets that began in February 2008 have affected the Company' s holdings in ARS investments and auctions for the Company' s investments in these securities have failed to settle on their respective settlement dates. Historically the fair value of ARS investments had approximated par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments at the maximum contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value. Consequently, the investments are not currently liquid, and the Company will not be able to access these funds until a future auction of these investments is successful, the issuer redeems the securities or at maturity. Maturity dates for these ARS investments range from 2018 to 2042 with principal distributions occurring on certain securities prior to maturity. To date, principal distributions and maturities of the securities held by the Company have all been at par value. During the three and nine months ended April 6, 2013, $0.0 million and $22.4 million, respectively, of ARS were settled at par.

The Company reviews its impairments in accordance with guidance issued by the FASB and SEC in order to determine the classification of the impairment as "temporary" or "other-than-temporary". A temporary impairment charge results in an unrealized loss being recorded in the accumulated other comprehensive income component of shareholders' equity. Such an unrealized loss does not affect net income for the applicable accounting period. An other-than-temporary impairment charge is recorded as a loss in the condensed consolidated statements of operations for the applicable accounting period. When evaluating the investments for other-than-temporary impairment, the Company estimates the expected cash flows of the underlying collateral by reviewing factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer and any changes thereto, and the Company' s intent to sell, or whether it is more likely than not it will be required to sell, the investment before recovery of the investment' s amortized cost basis. The Company has not recorded any impairment loss from its available for sale investments as other-than-temporary based on such analysis.

The valuation of the Company' s investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

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The following is a summary of our available for sale securities:

	As of April 6, 2013			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$11,977	$ 0	$ 0	$11,977
Short term certificates of deposit	29,107	0	0	29,107
	$41,084	$ 0	$ 0	$41,084
Long term treasury bills	$19,950	$ 0	$ 0	$19,950
Long term auction rate securities	45,550	0	(6,879)	38,671
	$65,500	$ 0	$ (6,879)	$58,621

	As of June 30, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$49,960	$ 0	$ 0	$49,960
Short term certificates of deposit	26,468	0	0	26,468
	$76,428	$ 0	$ 0	$76,428
Long term auction rate securities	$67,900	$ 0	$ (7,898)	$60,002

	As of March 31, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$56,952	$ 0	$ 0	$56,952
Short term certificates of deposit	22,974	0	0	22,974
	$79,926	$ 0	$ 0	$79,926
Long term auction rate securities	$74,000	$ 0	$ (9,590)	$64,410

FAIR VALUE MEASUREMENTS

The FASB has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of April 6, 2013, the Company held financial instruments that are measured at fair value on a recurring basis. These included cash equivalents and available for sale securities. Cash equivalents consist of money market funds. Short term available for sale securities consist of government treasury bills and certificates of deposit. Long term available for sale securities consist of government treasury bills and ARS. These ARS consist of federally insured student loan backed securities and insured municipal authority bonds.

The Company determined the estimated fair value of its investment in ARS as of April 6, 2013 by reviewing trading activity for similar securities in secondary markets as well as by using a discounted cash flow model. The assumptions used in preparing the discounted cash flow model include estimates for economic maturity (range from 4 – 19 years), discount rates (average of LIBOR + 2.06%), credit ratings and amount of cash flows and expected holding periods of the ARS.

The following items are measured at fair value on a recurring basis as of April 6, 2013:

Description	April 6, 2013	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,430	$ 46,430	$ 0	$ 0
Current available for sale securities	41,084	11,977	29,107	0
Non-current available for sale securities	58,621	19,950	0	38,671
Total	$146,135	$ 78,357	$ 29,107	$ 38,671

The following items are measured at fair value on a recurring basis as of March 31, 2012:

Description	March 31, 2012	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,385	$ 46,385	$ 0	$ 0
Current available for sale securities	79,926	56,952	22,974	0
Non-current available for sale securities	64,410	0	0	64,410
Total	$190,721	$ 103,337	$ 22,974	$ 64,410

During the quarter ended April 6, 2013, there were no transfers of assets and liabilities between Level 1 (quoted prices in active markets for identical assets) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy. An impairment charge has been recorded in accumulated other comprehensive income that reduces the carrying amount of the applicable non-current assets of $45.6 million to their fair value of $38.7 million as of April 6, 2013. The following table presents the Company' s activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended April 6, 2013:

	Three Months Ended April 6, 2013	Nine Months Ended April 6, 2013
	(In thousands)	
Balance at beginning of period	$ 39,290	$ 60,002
Total gains or (losses) (realized or unrealized)		
Included in net loss	0	0
Included in accumulated other comprehensive income (loss)	(619)	1,020
Settlements	0	(22,351)
Balance at April 6, 2013	$ 38,671	$ 38,671

Non-Financial Assets:

The Company measures certain non-financial assets and liabilities, including long-lived assets, at fair value on a non-recurring basis. During the three months ended April 6, 2013 and March 31, 2012, the Company recorded impairment charges of approximately $1.1 million and $0.0 million, respectively, related to under-performing stores. The following table presents the Company' s considerations of at-risk assets for the three and nine month periods ended April 6, 2013 and March 31, 2012, respectively:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Number of stores identified as at risk and evaluated for impairment	17	7	29	13
Total carrying amount of stores identified as at risk prior to any impairment charges taken	$2.7 million	$1.2 million	$4.7 million	$3.0 million
Less: impairment charges recorded during the period	$1.1 million	$0.0 million	$2.9 million	$0.4 million
Remaining carrying amount of stores identified as at risk after impairment charges taken	$1.6 million	$1.2 million	$1.8 million	$2.6 million
Number of stores considered at risk, but not impaired	7	7	8	11
Total carrying amount of stores identified as at risk, but not impaired	$1.4 million	$1.2 million	$1.6 million	$2.6 million

The fair market value of these assets was determined using the income approach and level 3 inputs, which required management to make significant estimates about future operating plans and projected cash flows. Management estimates the amount and timing of future cash flows based on its experience and knowledge of the retail market in which each store operates. The assumptions used in preparing the discounted cash flow model and the related sensitivity analysis around the discounted cash flow model include estimates for weighted average cost of capital (11.2%) and annual revenue growth rates (range from 2.5 – 5.0%). The stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 173% for the three month period ended April 6, 2013. For the nine month period ended April 6, 2013, the stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 299%. For the three months ended March 31, 2012, the stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 514%. For the nine months ended and March 31, 2012, the stores not impaired had excess undiscounted cash flows that exceeded their net carrying amount by a weighted average of 607%.

This impairment charge is included in selling, general and administrative expenses (“SG&A”) in the accompanying condensed consolidated statements of operations and comprehensive income (loss). The Company was not required to measure any other significant non-financial assets and liabilities at fair value.

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INVENTORIES

The Company' s inventories consisted of:

	As of		
	April 6, 2013	June 30, 2012	March 31, 2012
		(In thousands)	
Raw materials	$1,899	$1,193	$1,050
Merchandise available for sale	34,107	32,099	33,184
Inventories, net	$36,006	$33,292	$34,234

CREDIT FACILITIES

The Company has an unsecured commercial line of credit agreement which provides for borrowings and issuance of letters of credit of up to a combined total of $10.0 million. This agreement was amended on May 15, 2013 to reduce the minimum tangible net worth from the financial covenants. This agreement expires on May 14, 2014. The outstanding balance bears interest at either the bank' s reference rate (which was 3.25% as of April 6, 2013) or the LIBOR rate (which was 0.20% as of April 6, 2013) plus 1.75 percentage points. As of April 6, 2013, there were no outstanding cash borrowings or trade letters of credit outstanding and $3.0 million of an outstanding stand-by letter of credit. To date, no beneficiary has drawn upon the stand-by letter of credit.

This credit facility requires the Company to comply with certain financial covenants, including minimum tangible net worth and unencumbered liquid assets, and contains certain restrictions on making loans and investments. The Company is in compliance with all covenants in the credit agreement.

INCOME TAXES

Deferred income taxes arise from temporary difference between the tax and financial statement recognition of revenue and expenses. The Company regularly assesses the need for a valuation allowance against its deferred tax assets. In evaluating whether it is more likely than not that some or all of the Company' s deferred tax assets will not be realized, it considers all available positive and negative evidence, including recent year' s operational results which is objectively verifiable evidence. As a result of its evaluation of the realizability of its deferred tax assets as of April 6, 2013, the Company has concluded, based upon all available evidence, that it is more likely than not that the majority of its deferred tax assets will not be realized. Accordingly, the Company has recorded a non-cash charge of $31.4 million to establish a $27.5 million valuation allowance against the majority of its deferred tax assets as well as $3.9 million to recognize the fiscal 2013 year to date impact of establishing the valuation allowance. Separately, the tax benefit related to the current quarter losses is also not recognized, due to the recording of the valuation allowance. As a result, the Company' s effective tax rate for the third quarter fiscal 2013 is not comparable to the effective tax rate for the third quarter fiscal 2012. The Company will continue to maintain a valuation allowance against its deferred tax assets until the Company believes it is more likely than not that these assets will be realized in the future. If sufficient positive evidence arises in the future indicating that all or a portion of the deferred tax assets meet the more likely than not standard, the valuation allowance would be reversed accordingly in the period that such determination is made.

EARNINGS PER SHARE

Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through the exercise of dilutive stock options.

The following is a reconciliation of the number of shares used in the basic and diluted earnings per share computations:

	Three Months Ended	Nine Months Ended

	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
		(In thousands)		
Basic weighted average number of shares outstanding	80,108	84,280	82,778	84,198
Incremental shares from the assumed issuance of stock options	0	0	0	245
Diluted weighted average number of shares outstanding	80,108	84,280	82,778	84,443

Excluded from the computation of the number of diluted weighted average shares outstanding were options to purchase 6,116,252 and 1,820,788 shares of common stock for the three months ended April 6, 2013 and March 31, 2012, respectively, and 5,439,196 and 2,739,179 for the nine months ended April 6, 2013 and March 31, 2012, respectively, which would have been anti-dilutive.

COMMON STOCK PURCHASES

In November 2012, the board of directors authorized a program to repurchase up to $30 million of the Company' s common stock. The Company intends, from time to time, as business conditions warrant, to purchase stock in the open market or through private transactions. Purchases may be increased, decreased or discontinued at any time without prior notice. The plan does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at the Company' s discretion. During the three months ended April 6, 2013, the Company repurchased approximately 3.7 million shares at an average price per share of $3.88 for an aggregate purchase price of approximately $14.4 million. During the nine months ended April 6, 2013, the Company repurchased approximately 5.5 million shares at an average price per share of $3.88 for an aggregate purchase price of approximately $21.2 million. No shares were repurchased during the three or nine months ended March 31, 2012.

STOCK BASED COMPENSATION

The following table summarizes the stock based compensation expense recognized under the Company' s stock plan during the three and the nine months ended April 6, 2013 and March 31, 2012:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
	(In thousands)			
Stock options	$ 486	$ 454	$ 1,454	$ 1,434
Nonvested stock awards/units	285	84	523	193
Total stock based compensation expense	$ 771	$ 538	$ 1,977	$ 1,627

Unrecognized compensation cost related to nonvested stock options and nonvested stock awards/units totaled approximately $2.8 million and $ 1.7 million, respectively, as of April 6, 2013. This cost is expected to be recognized over a weighted average period of 2.5 years. The weighted average fair value of stock options at their grant date during the three months ended April 6, 2013 and March 31, 2012 was $1.22 and $ 3.02, respectively. For the nine month periods ended April 6, 2013 and March 31, 2012, the weighted average fair value of stock options at their grant date was $1.32 and $ 2.78, respectively.

LEGAL MATTERS

As of the date of this filing, the Company is involved in ongoing legal proceedings as described below.

A former employee sued the Company in a complaint filed July 27, 2006 in the Superior Court of California, San Mateo County (Case No. CIV 456550) alleging a failure to pay all wages, failure to pay overtime wages, failure to pay minimum wages, failure to provide meal periods, violation of Labor Code §450, violation of Labor Code §2802 and California Code of Regulations §11040(9)(A), statutory wage violations (late payment of wages), unlawful business practices under Business and Professions Code §16720 and §17200, conversion of wages and violation of Civil Code §52.1. The plaintiff purports to bring the action also on behalf of current and former California bebe employees who are similarly situated. In September 2011, the Court certified a class of store managers who allege they were required to buy and wear our product as a condition of employment and denied certification relating to claims of missed meal periods and rest breaks. The parties wait to see if a verbal arrangement reached in principal, wherein neither party makes any admission and all of the plaintiff' s claims would be resolved, can be fully developed, written in a mutually acceptable agreement and ultimately approved by the court.

A former employee sued the Company in a complaint filed November 2, 2010 in the Superior Court of California, San Bernardino County (Case No. CIV-RS-10-11823), on her own and purportedly on behalf of other employees similarly situated, alleging violations based on wage and hour laws, missed meal and rest breaks, late payment of wages, failure to pay expense reimbursement and failing to provide adequate seating. The case remains at an early stage, with only modest discovery begun.

The Company is also involved in various other legal proceedings arising in the normal course of business. For such legal proceedings, and including the matters discussed in the paragraphs above, the Company has accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material, individually or in the aggregate, to have a material adverse effect on its business, financial condition or results of operations. Because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the inconsistent treatment of claims made in many of these proceedings and the difficulty of predicting the settlement value of many of these proceedings, the Company is unable to estimate an amount or range of any reasonably possible additional losses. However, based on the Company' s historical experience, the resolution of these proceedings is not expected to have a material effect on its business, financial condition or results of operations.

The Company intends to defend itself vigorously against each of these claims. However, the results of any litigation are inherently uncertain. The Company cannot assure you that it will be able to successfully defend itself in these lawsuits. Where required, and/or otherwise appropriate and determinable, the Company has recorded an estimate of potential liabilities that it believes is reasonable. Any estimates are revised as further information becomes available.

