



PRESS RELEASE

# DICK'S Sporting Goods Reports Third Quarter Results; Exceeds Expectations

11/19/2013

- Consolidated earnings per diluted share totaled \$0.40 and consolidated same store sales increased 3.3% (adjusted for the shifted calendar), in both cases exceeding prior guidance
- Company narrows full year non-GAAP guidance range to \$2.62 to 2.65 per diluted share
- Capital allocation strategy on track, with additional share repurchases totaling approximately \$25.0 million and declaration of \$0.125 per share quarterly dividend

PITTSBURGH, Nov. 19, 2013 /PRNewswire/ -- DICK'S Sporting Goods, Inc. (NYSE: DKS), the largest U.S. based full-line sporting goods retailer, today reported sales and earnings results for the third quarter ended November 2, 2013.

## Third Quarter Results

The Company reported consolidated net income for the third quarter ended November 2, 2013 of \$50.0 million, or \$0.40 per diluted share, compared to the Company's expectations provided on August 20, 2013 of \$0.37 to 0.39 per diluted share. For the third quarter ended October 27, 2012, the Company reported consolidated net income of \$50.1 million, or \$0.40 per diluted share.

Net sales for the third quarter of 2013 increased 6.7% to \$1.4 billion. Adjusted for the shifted calendar, due to the 53rd week in 2012, consolidated same store sales increased 3.3%, compared to the Company's guidance of approximately flat to an increase of 1%. Third quarter 2012 consolidated same store sales increased 5.1%. Shifted same store sales in the third quarter of 2013 for DICK'S Sporting Goods increased 3.4% while Golf Galaxy increased 2.2%.

Unshifted consolidated same store sales for the third quarter increased 0.3%, compared to the Company's guidance of an approximate 2 to 3% decrease. Unshifted same store sales in the third quarter of 2013 for DICK'S Sporting Goods increased 0.6% while Golf Galaxy decreased 4.7%. eCommerce penetration for the quarter was 6.5% of total sales.

"Despite the continued challenging consumer environment, we delivered better than expected results in the third quarter, exceeding both our sales and earnings expectations. The marketing efforts, improved customer experience and selective pricing initiatives we began in the third quarter were successful in driving traffic and sales, but at slightly lower than anticipated margins," said Edward W. Stack, Chairman and CEO. "We remain excited about the long-term opportunities in our business that we presented at our analyst day in September, and we will continue to drive towards those goals."

### Store Development

In the third quarter, the Company opened 25 new DICK'S Sporting Goods stores, one new Golf Galaxy store and two new Field & Stream stores. The Company also relocated one DICK'S Sporting Goods store, repositioned one Golf Galaxy store and completed three full and 22 apparel remodels of DICK'S Sporting Goods stores. As of November 2, 2013, the Company operated 552 DICK'S Sporting Goods stores in 45 states, with approximately 29.9 million square feet and 82 Golf Galaxy stores in 30 states, with approximately 1.4 million square feet.

Store count, square footage and new stores are listed in a table later in the release under the heading "Store Count and Square Footage."

In the beginning of the fourth quarter, the Company opened six new DICK'S Sporting Goods stores and remodeled one DICK'S Sporting Goods store. The Company also opened one new True Runner store.

The Company has now completed its 2013 store development program, opening a total of 40 new DICK'S Sporting Goods stores, one new Golf Galaxy store, two new Field & Stream stores and one new True Runner store. The Company also relocated one DICK'S Sporting Goods store, repositioned one Golf Galaxy store and completed four full and 75 apparel remodels of DICK'S Sporting Goods stores in 2013.

### Balance Sheet

The Company ended the third quarter of 2013 with approximately \$66 million in cash and cash equivalents as compared to \$294 million at the end of the third quarter of 2012. Due to seasonality and capital utilization over the last 12 months, which included investments in omni-channel growth, store remodels, share repurchases, and special and quarterly dividends, the Company ended the quarter with approximately \$116 million in outstanding borrowings under its \$500 million line of credit. The Company expects to end fiscal 2013 with no outstanding borrowings under the revolving credit facility.

