

DICKS SPORTING GOODS INC

Form DEF 14A

May 07, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
(RULE 14a-101)**

**SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement.
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2)).
- ☐ Definitive Proxy Statement.
- ☐ Definitive Additional Materials.
- ☐ Soliciting Material Pursuant to §240.14a-12.

**Dick's Sporting Goods, Inc.**

**(Name of Registrant as Specified in its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required.
  - ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held June 4, 2008**

To our Stockholders:

The 2008 annual meeting of stockholders of Dick's Sporting Goods, Inc., a Delaware corporation (the "Company"), will be held at the Hyatt Regency, 1111 Airport Boulevard, Pittsburgh, PA 15231, (724) 899-1234, June 4, 2008, beginning at 1:30 p.m. local time. At the meeting, the holders of the Company's issued and outstanding Class B common stock and common stock will act on the following matters:

- (1) Election of two (2) Class C Directors, each for terms that expire in 2011;
- (2) Ratify the appointment of the Company's independent registered public accounting firm;
- (3) Approve the Company's Amended and Restated 2002 Stock and Incentive Plan (the "2002 Plan"); and
- (4) Any other matters that properly come before the meeting.

All holders of record of shares of Dick's Sporting Goods' Class B common stock and common stock (NYSE: DKS) at the close of business on April 14, 2008 are entitled to vote at the meeting and any postponements or adjournments of the meeting.

A list of stockholders entitled to vote at the meeting may be examined by any stockholder, for any purpose germane to the meeting, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275 beginning on May 2, 2008.

By order of the Board of Directors,

Edward W. Stack  
*Chairman of the Board*

*May 7, 2008*  
*Pittsburgh, PA*

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**300 Industry Drive, RIDC Park West  
Pittsburgh, Pennsylvania 15275**

**PROXY STATEMENT**

This proxy statement contains information related to the annual meeting of stockholders of Dick's Sporting Goods, Inc., a Delaware corporation, to be held at the Hyatt Regency, 1111 Airport Boulevard, Pittsburgh, PA 15231, (724) 899-1234, June 4, 2008, beginning at 1:30 p.m. local time, and at any postponements or adjournments thereof. This proxy statement is being mailed to stockholders on or about May 7, 2008.

***IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON JUNE 4, 2008:***

**The following Proxy materials are available for you to review online at: [www.proxydocs.com/dks](http://www.proxydocs.com/dks):**

**This Proxy Statement (including all attachments);**

**The Company's Annual Report for the fiscal year ended February 2, 2008 (which is not deemed to be part of the official proxy soliciting materials); and**

**Any amendments to the foregoing materials that are required to be furnished to our stockholders.**

**In accordance with Securities and Exchange Commission rules, the foregoing website provides complete anonymity with respect to a stockholder accessing the website.**

**ABOUT THE MEETING**

**What is the purpose of the annual meeting?**

At our annual meeting, stockholders will act upon the matters outlined in the notice of meeting on the cover page of this proxy statement, including the election of two (2) Class C Directors, ratification of our independent public auditors for fiscal 2008, approval of the Amended and Restated 2002 Stock and Incentive Plan (the "2002 Plan") and to act on any other matter to properly come before the meeting. In addition, management will report on the performance of the Company and respond to questions from stockholders.

**Who is entitled to vote at the meeting?**

Only stockholders of record at the close of business on April 14, 2008, the record date for the meeting, are entitled to receive notice of and to participate in the annual meeting. If you were a stockholder of record on that date, you will be entitled to vote all of the shares that you held on that date at the meeting or any postponements or adjournments of the meeting.

**What are the voting rights of the holders of Dick's Sporting Goods common stock and Class B common stock?**

Holders of our common stock and Class B common stock have identical rights, except that holders of the common stock are entitled to one (1) vote for each share held of record and holders of Class B common stock are





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entitled to ten (10) votes for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors. Stockholders do not have cumulative voting rights. Holders of common stock and Class B common stock vote together as a single class on all matters presented to the stockholders for their vote or approval, except as may otherwise be required by Delaware law.

### **Who can attend the meeting?**

Subject to space availability, all common stockholders and Class B stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration will begin at 1:00 p.m. If you attend, please note that you may be asked to present valid picture identification, such as a driver's license or passport. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Please also note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the record date and check in at the registration desk at the meeting.

### **What constitutes a quorum?**

The presence at the meeting, in person or by proxy, of the holders of record of the issued and outstanding shares of capital stock representing a majority of the votes entitled to be cast at the meeting constitutes a quorum, permitting the meeting to conduct its business. As of the record date, 85,400,330 shares of common stock representing the same number of votes and 26,241,118 shares of Class B common stock representing 262,411,180 votes were issued and outstanding. Thus, the presence of the holders of common stock or Class B common stock or the combination thereof representing at least 173,905,756 votes will be required to establish a quorum.

Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of votes considered to be present at the meeting to establish a quorum, but will not be deemed a vote cast with respect to the matters to be acted upon at the meeting.

### **How do I vote?**

If you complete and properly sign the accompanying proxy card and return it to the Company, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

### **Can I change or revoke my vote after I return my proxy card?**

Yes. Even after you have submitted your proxy, you may change or revoke your vote at any time before the proxy is exercised by filing with the Corporate Secretary of the Company either a notice of revocation or a duly executed proxy bearing a later date. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

### **What are the Board's recommendations?**

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendation of the Board of Directors. The Board's recommendation is set forth together with the description of each item in this proxy statement. In summary, the Board recommends a vote:

*for* election of the nominated slate of Class C Directors (see Item 1);

*for* ratification of Deloitte & Touche LLP as our independent accountants for fiscal 2008 (see Item 2); and

*for* approval of the Amended and Restated 2002 Stock and Incentive Plan (see Item 3).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, in their own discretion.

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**What vote is required to approve each item?**

*Election of Directors.* The affirmative vote of a plurality of the votes cast at the meeting is required for the election of directors. A properly executed proxy marked **WITHHOLD** with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum.

*Other Items.* For any other item, including ratification of our independent accountants and approval of the 2002 Plan, the affirmative vote of a majority of the votes represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked **ABSTAIN** with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the effect of a negative vote.

If you hold your shares in **street name** through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such **broker non-votes** will, however, be counted in determining whether there is a quorum.

**We are a controlled Company under the New York Stock Exchange rules.**

Because as of March 31, 2008, Edward W. Stack, our Chairman and Chief Executive Officer, controlled approximately 67% of the combined voting power of our common stock and Class B common stock, we are a **controlled company** under the New York Stock Exchange's Corporate Governance Standards, and we have chosen to take advantage of all of the exemptions available to **controlled companies** under Section 303A of the New York Stock Exchange Corporate Governance Standards.