SUBSEQUENT EVENT

On April 29, 2013, the Company announced the separation of Walter J. Parks, Chief Operating Officer ("C.O.O.") and Chief Financial Officer, effective on May 3, 2013. There are no disagreements between Mr. Parks and the Company on any matter relating to the Company' s operations, policies and practices. The Company has promoted Liyuan Woo to the position of Chief Financial Officer; she will also retain the Principal Accounting Officer title. The Chief Operating Officer position will not be filled and Steve Birkhold, the Company' s Chief Executive Officer, will assume the C.O.O. responsibilities. The Company will accrue for costs associated with this separation in the fiscal fourth quarter of 2013. The Separation Agreement has been included as an exhibit to this Form 10-Q.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management' s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "thinks" and similar expressions are forward-looking statements. Forward-looking statements include statements about our expected results of operations, capital expenditures and store openings. Although we believe that these statements are based upon reasonable assumptions, we cannot assure you that our goals will be achieved. These forward-looking statements are made as of the date of this Form 10-Q, and we assume no obligation to update or revise them or provide reasons why actual results may differ. Factors that might cause such a difference include, but are not limited to, our ability to respond to changing fashion trends, obtain raw materials and find manufacturing facilities, attract and retain key management personnel, develop new concepts, successfully open future stores, successfully manage our online business, maintain and protect information technology, respond effectively to competitive pressures in the apparel industry and adverse economic conditions and protect our intellectual property as well as declines in comparable store sales performance, changes in the level of consumer spending or preferences in apparel and/or other factors discussed in "Risk Factors" and elsewhere in this Form 10-Q.

OVERVIEW

We are a global specialty retailer who designs, develops and produces a distinctive line of contemporary women' s apparel and accessories. The "bebe look" appeals to a chic, sexy, sophisticated, body-conscious woman who takes pride in her appearance and seeks current fashion trends to suit her lifestyle. The bebe customer expects value in the form of current fashion and high quality at a competitive price.

Our distinctive product offering includes a full range of separates, tops, sweaters, dresses, active wear and accessories to satisfy her wear-to-work, weekend and party lifestyles. We design and develop the majority of our merchandise in-house, which is manufactured to our specifications. The remainder of our merchandise is sourced directly from third-party manufacturers.

We market our products under the bebe, BEBE SPORT, bbsp and 2b bebe brand names through our 245 retail stores, of which 192 are bebe stores, including an on-line store at www.bebe.com, and 53 are 2b bebe stores, including an on-line store at www.2bstores.com, as of April 6, 2013. These stores are located in 35 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Canada. In addition, our licensees operate 129 international point-of-sale locations in 24 countries as of April 6, 2013. During the nine months ended April 6, 2013, we opened 2 bebe stores and 7 2b bebe stores and successfully migrated our bebe.com product offerings to a company-managed platform.

bebe stores. We were founded by Manny Mashouf, our Chairman of the Board. We opened our first store in San Francisco, California in 1976, which was also the year we incorporated. bebe.com is our bebe on-line retail store and an extension of the bebe store experience that provides a complete assortment of bebe and BEBE SPORT merchandise and is used as a vehicle to communicate with our customers.

2b bebe stores. Our 2b bebe ("2b") stores were originally structured as bebe outlets and were later expanded into the 2b concept stores. We focus on fun and playful everyday lifestyle offerings for our aspirational buyers. As of April 6, 2013, we operated a total of 53 2b stores, including an on-line store at www.2bstores.com . Of these, 19 are mall based stores that sell 2b merchandise only, 14 are hybrid 2b stores that sell a combination of 2b merchandise and bebe logo merchandise and 19 are outlet concept 2b stores that sell a mix of 2b, bebe logo and bebe retail markdown merchandise. www.2bstores.com is our 2b bebe on-line retail store and an extension of the 2b bebe store experience that provides a complete assortment of 2b bebe merchandise and is also used as a vehicle to communicate with our customers.

CRITICAL ACCOUNTING POLICIES

Management' s Discussion and Analysis of Financial Condition and Results of Operations are based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America.

The preparation of these financial statements requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the financial statements. We believe our application of accounting policies, and the estimates inherently required therein, are reasonable. Our most critical accounting policies are those related to revenue recognition, stock based compensation, inventories, marketable securities, impairment of long lived assets and uncertain tax positions. We continually evaluate these accounting policies and estimates, and we make adjustments when facts and circumstances dictate a change. Our accounting policies are described in Note 1 to the consolidated financial statements in our annual report on Form 10-K for the fiscal year ended June 30, 2012. This discussion and analysis should be read in conjunction with such discussion and with our condensed consolidated financial statements and related notes included in Part 1, Item 1 of this quarterly report.

RESULTS OF OPERATIONS

Our fiscal year is a 52 or 53 week period, each period ending on the first Saturday after June 30. Fiscal 2013 includes 53 weeks and fiscal 2012 includes 52 weeks. The three months ended April 6, 2013 includes 14 weeks while the three months ended March 31, 2012 includes 13 weeks. The nine months ended April 6, 2013 includes 40 weeks while the nine months ended March 31, 2012 includes 39 weeks. The inclusion of 14 weeks and 40 weeks of operations in the three month and nine month periods ended April 6, 2013, added $6.8 million in net sales.

The following table sets forth certain financial data as a percentage of net sales for the periods indicated:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales, including production and occupancy (1)	70.3	61.3	66.7	60.4
Gross margin	29.7	38.7	33.3	39.6
Selling, general and administrative expenses (2)	46.2	39.0	41.5	36.1
Operating income (loss)	(16.5)	(0.3)	(8.2)	3.5
Interest and other income, net	0.2	0.2	0.2	0.2
Income (loss) before income taxes	(16.3)	(0.1)	(8.0)	3.7
Income tax provision	27.4	0.1	7.5	1.5
Net income (loss)	(43.5)%	(0.2)%	(15.5)%	2.2 %

(1) Cost of sales includes the cost of merchandise, occupancy costs, distribution center costs and production costs.

(2) Selling, general and administrative expenses primarily consist of non-occupancy store costs, corporate overhead and advertising costs.

Net Sales. Net sales decreased to $112.9 million during the three months ended April 6, 2013 from $121.0 million for the comparable period of the prior year, a decrease of $8.1 million, or 6.7%. The decrease in net sales was primarily due to a decrease in comparable store traffic during the quarter. On-line store sales increased 5.6% for the quarter. The increase in e-commerce sales was driven by increased sales of both bebe and 2b brand merchandise. Comparable store sales for the quarter ended April 6, 2013 decreased

8.6% compared to an increase of 7.2% in the third quarter of the prior year. Comparable store sales exclude the additional week from fiscal January 2013.

For the nine months ended April 6, 2013, net sales decreased to $365.5 million from $399.3 million for the comparable period of the prior year, a decrease of $33.8 million, or 8.5%. The decrease in net sales was primarily due to a 9.3% decrease in comparable store sales driven by the deceleration in store traffic. On-line store sales increased 1.5% for the nine month period. The increase in e-commerce sales was driven by increased sales of both bebe and 2b brand merchandise. Comparable store sales exclude the additional week from fiscal January 2013.

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	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Net sales (In thousands)	$112,905	$ 121,035	$365,531	$ 399,294
Total net sales increase (decrease) percentage	(6.7)%	10.5 %	(8.5)%	10.6 %
Comparable store increase (decrease) percentage (1)	(8.6)%	7.2 %	(9.3)%	8.1 %
Net sales per average square foot (2)	$92	$ 95	$296	$ 325
Square footage at end of period (In thousands)	983	998	983	998
Number of store locations:				
Beginning of period	250	256	252	253
New store locations	3	3	9	8
Closed store locations	8	8	16	10
Number of stores open at end of period	245	251	245	251

(1) We calculate comparable store sales by including the net sales of stores that have been open at least one year. Therefore, a store is included in the comparable store sales base beginning with its thirteenth month. Stores that have been expanded or remodeled by 15 percent or more or have been permanently relocated are excluded from the comparable store sales base. In addition, we calculate comparable store sales using a same day sales comparison. Our on-line store sales are also included in our comparable store sales base. The inclusion of our on-line store sales increased the comparable store sales percentage by 1.0% and 4.2% for the three months ended April 6, 2013 and March 31, 2012, respectively. For the nine months ended April 6, 2013 and March 31, 2012, the inclusion of our on-line sales increased the comparable store sales percentage by 1.2% and 3.4%, respectively.

(2) We calculate net sales per average square foot using net store sales less on-line net sales and monthly average store square footage.

Gross Margin. Gross margin decreased to $33.6 million during the three months ended April 6, 2013 from $ 46.8 million for the comparable period of the prior year, a decrease of $13.2 million, or 28.2%. As a percentage of net sales, gross margin decreased to 29.7% for the three months ended April 6, 2013 from 38.7% in the comparable period of the prior year. The decrease in gross margin as a percentage of net sales was primarily due to increased markdowns coupled with unfavorable occupancy leverage.

For the nine months ended April 6, 2013, gross margin decreased to $121.8 million from $158.2 million for the comparable period of the prior year, a decrease of $36.4 million, or 23.0%. As a percentage of net sales, gross margin decreased to 33.3% for the nine months ended April 6, 2013 from 39.6% in the comparable period of the prior year. The decrease in gross margin as a percentage of net sales was primarily due to an increase in markdowns, coupled with increased inventory reserves and unfavorable occupancy leverage.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $52.2 million during the three months ended April 6, 2013 from $ 47.2 million for the comparable period of the prior year, an increase of $5.0 million, or 10.6 %. As a percentage of net sales, selling, general and administrative expenses increased to 46.2% during the three months ended April 6, 2013 from 39.0% in the comparable period of the prior year. The dollar increase over the prior year was primarily due to increases in certain costs totaling $4.8 million which include store impairment costs, costs related to the hiring of a new CEO, rebranding agency costs, as well as other transition related recruiting and severance costs.

For the nine months ended April 6, 2013, selling, general and administrative expenses increased to $151.8 million from $ 144.2 million for the comparable period of the prior year, an increase of $7.6 million, or 5.3%. As a percentage of net sales, selling, general and administrative expenses increased to 41.5% from 36.1% in the comparable period of the prior year. The increase over the prior year primarily related to higher impairment and store closure costs, CEO and other transition related recruiting and severance costs and rebranding agency costs. In addition during the prior year we received proceeds from insurance related claims.

Provision for Income Taxes. The tax rate for the third quarter of fiscal 2013 was 168.3% compared to 43.8% for the comparable period of the prior year. During the third quarter of fiscal 2013 we recorded a valuation allowance for the majority of our deferred tax assets. As a result, the Company' s effective tax rate for the third quarter of fiscal 2013 is not comparable to the effective tax rate for the third quarter of fiscal 2012.

For the nine months ended April 6, 2013, our effective tax rate was 93.4% compared to 40.8% in the comparable period of the prior year. During the third quarter of fiscal 2013 we recorded a valuation allowance for the majority of our deferred tax assets. As a result, our effective tax rate for the nine months ended April 6, 2013 is not comparable to the comparable period of the prior year.

SEASONALITY OF BUSINESS AND QUARTERLY RESULTS

Our business varies with general seasonal trends that are characteristic of the retail and apparel industries. As a result, our typical store generates a higher percentage of our annual net sales and profitability in the second quarter of our fiscal year, which includes the holiday selling season, compared to the other quarters of our fiscal year. If for any reason our sales were below seasonal norms during the second quarter of our fiscal year, our annual operating results would be negatively impacted. Because of the seasonality of our business, results for any quarter are not necessarily indicative of results that may be achieved for a full fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital requirements vary widely throughout the year and generally peak during the first and second fiscal quarters. As of April 6, 2013, we had approximately $181.5 million of cash and equivalents and investments on hand of which $81.8 million were cash and equivalents, approximately $31.9 million were invested in government treasury bills, approximately $29.1 million were invested in certificates of deposit and approximately $38.7 million, net of temporary impairment charges of $6.9 million, were invested in auction rate securities ("ARS"). We do not anticipate the lack of liquidity in the ARS to impact our ability to fund our operations in the foreseeable future and believe we have sufficient cash and equivalents to fund ongoing operations. In addition, we have a revolving line of credit, under which we may borrow or issue letters of credit up to a combined total of $10 million. As of April 6, 2013, there were no cash borrowings outstanding under the line of credit, no trade letters of credit outstanding and $3.0 million in a stand-by letter of credit outstanding. This credit facility requires us to comply with certain financial covenants, including minimum tangible net worth and unencumbered liquid assets, and certain restrictions on making loans and investments. We are in compliance with all covenants.

As of April 6, 2013, we had cash and equivalents of $81.8 million held in accounts managed by third-party financial institutions consisting of invested cash and cash in our operating accounts. The invested cash is invested in interest bearing funds managed by third-party financial institutions. These funds invest in direct obligations of the government of the United States. To date, we have experienced no loss or lack of access to our invested cash or equivalents; however, we can provide no assurances that access to our invested cash and equivalents will not be impacted by adverse conditions in the financial markets.

We hold our operating and invested cash in accounts that are with third-party financial institutions. These balances exceed the Federal Deposit Insurance Corporation insurance limits. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to invested cash or cash in our operating accounts.

Net cash used by operating activities for the nine months ended April 6, 2013 was $13.1 million compared to net cash provided by operating activities of $ 22.7 million for the nine months ended March 31, 2012. The decrease of $35.8 million from the comparable period excluding the $31.4 million deferred tax valuation allowance was due to lower overall net income, and a change in working capital. The decrease of $7.2 million in working capital was primarily related to changes in accrued expenses caused by the payout of incentive compensation earned in the prior year and increased inventory expenditures related to our initiatives to expand our wear-to-work collection, focused localization initiatives and higher average unit costs related to elevated product offerings.

Net cash provided by investing activities for the nine months ended April 6, 2013 was $16.9 million compared to $0.3 million provided by investing activities for the nine months ended March 31, 2012. The increase of $16.6 million versus the prior year comparable period was primarily due to proceeds from sale of investment securities partially offset by increased investments in property and equipment. We expect that total capital expenditures will be approximately $27 million in fiscal 2013, which will include capital expenditures for new stores, remodels, store expansions, information technology systems and office improvements.

Net cash used by financing activities was $27.3 million for the nine months ended April 6, 2013 compared to $5.0 million used by financing activities for the nine months ended March 31, 2012. The increase of $22.3 million from the prior year comparable period was primarily due to repurchases of our common stock.