Inventory per square foot was 5.6% higher at the end of the third quarter of 2013 as compared to the end of the third quarter of 2012.

## Year-to-Date Results

The Company reported consolidated non-GAAP net income for the 39 weeks ended November 2, 2013 of \$199.3 million, or \$1.59 per diluted share. For the 39 weeks ended October 27, 2012, the Company reported consolidated non-GAAP net income of \$188.6 million, or \$1.50 per diluted share.

On a GAAP basis, the Company reported consolidated net income for the 39 weeks ended November 2, 2013 of \$199.0 million, or \$1.58 per diluted share. For the 39 weeks ended October 27, 2012, on a GAAP basis, the Company reported consolidated net income of \$161.0 million, or \$1.28 per diluted share. The GAAP to non-GAAP reconciliations are included in a table later in the release under the heading "Non-GAAP Net Income and Earnings Per Share Reconciliations."

Net sales for the 39 weeks ended November 2, 2013 increased 5.8% from last year's period to \$4.3 billion primarily due to the opening of new stores. Unshifted consolidated same store sales were flat year-to-date.

## Dividend

On November 14, 2013, the Company's Board of Directors authorized and declared a quarterly dividend in the amount of \$0.125 per share on the Company's Common Stock and Class B Common Stock. The dividend is payable in cash on December 27, 2013 to stockholders of record at the close of business on December 6, 2013.

## Share Repurchase Program

In the third quarter of 2013, the Company repurchased approximately 0.5 million shares of its common stock at an average cost of \$52.09 per share, for a total cost of \$25.0 million.

## Current 2013 Outlook

The Company's current outlook for 2013 is based on current expectations and includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as described later in this release. Although the Company believes that the expectations and other comments reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations or comments will prove to be correct.

- Fourth Quarter 2013
  - Based on an estimated 126 million diluted shares outstanding, the Company currently anticipates reporting consolidated earnings per diluted share of approximately \$1.04 to 1.07 in the fourth quarter of 2013, compared to fourth quarter 2012 consolidated earnings per diluted share of \$1.03. The 14th week in fiscal 2012 contributed approximately \$0.03 to earnings per diluted share.
  - Consolidated same store sales adjusted for the shifted calendar, due to the 53rd week in 2012, are currently expected to increase 3 to 4% in the fourth quarter of 2013, or increase 2 to 3% on an unshifted

basis, as compared to a 1.2% increase in the fourth quarter of 2012.

- Full Year 2013 – (52 Week Year) Comparisons to Fiscal 2012 – (53 Week Year)

- Based on an estimated 126 million diluted shares outstanding, the Company currently anticipates reporting consolidated non-GAAP earnings per diluted share of approximately \$2.62 to 2.65, excluding an asset impairment charge and the partial recovery of a previously impaired asset. For the 53 weeks ended February 2, 2013, the Company reported consolidated non-GAAP earnings per diluted share of \$2.53, excluding an impairment charge. The 53rd week in fiscal 2012 contributed approximately \$0.03 to earnings per diluted share.
- Consolidated same store sales are currently expected to be approximately flat to an increase of 1% on a 52-week to 52-week comparative basis, compared to a 4.3% increase in fiscal 2012.

- Capital Expenditures

- In 2013, the Company anticipates capital expenditures to be approximately \$299 million on a gross basis and approximately \$258 million on a net basis.

#### Conference Call Info

The Company will host a conference call today at 10:00 a.m. Eastern Time to discuss the third quarter results. Investors will have the opportunity to listen to the earnings conference call over the internet through the Company's website located at <http://www.DicksSportingGoods.com/Investors>. To listen to the live call, please go to the website at least fifteen minutes early to register and download and install any necessary audio software.

In addition to the webcast, the call can be accessed by dialing (866) 652-5200 (domestic callers) or (412) 317-6060 (international callers) and requesting the "DICK'S Sporting Goods Earnings Call."

For those who cannot listen to the live webcast, it will be archived on the Company's website for approximately 30 days. In addition, a dial-in replay of the call will be available. To listen to the replay, investors should dial (877) 344-7529 (domestic callers) or (412) 317-0088 (international callers) and enter confirmation code 10035658. The dial-in replay will be available for approximately 30 days following the live call.