Table of Contents**STOCK OWNERSHIP****Who are the largest owners of the Company's stock?**

Based on a review of filings with the Securities and Exchange Commission (the "SEC") and information known to us about our Class B common stock, the following are the non-management beneficial holders of more than 5% of the outstanding shares of Dick's Sporting Goods, Inc. (i) common stock (or Class B common stock that is convertible into more than 5% of the outstanding shares of our common stock) or (ii) Class B common stock, as of December 31, 2007 (the date on which holders of more than 5% of our outstanding common stock report their ownership):

<b>Title of Class(1)</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership(6)</b>	<b>Percentage of Common Stock(7)</b>	<b>Percentage of Class B Common Stock(7)</b>
Common Stock	Ronald Baron(2) 767 Fifth Avenue, 49th Floor New York, NY 10153	10,057,618 shares of common stock; shared power to vote and direct disposition(2)	11.87%	
Common Stock	Wellington Management Company, LLP(3) 75 State Street Boston, MA 02109	8,626,420 shares of common stock; shared power to vote and direct disposition(3)	10.18%	
Common Stock	Stephen F. Mandel, Jr.(4) Two Greenwich Plaza, Greenwich, CT 06830	5,631,546 shares of common stock; shared power to vote and direct disposition(4)	6.65%	
Common Stock	Franklin Resources, Inc.(5) One Franklin Parkway San Mateo, CA 94403	4,441,637 shares of common stock(5)	5.24%	
Class B Common Stock	Frederick C. and Nancy M. Heichemer(8) c/o Dick's Sporting Goods, Inc. 300 Industry Drive, RIDC Park West Pittsburgh, PA 15275	1,330,000 shares of Class B common stock shared voting and dispositive power	(9)	5.06%
Class B Common Stock	Kim Myers(8) c/o Dick's Sporting Goods, Inc. 300 Industry Drive, RIDC Park West	1,561,610 shares of Class B common stock sole power to vote and direct disposition	(9)	5.94%

Pittsburgh, PA 15275

- (1) All numbers and share amounts set forth in the table and accompanying footnotes have been adjusted to reflect the two-for-one stock split effectuated by the Company in October 2007.
- (2) Share ownership amounts are based on figures set forth in Amendment No. 3 to Schedule 13G, filed by Baron Capital Group, Inc., BAMCO, Inc., Baron Capital Management, Inc., Baron Growth Fund and Ronald Baron on February 14, 2008. Of the shares beneficially owned, Ronald Baron has sole power to vote and direct disposition with respect to 100,000 shares, shared power to vote with respect to 9,025,618 shares and shared power to direct disposition with respect to 9,957,618 shares of common stock. Amount includes 10,057,618 shares of common stock owned by Baron Capital Group, Inc., 9,464,600 shares of common stock owned by BAMCO, Inc., 593,018 shares of common stock owned by Baron Capital Management, Inc. and 5,000,000 shares of common stock owned by Baron Growth Fund. BAMCO, Inc. and Baron Capital Management, Inc. are subsidiaries of Baron Capital Group, Inc. Baron Growth Fund is an advisory client of BAMCO, Inc. Ronald Baron owns a controlling interest in Baron Capital Group, Inc.

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- (3) Share ownership amounts are based on figures set forth in Amendment No. 1 to Schedule 13G that Wellington Management Company, LLP filed on February 14, 2008. Of the shares beneficially owned, the beneficial owner has shared power to vote or to direct the vote with respect to 6,553,250 shares, and has shared power to dispose or to direct the disposition with respect to 8,596,020 shares. These securities are owned of record by clients of Wellington Management, in its capacity as investment adviser. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No such client is known to have such right or power with respect to more than five percent of this class of securities.
- (4) Share ownership amounts are based on figures set forth in Amendment No. 4 to Schedule 13G/A filed by Mr. Mandel, Jr., Lone Spruce, L.P., Lone Balsam, L.P., Lone Sequoia, L.P., Lone Cascade, L.P., Lone Sierra, L.P., Lone Pine Associates LLC, Lone Pine Members LLC, and Lone Pine Capital LLC on February 14, 2008. Stephen F. Mandel, Jr. is the Managing Member of each of Lone Pine Associates LLC, Lone Pine Members LLC and Lone Pine Capital LLC and in that capacity directs their operations. Lone Pine Associates LLC is the general partner of Lone Balsam, L.P., Lone Sequoia, L.P., and Lone Spruce, L.P., and has the power to direct the affairs of each, including decisions respecting the disposition of the proceeds from the sale of shares. Lone Pine Members LLC, the general partner of Lone Cascade, L.P. and Lone Sierra, L.P., has the power to direct the affairs of each, including decisions respecting the dispositions of the proceeds from the sale of the shares. Includes 79,830 shares of common stock owned by Lone Spruce, L.P., 175,207 shares of common stock owned by Lone Balsam, L.P., 146,373 shares of common stock owned by Lone Sequoia, L.P., 1,769,771 shares of common stock owned by Lone Cascade, L.P., 148,905 shares of common stock owned by Lone Sierra, L.P., 401,410 shares of common stock owned by Lone Pine Associates LLC, 1,918,676 shares of common stock owned by Lone Pine Members LLC and 3,311,460 shares of common stock owned by Lone Pine Capital LLC.
- (5) Share ownership amounts are based on figures set forth in Schedule 13G filed by Franklin Resources Inc., Rupert H. Johnson, Jr. and Charles B. Johnson on January 31, 2008. All shares are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of Franklin Resources, Inc. These subsidiaries include Franklin Advisers, Inc., which has sole power to vote and direct the disposition of 4,221,320 shares, Fiduciary Trust Company International, which has sole power to vote and direct the disposition of 147,915 shares, and Franklin Templeton Portfolio Advisors, Inc., which has sole power to vote and direct the disposition of 72,402 shares. Investment management contracts thus grant to these subsidiaries all investment and/or voting power over the securities owned by such investment management clients. Charles B. Johnson and Rupert H. Johnson, Jr. each own in excess of 10% of the outstanding common stock of Franklin Resources Inc. and are Franklin Resources Inc.'s principal stockholders. Messrs. Johnson and Franklin Resources Inc. may be deemed to be, for the purposes of Rules 13d-3 under the Act, the beneficial owners of securities held by persons and entities for whom or for which Franklin Resources Inc. subsidiaries provide investment management services. Franklin Resources Inc., its subsidiaries, Rupert H. Johnson, Jr. and Charles B. Johnson disclaim any pecuniary interest in any of the securities listed.
- (6) A person has beneficial ownership of shares if he has the power to vote or dispose of the shares. This power can be exclusive or shared, direct or indirect. In addition, a person is considered by SEC rules to beneficially own shares underlying options or convertible securities that are presently exercisable or become exercisable within 60 days of December 31, 2007. The shares listed in this table above include shares issuable upon the exercise of options or other rights that are exercisable or become exercisable within 60 days of December 31, 2007.
- (7) As of December 31, 2007, there were 84,706,752 shares of our common stock outstanding and 26,307,480 shares of Class B common stock outstanding. To calculate a stockholder's percentage of beneficial ownership of common stock, we must include in the numerator and denominator those shares of common stock