We hold a variety of interest bearing ARS consisting of federally insured student loan backed securities and insured municipal authority bonds. As of April 6, 2013, our ARS portfolio totaled approximately $45.6 million classified as available for sale securities. As of that date, our ARS portfolio included approximately 92% federally insured student loan backed securities and 8% municipal authority bonds and consisted of approximately 20% AAA rated investments, 47% A rated investments, 18% BBB rated investments and 15% CCC rated investments. As of June 30, 2012, the Company' s ARS consisted of 27% AAA rated investments, 23% AA rated investments, 28% A rated investments, 12% BBB rated investments and 10% CCC rated investments. These ARS investments are intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The uncertainties in the credit markets that began in February 2008 have affected our holdings in ARS investments and auctions for our investments in these securities have failed to settle on their respective settlement dates. Historically the fair value of ARS investments had approximated par value due to the frequent resets through the auction process. While we continue to earn interest on our ARS investments at the maximum contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value. Consequently, the investments are not currently liquid, and we will not be able to access these funds until a future auction of these investments is successful, the issuer redeems the securities, or at maturity. Maturity dates for these ARS investments range from 2018 to 2042 with principal distributions occurring on certain securities prior to maturity. During the three and nine months ended April 6, 2013, $0.0 million and $22.4 million, respectively, of ARS were settled at par.

We also hold short-term available for sale securities totaling $41.1 million at April 6, 2013 that consist of treasury bills and certificates of deposit as well as long-term available for sale securities totaling $58.6 million that consist of ARS and treasury bills.

In November 2012, our board of directors authorized a program to repurchase up to $30 million of our common stock. During the three and nine months ended April 6, 2013, we repurchased approximately 3.7 million shares and 5.5 million shares, respectively, at a weighted average price per share of $3.88 and $3.88, respectively, for an aggregate purchase price of approximately $14.4 million and $21.2 million, respectively. No shares were repurchased during the three or the nine months ended March 31, 2012.

We believe that our cash and cash equivalents on hand will be sufficient to meet our capital and operating requirements for at least the next twelve months. Our future capital requirements, however, will depend on numerous factors, including without limitation, liquidity of our auction rate securities, the size and number of new and expanded stores and/or store concepts, investment costs for management information systems, potential acquisitions and/or joint ventures, repurchase of stock and future results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, which include changes in U.S. interest rates and, to a lesser extent, foreign exchange rates. We do not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk

We currently maintain a portfolio of variable interest rate investments consisting of cash equivalents, government treasury bills, guaranteed investment certificates and both short term and long term investments consisting of ARS. According to our investment policy, we may invest in taxable and tax-exempt instruments. In addition, the policy establishes limits on credit quality, maturity, issuer and type of instrument. Marketable securities are classified as "trading" or "available for sale". We do not use derivative financial instruments in our investment portfolio.

All highly liquid investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents. Investments are considered short-term available for sale securities if the original maturity is between three months and twelve months, or long term investments if the original maturity is greater than twelve months. Historically the fair value of ARS investments had approximated par value due to the frequent resets through the auction process. While we continue to earn interest on our ARS investments at the maximum contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value. We determined the estimated fair value of our investment in ARS as of April 6, 2013 using a discounted cash flow model to estimate the fair value of our investments in ARS. 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. We have modified our investment strategy and increased our investments in more liquid money market investments.

The following table lists our cash, cash equivalents and investments as of April 6, 2013:

	Fair Value (Dollars in thousands)	
Cash	$ 35,409	
Weighted average interest rate	0.00	%
Cash equivalents	$ 46,430	
Weighted average interest rate	0.10	%
Current available for sale securities	$ 41,084	
Weighted average interest rate	1.18	%
Non-current available for sale securities	$ 58,621	
Weighted average interest rate	0.23	%
Total	$ 181,544	

The interest payable on outstanding cash borrowings under our bank line of credit is based on variable interest rates and is therefore affected by changes in market interest rates. If interest rates rose significantly, our results from operations and cash flows would not be materially affected since we have no outstanding borrowings.

Foreign Currency Risks

We enter into a significant amount of purchase obligations outside of the United States, substantially all of which are negotiated and settled in U.S. Dollars and, therefore, have only minimal exposure to foreign currency exchange risks. We also operate a subsidiary for which the functional currency is the Canadian Dollar. We translate assets and liabilities of Canada' s operations into U.S. dollars at month-end rates, while we translate income and expenses at the weighted average exchange rates for the month. We record the related translation adjustments in accumulated other comprehensive income as a separate component of shareholders' equity. Fluctuations in exchange rates therefore impact our financial condition and results of operations, as reported in U.S. Dollars. We do not hedge against foreign currency risks and believe that foreign currency exchange risk is immaterial.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report at the reasonable assurance level.

There has been no change in our internal control over financial reporting during the quarter ended April 6, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See the Legal Matters section of the Notes to the Condensed Consolidated Financial Statements for a discussion of legal proceedings.

ITEM 1A.RISK FACTORS

Our past performance may not be a reliable indicator of future performance because actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed below. In addition, historical trends should not be used to anticipate results or trends in future periods.

Factors that might cause our actual results to differ materially from the forward looking statements discussed elsewhere in this report, as well as affect our ability to achieve our financial and other goals, include, but are not limited to, those set forth below. Except for the addition of the security risk factor, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

1. The success of our business depends in large part on our ability to identify fashion trends as well as to react to changing customer demand in a timely manner. Consequently, we depend in part upon the customer response to the creative efforts of our merchandising, design and marketing teams and their ability to anticipate trends and fashions that will appeal to our consumer base. If we miscalculate our customers' product preferences or the demand for our products, we may be faced with excess inventory. Historically, this type of occurrence has resulted in excess fabric for some products and markdowns and/or write-offs, which has impaired our profitability, and may do so in the future. Similarly, any failure on our part to anticipate, identify and respond effectively to changing customer demands and fashion trends will adversely affect our sales. In addition, from time to time, we may pursue new concepts, and if the new concepts are not successful, our financial condition may be harmed.

2. We face increasing product costs from our manufacturing partners, which could result in significant margin erosion. Worldwide prices for raw materials have increased significantly year-over-year. We currently estimate that these increasing product costs could result in significant margin erosion. Additionally, a significant percentage of our apparel products are manufactured in China. Manufacturers in that country are currently experiencing increased costs due to shortages of labor and the fluctuation of the Chinese Yuan in relation to the U.S. dollar. In addition, our business and operating results may be affected by changes in the political, social or economic environment in China. If we are unable to successfully mitigate a significant portion of such product costs, our results of operations may be materially adversely affected.

3. If we are unable to obtain raw materials or unable to find manufacturing facilities or our manufacturers perform unacceptably, our sales may be negatively affected and our financial condition may be harmed. We do not own any manufacturing facilities and therefore depend on contractors and third parties to manufacture our products. We place all of our orders for production of merchandise and raw materials by purchase order and do not have any long-term contracts with any manufacturer or supplier. If we fail to maintain favorable relationships with our manufacturers and suppliers or are unable to obtain sufficient quantities of quality raw materials on commercially reasonable terms, it could harm our business and results of operations.

We cannot assure you that contractors and third-party manufacturers (1) will not supply similar products to our competitors, (2) will not stop supplying products to us completely or (3) will supply products in a timely manner. Untimely receipt of products may result in lower than anticipated sales and markdowns which would have a negative impact on earnings. Furthermore, we have received in the past, and may receive in the future, shipments of products from manufacturers that fail to conform to our quality control standards. In such event, unless we are able to obtain replacement products in a timely manner, we may lose sales. Certain of our third-party manufacturers store our raw materials. In the event our inventory was damaged or destroyed and we were unable to obtain replacement raw materials, our earnings could be negatively impacted.

4. We face significant competition in the retail and apparel industry, which could harm our sales and profitability. The retail and apparel industries are highly competitive and are characterized by low barriers to entry. We expect competition in our markets to increase. The primary competitive factors in our markets are: brand name recognition, sourcing, product styling, quality, presentation and pricing, timeliness of product development and delivery, store ambiance, customer service and convenience. We compete with traditional department stores, specialty store retailers, lower price point retailers, business to consumer websites, off-price retailers and direct marketers for, among other things, raw materials, market share, retail space, finished goods, sourcing and personnel. Because many of these competitors are larger and have substantially greater financial, distribution and marketing resources than we do or maintain comparatively lower cost of operations, we may lack the resources to adequately compete with them. If we fail to remain competitive in any way, it could harm our business, financial condition and results of operations.

5. General economic conditions, including increases in energy and commodity prices, that are largely out of our control may adversely affect our financial condition and results of operations. We are sensitive to changes in general economic conditions, both nationally and locally. Recessionary economic cycles, higher interest rates, higher fuel and other energy costs, inflation, deflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors that may affect consumer spending or buying habits could adversely affect the demand for products we sell in our stores. In addition, the recent turmoil in the financial markets may have an adverse effect on the U.S. and world economy, which could negatively impact consumer spending patterns. We cannot assure you that government responses to the disruptions in the financial markets will restore consumer confidence.

Furthermore, we could experience reduced traffic in our stores or limitations on the prices we can charge for our products, either of which could reduce our sales and profit margins and have a material adverse effect on our financial condition and results of operations. Also, economic factors such as those listed above and increased transportation costs, inflation, higher costs of labor, insurance and healthcare, and changes in other laws and regulations may increase our cost of sales and our operating, selling, general and administrative expenses, and otherwise adversely affect our financial condition and results of operations.

6. We cannot assure that future store openings will be successful and new store openings may impact existing stores. We expect to open approximately 11 stores for bebe and 2b bebe in fiscal 2013 as well as up to 25 international licensee operated point-of-sale locations. In the past, we have closed stores as a result of poor performance, and we cannot assure that the stores that we plan to open in fiscal 2013, or any other stores that we might open in the future, will be successful or that our overall operating profit will increase as a result of opening these stores. During fiscal 2012, we closed 13 stores, and during fiscal 2013, we anticipate closing approximately 14 bebe stores, one 2b store and one 2b bebe pop-up location. Most of our domestic new store openings in fiscal 2013 will be in existing markets. These openings may affect the existing stores' net sales and profitability. Our failure to predict accurately the demographic or retail environment at any future store location could have a material adverse effect on our business, financial condition and results of operations.

Our ability to effectively obtain real estate to open new stores depends upon the availability of real estate that meets our criteria, including traffic, square footage, co-tenancies, average sales per square foot, lease economics, demographics, and other factors, and our ability to negotiate terms that meet our financial targets. In addition, we must be able to effectively renew our existing store leases. Failure to secure real estate locations adequate to meet annual targets as well as effectively managing the profitability of our existing fleet of stores could have a material adverse effect on our business, financial condition and results of operations.

7. Our sales, margins and operating results are subject to seasonal and quarterly fluctuations. Our business varies with general seasonal trends that are characteristic of the retail and apparel industries, such as the timing of seasonal wholesale shipments and other events affecting retail sales. As a result, our stores typically generate a higher percentage of our annual net sales and profitability in the second quarter of our fiscal year (which includes the holiday selling season) compared to other quarters.

In addition, our comparable store sales have fluctuated significantly in the past, and we expect that they will continue to fluctuate in the future. A variety of factors affect comparable store sales, including fashion trends, competition, current economic conditions, the timing of release of new merchandise and promotional events, changes in our merchandise mix, the success of marketing programs and weather conditions. Our ability to deliver strong comparable store sales results and margins depends in large part on accurately forecasting demand and fashion trends, selecting effective marketing techniques, providing an appropriate mix of merchandise for our customer base, managing inventory effectively, and optimizing store performance by closing under-performing stores. Such fluctuations may adversely affect the market price of our common stock.

8. Our success depends on our ability to attract and retain key employees in order to support our existing businesses and future expansion. From time to time we actively recruit qualified candidates to fill key executive positions from within our company. There is substantial competition for experienced personnel, which we expect will continue. We compete for experienced personnel with companies who have greater financial resources than we do. In the past, we have experienced significant turnover of our executive management team and retail store personnel. We are also exposed to employment practice litigation due to the large number of employees and high turnover of our sales associates. If we fail to attract, motivate and retain qualified personnel, it could harm our business and limit our ability to expand.

In addition, we depend upon the expertise and execution of our key employees, particularly: Steve Birkhold, our Chief Executive Officer and member of the Board of Directors. If we lose the services of Mr. Birkhold or any key officers or employees, it could harm our business and results of operations.

9. Because Manny Mashouf beneficially owns a substantial portion of the outstanding shares, other shareholders may not be able to influence the direction the company takes. As of April 30, 2013, Manny Mashouf, our founder and Chairman of the Board, beneficially owned approximately 55% of the outstanding shares of our common stock. As a result, he can control the election of directors and the outcome of all issues submitted to the shareholders. This may make it more difficult for a third party to acquire shares, may discourage acquisition bids, and could limit the price that certain investors might be willing to pay for shares of common stock. This concentration of stock ownership may have the effect of delaying, deferring or preventing a change in control of our company.

10. We rely on information technology, the disruption of which could adversely impact our business. We rely on various information systems to help manage our operations and regularly assess the cost-benefit analysis associated with making additional investments to upgrade, enhance or replace such systems. If at any time we do not have adequate systems in place, or should we experience any delays or difficulties in transitioning to these or other new systems, or in integrating these systems with our current systems, or we experience any other disruptions affecting our information systems, we could experience a material adverse impact on our business. Should we experience unauthorized access, disclosure or use of any of our systems, or if our security controls, computer assets and sensitive data, including client data, are breached, this could also damage our reputation with our clients. Further, with increased technology and other patent litigation hitting the industry, and especially given our reliance on our vendor' s purported ownership of third party software we license, we face the potential of receiving claims that the technology we use or license infringes on another' s proprietary rights. Should this occur, and while we may secure indemnification rights in certain transactions, we may be subject to having to defend ourselves from such claims and/or be subject to unanticipated license fees or the necessity to transition away from technology we are using or abandon such use altogether.

11. Any serious disruption at our major facilities could have a harmful effect on our business. We currently operate a corporate office in Brisbane, California, a distribution facility in Benicia, California, and a design studio in Los Angeles, California. During the fourth quarter of fiscal 2012 we purchased our distribution facility in part to facilitate the migration of bebe.com in-house that occurred in the first quarter of 2013. Any serious disruption at these facilities whether due to construction, relocation, fire, earthquake, terrorist acts or otherwise could harm our operations and could negatively affect our business and results of operations.

Furthermore, we have little experience operating essential functions away from our main corporate offices and are uncertain what effect operating such satellite facilities might have on business, personnel and results of operations.