#### Forward-Looking Statements Involving Known and Unknown Risks and Uncertainties

Except for historical information contained herein, the statements in this release or otherwise made by our management in connection with the subject matter of this release are forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995) and involve risks and uncertainties and are subject to change based on various important factors, many of which may be beyond our control. Our future performance and financial results may differ materially from those included in any such forward-looking statements and such forward-looking statements should not be relied upon by investors as a prediction of actual results. You can

identify these statements as those that may predict, forecast, indicate or imply future results, performance or advancements and by forward-looking words such as "believe", "anticipate", "expect", "estimate", "predict", "intend", "plan", "project", "goal", "will", "will be", "will continue", "will result", "could", "may", "might" or other words with similar meanings. Forward-looking statements include statements regarding, among other things, our expectations for future performance, long-term opportunities, the Company's future goals, the amounts outstanding under the Company's credit facility in future periods and expectations on capital expenditures.

The following factors, among others, in some cases have affected and in the future could affect our financial performance and actual results, and could cause actual results for fiscal 2013 and beyond to differ materially from those expressed or implied in any forward-looking statements included in this release or otherwise made by our management: ongoing economic and financial uncertainties may cause a decline in consumer spending; changes in the general economic and business conditions and in the specialty retail or sporting goods industry in particular; competition in the sporting goods industry; changes in consumer demand; limitations on the availability of attractive store locations; unauthorized disclosure of sensitive or confidential customer information; risks relating to our private brand offerings; access to adequate capital; changing laws and regulations affecting our business including the regulation of firearms and ammunition; factors affecting our vendors; litigation risks; foreign trade issues and currency exchange rate fluctuations; the loss of our key executives, especially Edward W. Stack, our Chairman and Chief Executive Officer; protection of our intellectual property; disruptions with our eCommerce services provider or of our information systems; disruption at our distribution facilities; developments with sports leagues, professional athletes or sports superstars; weather and seasonality of our business; regional risks; risks associated with strategic investments or acquisitions; labor needs; risks associated with being a controlled company; our anti-takeover provisions; our current intention to issue quarterly cash dividends; and our share repurchase activity, if any.

Known and unknown risks and uncertainties are more fully described in the Company's Annual Report on Form 10-K for the year ended February 2, 2013 as filed with the Securities and Exchange Commission ("SEC") on March 22, 2013 and in other reports filed with the SEC. In addition, we operate in a highly competitive and rapidly changing environment; therefore, new risk factors can arise, and it is not possible for management to predict or assess the impact of all such risk factors. Forward-looking statements included in this release are made as of the date of this release. We do not assume any obligation and do not intend to update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by the securities laws.

#### About DICK'S Sporting Goods, Inc.

DICK'S Sporting Goods, Inc. is an authentic full-line sports and fitness specialty omni-channel retailer offering a broad assortment of high quality, competitively-priced brand name sporting goods equipment, apparel and footwear in a specialty store environment. The Company also owns and operates Golf Galaxy, LLC, a golf specialty retailer.

As of November 19, 2013, the Company operated 558 DICK'S Sporting Goods stores in 46 states, 82 Golf Galaxy stores in 30 states and eCommerce websites and catalog operations for DICK'S Sporting Goods and Golf Galaxy. DICK'S Sporting Goods, Inc. news releases are available at <http://www.DicksSportingGoods.com/Investors>. The Company's website is not part of this release.

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DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

(In thousands, except per share data)

13 Weeks Ended

	November 2, 2013	% of Sales	October 27, 2012	% of Sales (1)
Net sales	\$ 1,400,623	100.00 %	\$ 1,312,072	100.00 %
Cost of goods sold, including occupancy and distribution costs	975,724	69.66	905,948	69.05
	424,899	30.34	406,124	30.95
GROSS PROFIT				
Selling, general and administrative expenses	333,724	23.83	314,637	23.98
Pre-opening expenses	12,122	0.87	9,294	0.71
	79,053	5.64	82,193	6.26
INCOME FROM OPERATIONS				
Interest expense	696	0.05	860	0.07
Other income	(2,735)	(0.20)	(1,113)	(0.08)
	81,092	5.79	82,446	6.28
INCOME BEFORE INCOME TAXES				
Provision for income taxes	31,115	2.22	32,307	2.46