underlying options or convertible securities (such as our Class B common stock) that the stockholder is considered to beneficially own. Shares of common stock underlying options or convertible securities held by other stockholders, however, are disregarded in this calculation. Therefore, the denominator used in calculating beneficial ownership among our stockholders may differ.

(8) For the purposes of making communications only.

(9) Less than 5%.



**Table of Contents****How much stock do the Company's directors, nominees and executive officers own?**

The following table shows the amount of Dick's Sporting Goods common stock and Class B common stock beneficially owned (unless otherwise indicated) by our directors, nominees for director, the executive officers named in the *Summary Compensation Table* below and all of our directors and executive officers as a group. Except as otherwise indicated, all information is as of March 31, 2008.

A person has beneficial ownership of shares if he or she has the power to vote or dispose of the shares. This power can be exclusive or shared, direct or indirect. In addition, a person is considered by the SEC rules to beneficially own shares underlying options and convertible securities that are presently exercisable or will become exercisable within 60 days of March 31, 2008. The shares listed in this table below include shares of common stock issuable upon the exercise of options or other rights that are exercisable or will become exercisable within 60 days of March 31, 2008, and reflect the two-for-one stock split effectuated by the Company in October 2007.

Name of Beneficial Owner	Shares Beneficially Owned		Voting Power		
	Number Common Stock	Percent(14) Class B			
Named Executive Officers, Nominees and Directors					
Edward W. Stack	6,323,574(1)	23,125,380(2)	25.65% (includes Class B common shares owned by Mr. Stack)(14)	88.13%	66.50%
Timothy E. Kullman	28,949(3)		*		*
Michael F. Hines	168,520(4)		*		*
William J. Colombo	1,106,076(5)		1.28%		*
Gwen K. Manto	103,623(6)		*		*
Randall K. Zanatta	212,803(7)		*		*
Emanuel Chirico	93,950(8)		*		*
David I. Fuente	214,126(9)		*		*
Walter Rossi	479,150(10)		*		*
Lawrence J. Schorr	306,102(11)		*		*
Brian J. Dunn	3,950(12)		*		*
Larry D. Stone	3,950(12)		*		*
All Executive Officers and Directors as a group (15 persons)	9,453,597(13)	23,125,380	29.30%	88.13%	66.72%

\* Percentage of shares of common stock beneficially owned does not exceed one percent (1%).

(1)

Includes 6,287,500 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 23,694 shares of restricted stock subject to vesting. Also includes 12,100 shares held by Mr. Stack's minor children. Mr. Stack disclaims beneficial ownership of those securities, and the inclusion of such shares shall not be an admission that the reporting person is the beneficial owner for the purposes of Section 16 under the Securities Exchange Act of 1934. Pursuant to an agreement dated December 4, 2007, Mr. Stack amended an option issued by Mr. Stack individually to his brother Martin Stack, which, as amended, is exercisable for up to 759,800 shares of common stock (the number of shares would be equitably adjusted for any stock split, recapitalization or similar event) owned by Mr. Stack for 36 months starting December 2, 2009. Martin Stack's right to exercise the option is subject to certain limitations. Mr. Stack retains voting and dispositive power with respect to the shares subject to this option.

- (2) Includes 400,000 shares of Class B Common Stock held by Richard T. Stack, over which Edward W. Stack maintains sole voting power. Amount also includes, as of March 31, 2008, approximately 186,000 Class B shares which have been pledged by Edward W. Stack in connection with a loan facility established in January

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of 2007. Pursuant to the terms of the loan facility, the number of shares pledged fluctuates based on the Company's stock price; however, the maximum number of Class B shares that could be pledged in connection with the loan facility is 2.5 million.

- (3) Includes 25,000 shares of common stock issuable upon the exercise of options that were exercisable within 60 days of March 31, 2008 and 3,949 shares of restricted stock subject to vesting.
- (4) Mr. Hines left as Executive Vice President and Chief Financial Officer in March 2007. The information provided in this table is based on the last Form 4 filed by Mr. Hines, but has been adjusted to reflect the Company's October 2007 two-for-one stock split.
- (5) Includes 882,018 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 3,950 shares of restricted stock subject to vesting. Also includes 2,400 shares held by Mr. Colombo's children. Mr. Colombo disclaims beneficial ownership of those securities, and the inclusion of such shares shall not be an admission that the reporting person is the beneficial owner for the purposes of Section 16 under the Securities Exchange Act of 1934.
- (6) Includes 93,750 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 9,873 shares of restricted stock subject to vesting.
- (7) Includes 54,905 shares of common stock issuable upon the exercise of options that were exercisable within 60 days of March 31, 2008 and 157,898 shares of restricted stock subject to vesting, 150,000 shares of which are subject to vesting in accordance with the terms of his employment agreement, which is discussed in greater detail in *Compensation Disclosure and Analysis* on page 28 of the proxy statement.
- (8) Includes 90,000 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 3,950 shares of restricted stock subject to vesting.
- (9) Includes 196,800 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 3,950 shares of restricted stock subject to vesting.
- (10) Includes 450,600 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 3,950 shares of restricted stock subject to vesting.
- (11) Includes 231,500 shares of common stock issuable upon exercise of options that were exercisable within 60 days of March 31, 2008 and 3,950 shares of restricted stock subject to vesting.
- (12) Includes 3,950 shares of restricted stock subject to vesting.
- (13) A total of 8,667,433 shares of common stock are issuable upon the exercise of options for all fifteen (15) executive officers and directors as a group within 60 days of March 31, 2008.
- (14) As of March 31, 2008, there were 85,395,806 shares of common stock outstanding and 26,241,118 shares of Class B common stock outstanding. To calculate an individual director or executive officer's percentage of beneficial ownership of common stock, we must include in the numerator and denominator those shares of common stock underlying options or convertible securities (such as our Class B common stock) that the director or executive officer is considered to beneficially own. Shares of common stock underlying options or convertible securities held by other directors, executive officers and stockholders, however, are disregarded in this calculation. Therefore, the denominator used in calculating beneficial ownership among our directors and

executive officers may differ.