12. We are subject to risks associated with our on-line sales. We operate on-line stores at *www.bebe.com* and *www.2bstores.com* to sell our merchandise. Our on-line operations are subject to numerous risks, including unanticipated operating problems, reliance on third-party computer hardware and software providers and system failures. The on-line operations also involve other risks that could have an impact on our results of operations including but not limited to diversion of sales from our other stores, rapid technological change, liability for on-line content, credit card fraud and loss of sensitive data. In addition, with the migration to a third-party platform for our bebe.com store, we no longer have direct control of certain aspects of our on-line business. We cannot assure that our on-line stores will continue to achieve sales and profitability growth or even remain at their current level.

13. We are subject to cyber-security risks and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents. There is an increased dependence on digital technologies by public companies and an increasing frequency and severity of cyber incidents. Our business involves the storage and transmission of customers' personal information, consumer preferences and credit card information. We also use mobile devices, social networking and other online activities to connect with our customers. While we have implemented measures to prevent security breaches and cyber incidents, given the ever increasing abilities of those intent on breaching cyber-security measures and given our reliance on the security and other efforts of third-party vendors, the total security effort at any point in time may not be completely effective and any such security breaches and cyber incidents could adversely affect our business.

14. Our business could be adversely impacted by unfavorable international political conditions. Due to our international operations, our sales and operating results are, and will continue to be, affected by international social, political, legal and economic conditions. In particular, our business could be adversely impacted by instability or changes resulting in the disruption of trade with the countries in which our contractors, suppliers or customers are located, significant fluctuations in the value of the dollar against foreign currencies or restrictions on the transfer of funds, or additional trade restrictions imposed by the United States and other foreign governments. Trade restrictions, including increased tariffs or quotas, embargoes and customs restrictions could increase the cost or reduce the supply of merchandise available to us and adversely affect our financial condition and results of operations. In addition, we purchase a substantial amount of our raw materials from China and our business and operating results may be affected by changes in the political, social or economic environment in China.

15. If we are not able to protect our intellectual property our ability to capitalize on the value of our brand name may be impaired. Even though we take actions to establish, register and protect our trademarks and other proprietary rights, we cannot assure you that we will be successful or that others will not imitate our products or infringe upon our intellectual property rights. In addition, we cannot assure that others will not resist or seek to block the sale of our products as infringements of their trademark and proprietary rights.

We are seeking to register our trademarks domestically and internationally. Obstacles may exist that may prevent us from obtaining a trademark for the bebe, BEBE SPORT, bbsp and 2b bebe names or related names. We may not be able to register certain trademarks, purchase the right or obtain a license to use these names or related names on commercially reasonable terms. If we fail to obtain trademark, ownership or license the requisite rights, it would limit our ability to expand. In some jurisdictions, despite successful registration of our trademarks, third parties may allege infringement and bring actions against us. In addition, if our licensees fail to use our intellectual property correctly, the reputation and value associated with our trademarks may be diluted. Furthermore, if we do not demonstrate use of our trademarks, our trademark rights may lapse over time.

16. If an independent manufacturer violates labor or other laws, or is accused of violating any such laws, or if their labor practices diverge from those generally accepted as ethical, it could harm our business and brand image. While we maintain a policy to monitor the operations of our independent manufacturers by having an independent firm inspect these manufacturing sites, and all manufacturers are contractually required to comply with such labor practices, we cannot control the actions or the public' s perceptions of such manufacturers, nor can we assure that these manufacturers will conduct their businesses using ethical or legal labor practices. Apparel companies, in certain conditions, may be held jointly liable for the wrongdoings of the manufacturers of their products. While we do not control our manufacturers' employment conditions or business practices, and the manufacturers act in their own interest, they may act in a manner that results in negative public perceptions of us and/or employee allegations or court determinations that we are jointly liable.

17. We may be required to record losses in future quarters as a result of the decline in value of our investments in auction rates securities or as a result of a change in our ability to hold our investments in auction rate securities. We hold a variety of interest bearing ARS comprised of federally insured student loan backed securities and insured municipal authority bonds. These ARS investments are intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The recent uncertainties in the credit markets that began in February 2008 have affected our holdings in ARS investments and the majority of auctions for our investments in these securities have failed to settle on their respective settlement dates. Consequently, $38.7 million of our ARS are not currently liquid and we will not be able to access these funds until a future auction of these investments is successful or securities are purchased or redeemed outside of the auction process. Maturity dates for these ARS investments range from 2018 to 2042, with principal distributions occurring on certain securities prior to maturity.

The valuation of our investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity. If the current market conditions deteriorate further, or the anticipated recovery in market values does not occur, we may be required to record additional losses in other comprehensive income or losses in net income in future quarters.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents information with respect to purchases of our common stock made during the quarter ended April 6, 2013 by bebe stores, inc. or any affiliated purchaser, as defined in Rule 10b-18(a)(3) under the Exchange Act.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or approximate dollar amount) of Shares that May Yet be Purchased Under the Plans or Programs (1)
		(in thousands, except per share amounts)		
Month #1 (December 30 - February 2)	1,853	$ 3.82	1,853	$ 16,064
Month #2 (February 3 - March 2)	1,728	$ 3.93	1,728	$ 9,235
Month #3 (March 3 - April 6)	116	$ 3.97	116	$ 8,773
Total	3,697	$ 3.88	3,697	

(1) In November 2012, our Board of Directors approved $30 million for share repurchases, which we announced on November 19, 2012. This authorization has no expiration date.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

(a) Exhibits. The following is a list of exhibits filed as part of this Report on Form 10-Q.

Exhibit	Description
10.27(a)	Chief Executive Officer Employment Agreement between the Company and Steve Birkhold dated January 3, 2013
10.28(b)	Change in Control and Severance Agreement between the Company and Steve Birkhold dated January 3, 2013
10.29	Fourth Amendment to Credit Agreement and First Modification to Promissory Note between Registrant and Wells Fargo dated as of May 15, 2013
10.30	Severance Agreement between the Company and Walter Parks dated May 3, 2013
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer.
32.2	Section 906 Certification of Chief Financial Officer.

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Presentation Linkbase

(a) Incorporated by reference from exhibit 10.1 to Registrant' s Current Report on Form 8-K filed on January 9, 2013

(b) Incorporated by reference from exhibit 10.2 to Registrant' s Current Report on Form 8-K filed on January 9, 2013

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated May 16, 2013

bebe stores, inc.

/s/ Liyuan Woo

Liyuan Woo, Chief Financial Officer and Principal Accounting Officer

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(a) Incorporated by reference from exhibit 10.1 to Registrant’ s Current Report on Form 8-K filed on January 9, 2013

(b) Incorporated by reference from exhibit 10.2 to Registrant’ s Current Report on Form 8-K filed on January 9, 2013

Exhibit 10.29

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is entered into as of May 15, 2013, by and between BEBE STORES, INC., a California corporation (“Borrower”), and WELLS FARGO BANK, NATIONAL ASSOCIATION (“Bank”).

RECITALS

WHEREAS, Borrower is currently indebted to Bank pursuant to the terms and conditions of that certain Credit Agreement between Borrower and Bank dated as of May 15, 2009 as amended from time to time (“Credit Agreement”).

WHEREAS, Bank and Borrower have agreed to certain changes in the terms and conditions set forth in the Credit Agreement and have agreed to amend the Credit Agreement to reflect said changes.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Credit Agreement shall be amended as follows:

1. Section 1.1 (a) is hereby amended by deleting “Twenty Five Million Dollars ($25,000,000.00)” as the maximum principal amount available under the Line of Credit, and by substituting for said amount “Ten Million Dollars ($10,000,000.00).”

2. Section 1.4 is hereby deleted in its entirety, and the following substituted therefor:

> “SECTION 1.4. GUARANTIES. The payment and performance of all indebtedness and other obligations of Borrower to Bank shall be guaranteed jointly and severally by BEBE STUDIO, INC. and BEBE MANAGEMENT, INC. (each a “Guarantor”) in the principal amount of Ten Million Dollars ($10,000,000.00) each, as evidenced by and subject to the terms of guaranties in form and substance satisfactory to Bank.”

3. Section 4.9 (a) is hereby deleted in its entirety, and the following substituted therefor:

> “(a) Tangible Net Worth not at any time less than the Required Amount, with the “Required Amount” defined initially as $250,000,000.00, with such initial Required Amount to increase on a cumulative basis at and as of each fiscal year end of Borrower to an amount equal to the sum of the then Required Amount plus an amount equal to fifty percent (50%) of Borrower’ s consolidated net income for the fiscal year then ended, provided however; that in no event shall any net loss suffered by Borrower at any time reduce the Required Amount. “Tangible Net Worth” shall be defined as the aggregate of total stockholders’ equity plus subordinated debt acceptable to Bank less any intangible assets and less any loans or advances to, or investments in, any related entities or individuals.”

4. Except as specifically provided herein, all terms and conditions of the Credit Agreement remain in full force and effect, without waiver or modification. All terms defined in the Credit Agreement shall have the same meaning when used in this Amendment. This Amendment and the Credit Agreement shall be read together, as one document.

5. Borrower hereby remakes all representations and warranties contained in the Credit Agreement and reaffirms all covenants set forth therein. Borrower further certifies that as of the date of this Amendment there exists no Event of Default as defined in the Credit Agreement, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute any such Event of Default.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the day and year first written above.

BEBE STORES, INC.

By: */s/ Liyuan Woo*
Liyuan Woo,
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: */s/ Rachelle Cayanan*
Rachelle Cayanan,
Relationship Manager

FIRST MODIFICATION TO PROMISSORY NOTE

THIS MODIFICATION TO PROMISSORY NOTE (this “Modification”) is entered into as of May 15, 2013, by and between BEBE STORES, INC. (“Borrower”), and WELLS FARGO BANK, NATIONAL ASSOCIATION (“Bank”).

RECITALS

WHEREAS, Borrower is currently indebted to Bank pursuant to the terms and conditions of that certain Revolving Line of Credit in the maximum principal amount of $25,000,000.00, executed by Borrower and payable to the order of Bank, dated as of February 1, 2013 (the “Note”), which Note is subject to the terms and conditions of a loan agreement between Borrower and Bank dated as of May 15, 2009 as amended from time to time (the “Loan Agreement”).

WHEREAS, Bank and Borrower have agreed to certain changes in the terms and conditions set forth in the Note, and have agreed to modify the Note to reflect said changes.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the Note shall be modified as follows:

1. The maximum principal amount available under the Note is hereby modified to be Ten Million Dollars ($10,000,000.00).

2. The effective date of the changes set forth herein shall be May 15, 2013.

3. Except as expressly set forth herein, all terms and conditions of the Note remain in full force and effect, without waiver or modification. All terms defined in the Note or the Loan Agreement shall have the same meaning when used in this Modification. This Modification and the Note shall be read together, as one document.

4. Borrower certifies that as of the date of this Modification there exists no Event of Default under the Note, nor any condition, act or event which with the giving of notice or the passage of time or both would constitute any such Event of Default.

IN WITNESS WHEREOF, the parties hereto have caused this Modification to be executed as of the day and year first written above.

BEBE STORES, INC.

By: */s/ Liyuan Woo*
Liyuan Woo,
Chief Financial Officer

WELLS FARGO BANK,
NATIONAL ASSOCIATION

By: */s/ Rachelle Cayanan*
Rachelle M. Cayanan,
Relationship Manager

Exhibit 10.30

SEPARATION AGREEMENT

This Separation Agreement (the "Agreement") by and between Walter Parks ("Executive") and bebe stores, inc. (the "Company"), is made effective as of the eighth (8th) day following the date Executive signs this Agreement (the "Effective Date") with reference to the following facts:

A. Executive' s employment with the Company and status as an officer and employee of the Company and each of its affiliates will end effective upon the Termination Date (as defined below).

B. Executive and the Company want to end their relationship amicably and also to establish the obligations of the parties including, without limitation, all amounts due and owing to the Executive.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties agree as follows:

1. Termination Date. Executive acknowledges and agrees that his status as an officer and employee of the Company will end on May 3, 2013 (the "Termination Date"). Executive hereby agrees to execute such further document(s) as shall be determined by the Company as necessary or desirable to give effect to the termination of Executive' s status as an officer of the Company and each of its subsidiaries; *provided* that such documents shall not be inconsistent with any of the terms of this Agreement.

2. Payment of Earned Compensation and Reimbursable Expenses.

(a) *Compensation*. On the Termination Date, the Company paid Executive all accrued but unpaid base salary, subject to standard payroll deductions and withholdings. Executive acknowledges and agrees that the Company paid all earned wages, salary, bonuses, accrued vacation / paid time off, leave, interest, and all other benefits and compensation due to him. To the extent that Executive contests payment of compensation, he acknowledges and agrees that a bona fide dispute exists between the parties and has been fully released pursuant to Section 5, below.

(b) *Business Expenses*. Executive acknowledges and agrees that the Company has reimbursed him for all outstanding expenses incurred by him prior to the Termination Date which are consistent with the Company' s policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to the Company' s requirements with respect to reporting and documenting such expenses.

3. Separation Payments and Benefits. Without admission of any liability, fact or claim, the Company hereby agrees, subject to the execution of this Agreement and Executive' s performance of his continuing obligations pursuant to this Agreement and any confidentiality agreements between the Company and Executive (the "Confidentiality Agreement"), to provide Executive the severance benefits set forth below. Specifically, the Company and Executive agree as follows:

(a) *Severance*. Executive shall be entitled to receive a payment equal to $550,000, payable in a lump sum, less authorized deductions and applicable withholding taxes, on the first payroll date following the Effective Date.

(b) *Equity Awards*. The vesting and exercisability of each unvested option held by Executive as of the Termination Date shall accelerate in full, and each vested option held by Executive (after giving effect to the foregoing acceleration) shall remain exercisable until the earlier of the first anniversary of the Termination Date or the original expiration date of such option. Each other outstanding equity award, including, without limitation, each restricted stock unit award, held by Executive that is subject to annual vesting shall automatically become vested and any forfeiture restrictions or rights of repurchase thereon shall lapse immediately prior to the Termination Date, in each case, with respect to that number of shares underlying such equity awards equal to (i) the product of (A) the total number of shares underlying such equity award as of the Termination Date *divided by* (B) the number of total months in the vesting schedule of such equity award *multiplied by* (ii) that number of full calendar months that have elapsed since the later of (A) the vesting commencement date of such equity award or (B) the last vesting date of such equity award (rounded down to the nearest whole number of shares); in any event, subject to the achievement of any performance goals upon which vesting is contingent, measured as of the Termination Date, with respect to such equity award, if applicable. In all other respects, Executive' s equity award shall continue to be bound by and subject to the terms of their respective agreements (each, an "Equity Award Agreement," together, "Equity Award Agreements") and equity plans.

