

## Non-GAAP Net Income and Earnings Per Share Reconciliation

(in thousands, except per share data):

	<b>Fiscal 2015</b>		
	<b>52 Weeks Ended January 30, 2016</b>		
	<b>As Reported</b>	<b>Litigation Settlement Charge</b>	<b>Non-GAAP Total</b>
Net sales	\$ 7,270,965	\$ -	\$ 7,270,965
Cost of goods sold, including occupancy and distribution costs	5,088,078	-	5,088,078
<b>GROSS PROFIT</b>	<b>2,182,887</b>	<b>-</b>	<b>2,182,887</b>
Selling, general and administrative expenses	1,613,075	(7,884)	1,605,191
Pre-opening expenses	34,620	-	34,620
<b>INCOME FROM OPERATIONS</b>	<b>535,192</b>	<b>7,884</b>	<b>543,076</b>
Interest expense	4,012	-	4,012
Other expense	305	-	305
<b>INCOME BEFORE INCOME TAXES</b>	<b>530,875</b>	<b>7,884</b>	<b>538,759</b>
Provision for income taxes	200,484	3,154	203,638
<b>NET INCOME</b>	<b>\$ 330,391</b>	<b>\$ 4,730</b>	<b>\$ 335,121</b>
<b>EARNINGS PER COMMON SHARE:</b>			
Basic	\$ 2.87		\$ 2.91
Diluted	\$ 2.83		\$ 2.87
<b>WEIGHTED AVERAGE COMMON SHARES</b>			
<b>OUTSTANDING:</b>			
Basic	115,230		115,230
Diluted	116,794		116,794

During the third quarter of 2015, the Company recorded a pre-tax litigation settlement charge of \$7.9 million. The provision for income taxes was calculated at 40%, which approximates the Company's blended tax rate.

## Non-GAAP Net Income and Earnings Per Share Reconciliation

(in thousands, except per share data):

	Fiscal 2014 52 Weeks Ended January 31, 2015			
	As Reported	Gain on Sale of Asset	Golf Restructuring Charges	Non-GAAP Total
Net sales	\$ 6,814,479	\$ -	\$ -	\$ 6,814,479
Cost of goods sold, including occupancy and distribution costs	4,727,813	-	(2,405)	4,725,408
GROSS PROFIT	2,086,666	-	2,405	2,089,071
Selling, general and administrative expenses	1,502,089	14,428	(17,960)	1,498,557
Pre-opening expenses	30,518	-	-	30,518
INCOME FROM OPERATIONS	554,059	(14,428)	20,365	559,996
Interest expense	3,215	-	-	3,215
Other income	(5,170)	-	-	(5,170)
INCOME BEFORE INCOME TAXES	556,014	(14,428)	20,365	561,951
Provision for income taxes	211,816	(5,771)	8,146	214,191
NET INCOME	<u>\$ 344,198</u>	<u>\$ (8,657)</u>	<u>\$ 12,219</u>	<u>\$ 347,760</u>
EARNINGS PER COMMON SHARE:				
Basic	\$ 2.89			\$ 2.92
Diluted	\$ 2.84			\$ 2.87
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	119,244			119,244
Diluted	121,238			121,238

During the first quarter of 2014, the Company recorded a pre-tax \$14.4 million gain on sale of a corporate aircraft. During the second quarter of 2014, the Company recorded pre-tax restructuring charges of \$20.4 million including a \$14.3 million non-cash impairment of trademarks and store assets, severance charges of \$3.7 million resulting from the elimination of specific staff in the golf area of its DICK'S stores and consolidation of DICK'S golf and Golf Galaxy corporate and administrative functions, and a \$2.4 million write-down of excess golf inventories. The provision for income taxes for the aforementioned adjustments were calculated at 40%, which approximates the Company's blended tax rate.

## **Adjusted EBITDA**

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

	<b>13 Weeks Ended</b>	
	<b>January 30, 2016</b>	<b>January 31, 2015</b>
	<b>(dollars in thousands)</b>	
Net income	\$ 128,993	\$ 155,536
Provision for income taxes	76,223	94,267
Interest expense	1,462	985
Depreciation and amortization	56,911	48,431
EBITDA	<u>\$ 263,589</u>	<u>\$ 299,219</u>
% decrease in EBITDA		(12%)

	<b>52 Weeks Ended</b>	
	<b>January 30, 2016</b>	<b>January 31, 2015</b>
	<b>(dollars in thousands)</b>	
Net income	\$ 330,391	\$ 344,198
Provision for income taxes	200,484	211,816
Interest expense	4,012	3,215
Depreciation and amortization	193,594	179,431
EBITDA	<u>\$ 728,481</u>	<u>\$ 738,660</u>
Add: Litigation settlement charge	7,884	-
Less: Gain on sale of asset	-	(14,428)
Add: Golf restructuring charges	-	6,043
Adjusted EBITDA, as defined	<u>\$ 736,365</u>	<u>\$ 730,275</u>
% increase in adjusted EBITDA		1%

### **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.

	<b>Fiscal Year Ended</b>	
	<b>January 30, 2016</b>	<b>January 31, 2015</b>
	<b>(dollars in thousands)</b>	
Gross capital expenditures	\$ (370,028)	\$ (349,007)
Proceeds from sale-leaseback transactions	-	-
Deferred construction allowances	165,616	101,630
Construction allowance receipts	-	-
Net capital expenditures	<u>\$ (204,412)</u>	<u>\$ (247,377)</u>