**Section 16(a) Beneficial Ownership Reporting Compliance.**

The Company's directors and its executive officers are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of ownership and changes in ownership of the Company's common stock with the SEC. Based upon a review of filings with the SEC and written representations that no other reports were required to be filed, we believe that all of our directors and executive officers complied during the Company's 2007 fiscal year with the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934.

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**ITEM 1 ELECTION OF DIRECTORS**

The Board is divided into three (3) classes, each containing as nearly as possible an equal number of directors. The current term of office of our Class C Directors expires at the 2008 annual meeting while the term for Class A Directors expires at the 2009 annual meeting and the term for Class B Directors expires at the 2010 annual meeting. Upon recommendation by the Governance and Nominating Committee of the Board of Directors, the Board of Directors proposes that the following nominees, Edward W. Stack (a Class C Director) and Lawrence J. Schorr (a Class C Director) be elected for new terms of three (3) years and until their successors are duly elected and qualified as Class C Directors. Each of the nominees has consented to serve if elected. If either of them becomes unavailable to serve as a director, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board.

**Directors Standing for Election.**

The directors standing for election at the annual meeting are:

*Edward W. Stack, 53*, has served as our Chairman and Chief Executive Officer since 1984 when the founder and Edward Stack's father, Richard Dick Stack, retired from our then two store chain. Mr. Edward Stack has served us full time since 1977 in a variety of positions, including President, Store Manager and Merchandise Manager. Mr. Stack also received the title of President in February 2008.

*Lawrence J. Schorr, 54*, has served on the Board since 1985. Mr. Schorr currently serves as Chief Executive Officer of Boltaron Performance Products, LLC (formerly, Empire Plastics, Inc.) (a privately owned plastics manufacturing company) and as co-managing partner of the law firm of Levene, Gouldin and Thompson LLP. Mr. Schorr has held both of these positions for the last five years. He previously was President of RRT-Recycle America, a subsidiary of WMX Technologies, Inc. He formerly served in the same position for Resource Recycling Technologies, Inc. (a solid waste material management company listed on the American Stock Exchange). Prior to that he served as a partner in the law firm of Levene, Gouldin and Thompson LLP.

**The Board of Directors unanimously recommends that the stockholders vote For the persons nominated by the Board as Class C Directors.**

**Other Directors Not Standing for Election at this Meeting.**

Other than the current nominees, the six (6) remaining members of the Board of Directors who served during fiscal 2007 will continue to serve as members of our Board. Our other directors who will serve after the 2008 annual meeting are:

*William J. Colombo, 52*, became our Vice Chairman of the Board in February 2008, after stepping down as President and Chief Operating Officer, a position he held since 2002. From late in 1998 to 2000, Mr. Colombo served as President of dsports.com LLC, our internet commerce subsidiary. Mr. Colombo served as Chief Operating Officer and an Executive Vice President from 1995 to 1998. Mr. Colombo joined us in 1988. From 1977 to 1988, he held various field and district positions with J.C. Penney Company, Inc. (a retailing company listed on the NYSE). He is also on the board of directors of Gibraltar Industries (a leading manufacturer, processor and distributor of products for the building, industrial and vehicular markets listed on Nasdaq). Mr. Colombo's term as a Class A Director expires at the 2009 annual meeting.

*David I. Fuente, 62*, has served on the Board since 1993. Mr. Fuente is currently a member of the board of Office Depot, Inc. (an office supply retailer listed on the NYSE) and was Chairman of Office Depot from 1987 to 2001 and its Chief Executive Officer from 1987 to 2000. He currently serves as a director for Ryder System, Inc. (a truck leasing and logistics company listed on the NYSE). Mr. Fuente's term as a Class A Director expires at the 2009 annual meeting.

*Larry D. Stone, 56*, has served on the Board since 2007. Mr. Stone has served as President and Chief Operating Officer for Lowe's Companies Inc. (a home improvement retailer listed on the NYSE) since December 2006, and before that served as Senior Executive Vice President Merchandising/Marketing since 2005. Mr. Stone served as Senior Executive Vice President Store Operations for Lowe's from 2003 to 2005, and from 2001 to 2003, served as

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Executive Vice President, Store Operations. Mr. Stone's current term as a Class A Director expires at the 2009 annual meeting.

*Emanuel Chirico, 50*, has served on the Board since December 2003. On June 19, 2007, Mr. Chirico was named Chairman of the Board of the Phillips-Van Heusen Corporation (apparel and footwear company listed on the NYSE) and was named its Chief Executive Officer on February 27, 2006. Previously, Mr. Chirico had been Phillips-Van Heusen's President and Chief Operating Officer and a director since June of 2005. Mr. Chirico had been the Executive Vice President and Chief Financial Officer of Phillips-Van Heusen Corporation from 1999 until June 2005. From 1993 until 1999, Mr. Chirico was Phillips-Van Heusen Corporation's controller. Prior to that, he was a partner at Ernst & Young LLP. Mr. Chirico's current term of office as a Class B Director expires at the 2010 annual meeting.

*Brian J. Dunn, 47*, has served on the Board since 2007. Mr. Dunn has been employed by Best Buy Co., Inc. (a technology and entertainment products retailer listed on the NYSE) since 1985. He has served as President and Chief Operating Officer of Best Buy since February 26, 2006, overseeing more than 800 stores in the United States and Canada as well as several corporate groups that directly support Best Buy's stores. Mr. Dunn is also responsible for overseeing the merchandising, customer centricity, services and small business functions of Best Buy. Prior to this appointment as President and Chief Operating Officer, Mr. Dunn served as the company's President - Retail, North America from 2004 to 2006. From 2002 to 2004, Mr. Dunn served as Executive Vice President - Best Buy U.S. Retail. Mr. Dunn's current term as a Class B Director expires at the 2010 annual meeting.