(c) *Continued Healthcare Benefits.* If Executive elects to receive continued healthcare coverage pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall directly pay, or reimburse Executive for, the premium for Executive and Executive' s covered dependents, if any, through the earliest of (i) the first anniversary of the Termination Date, (ii) the date Executive and Executive' s covered dependents, if any, become eligible for healthcare coverage under another employer' s plan(s) and (iii) the date that Executive and/or Executive' s covered dependents, if any, become no longer eligible for COBRA. After the Company ceases to pay premiums pursuant to the preceding sentence, Executive may, if eligible, elect to continue healthcare coverage at Executive' s expense in accordance the provisions of COBRA.

(d) Outplacement Benefits. The Company shall reimburse Executive for, or pay directly, up to twelve (12) months of outplacement services, the scope and provider of which shall be selected by the Company in the Company' s sole discretion, up to an aggregate of $30,000.

(e) *Taxes*. Executive understands and agrees that all payments under this Agreement will be subject to appropriate tax withholding and other deductions. To the extent any taxes may be payable by Executive for the benefits provided to him by this Agreement beyond those withheld by the Company, Executive agrees to pay them himself and to indemnify and hold the Company and the other entities released herein harmless for any tax claims or penalties, and associated attorneys' fees and costs, resulting from any failure by him to make required payments. To the extent that any reimbursements payable pursuant to this Agreement are subject to the provisions of Section 409A of the Code, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the expense was incurred, the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and Executive' s right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(f) *SEC Reporting.* Executive acknowledges that to the extent required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), he will have continuing obligations under Section 16(a) and 16(b) of the Exchange Act to report his transactions in Company common stock for six (6) months following the Termination Date. Executive hereby agrees not to undertake, directly or indirectly, any reportable transactions until the end of such six (6) month period.

(g) *Sole Separation Benefit*. Executive agrees that the payments provided by this Section 3 are not required under the Company' s normal policies and procedures and are provided as a severance solely in connection with this Agreement. Executive acknowledges and agrees that the payments referenced in this Section 3 constitute adequate and valuable consideration, in and of themselves, for the promises contained in this Agreement.

4. Full Payment. Executive acknowledges that the payment and arrangements herein shall constitute full and complete satisfaction of any and all amounts properly due and owing to Executive as a result of his employment with the Company and the termination thereof. Executive further acknowledges that, other than the Confidentiality Agreement, this Agreement shall supersede each agreement entered into between Executive and the Company regarding Executive' s employment, including, without limitation, any offer letter, employment agreement, severance and/or change in control agreement, and each such agreement other than the Equity Award Agreements shall be deemed terminated and of no further effect as of the Termination Date.

5. Executive' s Release of the Company. Executive understands that by agreeing to the release provided by this Section 5, Executive is agreeing not to sue, or otherwise file any claim against, the Company or any of its employees or other agents for any reason whatsoever based on anything that has occurred as of the date Executive signs this Agreement.

(a) On behalf of Executive and Executive' s heirs, assigns, executors, administrators, trusts, spouse and estate, Executive hereby releases and forever discharges the "Releasees" hereunder, consisting of the Company, and each of its owners, affiliates, subsidiaries, predecessors, successors, assigns, agents, directors, officers, partners, employees, and insurers, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "Claims"), which Executive now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to Executive' s hire, employment, remuneration or resignation by the Releasees, or any of them, Claims arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, including any Claims arising under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000, et seq.; Americans with Disabilities Act, as amended, 42 U.S.C. § 12101 et seq.; the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 701 et seq.; Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621, et seq.; Civil Rights Act of 1866, and Civil Rights Act of 1991; 42 U.S.C. § 1981, et seq.; Equal Pay Act, as amended, 29 U.S.C. § 206(d); regulations of the Office of Federal Contract Compliance, 41 C.F.R. Section 60, et seq.; The Family and Medical Leave Act, as amended, 29 U.S.C. § 2601 et seq.; the Fair Labor Standards Act of 1938, as amended, 29 U.S.C. § 201 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act, as amended, 29 U.S.C. § 2101 et seq.; the California Fair Employment and Housing Act, as amended, Cal. Lab. Code § 12940 et seq.; the California Equal Pay Law, as amended, Cal. Lab. Code §§ 1197.5(a),199.5; the Moore-Brown-Roberti Family Rights Act of 1991, as amended, Cal. Gov' t Code §§12945.2, 19702.3; California Labor Code §§ 1101, 1102; the California WARN Act, California Labor Code §§ 1400 et. seq; California Labor Code §§ 1102.5(a),(b); claims for wages under the California Labor Code and any other federal, state or local laws of similar effect; the employment and civil rights laws of California; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney' s fees.

(b) Notwithstanding the generality of the foregoing, Executive does not release the following claims:

(i) Claims for unemployment compensation or any state disability insurance benefits pursuant to the terms of applicable state law;

(ii) Claims for workers' compensation insurance benefits under the terms of any worker' s compensation insurance policy or fund of the Company;

(iii) Claims to continued participation in certain of the Company' s group benefit plans pursuant to the terms and conditions of COBRA;

(iv) Claims to any retirement benefit entitlements vested as the date of Executive' s employment termination, pursuant to written terms of any Company benefit plan;

(v) Claims for indemnification under any indemnification agreement, the Company' s Bylaws, California Labor Code Section 2802 or any other applicable law; and

(vi) Executive' s right to bring to the attention of the Equal Employment Opportunity Commission claims of discrimination; *provided*, *however*, that Executive does release Executive' s right to secure any damages for alleged discriminatory treatment.

(c) *Acknowledgement.* In accordance with the Older Workers Benefit Protection Act of 1990, Executive has been advised of the following:

(i) Executive should consult with an attorney before signing this Agreement;

(ii) Executive has been given at least twenty-one (21) days to consider this Agreement;

(iii) Executive has seven (7) days after signing this Agreement to revoke it. If Executive wishes to revoke this Agreement, Executive must deliver notice of Executive' s revocation in writing, no later than 5:00 p.m. on the 7th day following Executive' s execution of this Agreement to Larry Smith, 400 Valley Drive, Brisbane, California 94005, fax: 415-657-4424. Executive understands that if he revokes this Agreement, it will be null and void in its entirety, and he will not be entitled to any payments or benefits provided in this Agreement, other than as provided in Section 2.

(d) EXECUTIVE ACKNOWLEDGES THAT EXECUTIVE HAS BEEN ADVISED OF AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH, IF KNOWN BY HIM OR HER, MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**"

BEING AWARE OF SAID CODE SECTION, EXECUTIVE HEREBY EXPRESSLY WAIVES ANY RIGHTS EXECUTIVE MAY HAVE THEREUNDER, AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT.

6. Non-Disparagement, Transition, Transfer of Company Property and Limitations on Service. Executive further agrees that:

(a) *Non-Disparagement*. Executive agrees that he shall not disparage, criticize or defame the Company, its affiliates and their respective affiliates, directors, officers, agents, partners, stockholders, employees, products, services, technology or business, either publicly or privately. The Company agrees that it shall not, and it shall instruct its officers and members of its Board of Directors to not, disparage, criticize or defame Executive, either publicly or privately. Nothing in this Section 6(a) shall have application to any evidence or testimony required by any court, arbitrator or government agency.

(b) *Transition*. Each of the Company and Executive shall use their respective reasonable efforts to cooperate with each other in good faith to facilitate a smooth transition of Executive' s duties to other executive(s) of the Company.

(c) *Transfer of Company Property*. On or before the Termination Date, Executive shall turn over to the Company all files, memoranda, records, and other documents, and any other physical or personal property which are the property of the Company and which he had in his possession, custody or control at the time he signed this Agreement.

7. Executive Representations. Executive warrants and represents that (a) he has not filed or authorized the filing of any complaints, charges or lawsuits against the Company or any affiliate of the Company with any governmental agency or court, and that if, unbeknownst to Executive, such a complaint, charge or lawsuit has been filed on his behalf, he will immediately cause it to be withdrawn and dismissed, (b) he has reported all hours worked as of the date of this Agreement and has been paid all compensation, wages, accrued vacation/PTO, bonuses, commissions, and/or benefits to which he may be entitled and no other compensation, wages, bonuses, commissions and/or benefits are due to him, except as provided in this Agreement, (c) he has no known workplace injuries or occupational diseases and has been provided and/or has not

been denied any leave requested under the Family and Medical Leave Act or any similar state law, (d) the execution, delivery and performance of this Agreement by Executive does not and will not conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject, and (e) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a valid and binding obligation of Executive, enforceable in accordance with its terms.

8. No Assignment by Executive. Executive warrants and represents that no portion of any of the matters released herein, and no portion of any recovery or settlement to which Executive might be entitled, has been assigned or transferred to any other person, firm or corporation not a party to this Agreement, in any manner, including by way of subrogation or operation of law or otherwise. If any claim, action, demand or suit should be made or instituted against the Company or any other Releasee because of any actual assignment, subrogation or transfer by Executive, Executive agrees to indemnify and hold harmless the Company and all other Releasees against such claim, action, suit or demand, including necessary expenses of investigation, attorneys' fees and costs. In the event of Executive's death, this Agreement shall inure to the benefit of Executive and Executive's executors, administrators, heirs, distributees, devisees, and legatees. None of Executive's rights or obligations may be assigned or transferred by Executive, other than Executive's rights to payments hereunder, which may be transferred only upon Executive's death by will or operation of law.

9. Non-Solicitation. Without limiting the Confidentiality Agreement, Executive hereby agrees that Executive shall not, at any time during the one (1) year period immediately following the Termination Date, directly or indirectly, either for himself or on behalf of any other person, recruit or otherwise solicit or induce any employee or consultant of the Company to terminate its employment or arrangement with the Company, or otherwise change its relationship with the Company. Notwithstanding the foregoing, nothing herein shall prevent Executive from directly or indirectly hiring any individual who submits a resume or otherwise applies for a position in response to a publicly posted job announcement or otherwise applies for employment with any person with whom Executive may be associated absent any violation of Executive's obligations pursuant to the preceding sentence.

10. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of California or, where applicable, United States federal law, in each case, without regard to any conflicts of laws provisions or those of any state other than California.

11. Miscellaneous. This Agreement, collectively with the Confidentiality Agreement and the Equity Award Agreements comprise the entire agreement between the parties with regard to the subject matter hereof and supersedes, in their entirety, any other agreements between Executive and the Company with regard to the subject matter hereof. The Company and Executive acknowledge that the termination of the Executive's employment with the Company is intended to constitute an involuntary separation from service for the purposes of Section 409A of the Code, and the related Department of Treasury regulations. Executive acknowledges that there are no other agreements, written, oral or implied, and that he may not rely on any prior negotiations, discussions, representations or agreements. This Agreement may be modified only in writing, and such writing must be signed by both parties and recited that it is intended to modify this Agreement. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

12. Company Assignment and Successors. The Company shall assign its rights and obligations under this Agreement to any successor to all or substantially all of the business or the assets of the Company (by merger or otherwise). This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns, personnel and legal representatives.

13. Maintaining Confidential Information. Executive reaffirms his obligations under the Confidentiality Agreement. Executive acknowledges and agrees that the payments provided in Section 4 above shall be subject to Executive' s continued compliance with Executive' s obligations under the Confidentiality Agreement.

14. Executive' s Cooperation. After the Termination Date, Executive shall cooperate with the Company and its affiliates, upon the Company' s reasonable request, with respect to any internal investigation or administrative, regulatory or judicial proceeding involving matters within the scope of Executive' s duties and responsibilities to the Company or its affiliates during his employment with the Company (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company' s reasonable request to give testimony without requiring service of a subpoena or other legal process, and turning over to the Company all relevant Company documents which are or may have come into Executive' s possession during his employment); *provided*, *however*, that any such request by the Company shall not be unduly burdensome or interfere with Executive' s personal schedule or ability to engage in gainful employment.

IN WITNESS WHEREOF, the undersigned have caused this Separation Agreement to be duly executed and delivered as of the date indicated next to their respective signatures below, which date shall be on or prior to the twenty-first (21st) day following the Termination Date.

DATED: May 3, 2013

/s/ Walter Parks
Walter Parks

bebe stores, inc.