	\$	49,977	3.57 %	\$	50,139	3.82 %
NET INCOME						
EARNINGS PER COMMON SHARE:						
	\$	0.41		\$	0.41	
Basic						
	\$	0.40		\$	0.40	
Diluted						
WEIGHTED AVERAGE COMMON SHARES						
OUTSTANDING:						
		123,221			122,103	
Basic						
		125,842			125,938	
Diluted						
Cash dividend declared per share	\$	0.125		\$	0.125	

(1) Column does not add due to rounding

DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

(In thousands, except per share data)

39 Weeks Ended

	November 2, 2013	% of Sales (1)	October 27, 2012	% of Sales
Net sales	\$ 4,265,755	100.00 %	\$ 4,030,818	100.00 %
Cost of goods sold, including occupancy and distribution costs	2,949,872	69.15	2,782,306	69.03
	1,315,883	30.85	1,248,512	30.97
GROSS PROFIT				
Selling, general and administrative expenses	983,382	23.05	921,631	22.86

Pre-opening expenses	18,736	0.44	14,311	0.36
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	313,765	7.36	312,570	7.75
INCOME FROM OPERATIONS				
Impairment of available-for-sale investments	—	—	32,370	0.80
Interest expense	2,081	0.05	5,309	0.13
Other income	(10,675)	(0.25)	(2,923)	(0.07)
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	322,359	7.56	277,814	6.89
INCOME BEFORE INCOME TAXES				
Provision for income taxes	123,398	2.89	116,855	2.90
	<hr/>		<hr/>	
	\$ 198,961	4.66 %	\$ 160,959	3.99 %
NET INCOME				
EARNINGS PER COMMON SHARE:				
	\$ 1.62		\$ 1.33	
Basic	\$ 1.58		\$ 1.28	
Diluted				
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING:				
	122,942		121,181	
Basic	125,766		125,825	
Diluted				
Cash dividends declared per share	\$ 0.375		\$ 0.375	

(1) Column does not add due to rounding

DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - UNAUDITED

(Dollars in thousands)

	November 2, 2013	October 27, 2012	February 2, 2013
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
	\$ 65,647	\$ 294,493	\$ 345,214
Cash and cash equivalents	81,389	57,212	34,625
Accounts receivable, net	34,635	2,779	15,737
Income taxes receivable	1,570,034	1,382,684	1,096,186
Inventories, net	104,806	35,367	73,838
Prepaid expenses and other current assets	48,414	26,755	30,289
Deferred income taxes	1,904,925	1,799,290	1,595,889
Total current assets	1,059,865	851,302	840,135
Property and equipment, net	98,792	99,033	98,903
Intangible assets, net	200,594	200,594	200,594
Goodwill			
Other assets:	3,286	8,269	4,382
Deferred income taxes	80,433	111,093	147,904
Other	83,719	119,362	152,286
Total other assets	1,059,865	851,302	840,135
<b>TOTAL ASSETS</b>	<b>\$ 3,347,895</b>	<b>\$ 3,069,581</b>	<b>\$ 2,887,807</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
	\$ 738,196	\$ 665,608	\$ 507,247
Accounts payable	316,421	296,232	269,900
Accrued expenses	106,847	96,233	146,362
Deferred revenue and other liabilities	—	—	68,746
Income taxes payable	7,540	8,584	8,513
Current portion of other long-term debt and leasing obligations	1,169,004	1,066,657	1,000,768
Total current liabilities	1,169,004	1,066,657	1,000,768
<b>LONG-TERM LIABILITIES:</b>			