*Walter Rossi, 65*, has served on the Board since 1993. Mr. Rossi served as a director of Guitar Center, Inc. (a retailer of musical instruments formerly listed on Nasdaq) from 2004 through 2007. Mr. Rossi formerly served as Chief Executive Officer of Naartjie Custom Kids, Inc. (a children's apparel retailer), Chief Executive Officer of Home Express (a retailer of home furnishings), Chairman of the Retail Group at Phillips-Van Heusen Corporation (apparel and footwear company listed on the NYSE) and Chairman and Chief Executive Officer of Mervyn's (a department store chain). Mr. Rossi's current term of office as a Class B Director expires at the 2010 annual meeting.

**How are directors compensated?****Director Compensation 2007**

Name(1) (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$)(2)(3) (d)	Non-Equity qualified		All Other Compensation (\$)(4) (g)	Total (\$) (h)
				Incentive Plan Compensation (\$) (e)	Change in Pension Value and Non- Deferred Earnings (f)		
Emanuel Chirico	\$ 93,750		\$ 148,467				\$ 242,217
Brian J. Dunn	\$ 42,583		\$ 54,918				\$ 97,501
David I. Fuente	\$ 75,500		\$ 120,854				\$ 196,354
Walter Rossi	\$ 68,750		\$ 120,854				\$ 189,604

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Lawrence J. Schorr	\$ 97,250	\$ 120,854	\$ 218,104
Larry D. Stone	\$ 43,333	\$ 54,918	\$ 98,251

- (1) Mr. Stack and Mr. Colombo are members of the Board of Directors of the Company. Each of Mr. Stack and Mr. Colombo's compensation for 2007 is reported in the *Summary Compensation Table* and the other tables set forth herein. As executive officers of the Company as of the end of fiscal 2007, neither Mr. Stack nor Mr. Colombo receive any additional compensation in connection with their service on the Board of Directors of the Company. Beginning in fiscal year 2008, Mr. Colombo no longer serves as the Company's President and Chief Operating Officer, but does serve as Vice Chairman of the Board of Directors and will receive compensation in connection with his service as such.
- (2) The values set forth in this column represent the dollar amount recognized for financial statement reporting purposes in fiscal 2007, for the fair value of stock options granted to each director in accordance with FAS 123R. A discussion of the relevant assumptions made in the valuation may be found in the *Stock-Based*



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Compensation section of Note 11 of the footnotes to the Company's financial statements, in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008.

The aggregate number of shares underlying Company option awards (vested and unvested) outstanding as of February 2, 2008 for each director is: Emanuel Chirico, 120,000; Brian J. Dunn, 40,000; David I. Fuente, 226,800; Walter Rossi, 480,600; Lawrence J. Schorr, 261,500; and Larry D. Stone, 40,000. Option numbers have been adjusted to reflect the two-for-one stock split effectuated by the Company in October 2007.

- (3) The grant date fair value with respect to each option grant awarded to each director in the fiscal year ended February 2, 2008, computed in accordance with FAS 123R, was \$11.54 per share for options awarded on March 21, 2007 and \$11.27 per share for options awarded on June 6, 2007. A discussion of the relevant assumptions made in the valuation may be in the Stock-Based Compensation section of Note 11 of the footnotes to the Company's financial statements, in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008.
- (4) Use by our officers and directors of aircraft that are owned or leased by us for non-business purposes is governed by our travel policy for non-business use of corporate aircraft, which is described on page 35 of this proxy statement. Except where indicated in the table above, all non-business use of aircraft by any executive officer or director during fiscal 2007 was billed to and paid for by the executive officer or director in accordance with our travel policy.

**Understanding Our Director Compensation Table.**

Beginning in fiscal 2001, non-employee directors were compensated by means of an annual retainer of \$20,000 plus \$7,500 per meeting (\$3,750 for teleconferences) both paid in cash. In addition to the annual retainer, each committee chair receives \$15,000 per committee chairmanship per year, except that the audit committee chair receives an annual retainer of \$25,000. Each committee member also receives a per committee meeting fee of \$1,500 (\$750 for teleconferences). There are generally six (6) Board meetings per year.

Currently, each director receives an initial option grant exercisable for 20,000 shares of common stock upon his first election to the Board, with an additional annual option grant exercisable for 10,000 shares for each year of service thereafter. In each case, these options vest over four (4) years from the date of grant. Additionally, members of our Board of Directors are reimbursed for their expenses incurred in connection with attending any meeting. Beginning with the annual grants made in fiscal 2008, each director receives shares of restricted stock rather than option awards, in an amount determined by the Company's Compensation Committee. The shares of restricted stock are subject to a three-year cliff vest.

**How often did the Board meet during fiscal 2007?**

The Board of Directors met six (6) times during fiscal 2007. Each director attended at least 75% of all Board of Director meetings during the time that they were members of the Board, either in person or via teleconference. The Audit Committee met eleven (11) times during fiscal 2007. Each Audit Committee member attended all Audit Committee meetings. During fiscal 2007, the Compensation Committee met six (6) times. Each Compensation Committee member attended at least 75% of all of the Compensation Committee meetings during the time that they were members of the Board. The Governance and Nominating Committee met four (4) times during fiscal 2007. Each Governance and Nominating Committee member attended at least 75% of all of the Governance and Nominating Committee meetings during the time that they were members of the Board.



**Table of Contents****What committees has the Board established?**

The Board of Directors has standing Compensation, Audit and Governance and Nominating Committees. The following sets forth Committee memberships as of the date of this proxy statement.

<b>Director</b>	<b>Compensation Committee</b>	<b>Audit Committee</b>	<b>Governance and Nominating Committee</b>
Edward W. Stack			
William J. Colombo			
Emanuel Chirico		X(c)	
Brian J. Dunn			X
David I. Fuente	X(c)		X
Walter Rossi		X	
Lawrence J. Schorr	X	X	X(c)
Larry D. Stone	X		

(c) Denotes chair.

*The Audit Committee*

Messrs. Chirico (Chairperson), Rossi and Schorr were members of the Audit Committee during fiscal 2007, which has been established in accordance with Section 3(a)(58)A of the Securities Exchange Act of 1934. We adopted an Audit Committee charter that was effective upon completion of our initial public offering, which we amended and restated after the adoption of the final New York Stock Exchange rules relating to corporate governance in December 2003, amended further in December 2004 to reflect additional changes in the New York Stock Exchange rules relating to corporate governance under which the Audit Committee reviews with management our internal financial controls, accounting procedures and reports, and amended again in March 2007 to address revised rules promulgated by the SEC relating to review and approval of related party transactions as set forth in Item 404 of Regulation S-K. The Audit Committee also reviews the engagement of our independent auditors, makes recommendations to the Board of Directors regarding the selection of independent auditors and reviews the scope, fees and results of any audit. Emanuel Chirico is qualified as the audit committee financial expert within the meaning of the SEC regulations, and the Board has determined that he has accounting and financial management expertise within the meaning of the standards of the New York Stock Exchange. The Board has determined that Mr. Chirico is independent as the term is defined in Item 7(d)(3)(iv) of Schedule 14A, and the Board has determined that all members of our Audit Committee are independent within the meaning of the SEC regulations relating to audit committee independence, the listing standards of the New York Stock Exchange and the Company's Corporate Governance Guidelines. Our Audit Committee Charter is available on the Investor Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), and a printed copy may be obtained by contacting our Investor Relations Department, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, or via email at [investors@dcs.com](mailto:investors@dcs.com).