DATED: May 3, 2013

By: */s/ Steve Birkhold*
Steve Birkhold
Chief Executive Officer

Exhibit 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Steve Birkhold, certify that:

1. I have reviewed this quarterly report on Form 10-Q of bebe stores, inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change to the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: May 16, 2013

/s/ Steve Birkhold

Steve Birkhold
Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Liyuan Woo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of bebe stores, inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change to the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: May 16, 2013

/s/ Liyuan Woo

Liyuan Woo
Chief Financial Officer and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of bebe stores, inc. (the "Company") on Form 10-Q for the quarter ended April 6, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve Birkhold, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 16, 2013

/s/ Steve Birkhold

Steve Birkhold
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of bebe stores, inc. (the "Company") on Form 10-Q for the quarter ended April 6, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Liyuan Woo, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 16, 2013

/s/ Liyuan Woo

Liyuan Woo
Chief Financial Officer and Principal Accounting Officer

Earnings Per Share - Additional Information (Detail)	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Diluted weighted average shares outstanding were options to purchase	80,108,000	84,280,000	82,778,000	84,443,000
Common stock [Member]				
Diluted weighted average shares outstanding were options to purchase	6,116,252	1,820,788	5,439,196	2,739,179

Fair Value Measurements - Additional Information (Detail) (USD $)	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Discounted cash flow model for estimating discount rate average LIBOR plus			2.06%	
Carrying amount of the non-current available for sale securities	$ 45,600		$ 45,600	
Estimated fair value of non-current available for sale securities	38,700,000		38,700,000	
Charges for impairment of long-lived assets	$ 1,100,000	$ 0		
Weighted average cost of capital	11.20%			
Undiscounted cash flows exceeded net carrying value	173.00%	514.00%	299.00%	607.00%
Minimum [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Discounted cash flow model for estimating economic maturity			4 years	
Annual revenue growth rates	2.50%			
Maximum [Member]				
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]				
Discounted cash flow model for estimating economic maturity			19 years	
Annual revenue growth rates	5.00%			

Inventories	9 Months Ended Apr. 06, 2013
Inventories	**INVENTORIES** The Company’s inventories consisted of:

	As of		
	April 6, 2013	**June 30, 2012**	**March 31, 2012**
		(In thousands)	
Raw materials	$1,899	$1,193	$1,050
Merchandise available for sale	34,107	32,099	33,184
Inventories, net	$36,006	$33,292	$34,234

Inventories - Summary of Inventories (Detail) (USD $) In Thousands, unless otherwise specified	Apr. 06, 2013	Jun. 30, 2012	Mar. 31, 2012
Inventories [Line Items]			
Raw materials	$ 1,899	$ 1,193	$ 1,050
Merchandise available for sale	34,107	32,099	33,184
Inventories, net	$ 36,006	$ 33,292	$ 34,234

Fair Value Measurements - Schedule of Consideration of Risk Assets (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended		9 Months Ended	
	Apr. 06, 2013 Store	Mar. 31, 2012 Store	Apr. 06, 2013 Store	Mar. 31, 2012 Store
Fair Value, Concentration of Risk, Financial Statement Captions [Line Items]				
Number of stores identified as at risk and evaluated for impairment	17	7	29	13
Total carrying amount of stores identified as at risk prior to any impairment charges taken	$ 2.7	$ 1.2	$ 4.7	$ 3.0
Less: impairment charges recorded during the period	1.1	0	2.9	0.4
Remaining carrying amount of stores identified as at risk after impairment charges taken	1.6	1.2	1.8	2.6
Number of stores considered at risk, but not impaired	7	7	8	11
Total carrying amount of stores identified as at risk, but not impaired	$ 1.4	$ 1.2	$ 1.6	$ 2.6

Credit Facilities - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	9 Months Ended Apr. 06, 2013
Line Of Credit Facility Covenant Compliance [Line Items]	
Letters of credit, amount	$ 10.0
Letters of credit, expiration date	May 14, 2014
Outstanding letters of credit interest rate	3.25%
Percentage on LIBOR rate	0.20%
Percentage on LIBOR rate plus	1.75%
Letters of credit [Member]	
Line Of Credit Facility Covenant Compliance [Line Items]	
Line of Credit Facility, Amount Outstanding	0
Stand-by letter of credit [Member]	
Line Of Credit Facility Covenant Compliance [Line Items]	
Line of Credit Facility, Amount Outstanding	3.0
Credit facility [Member]	
Line Of Credit Facility Covenant Compliance [Line Items]	
Line of Credit Facility, Amount Outstanding	$ 0

Income Taxes - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended Apr. 06, 2013
Valuation Allowance [Line Items]	
Non cash charges	$ 31.4
Valuation allowance	27.5
Deferred tax assets	$ 3.9

Fair Value Measurements

Fair Value Measurements	9 Months Ended Apr. 06, 2013

FAIR VALUE MEASUREMENTS

The FASB has established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of April 6, 2013, the Company held financial instruments that are measured at fair value on a recurring basis. These included cash equivalents and available for sale securities. Cash equivalents consist of money market funds. Short term available for sale securities consist of government treasury bills and certificates of deposit. Long term available for sale securities consist of government treasury bills and ARS. These ARS consist of federally insured student loan backed securities and insured municipal authority bonds.

The Company determined the estimated fair value of its investment in ARS as of April 6, 2013 by reviewing trading activity for similar securities in secondary markets as well as by using a discounted cash flow model. The assumptions used in preparing the discounted cash flow model include estimates for economic maturity (range from 4 – 19 years), discount rates (average of LIBOR + 2.06%), credit ratings and amount of cash flows and expected holding periods of the ARS.

The following items are measured at fair value on a recurring basis as of April 6, 2013:

Description	April 6, 2013	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,430	$ 46,430	$0	$ 0
Current available for sale securities	41,084	11,977	29,107	0
Non-current available for sale securities	58,621	19,950	0	38,671
Total	$146,135	$ 78,357	$29,107	$ 38,671

The following items are measured at fair value on a recurring basis as of March 31, 2012:

Description	March 31, 2012	Using Quoted Prices in	Significant Other	Significant Unobservable Inputs

		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	(Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,385	$ 46,385	$0	$ 0
Current available for sale securities	79,926	56,952	22,974	0
Non-current available for sale securities	64,410	0	0	64,410
Total	$190,721	$ 103,337	$22,974	$ 64,410

During the quarter ended April 6, 2013, there were no transfers of assets and liabilities between Level 1 (quoted prices in active markets for identical assets) and Level 2 (significant other observable inputs) of the fair value measurement hierarchy. An impairment charge has been recorded in accumulated other comprehensive income that reduces the carrying amount of the applicable non-current assets of $45.6 million to their fair value of $38.7 million as of April 6, 2013. The following table presents the Company's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended April 6, 2013:

	Three Months Ended April 6, 2013	Nine Months Ended April 6, 2013
	(In thousands)	
Balance at beginning of period	$ 39,290	$60,002
Total gains or (losses) (realized or unrealized)		
Included in net loss	0	0
Included in accumulated other comprehensive income (loss)	(619)	1,020
Settlements	0	(22,351)
Balance at April 6, 2013	$ 38,671	$38,671

Non-Financial Assets:

The Company measures certain non-financial assets and liabilities, including long-lived assets, at fair value on a non-recurring basis. During the three months ended April 6, 2013 and March 31, 2012, the Company recorded impairment charges of approximately $1.1 million and $0.0 million, respectively, related to under-performing stores. The following table presents the Company's considerations of at-risk assets for the three and nine month periods ended April 6, 2013 and March 31, 2012, respectively:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Number of stores identified as at risk and evaluated for impairment	17	7	29	13
Total carrying amount of stores identified as at	$2.7 million	$1.2 million	$4.7 million	$3.0 million

risk prior to any impairment charges taken				
Less: impairment charges recorded during the period	$1.1 million	$0.0 million	$2.9 million	$0.4 million
Remaining carrying amount of stores identified as at risk after impairment charges taken	$1.6 million	$1.2 million	$1.8 million	$2.6 million
Number of stores considered at risk, but not impaired	7	7	8	11
Total carrying amount of stores identified as at risk, but not impaired	$1.4 million	$1.2 million	$1.6 million	$2.6 million

The fair market value of these assets was determined using the income approach and level 3 inputs, which required management to make significant estimates about future operating plans and projected cash flows. Management estimates the amount and timing of future cash flows based on its experience and knowledge of the retail market in which each store operates. The assumptions used in preparing the discounted cash flow model and the related sensitivity analysis around the discounted cash flow model include estimates for weighted average cost of capital (11.2%) and annual revenue growth rates (range from 2.5 – 5.0%). The stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 173% for the three month period ended April 6, 2013. For the nine month period ended April 6, 2013, the stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 299%. For the three months ended March 31, 2012, the stores not impaired had undiscounted cash flows that exceeded their net carrying amount at a weighted average of 514%. For the nine months ended and March 31, 2012, the stores not impaired had excess undiscounted cash flows that exceeded their net carrying amount by a weighted average of 607%.

This impairment charge is included in selling, general and administrative expenses (“SG&A”) in the accompanying condensed consolidated statements of operations and comprehensive income (loss). The Company was not required to measure any other significant non-financial assets and liabilities at fair value.

Earnings Per Share - Reconciliation of Number of Shares Used in Basic and Diluted Earnings Per Share Computations (Detail) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Class of Stock [Line Items]				
Basic weighted average number of shares outstanding	80,108	84,280	82,778	84,198
Incremental shares from the assumed issuance of stock options	0	0	0	245
Diluted weighted average number of shares outstanding	80,108	84,280	82,778	84,443

CONDENSED CONSOLIDATED BALANCE SHEETS (USD $) In Thousands, unless otherwise specified	Apr. 06, 2013	Jun. 30, 2012	Mar. 31, 2012
Current assets:			
Cash and equivalents	$ 81,839	$ 104,982	$ 113,239
Available for sale securities	41,084	76,428	79,926
Receivables (net of allowance of $120, $1,255 and $1,255)	8,261	9,190	6,196
Inventories, net	36,006	33,292	34,234
Deferred income taxes, net	0	4,609	4,930
Prepaid and other	18,796	17,135	12,807
Total current assets	185,986	245,636	251,332
Available for sale securities	58,621	60,002	64,410
Property and equipment, net	112,112	114,707	93,871
Deferred income taxes, net	633	24,675	32,534
Intangible asset	912	912	912
Other assets	3,807	4,488	4,646
Total assets	362,071	450,420	447,705
Current liabilities:			
Accounts payable	16,638	16,520	17,783
Accrued liabilities	26,194	31,668	29,735
Total current liabilities	42,832	48,188	47,518
Deferred rent and other lease incentives	37,485	37,876	37,626
Uncertain tax positions	894	2,236	2,086
Total liabilities	81,211	88,300	87,230
Commitments and contingencies			
Shareholders' equity:			
Preferred stock-authorized 1,000,000 shares at $0.001 par value per share; no shares issued and outstanding	0	0	0
Common stock-authorized 135,000,000 shares at $0.001 par value per share; issued and outstanding 78,931,881, 84,360,349 and 84,327,578 shares	79	84	84
Additional paid-in capital	136,783	144,180	144,477
Accumulated other comprehensive income (loss)	981	152	(879)
Retained earnings	143,017	217,704	216,793
Total shareholders' equity	280,860	362,120	360,475
Total liabilities and shareholders' equity	$ 362,071	$ 450,420	$ 447,705

Interim Financial Statements

Interim Financial Statements

	9 Months Ended Apr. 06, 2013

INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated balance sheets of bebe stores, inc. (the "Company") as of April 6, 2013, June 30, 2012 and March 31, 2012, the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended April 6, 2013 and March 31, 2012 and the condensed consolidated statements of cash flows for the nine months ended April 6, 2013 and March 31, 2012 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, without audit. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States of America for annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position at the balance sheet dates and the results of operations for the periods presented have been included. The condensed consolidated balance sheet at June 30, 2012, presented herein, was derived from the audited balance sheet included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

The Company's business is affected by the pattern of seasonality common to most retail apparel businesses. The results for the periods presented are not necessarily indicative of future financial results.

FISCAL YEAR

The Company's fiscal year is a 52 or 53 week period, each period ending on the first Saturday after June 30. Fiscal years 2013 and 2012 include 53 weeks and 52 weeks, respectively.

The three month periods ended April 6, 2013 and March 31, 2012 include 14 weeks and 13 weeks, respectively. The nine month periods ended April 6, 2013 and March 31, 2012 include 40 weeks and 39 weeks, respectively.

RECENT ACCOUNTING PRONOUNCEMENTS

Fair Value

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured on a net basis and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance was effective for the Company beginning in fiscal 2013, which is July 1, 2012. The disclosure guidance adopted July 1, 2012 did not have a material impact on the Company's consolidated financial statements.

Other Comprehensive Income

In June 2011, the FASB issued ASU 2011-05, which requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income and the total of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the consolidated statements of shareholders' equity. For public entities, the amendments in ASU 2011-05 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and are to be applied retrospectively, with early adoption permitted. This guidance became effective for the Company's fiscal year and interim periods beginning July 1, 2012. The adoption did not have a material effect on the Company's consolidated financial statements.

In February 2013, the FASB issued an ASU that requires enhanced disclosures around the amounts reclassified out of accumulated other comprehensive income. The amendments do not change the requirements for reporting net income or other comprehensive income. The ASU requires an entity to present information about significant reclassifications out of accumulated other comprehensive income and their corresponding effects on the respective line items in net income. The ASU is effective for annual and interim reporting periods beginning after December 15, 2012 and as such, the Company will adopt the disclosure provisions in the first quarter of fiscal 2014.

Stock Based Compensation - Summary of Stock Based Compensation Expense Recognized Under Stock Plan (Detail) (USD $) In Thousands, unless otherwise specified	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Stock based compensation expense	$ 771	$ 538	$ 1,977	$ 1,627
Stock options [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Stock based compensation expense	486	454	1,454	1,434
Nonvested stock awards/units [Member]				
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Stock based compensation expense	$ 285	$ 84	$ 523	$ 193

Stock Based Compensation (Tables)	9 Months Ended Apr. 06, 2013
Summary of Stock Based Compensation Expense Recognized Under Stock Plan	The following table summarizes the stock based compensation expense recognized under the Company's stock plan during the three and the nine months ended April 6, 2013 and March 31, 2012:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
	(In thousands)			
Stock options	$ 486	$ 454	$ 1,454	$ 1,434
Nonvested stock awards/ units	285	84	523	193
Total stock based compensation expense	$ 771	$ 538	$ 1,977	$ 1,627

Stock Based Compensation - Additional Information (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]				
Unrecognized compensation cost, nonvested stock options	$ 2.8		$ 2.8	
Unrecognized compensation cost, nonvested stock awards/units	$ 1.7		$ 1.7	
Expected to be recognized over a weighted average period	2 years 6 months		2 years 6 months	
Weighted average fair value of stock options	$ 1.22	$ 3.02	$ 1.32	$ 2.78

Investments - Summary of Company's Available for Sale Securities (Detail) (USD $) In Thousands, unless otherwise specified	Apr. 06, 2013	Jun. 30, 2012	Mar. 31, 2012
Short term Investments [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	$ 41,084	$ 76,428	$ 79,926
Unrealized Losses Less Than 12 Months	0	0	0
Unrealized Losses 12 Months or Greater	0	0	0
Estimated Fair Value	41,084	76,428	79,926
Short term Investments [Member] | Treasury bills [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	11,977	49,960	56,952
Unrealized Losses Less Than 12 Months	0	0	0
Unrealized Losses 12 Months or Greater	0	0	0
Estimated Fair Value	11,977	49,960	56,952
Short term Investments [Member] | Short term certificates of deposit [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	29,107	26,468	22,974
Unrealized Losses Less Than 12 Months	0	0	0
Unrealized Losses 12 Months or Greater	0	0	0
Estimated Fair Value	29,107	26,468	22,974
Long term Investments [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	65,500		
Unrealized Losses Less Than 12 Months	0		
Unrealized Losses 12 Months or Greater	(6,879)		
Estimated Fair Value	58,621		
Long term Investments [Member] | Treasury bills [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	19,950		
Unrealized Losses Less Than 12 Months	0		
Unrealized Losses 12 Months or Greater	0		
Estimated Fair Value	19,950		
Long term Investments [Member] | Long term auction rate securities [Member]			
Schedule of Available-for-sale Securities [Line Items]			
Cost	45,550	67,900	74,000
Unrealized Losses Less Than 12 Months	0	0	0
Unrealized Losses 12 Months or Greater	(6,879)	(7,898)	(9,590)
Estimated Fair Value	$ 38,671	$ 60,002	$ 64,410

Investments	9 Months Ended Apr. 06, 2013
Investments	**INVESTMENTS**

The Company's investment portfolio consists of treasury bills, certificates of deposit and auction rate securities. The Company held short term available for sale securities totaling $41.1 million as of April 6, 2013, that consisted of $12.0 million in treasury bills and $29.1 million in certificates of deposit at cost which approximates fair value. The Company also holds long term available for sale securities at fair value totaling $58.6 million as of April 6, 2013, that consisted of $19.9 million in treasury bills and $38.7 million of interest bearing auction rate securities ("ARS").