	116,400	—	—
Revolving credit borrowings	6,596	14,157	7,762
Other long-term debt and leasing obligations	29,160	—	7,413
Deferred income taxes	328,712	283,835	284,540
Deferred revenue and other liabilities	<u>480,868</u>	<u>297,992</u>	<u>299,715</u>
Total long-term liabilities			
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
	982	977	981
Common stock	249	250	249
Class B common stock	937,742	855,881	874,236
Additional paid-in capital	1,064,511	1,047,668	911,704
Retained earnings	78	114	112
Accumulated other comprehensive income	(305,539)	(199,958)	(199,958)
Treasury stock	<u>1,698,023</u>	<u>1,704,932</u>	<u>1,587,324</u>
Total stockholders' equity			
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 3,347,895</u>	<u>\$ 3,069,581</u>	<u>\$ 2,887,807</u>

DICK'S SPORTING GOODS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED  
(Dollars in thousands)

	39 Weeks Ended	
	November 2, 2013	October 27, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 198,961	\$ 160,959

Adjustments to reconcile net income to net cash (used in) provided by operating activities:	113,437	88,627
Depreciation and amortization	—	32,370
Impairment of available-for-sale investments	4,718	(10,128)
Deferred income taxes	20,610	23,643
Stock-based compensation	(20,966)	(61,461)
Excess tax benefit from exercise of stock options	125	4,761
Tax benefit from exercise of stock options	435	227
Other non-cash items		
Changes in assets and liabilities:	(28,850)	(17,374)
Accounts receivable	(473,848)	(367,687)
Inventories	(9,752)	31,599
Prepaid expenses and other assets	209,346	178,700
Accounts payable	3,440	18
Accrued expenses	(66,680)	33,260
Income taxes payable / receivable	37,125	21,744
Deferred construction allowances	(45,804)	(35,922)
Deferred revenue and other liabilities	(57,703)	83,336
Net cash (used in) provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:	(196,862)	(157,448)
Capital expenditures	—	(31,986)
Purchase of JJB Sports convertible notes and equity securities	11,000	—
Proceeds from sale of other assets	(60,048)	(54,819)
Deposits and purchases of other assets	(245,910)	(244,253)
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:	116,400	—
Revolving credit borrowings, net	(2,139)	(138,856)
Payments on other long-term debt and leasing obligations	—	—
Construction allowance receipts	34,920	71,683
Proceeds from exercise of stock options	20,966	61,461
Excess tax benefit from exercise of stock options		

	(13,090)	(5,329)
Minimum tax withholding requirements	(105,603)	(198,774)
Cash paid for treasury stock	(48,977)	(45,668)
Cash dividends paid to stockholders	21,603	(23,505)
Increase (decrease) in bank overdraft	<u>24,080</u>	<u>(278,988)</u>
Net cash provided by (used in) financing activities	<u>(34)</u>	<u>(4)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(279,567)</u>	<u>(439,909)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	345,214	734,402
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 65,647</u>	<u>\$ 294,493</u>

### Store Count and Square Footage

The stores that opened during the third quarter of 2013 are as follows:

Store	Market	Concept
Tallahassee, FL	Tallahassee	DICK'S Sporting Goods
Duluth, MN	Duluth	DICK'S Sporting Goods
Gretna, LA	New Orleans	DICK'S Sporting Goods
South Plainfield, NJ	New Jersey North	DICK'S Sporting Goods
El Paso, TX	El Paso	DICK'S Sporting Goods
Gainesville, GA	Gainesville	DICK'S Sporting Goods
Athens, GA	Athens	DICK'S Sporting Goods
Lake Charles, LA	Lake Charles	DICK'S Sporting Goods
Albuquerque, NM	Albuquerque	DICK'S Sporting Goods
Prescott Valley, AZ	Prescott	DICK'S Sporting Goods
Issaquah, WA	Seattle	DICK'S Sporting Goods

Salina, KS	Salina	DICK'S Sporting Goods
Redding, CA	Redding	DICK'S Sporting Goods
Victorville, CA	Victorville	DICK'S Sporting Goods
Ashland, KY	Huntington	DICK'S Sporting Goods
Kendall, FL	Miami	DICK'S Sporting Goods
Bowling Green, KY	Bowling Green	DICK'S Sporting Goods
Riverhead, NY	Long Island	DICK'S Sporting Goods
Morganton, NC	Charlotte	DICK'S Sporting Goods
Casper, WY	Casper	DICK'S Sporting Goods
Batavia, NY	Rochester	DICK'S Sporting Goods
Corpus Christi, TX	Corpus Christi	DICK'S Sporting Goods
Newport, KY	Cincinnati	DICK'S Sporting Goods
Osage Beach, MO	Osage Beach	DICK'S Sporting Goods
Dover, DE	Dover	DICK'S Sporting Goods
Henderson, NV	Las Vegas	Golf Galaxy
Cranberry, PA	Pittsburgh	Field & Stream
Crescent Springs, KY	Cincinnati	Field & Stream