*The Compensation Committee*

Messrs. Fuente (Chairperson), Schorr and Stone comprise our Compensation Committee. Our Compensation Committee monitors our stock and incentive and stock purchase plans, establishes the terms and conditions of all stock option grants, recommends an overall compensation policy for the Company, discharges the Board's responsibilities relating to compensation of the officers and directors of the Company and advises the Board regarding management succession. The Compensation Committee does have the authority under its charter to delegate any of its duties and responsibilities (or functions) to a subcommittee of the Compensation Committee consisting of one or more members, as appropriate. The Company's compensation program for executives generally has consisted of three key elements: a base salary, a performance-based annual bonus, which is payable in cash, and periodic grants of stock-based compensation, such as stock options and, beginning in 2008, restricted stock. Under this approach, compensation for executive officers involves a high proportion of pay that is at risk, in the form of the annual bonus, which takes into account personal performance but is also based, in significant part, on the

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Company's performance. In addition, stock-based compensation such as stock options and restricted stock relate a significant portion of long-term remuneration directly to stock price appreciation realized by all of the Company's stockholders.

Base salaries for our executive officers other than our Chief Executive Officer, including any annual or other adjustments, are based upon recommendations by the Chief Executive Officer, taking into account such factors as salary norms in comparable businesses, a qualitative assessment of the nature of the position and the contribution and experience of the officer. During fiscal 2007, recommendations relating to executive officers subject to Section 162(m) of the Internal Revenue Code were reviewed and approved by the Compensation Committee. Awards of annual bonuses to executive officers who are subject to Section 162(m) of the Internal Revenue Code were made by the Compensation Committee and all other bonuses paid to non-executive officers were made in accordance with a formula established by the Compensation Committee and Chief Executive Officer. Company management engaged the Hay Group to provide consultation services regarding executive compensation in the fall of 2007, and to assist in determining or recommending the amount of executive compensation for fiscal 2007 and 2008. See page 21 of this proxy statement under *Compensation Discussion and Analysis* for more information regarding the services provided by the Hay Group.

Under the Company's annual bonus program, executive officers and certain other employees are eligible to receive cash bonuses based upon the Company's attainment of specific performance goals, primarily total company earnings before taxes and sales, as recommended by the Chief Executive Officer and approved by the Compensation Committee. Target incentive bonus opportunities are established at the beginning of the fiscal year, as measured generally by earnings before taxes and sales. A specified percentage of a bonus program participant's annual salary is used to determine any amount to be paid. A minimum level of performance is established below which no bonus award is paid, levels of performance at which specified percentages of the bonus will be paid, and a maximum level of performance above which no additional bonus would be paid. For additional information regarding our Compensation Committee processes and procedures for the consideration and determination of executive officer compensation, see *Compensation Discussion and Analysis* starting on page 19 of this proxy statement.

During fiscal 2007, the Compensation Committee operated under guidelines for stock option grants which are generally applicable to all eligible employees. Under these guidelines, grants of stock options or, beginning in 2008, grants of restricted stock, are generally made on an annual basis in amounts that take into account such factors as market data on total compensation packages, the value of stock option grants and restricted stock at targeted external companies, total stockholder return, share usage and stockholder dilution. In appropriate cases, however, special grants may be authorized outside of the annual-grant framework. All decisions to grant stock options or restricted stock are in the sole discretion of the Compensation Committee and, except for grants to the Chief Executive Officer, are based upon recommendations from the Chief Executive Officer. However, in limited circumstances, a subcommittee consisting of our Chief Executive Officer, Chief Financial Officer and Senior Vice President- Human Resources has been delegated authority to grant stock options or restricted stock to non-executive officers in accordance with Delaware law.

Mr. Stack, Chairman and Chief Executive Officer, is eligible to participate in the same executive compensation program available to other Company executive officers, and his total annual compensation, including compensation derived from the annual bonus program, was set by the Compensation Committee based on the same factors as other executives. Payments earned by Mr. Stack are included in the *Summary Compensation Table*. Mr. Stack, as a greater than 5% stockholder, is ineligible to participate in the Company's employee stock purchase plan.

Our Compensation Committee Charter, which was amended in December 2004 to reflect changes in the New York Stock Exchange Rules relating to corporate governance and in March 2007 to reflect changes to Section 402 of Regulation S-K made by the SEC relating to compensation disclosure and discussion, is available on the Investor

Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), and a printed copy may be obtained by contacting our Investor Relations Department, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, or via email at [investors@dcsg.com](mailto:investors@dcsg.com).

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*The Governance and Nominating Committee*

Messrs. Dunn, Fuente and Schorr (Chairperson) currently comprise our Governance and Nominating Committee. This Committee provides oversight and guidance to our Board of Directors to ensure that the membership, structure, policies and processes of the Board and its committees facilitate the effective exercise of the Board's role in our governance. The Committee reviews and evaluates the policies and practices with respect to the size, composition and functioning of the Board, evaluates the qualifications of and recommends to the full Board candidates for election as directors, and reviews and recommends to the full Board the compensation and benefits for the Company's non-employee directors. On March 26, 2008 our Governance and Nominating Committee recommended (with Mr. Schorr abstaining as to himself) to the Board of Directors that Messrs. Stack and Schorr stand for election as Class C Directors. Our Governance and Nominating Committee charter is available on the Investor Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), and a printed copy may be obtained by contacting our Investor Relations Department, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, or via email at [investors@dcsg.com](mailto:investors@dcsg.com).

Because the Company is a controlled company under the New York Stock Exchange's Corporate Governance Standards, we are not required to have an independent nominating committee. However, Messrs. Dunn, Fuente and Schorr would qualify as independent under the standards applicable to non-controlled companies under the New York Stock Exchange's Corporate Governance Standards.

On March 27, 2008, the Board named David I. Fuente to act as the presiding non-management director for a one-year term (until the 2009 annual meeting proxy statement is filed or until his successor is duly appointed and qualified).