The Company holds a variety of interest bearing ARS consisting of federally insured student loan backed securities and insured municipal authority bonds. As of April 6, 2013, the Company's ARS portfolio totaled approximately $45.6 million classified as available for sale securities, net of a temporary impairment charge of $6.9 million. As of that date, the Company's ARS portfolio included approximately 92% federally insured student loan backed securities and 8% municipal authority bonds and consisted of approximately 20% AAA rated investments, 47% A rated investments, 18% BBB rated investments and 15% CCC rated investments. As of June 30, 2012, the Company's ARS consisted of 27% AAA rated investments, 23% AA rated investments, 28% A rated investments, 12% BBB rated investments and 10% CCC rated investments. These ARS investments are intended to provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, allowing investors to either roll over their holdings or gain immediate liquidity by selling such interests at par. The uncertainties in the credit markets that began in February 2008 have affected the Company's holdings in ARS investments and auctions for the Company's investments in these securities have failed to settle on their respective settlement dates. Historically the fair value of ARS investments had approximated par value due to the frequent resets through the auction process. While the Company continues to earn interest on its ARS investments at the maximum contractual rate, these investments are not currently trading and therefore do not currently have a readily determinable market value. Accordingly, the estimated fair value of ARS no longer approximates par value. Consequently, the investments are not currently liquid, and the Company will not be able to access these funds until a future auction of these investments is successful, the issuer redeems the securities or at maturity. Maturity dates for these ARS investments range from 2018 to 2042 with principal distributions occurring on certain securities prior to maturity. To date, principal distributions and maturities of the securities held by the Company have all been at par value. During the three and nine months ended April 6, 2013, $0.0 million and $22.4 million, respectively, of ARS were settled at par.

The Company reviews its impairments in accordance with guidance issued by the FASB and SEC in order to determine the classification of the impairment as "temporary" or "other-than-temporary". A temporary impairment charge results in an unrealized loss being recorded in the accumulated other comprehensive income component of shareholders' equity. Such an unrealized loss does not affect net income for the applicable accounting period. An other-than-temporary impairment charge is recorded as a loss in the condensed consolidated statements of operations for the applicable accounting period. When evaluating the investments for other-than-temporary impairment, the Company estimates the expected cash flows of the underlying collateral by reviewing factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer and any changes thereto, and the Company's intent to sell, or whether it is more likely than not it will be required to sell, the investment before recovery of the investment's amortized cost basis. The Company has not recorded any impairment loss from its available for sale investments as other-than-temporary based on such analysis.

The valuation of the Company's investment portfolio is subject to uncertainties that are difficult to predict. Factors that may impact its valuation include changes to credit ratings of the securities as well as to the underlying assets supporting those securities, rates of default of the underlying assets, underlying collateral value, discount rates and ongoing strength and quality of market credit and liquidity.

The following is a summary of our available for sale securities:

	As of April 6, 2013			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$11,977	$ 0	$ 0	$11,977
Short term certificates of deposit	29,107	0	0	29,107
	$41,084	$ 0	$ 0	$41,084
Long term treasury bills	$19,950	$ 0	$ 0	$19,950
Long term auction rate securities	45,550	0	(6,879)	38,671
	$65,500	$ 0	$ (6,879)	$58,621

	As of June 30, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$49,960	$ 0	$ 0	$49,960
Short term certificates of deposit	26,468	0	0	26,468
	$76,428	$ 0	$ 0	$76,428
Long term auction rate securities	$67,900	$ 0	$ (7,898)	$60,002

	As of March 31, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$56,952	$ 0	$ 0	$56,952
Short term certificates of deposit	22,974	0	0	22,974
	$79,926	$ 0	$ 0	$79,926
Long term auction rate securities	$74,000	$ 0	$ (9,590)	$64,410

CONDENSED CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Apr. 06, 2013	Jun. 30, 2012	Mar. 31, 2012
Receivables allowance	$ 120	$ 1,255	$ 1,255
Preferred stock, shares authorized	1,000,000	1,000,000	1,000,000
Preferred stock, par value	$ 0.001	$ 0.001	$ 0.001
Preferred stock, shares issued			
Preferred stock, shares outstanding			
Common stock, shares authorized	135,000,000	135,000,000	135,000,000
Common stock, par value	$ 0.001	$ 0.001	$ 0.001
Common stock, shares issued	78,931,881	84,360,349	84,327,578
Common stock, shares outstanding	78,931,881	84,360,349	84,327,578

Interim Financial Statements (Policies)	9 Months Ended Apr. 06, 2013

Interim Financial Statements

INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated balance sheets of bebe stores, inc. (the "Company") as of April 6, 2013, June 30, 2012 and March 31, 2012, the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended April 6, 2013 and March 31, 2012 and the condensed consolidated statements of cash flows for the nine months ended April 6, 2013 and March 31, 2012 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, without audit. Accordingly, they do not include all of the information required by accounting principles generally accepted in the United States of America for annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position at the balance sheet dates and the results of operations for the periods presented have been included. The condensed consolidated balance sheet at June 30, 2012, presented herein, was derived from the audited balance sheet included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2012.

The Company's business is affected by the pattern of seasonality common to most retail apparel businesses. The results for the periods presented are not necessarily indicative of future financial results.

Fiscal Year

FISCAL YEAR

The Company's fiscal year is a 52 or 53 week period, each period ending on the first Saturday after June 30. Fiscal years 2013 and 2012 include 53 weeks and 52 weeks, respectively.

The three month periods ended April 6, 2013 and March 31, 2012 include 14 weeks and 13 weeks, respectively. The nine month periods ended April 6, 2013 and March 31, 2012 include 40 weeks and 39 weeks, respectively.

Recent Accounting Pronouncements

RECENT ACCOUNTING PRONOUNCEMENTS

Fair Value

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance to amend the accounting and disclosure requirements on fair value measurements. The new guidance limits the highest-and-best-use measure to nonfinancial assets, permits certain financial assets and liabilities with offsetting positions in market or counterparty credit risks to be measured on a net basis and provides guidance on the applicability of premiums and discounts. Additionally, the new guidance expands the disclosures on Level 3 inputs by requiring quantitative disclosure of the unobservable inputs and assumptions, as well as description of the valuation processes and the sensitivity of the fair value to changes in unobservable inputs. The new guidance was effective for the Company beginning in fiscal 2013, which is July 1, 2012. The disclosure guidance adopted July 1, 2012 did not have a material impact on the Company's consolidated financial statements.

Other Comprehensive Income

In June 2011, the FASB issued ASU 2011-05, which requires that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income and the total of comprehensive income. The new guidance eliminates the current option to report other comprehensive income and its components in the consolidated statements of shareholders' equity. For public entities, the amendments in ASU 2011-05 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, and are to be applied retrospectively, with early adoption permitted. This guidance became effective for the Company's fiscal year and interim periods beginning July 1, 2012. The adoption did not have a material effect on the Company's consolidated financial statements.

In February 2013, the FASB issued an ASU that requires enhanced disclosures around the amounts reclassified out of accumulated other comprehensive income. The amendments do not change the requirements for reporting net income or other comprehensive income. The ASU requires an entity to present information about significant reclassifications out of accumulated other comprehensive income and their corresponding effects on the respective line items in net income. The ASU is effective for annual and interim reporting periods beginning after December 15, 2012 and as such, the Company will adopt the disclosure provisions in the first quarter of fiscal 2014.

Document and Entity Information	9 Months Ended	
	Apr. 06, 2013	Apr. 30, 2013
Entity Information [Line Items]		
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Apr. 06, 2013	
Document Fiscal Year Focus	2013	
Document Fiscal Period Focus	Q3	
Trading Symbol	BEBE	
Entity Registrant Name	bebe stores, inc.	
Entity Central Index Key	0001059272	
Current Fiscal Year End Date	--07-06	
Entity Filer Category	Accelerated Filer	
Entity Common Stock, Shares Outstanding		78,935,446

Investments (Tables)

9 Months Ended Apr. 06, 2013

Summary of Company's Available for Sale Securities

The following is a summary of our available for sale securities:

	As of April 6, 2013			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$11,977	$ 0	$0	$11,977
Short term certificates of deposit	29,107	0	0	29,107
	$41,084	$ 0	$0	$41,084
Long term treasury bills	$19,950	$ 0	$0	$19,950
Long term auction rate securities	45,550	0	(6,879)	38,671
	$65,500	$ 0	$(6,879)	$58,621

	As of June 30, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$49,960	$ 0	$0	$49,960
Short term certificates of deposit	26,468	0	0	26,468
	$76,428	$ 0	$0	$76,428
Long term auction rate securities	$67,900	$ 0	$(7,898)	$60,002

	As of March 31, 2012			
	Cost	Unrealized Losses Less Than 12 Months	Unrealized Losses 12 Months or Greater	Estimated Fair Value
	(In thousands)			
Short term treasury bills	$56,952	$ 0	$0	$56,952

Short term certificates of deposit	22,974	0	0	22,974
	$79,926	$ 0	$ 0	$79,926
Long term auction rate securities	$74,000	$ 0	$ (9,590)	$64,410

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (USD $) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Net sales	$ 112,905	$ 121,035	$ 365,531	$ 399,294
Cost of sales, including production and occupancy	79,327	74,220	243,750	241,073
Gross margin	33,578	46,815	121,781	158,221
Selling, general and administrative expenses	52,191	47,196	151,779	144,165
Operating income (loss)	(18,613)	(381)	(29,998)	14,056
Interest and other income, net	251	232	703	642
Income (loss) before income taxes	(18,362)	(149)	(29,295)	14,698
Income tax provision	30,907	65	27,375	5,997
Net income (loss)	(49,269)	(214)	(56,670)	8,701
Basic per share amounts:				
Net income (loss)	$ (0.62)	$ 0.00	$ (0.68)	$ 0.10
Diluted per share amounts:				
Net income (loss)	$ (0.62)	$ 0.00	$ (0.68)	$ 0.10
Basic weighted average shares outstanding	80,108	84,280	82,778	84,198
Diluted weighted average shares outstanding	80,108	84,280	82,778	84,443
Other comprehensive income (loss)				
Gain(loss) on available for sale securities, net of tax	(619)	363	1,020	446
Foreign currency translation adjustments	(839)	657	(190)	(1,320)
Other comprehensive income (loss)	(1,458)	1,020	830	(874)
Comprehensive income (loss)	$ (50,727)	$ 806	$ (55,840)	$ 7,827

Earnings Per Share	9 Months Ended Apr. 06, 2013

Earnings Per Share

EARNINGS PER SHARE

Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through the exercise of dilutive stock options.

The following is a reconciliation of the number of shares used in the basic and diluted earnings per share computations:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
	(In thousands)			
Basic weighted average number of shares outstanding	80,108	84,280	82,778	84,198
Incremental shares from the assumed issuance of stock options	0	0	0	245
Diluted weighted average number of shares outstanding	80,108	84,280	82,778	84,443

Excluded from the computation of the number of diluted weighted average shares outstanding were options to purchase 6,116,252 and 1,820,788 shares of common stock for the three months ended April 6, 2013 and March 31, 2012, respectively, and 5,439,196 and 2,739,179 for the nine months ended April 6, 2013 and March 31, 2012, respectively, which would have been anti-dilutive.

Income Taxes	9 Months Ended Apr. 06, 2013
Income Taxes	

INCOME TAXES

Deferred income taxes arise from temporary difference between the tax and financial statement recognition of revenue and expenses. The Company regularly assesses the need for a valuation allowance against its deferred tax assets. In evaluating whether it is more likely than not that some or all of the Company's deferred tax assets will not be realized, it considers all available positive and negative evidence, including recent year's operational results which is objectively verifiable evidence. As a result of its evaluation of the realizability of its deferred tax assets as of April 6, 2013, the Company has concluded, based upon all available evidence, that it is more likely than not that the majority of its deferred tax assets will not be realized. Accordingly, the Company has recorded a non-cash charge of $31.4 million to establish a $27.5 million valuation allowance against the majority of its deferred tax assets as well as $3.9 million to recognize the fiscal 2013 year to date impact of establishing the valuation allowance. Separately, the tax benefit related to the current quarter losses is also not recognized, due to the recording of the valuation allowance. As a result, the Company's effective tax rate for the third quarter fiscal 2013 is not comparable to the effective tax rate for the third quarter fiscal 2012. The Company will continue to maintain a valuation allowance against its deferred tax assets until the Company believes it is more likely than not that these assets will be realized in the future. If sufficient positive evidence arises in the future indicating that all or a portion of the deferred tax assets meet the more likely than not standard, the valuation allowance would be reversed accordingly in the period that such determination is made.