The following represents a reconciliation of beginning and ending stores and square footage for the periods indicated:

Store Count:

Fiscal 2013			Fiscal 2012		
Golf Galaxy /			Golf Galaxy /		
DICK'S Sporting Goods	Specialty Store Concepts (1)	Total	DICK'S Sporting Goods	Specialty Store Concepts (1)	Total

Beginning stores	518	83	601	480	81	561
	2	—	2	6	—	6
Q1 New stores	7	—	7	4	—	4
Q2 New stores	25	3	28	21	2	23
Q3 New stores						
Ending stores	552	86	638	511	83	594
Remodeled stores	3	—	3	—	—	—
Relocated stores	1	1	2	4	—	4

Square Footage:

(in millions)

	DICK'S Sporting Goods	Golf Galaxy / Specialty Store Concepts(1)	Total (2)
Q1 2012	26.5	1.3	27.8
Q2 2012	26.7	1.3	28.0
Q3 2012	27.9	1.3	29.2
Q4 2012	28.2	1.4	29.6
Q1 2013	28.3	1.4	29.7
Q2 2013	28.7	1.4	30.0
Q3 2013	29.9	1.5	31.4

(1) Includes the Company's Field & Stream and True Runner stores.

(2) Column may not add due to rounding.

## Non-GAAP Financial Measures

In addition to reporting the Company's financial results in accordance with generally accepted accounting principles ("GAAP"), the Company provides information regarding net income and earnings per diluted share adjusted for certain non-recurring, infrequent or unusual items; earnings before interest, taxes and depreciation, adjusted to exclude certain significant gains and losses ("adjusted EBITDA") and a reconciliation from the Company's gross capital expenditures, net of tenant allowances. These measures are considered non-GAAP and are not preferable to GAAP financial information; however, the Company believes this information provides additional measures of performance that the Company's management, analysts and investors can use to compare core operating results between reporting periods. These non-GAAP measures are provided below and on the Company's website at <http://www.dickssportinggoods.com/investors>.

### Non-GAAP Net Income and Earnings Per Share Reconciliations:

(in thousands, except per share data):

Fiscal 2013

39 Weeks Ended November 2, 2013

	As Reported	Recovery of Previously Impaired Asset	Asset Impairment Charge	Non-GAAP Total
Net sales	\$ 4,265,755	\$ —	\$ —	\$ 4,265,755
Cost of goods sold, including occupancy and distribution costs	2,949,872	—	—	2,949,872
	1,315,883	—	—	1,315,883
<b>GROSS PROFIT</b>				
Selling, general and administrative expenses	983,382	—	(7,881)	975,501
Pre-opening expenses	18,736	—	—	18,736
	313,765	—	7,881	321,646
<b>INCOME FROM OPERATIONS</b>				
Interest expense	2,081	—	—	2,081
Other income	(10,675)	4,342	—	(6,333)
	322,359	(4,342)	7,881	325,898
<b>INCOME BEFORE INCOME TAXES</b>				
Provision for income taxes	123,398	—	3,152	126,550
	\$ 198,961	\$ (4,342)	\$ 4,729	\$ 199,348
<b>NET INCOME</b>				
<b>EARNINGS PER COMMON SHARE:</b>				

	\$	1.62	\$	1.62
Basic				
	\$	1.58	\$	1.59
Diluted				
WEIGHTED AVERAGE COMMON SHARES				
OUTSTANDING:				
		122,942		122,942
Basic				
		125,766		125,766
Diluted				

During the first quarter of 2013, the Company determined that it would recover \$4.3 million of its investment in JJB Sports, which it had previously fully impaired. There is no related tax expense as the Company reversed a portion of the deferred tax valuation allowance it had previously recorded for net capital loss carryforwards it did not expect to realize at the time its investment in JJB Sports was fully impaired. During the second quarter of 2013, the Company recorded a pre-tax \$7.9 million non-cash impairment charge to reduce the carrying value of a corporate aircraft held for sale to fair market value. The provision for income taxes was calculated at 40%, which approximates the Company's blended tax rate.