**How does the Board select nominees for the Board?**

Our Governance and Nominating Committee will consider candidates for Board membership suggested by its members and other Board members and management, and will, if warranted, utilize a third party search firm to assist in finding prospective candidates. This Committee will consider director candidates from stockholders for election at the 2009 annual meeting if such nominees are submitted in accordance with the procedures set forth in *Additional Information - Advance Notice Procedures* on page 48 of this proxy statement.

Our Governance and Nominating Committee, at the direction of the Committee Chair, makes an initial determination as to whether to conduct a full evaluation of a prospective candidate. This initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional Board members to fill vacancies or to expand the size of the Board, and the likelihood that the prospective nominee can satisfy the evaluation factors described below. If the Committee determines, in consultation with the other Board members as appropriate, that additional consideration is warranted, it may request that additional information about the prospective nominee's background and experience be gathered and a report be prepared for the Committee, and may utilize a third-party search firm to assist in such evaluation. The Committee then would evaluate the prospective nominee against the standards and qualifications set out in the Company's Corporate Governance Guidelines, including independence, integrity, experience, sound judgment in areas relevant to the Company's businesses and willingness to commit sufficient time to the Board, all in the context of an assessment of the perceived needs of the Board at that point in time. The Committee will also measure candidates against the criteria it sets, including skills and attributes that reflect the values of the Company. Our Governance and Nominating Committee will also be responsible for reviewing with the Board, on an annual basis, the criteria it believes appropriate for Board membership.

Our Governance and Nominating Committee will also consider such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. Depending on the needs of the Company at the time, the prospective nominees and such other factors as the Committee deems in its business judgment to be relevant, the Committee will take such other steps as are necessary to evaluate the prospective nominee, including, if warranted, one or more Committee members interviewing the prospective nominee. After



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completing this evaluation and other steps of the process, the Committee would make a recommendation to the full Board of Directors as to the persons who should be nominated by the Board, and the Board determines the nominees after considering the recommendation and report of the Committee.

**Does the Company have a Code of Ethics?**

Our Code of Business Conduct and Ethics is applicable to all of our officers, directors and employees, including our principal executive officer, principal financial officer and principal accounting officer. The Code of Business Conduct and Ethics is available on the Investor Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), and a printed copy may be obtained by contacting our Investor Relations Department, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, or via email at [investors@dcsg.com](mailto:investors@dcsg.com). We intend to post amendments to or waivers from The Code of Business Conduct and Ethics to the extent applicable to our chief executive officer, principal financial officer or principal accounting officer or directors.

**How do stockholders communicate with the Board?**

Stockholders and other parties interested in communicating directly with our Board of Directors, the presiding non-management director or with the non-management directors as a group may do so by writing to the Board of Directors or Presiding Director (as the case may be), c/o General Counsel, Dick's Sporting Goods, Inc., 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275 or e-mail at [investors@dcsg.com](mailto:investors@dcsg.com) to the attention of the General Counsel. Under our process for handling letters received by the Company and addressed to non-management members of the Board of Directors, our Governance and Nominating Committee has instructed the General Counsel to (i) review any such correspondence, (ii) regularly forward to the Board of Directors a summary of all such correspondence and (iii) regularly forward to the presiding non-management director copies of all correspondence that is addressed to the presiding director or the non-management directors as a group or that, in the opinion of the General Counsel, is intended for the presiding director or the non-management directors or that otherwise requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

**How does the Board determine which directors are considered independent?**

On December 4, 2003, the Board adopted its Corporate Governance Guidelines, which were amended on December 1, 2004 to reflect certain changes made by the New York Stock Exchange to its listing standards and in March 2007 to reflect changes made by the SEC relating to independence determinations. The Guidelines adopted by the Board meet the listing standards adopted by the New York Stock Exchange for controlled companies, and the full text of the Guidelines can be found in the Investor Relations section of the Company's website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), and a printed copy may be obtained by contacting our Investor Relations Department, at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, or via email at [investors@dcsg.com](mailto:investors@dcsg.com).

Pursuant to the Guidelines, the Board undertook its annual review of existing director and director nominee independence on March 27, 2008. During this review, the Board considered transactions and relationships between each director or nominee for director with the Company (either directly or as a partner, stockholder or officer of any organization that has a relationship with the Company). As provided in the Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director or nominee for director is independent in accordance with independence requirements implemented by the New York Stock Exchange.

As a result of this review, the Board affirmatively determined that Messrs. Chirico, Dunn, Fuente, Rossi and Stone are, and that Mr. Schorr would be if re-elected, independent directors, in accordance with the standards set forth in the Guidelines and in accordance with independence requirements implemented by the New York Stock Exchange Listing Standards.

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**Policy on Annual Meeting Attendance**

The Board's official policy with respect to Board attendance at the annual meeting of stockholders is that the Board strongly encourages its members to attend the Company's annual meeting of stockholders; the Company also expects that most of its directors will attend its 2008 annual meeting. All of the current members of the Board were in attendance at last year's annual meeting.

**Compensation Committee Interlocks and Insider Participation**

Our Compensation Committee currently consists of Messrs. Fuente, Schorr and Stone. Neither Mr. Fuente, Mr. Schorr nor Mr. Stone has ever been an officer or employee of ours or any of our subsidiaries. None of our executive officers serve or have served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee. Our Compensation Committee customarily has met and discussed matters relating to the compensation of our employees and key officers.

**Certain Relationships and Transactions with Related Persons**

Some of our stockholders who own more than 5% of a class of our common stock have registration rights to register shares of our common stock under the Securities Act of 1933. They may request that we register their shares of common stock with the SEC, and, if all conditions under our registration rights agreement are met, we must register their shares. We would be required to bear specified expenses related to those registrations.

We lease two locations from Stack Associates, LLC, a New York limited liability company established by the estate of Richard Dick Stack, our founder and father of Edward W. Stack, one of which continues to operate as one of our stores. Our total monthly lease payments for the two locations is \$20,000. We paid \$240,000 under these leases in fiscal year 2007. The amount we are paying per square foot under these leases is comparable to the amounts we agreed to pay to unaffiliated third parties for other new leases that were entered into around the same time period.

