

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

(in thousands, except per share data):

	<b>Fiscal 2014</b>		
	<b>13 Weeks Ended August 2, 2014</b>		
	<b>As Reported</b>	<b>Golf Restructuring Charges</b>	<b>Non-GAAP Total</b>
Net sales	\$ 1,688,890	\$ -	\$ 1,688,890
Cost of goods sold, including occupancy and distribution costs	1,186,334	(2,405)	1,183,929
<b>GROSS PROFIT</b>	502,556	2,405	504,961
Selling, general and administrative expenses	383,054	(17,960)	365,094
Pre-opening expenses	7,940	-	7,940
<b>INCOME FROM OPERATIONS</b>	111,562	20,365	131,927
Interest expense	763	-	763
Other income	(2,013)	-	(2,013)
<b>INCOME BEFORE INCOME TAXES</b>	112,812	20,365	133,177
Provision for income taxes	43,345	8,146	51,491
<b>NET INCOME</b>	<b>\$ 69,467</b>	<b>\$ 12,219</b>	<b>\$ 81,686</b>
<b>EARNINGS PER COMMON SHARE:</b>			
Basic	\$ 0.58		\$ 0.68
Diluted	\$ 0.57		\$ 0.67
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>			
Basic	119,950		119,950
Diluted	121,840		121,840

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 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 26 Weeks Ended August 2, 2014			
	As Reported	Gain on Sale of Asset	Golf Restructuring Charges	Non-GAAP Total
Net sales	\$ 3,127,798	\$ -	\$ -	\$ 3,127,798
Cost of goods sold, including occupancy and distribution costs	2,184,359	-	(2,405)	2,181,954
GROSS PROFIT	943,439	-	2,405	945,844
Selling, general and administrative expenses	705,643	14,428	(17,960)	702,111
Pre-opening expenses	14,146	-	-	14,146
INCOME FROM OPERATIONS	223,650	(14,428)	20,365	229,587
Interest expense	1,372	-	-	1,372
Other income	(4,377)	-	-	(4,377)
INCOME BEFORE INCOME TAXES	226,655	(14,428)	20,365	232,592
Provision for income taxes	87,205	(5,771)	8,146	89,580
NET INCOME	<u>\$ 139,450</u>	<u>\$ (8,657)</u>	<u>\$ 12,219</u>	<u>\$ 143,012</u>
EARNINGS PER COMMON SHARE:				
Basic	\$ 1.16			\$ 1.19
Diluted	\$ 1.14			\$ 1.17
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	120,544			120,544
Diluted	122,600			122,600

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.

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

(in thousands, except per share data):

	<b>Fiscal 2013</b>		
	<b>13 Weeks Ended August 3, 2013</b>		
	<b>As Reported</b>	<b>Asset Impairment Charge</b>	<b>Non-GAAP Total</b>
Net sales	\$ 1,531,431	\$ -	\$ 1,531,431
Cost of goods sold, including occupancy and distribution costs	1,052,101	-	1,052,101
GROSS PROFIT	479,330	-	479,330
Selling, general and administrative expenses	336,950	(7,881)	329,069
Pre-opening expenses	5,285	-	5,285
INCOME FROM OPERATIONS	137,095	7,881	144,976
Interest expense	716	-	716
Other income	(1,735)	-	(1,735)
INCOME BEFORE INCOME TAXES	138,114	7,881	145,995
Provision for income taxes	53,951	3,152	57,103
NET INCOME	<u>\$ 84,163</u>	<u>\$ 4,729</u>	<u>\$ 88,892</u>
EARNINGS PER COMMON SHARE:			
Basic	\$ 0.68		\$ 0.72
Diluted	\$ 0.67		\$ 0.71
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:			
Basic	122,901		122,901
Diluted	125,593		125,593

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.

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

(in thousands, except per share data):

	Fiscal 2013 26 Weeks Ended August 3, 2013			
	As Reported	Recovery of Previously Impaired Asset	Asset Impairment Charge	Non-GAAP Total
Net sales	\$ 2,865,132	\$ -	\$ -	\$ 2,865,132
Cost of goods sold, including occupancy and distribution costs	1,974,149	-	-	1,974,149
<b>GROSS PROFIT</b>	<b>890,983</b>	<b>-</b>	<b>-</b>	<b>890,983</b>
Selling, general and administrative expenses	649,658	-	(7,881)	641,777
Pre-opening expenses	6,614	-	-	6,614
<b>INCOME FROM OPERATIONS</b>	<b>234,711</b>	<b>-</b>	<b>7,881</b>	<b>242,592</b>
Interest expense	1,385	-	-	1,385
Other income	(7,940)	4,342	-	(3,598)
<b>INCOME BEFORE INCOME TAXES</b>	<b>241,266</b>	<b>(4,342)</b>	<b>7,881</b>	<b>244,805</b>
Provision for income taxes	92,282	-	3,152	95,434
<b>NET INCOME</b>	<b>\$ 148,984</b>	<b>\$ (4,342)</b>	<b>\$ 4,729</b>	<b>\$ 149,371</b>
<b>EARNINGS PER COMMON SHARE:</b>				
Basic	\$ 1.21			\$ 1.22
Diluted	\$ 1.18			\$ 1.19
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:</b>				
Basic	122,802			122,802
Diluted	125,728			125,728

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.

## **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, capital investments and certain non-recurring, infrequent or unusual items.

	<b>13 Weeks Ended</b>	
	<b>August 2, 2014</b>	<b>August 3, 2013</b>
	<b>(dollars in thousands)</b>	
Net income	\$ 69,467	\$ 84,163
Provision for income taxes	43,345	53,951
Interest expense	763	716
Depreciation and amortization	52,912	43,506
EBITDA	<u>\$ 166,487</u>	<u>\$ 182,336</u>
Add: Golf restructuring charges	6,043	-
Adjusted EBITDA, as defined	<u>\$ 172,530</u>	<u>\$ 182,336</u>
% decrease in adjusted EBITDA		-5%

	<b>26 Weeks Ended</b>	
	<b>August 2, 2014</b>	<b>August 3, 2013</b>
	<b>(dollars in thousands)</b>	
Net income	\$ 139,450	\$ 148,984
Provision for income taxes	87,205	92,282
Interest expense	1,372	1,385
Depreciation and amortization	89,771	76,314
EBITDA	<u>\$ 317,798</u>	<u>\$ 318,965</u>
Less: Recovery of previously impaired asset	-	(4,342)
Less: Gain on sale of asset	(14,428)	-
Add: Golf restructuring charges	6,043	-
Adjusted EBITDA, as defined	<u>\$ 309,413</u>	<u>\$ 314,623</u>
% decrease in adjusted EBITDA		-2%

### **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>26 Weeks Ended</b>	
	<b>August 2, 2014</b>	<b>August 3, 2013</b>
	<b>(dollars in thousands)</b>	
Gross capital expenditures	\$ (150,382)	\$ (95,479)
Proceeds from sale-leaseback transactions	-	-
Deferred construction allowances	44,934	12,756
Construction allowance receipts	-	-
Net capital expenditures	<u>\$ (105,448)</u>	<u>\$ (82,723)</u>