Fiscal 2012

39 Weeks Ended October 27, 2012

	As Reported	Impairment of Investments	Non-GAAP Total
Net sales	\$ 4,030,818	\$ —	\$ 4,030,818
Cost of goods sold, including occupancy and distribution costs	2,782,306	—	2,782,306
	1,248,512	—	1,248,512
GROSS PROFIT			
Selling, general and administrative expenses	921,631	—	921,631
Pre-opening expenses	14,311	—	14,311
	312,570	—	312,570
INCOME FROM OPERATIONS			
Impairment of available-for-sale investments	32,370	(32,370)	—

Interest expense	5,309	—	5,309
Other income	(2,923)	—	(2,923)
	277,814	32,370	310,184
INCOME BEFORE INCOME TAXES			
Provision for income taxes	116,855	4,734	121,589
	\$ 160,959	\$ 27,636	\$ 188,595
NET INCOME			
EARNINGS PER COMMON SHARE:			
	\$ 1.33		\$ 1.56
Basic	\$ 1.28		\$ 1.50
Diluted			
WEIGHTED AVERAGE COMMON SHARES			
OUTSTANDING:			
	121,181		121,181
Basic	125,825		125,825
Diluted			

During the second quarter of 2012, the Company fully impaired its investment in JJB Sports and recorded a pre-tax charge of \$32.4 million. The Company recorded a deferred tax asset valuation allowance of approximately \$7.9 million for a portion of the \$32.4 million net capital loss carryforward that it expects not to realize as a result of the impairment of its investment in JJB Sports.

### Adjusted EBITDA

Adjusted EBITDA should not be considered as an alternative to net income or any other generally accepted accounting principles measure of performance or liquidity. Adjusted EBITDA, as the Company has calculated it, may not be comparable to similarly titled measures reported by other companies. Adjusted EBITDA is a key metric used by the Company that provides a measurement of profitability that eliminates the effect of changes resulting from financing decisions, tax regulations and capital investments.

### 13 Weeks Ended

November 2, 2013	October 27, 2012
---------------------	---------------------

(dollars in thousands)

Net income	\$	49,977	\$	50,139
Provision for income taxes		31,115		32,307
Interest expense		696		860
Depreciation and amortization		37,123		30,527
	\$	<u>118,911</u>	\$	<u>113,833</u>
EBITDA				
% increase in EBITDA		4	%	

39 Weeks Ended

		November 2, 2013		October 27, 2012
(dollars in thousands)				
Net income	\$	198,961	\$	160,959
Provision for income taxes		123,398		116,855
Interest expense		2,081		5,309
Depreciation and amortization		113,437		88,627
	\$	<u>437,877</u>	\$	<u>371,750</u>
EBITDA				
Add: Impairment of available-for-sale investments		—		32,370
Less: Recovery of previously impaired asset		(4,342)		—
	\$	<u>433,535</u>	\$	<u>404,120</u>
Adjusted EBITDA, as defined				
% increase in adjusted EBITDA		7	%	

Reconciliation of Gross Capital Expenditures to Net Capital Expenditures

The following table represents a reconciliation of the Company's gross capital expenditures to its capital expenditures, net of tenant allowances.

39 Weeks Ended

	November 2, 2013	October 27, 2012
	(dollars in thousands)	
Gross capital expenditures	\$ (196,862)	\$ (157,448)
Proceeds from sale-leaseback transactions	—	—
Deferred construction allowances	37,125	21,744
Construction allowance receipts	—	—
	<u>\$ (159,737)</u>	<u>\$ (135,704)</u>
Net capital expenditures		

SOURCE DICK'S Sporting Goods, Inc.