Investments - Additional Information (Detail) (USD $)	3 Months Ended Apr. 06, 2013	9 Months Ended Apr. 06, 2013	Jun. 30, 2012	Mar. 31, 2012
Schedule of Available-for-sale Securities [Line Items]				
Short term available for Sale securities	$ 41,084,000	$ 41,084,000	$ 76,428,000	$ 79,926,000
Available for sale securities	58,621,000	58,621,000	60,002,000	64,410,000
Temporary impairment charge		6,900,000		
Percentage of Company's ARS portfolio	92.00%	92.00%		
Investment maturity date range year start	2018	2018		
Investments maturity date range year end	2042	2042		
Par value of action rate securities	0	22,400,000		
Long term auction rate securities gross [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Available for sale securities	45,600,000	45,600,000		
Municipal Bonds [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Percentage of Company's ARS portfolio	8.00%	8.00%		
Standard & Poor's, AAA Rating [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Company's ARS Percentage consist	20.00%	20.00%	27.00%	
Standard & Poor's, AA Rating [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Company's ARS Percentage consist	47.00%	47.00%	23.00%	
Standard & Poor's, A Rating [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Company's ARS Percentage consist			28.00%	
Standard & Poor's, BBB Rating [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Company's ARS Percentage consist	18.00%	18.00%	12.00%	
Standard & Poor's, CCC Rating [Member]				
Schedule of Available-for-sale Securities [Line Items]				
Company's ARS Percentage consist	15.00%	15.00%	10.00%	
Treasury bills [Member]				

Schedule of Available-for-sale Securities [Line Items]		
Short term available for Sale securities	12,000,000	12,000,000
Available for sale securities	19,900,000	19,900,000
Certificates of deposit [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Short term available for Sale securities	29,100,000	29,100,000
Long term auction rate securities [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available for sale securities	$ 38,700,000	$ 38,700,000

Fair Value Measurements (Tables)

9 Months Ended Apr. 06, 2013

Items are Measured at Fair Value on Recurring Basis

The following items are measured at fair value on a recurring basis as of April 6, 2013:

Description	April 6, 2013	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,430	$ 46,430	$ 0	$ 0
Current available for sale securities	41,084	11,977	29,107	0
Non-current available for sale securities	58,621	19,950	0	38,671
Total	$146,135	$ 78,357	$ 29,107	$ 38,671

The following items are measured at fair value on a recurring basis as of March 31, 2012:

Description	March 31, 2012	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurements at reporting date (In thousands)		
Cash equivalents	$46,385	$ 46,385	$ 0	$ 0
Current available for sale securities	79,926	56,952	22,974	0
Non-current available for sale securities	64,410	0	0	64,410
Total	$190,721	$ 103,337	$ 22,974	$ 64,410

Assets Measured at Fair Value on a Recurring Basis

The following table presents the Company's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and nine months ended April 6, 2013:

	Three Months Ended April 6, 2013	Nine Months Ended April 6, 2013
	(In thousands)	
Balance at beginning of period	$ 39,290	$ 60,002
Total gains or (losses) (realized or unrealized)		
Included in net loss	0	0

Included in accumulated other comprehensive income (loss)	(619)	1,020
Settlements	0	(22,351)
Balance at April 6, 2013	$ 38,671	$ 38,671

Schedule of Consideration of Risk Assets

The following table presents the Company's considerations of at-risk assets for the three and nine month periods ended April 6, 2013 and March 31, 2012, respectively:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
Number of stores identified as at risk and evaluated for impairment	17	7	29	13
Total carrying amount of stores identified as at risk prior to any impairment charges taken	$2.7 million	$1.2 million	$4.7 million	$3.0 million
Less: impairment charges recorded during the period	$1.1 million	$0.0 million	$2.9 million	$0.4 million
Remaining carrying amount of stores identified as at risk after impairment charges taken	$1.6 million	$1.2 million	$1.8 million	$2.6 million
Number of stores considered at risk, but not impaired	7	7	8	11
Total carrying amount of stores identified as at risk, but not impaired	$1.4 million	$1.2 million	$1.6 million	$2.6 million

Legal Matters	9 Months Ended Apr. 06, 2013
Legal Matters	**LEGAL MATTERS** As of the date of this filing, the Company is involved in ongoing legal proceedings as described below. A former employee sued the Company in a complaint filed July 27, 2006 in the Superior Court of California, San Mateo County (Case No. CIV 456550) alleging a failure to pay all wages, failure to pay overtime wages, failure to pay minimum wages, failure to provide meal periods, violation of Labor Code §450, violation of Labor Code §2802 and California Code of Regulations §11040(9)(A), statutory wage violations (late payment of wages), unlawful business practices under Business and Professions Code §16720 and §17200, conversion of wages and violation of Civil Code §52.1. The plaintiff purports to bring the action also on behalf of current and former California bebe employees who are similarly situated. In September 2011, the Court certified a class of store managers who allege they were required to buy and wear our product as a condition of employment and denied certification relating to claims of missed meal periods and rest breaks. The parties wait to see if a verbal arrangement reached in principal, wherein neither party makes any admission and all of the plaintiff's claims would be resolved, can be fully developed, written in a mutually acceptable agreement and ultimately approved by the court. A former employee sued the Company in a complaint filed November 2, 2010 in the Superior Court of California, San Bernardino County (Case No. CIV-RS-10-11823), on her own and purportedly on behalf of other employees similarly situated, alleging violations based on wage and hour laws, missed meal and rest breaks, late payment of wages, failure to pay expense reimbursement and failing to provide adequate seating. The case remains at an early stage, with only modest discovery begun. The Company is also involved in various other legal proceedings arising in the normal course of business. For such legal proceedings, and including the matters discussed in the paragraphs above, the Company has accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material, individually or in the aggregate, to have a material adverse effect on its business, financial condition or results of operations. Because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the inconsistent treatment of claims made in many of these proceedings and the difficulty of predicting the settlement value of many of these proceedings, the Company is unable to estimate an amount or range of any reasonably possible additional losses. However, based on the Company's historical experience, the resolution of these proceedings is not expected to have a material effect on its business, financial condition or results of operations. The Company intends to defend itself vigorously against each of these claims. However, the results of any litigation are inherently uncertain. The Company cannot assure you that it will be able to successfully defend itself in these lawsuits. Where required, and/or otherwise appropriate and determinable, the Company has recorded an estimate of potential liabilities that it believes is reasonable. Any estimates are revised as further information becomes available.

Common Stock Purchases	9 Months Ended Apr. 06, 2013
Common Stock Purchases	**COMMON STOCK PURCHASES** In November 2012, the board of directors authorized a program to repurchase up to $30 million of the Company’s common stock. The Company intends, from time to time, as business conditions warrant, to purchase stock in the open market or through private transactions. Purchases may be increased, decreased or discontinued at any time without prior notice. The plan does not obligate the Company to repurchase any specific number of shares and may be suspended at any time at the Company’s discretion. During the three months ended April 6, 2013, the Company repurchased approximately 3.7 million shares at an average price per share of $3.88 for an aggregate purchase price of approximately $14.4 million. During the nine months ended April 6, 2013, the Company repurchased approximately 5.5 million shares at an average price per share of $3.88 for an aggregate purchase price of approximately $21.2 million. No shares were repurchased during the three or nine months ended March 31, 2012.

Stock Based Compensation	9 Months Ended Apr. 06, 2013

Stock Based Compensation

STOCK BASED COMPENSATION

The following table summarizes the stock based compensation expense recognized under the Company's stock plan during the three and the nine months ended April 6, 2013 and March 31, 2012:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
	(In thousands)			
Stock options	$ 486	$ 454	$ 1,454	$ 1,434
Nonvested stock awards/units	285	84	523	193
Total stock based compensation expense	$ 771	$ 538	$ 1,977	$ 1,627

Unrecognized compensation cost related to nonvested stock options and nonvested stock awards/units totaled approximately $2.8 million and $ 1.7 million, respectively, as of April 6, 2013. This cost is expected to be recognized over a weighted average period of 2.5 years. The weighted average fair value of stock options at their grant date during the three months ended April 6, 2013 and March 31, 2012 was $1.22 and $ 3.02, respectively. For the nine month periods ended April 6, 2013 and March 31, 2012, the weighted average fair value of stock options at their grant date was $1.32 and $ 2.78, respectively.

Subsequent Event	9 Months Ended Apr. 06, 2013
Subsequent Event	**SUBSEQUENT EVENT** On April 29, 2013, the Company announced the separation of Walter J. Parks, Chief Operating Officer ("C.O.O.") and Chief Financial Officer, effective on May 3, 2013. There are no disagreements between Mr. Parks and the Company on any matter relating to the Company's operations, policies and practices. The Company has promoted Liyuan Woo to the position of Chief Financial Officer; she will also retain the Principal Accounting Officer title. The Chief Operating Officer position will not be filled and Steve Birkhold, the Company's Chief Executive Officer, will assume the C.O.O. responsibilities. The Company will accrue for costs associated with this separation in the fiscal fourth quarter of 2013. The Separation Agreement has been included as an exhibit to this Form 10-Q.

Common Stock Purchases - Additional Information (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified	1 Months Ended	3 Months Ended		9 Months Ended	
	Nov. 30, 2012	Apr. 06, 2013	Mar. 31, 2012	Apr. 06, 2013	Mar. 31, 2012
Common stock repurchase program, authorized amount	$ 30				
Number of shares repurchased during the period		3.7	0	5.5	0
Common stock repurchased, average price per share		$ 3.88		$ 3.88	
Common stock repurchased, aggregate purchase price		$ 14.4		$ 21.2	

Earnings Per Share (Tables)	9 Months Ended Apr. 06, 2013
Reconciliation of Number of Shares Used in Basic and Diluted Earnings Per Share Computations	The following is a reconciliation of the number of shares used in the basic and diluted earnings per share computations:

	Three Months Ended		Nine Months Ended	
	April 6, 2013	March 31, 2012	April 6, 2013	March 31, 2012
	(In thousands)			
Basic weighted average number of shares outstanding	80,108	84,280	82,778	84,198
Incremental shares from the assumed issuance of stock options	0	0	0	245
Diluted weighted average number of shares outstanding	80,108	84,280	82,778	84,443

Fair Value Measurements - Items are Measured at Fair Value on Recurring Basis (Detail) (USD $) In Thousands, unless otherwise specified	Apr. 06, 2013	Mar. 31, 2012
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Non-current available for sale securities	$ 38,700	
Fair value, measurements, recurring [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash equivalents	46,430	46,385
Current available for sale securities	41,084	79,926
Non-current available for sale securities	58,621	64,410
Total	146,135	190,721
Fair value, measurements, recurring [Member] | Level 1 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash equivalents	46,430	46,385
Current available for sale securities	11,977	56,952
Non-current available for sale securities	19,950	0
Total	78,357	103,337
Fair value, measurements, recurring [Member] | Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash equivalents	0	0
Current available for sale securities	29,107	22,974
Non-current available for sale securities	0	0
Total	29,107	22,974
Fair value, measurements, recurring [Member] | Level 3 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Cash equivalents	0	0
Current available for sale securities	0	0
Non-current available for sale securities	38,671	64,410
Total	$ 38,671	$ 64,410

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands, unless otherwise specified	9 Months Ended	
	Apr. 06, 2013	Mar. 31, 2012
Cash flows from operating activities:		
Net income (loss)	$ (56,670)	$ 8,701
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:		
Non-cash compensation expense	1,977	1,627
Depreciation and amortization	16,039	15,098
Non-cash charge for asset impairment	2,910	391
Net loss (gain) on disposal of property	869	(481)
Tax benefit from exercise of stock options and awards	88	279
Excess tax benefit from exercise of stock options and awards	(1)	(120)
Deferred rent and other lease incentives	(43)	173
Deferred income taxes	28,401	(3,539)
Changes in operating assets and liabilities:		
Receivables	387	(217)
Inventories	(2,714)	(826)
Prepaid expenses and other	(968)	600
Accounts payable	1,502	(265)
Accrued liabilities	(3,497)	1,202
Long term income taxes payable	(1,342)	27
Net cash provided (used) by operating activities	(13,062)	22,650
Cash flows from investing activities:		
Purchase of property and equipment	(20,782)	(17,478)
Insurance proceeds from property and equipment	0	763
Purchase of intangible assets	0	(27)
Purchase of marketable securities	(54,545)	(69,750)
Proceeds from sales of investment securities	92,251	86,771
Net cash provided by investing activities	16,924	279
Cash flows from financing activities:		
Proceeds from issuance of common stock	133	1,165
Excess tax benefit from exercise of stock options and awards	1	120
Cash dividends paid	(6,242)	(6,318)
Purchase of common stock	(21,229)	0
Net cash used by financing activities	(27,337)	(5,033)
Net increase (decrease) in cash and equivalents	(23,475)	17,896
Effect of exchange rate changes on cash	332	166
Cash and equivalents:		
Beginning of period	104,982	95,177
End of period	$ 81,839	$ 113,239

Credit Facilities	9 Months Ended Apr. 06, 2013
Credit Facilities	**CREDIT FACILITIES** The Company has an unsecured commercial line of credit agreement which provides for borrowings and issuance of letters of credit of up to a combined total of $10.0 million. This agreement was amended on May 15, 2013 to reduce the minimum tangible net worth from the financial covenants. This agreement expires on May 14, 2014. The outstanding balance bears interest at either the bank’s reference rate (which was 3.25% as of April 6, 2013) or the LIBOR rate (which was 0.20% as of April 6, 2013) plus 1.75 percentage points. As of April 6, 2013, there were no outstanding cash borrowings or trade letters of credit outstanding and $3.0 million of an outstanding stand-by letter of credit. To date, no beneficiary has drawn upon the stand-by letter of credit. This credit facility requires the Company to comply with certain financial covenants, including minimum tangible net worth and unencumbered liquid assets, and contains certain restrictions on making loans and investments. The Company is in compliance with all covenants in the credit agreement.

Fair Value Measurements - Assets Measured at Fair Value on Recurring Basis (Detail) (USD $) In Thousands, unless otherwise specified	3 Months Ended Apr. 06, 2013	9 Months Ended Apr. 06, 2013
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Balance at beginning of period	$ 39,290	$ 60,002
Total gains or (losses) (realized or unrealized)		
Included in net loss	0	0
Included in accumulated other comprehensive income (loss)	(619)	1,020
Settlements	0	(22,351)
Balance at April 6, 2013	$ 38,671	$ 38,671

Inventories (Tables)

	9 Months Ended Apr. 06, 2013
Summary of Inventories	The Company’s inventories consisted of:

	As of		
	April 6, 2013	June 30, 2012	March 31, 2012
	(In thousands)		
Raw materials	$1,899	$1,193	$1,050
Merchandise available for sale	34,107	32,099	33,184
Inventories, net	$36,006	$33,292	$34,234