We entered into an agreement with Edward W. Stack and Richard T. Stack, dated November 12, 1992, which gives Edward W. Stack an irrevocable proxy to vote all shares of Dick's Sporting Goods, Inc. owned (including shares acquired in the future) by Richard T. Stack. Also, on December 4, 2007, Edward W. Stack amended an option agreement entered into with his brother Martin Stack. As amended, the option is exercisable beginning December 2, 2009 and for thirty-six (36) months thereafter for up to seven hundred fifty-nine thousand eight hundred (759,800) shares of common stock. The option is exercisable at 75% of the then per share market price on the date of exercise. Market price for purposes of that agreement is defined as the mean between the high and low prices of the Company's common stock on the national securities exchange on the day on which the option is exercised, if the common stock is then being traded on a national securities exchange, and if the common stock is then being traded on such an exchange but there are no sales on such day, the market price shall be deemed to be the mean between the high and low prices of the common stock on the national securities exchange on the day on which the most recent sales occurred prior to the date of exercise; and if the common stock is not then traded on such an exchange, then the market price shall be deemed to be the mean between the high and low bid and asked prices for the common stock on the over-the-counter market on the day on which the option is exercised.

Kim Myers, the sister of our Chairman and Chief Executive Officer and a holder of our Class B common stock, is married to Tim Myers, our Director of Reverse Logistics, an employee in our Conklin, New York facility. During fiscal 2007, Mr. Myers was paid an aggregate salary and bonus of \$94,151 for his services during the year.

During fiscal 2007 we and our subsidiaries paid Buchanan Ingersoll & Rooney PC (a law firm with over 500 attorneys) an aggregate of \$1,523,599 for legal services that were provided to us. Jeremiah Garvey is an equity shareholder of that law firm and the son-in-law of William Newlin, who was an executive officer of the Company until March 2007. Buchanan Ingersoll & Rooney's representation of us predates the Company's initial public offering and Mr. Newlin's hire in 2003.

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On February 13, 2006, we entered into an Aircraft Sublease Agreement with Corporate Air, LLC ( Corporate Air ). Under that sublease we charter for business use an aircraft owned by EWS, LLC ( EWS ), an entity owned by Edward W. Stack. Corporate Air, an independent airline charter company, has a master lease with EWS under which Corporate Air operates and maintains this aircraft, hires pilots and other staff for flight operations and also may act to charter the aircraft for use by third parties. During the five (5) year sublease term, we have the right to use this aircraft on a flight available basis for one thousand five hundred (1,500) hours for travel purposes. The sublease may be terminated on certain conditions as set forth in the sublease and terminates automatically if Corporate Air no longer has the right to operate the aircraft under the master lease. Under this arrangement, we will pay Corporate Air a base fee of \$150,000 per month and an hourly charter rate of \$1,900 per block hour of actual usage. The hourly charter rate is subject to a fuel surcharge adjustment, as set forth in the sublease. During fiscal 2007, we paid Corporate Air \$2,336,857 under the sublease.

We, along with two of our subsidiaries, currently sublease one (1) store to and lease two (2) stores from Best Buy Co., Inc., where Mr. Dunn serves as President and Chief Operating Officer. Each lease was entered into pursuant to arms length transactions prior to Mr. Dunn's election to our Board of Directors. The sublease was entered into in 1999 for an initial term of five (5) years, with four (4) extension options thereafter, each for an additional five (5) year term. The annual rent that Best Buy pays to us under this sublease is \$201,811. The first lease was entered into by our subsidiary Galyan's Trading Company, Inc. in 1999, for a twenty (20) year term and annual rent of \$1,474,151 per year. The second lease is held through our wholly-owned subsidiary, Golf Galaxy, Inc. The lease, entered into in 2004, has a term of ten (10) years and two (2) months, and has annual rent payments of \$232,498.

Prior to the implementation of our related party policy, which is discussed below, the Audit Committee, through its committee charter, had the ability in its discretion to review and ratify, approve or disapprove the Company entering into any transaction between the Company or its subsidiaries and any related persons that were required to be reported under SEC Regulation S-K Item 404, or any rules or regulations issued in connection therewith. The Audit Committee reviewed and approved or ratified the transactions set forth above in accordance with the terms of its committee charter, with the exception of the retail lease agreements entered into with Best Buy, which were reviewed and approved by the full Board prior to Mr. Dunn being elected to our Board, in accordance with the Company's related party policy. As of March 2007, the Audit Committee's review and ratification, approval or disapproval of transactions required to be reported under SEC Regulation S-K Item 404 must be conducted in accordance with the terms of the Company's related party policy, which is discussed below. Any potential related party transactions that are not reviewed by the Audit Committee must be reviewed by the full Board or another committee thereof, in accordance with the terms of the policy.

In March of 2007, the Company's Board approved a policy related to notification, review and approval or disapproval of related party transactions that are reportable under SEC Regulation S-K Item 404. This related party policy covers our directors, nominees, executive officers, and immediate family members of our directors, nominees and executive officers. The policy also may apply to any outside third-party company or entity in which any of these persons owns more than 10% of the equity, serves as an officer or equivalent or, in the case of directors or immediate family members, is employed. Transactions with these outside entities will initially be reviewed by the office of General Counsel to determine if they are within the scope of the policy. We obtain information regarding potential related party transactions as part of our annual director and executive officer questionnaires.

Transactions (or series of related transactions) that would fall within the scope of the policy include those in which the amount exceeds \$120,000, other than compensation between a person covered by the policy and the Company (and its subsidiaries). Any new transaction and any amendment to a transaction that falls within the scope of the policy is to be reviewed, and approved or disapproved by the Audit Committee (or the full Board in lieu of the Audit Committee).



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**Report of the Audit Committee**

*The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.*

The charter of the Audit Committee of the Board of Directors, the full text of which is available on the Investor Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)), specifies that the purpose of the Committee is to assist the Board of Directors in its responsibility to:

- oversee the integrity of the audit process, financial reporting and internal accounting controls of the Company;
- oversee the work of the Company's financial management, the internal auditors employed by the Company and any registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or related work;
- oversee management's development of, and adherence to, a sound system of internal accounting and financial controls and that internal auditors and outside auditors objectively assess the Company's financial reporting, accounting practices and internal controls; and
- provide an open avenue of communication between outside auditors, internal auditors and the Board.

In carrying out these responsibilities, the Audit Committee, among other things:

- provides oversight on matters relating to its appointment and oversight of the outside auditors;
- reviews matters concerning the appointment and oversight of the internal auditors;
- provides oversight and review of accounting principles and practices and internal controls;
- provides oversight and monitoring of the Company's financial statements and audits;
- oversees matters relating to communications with the outside auditors and management;
- prepares an annual report to be included in the Company's proxy statement relating to the annual report; and
- provides oversight to the extent it deems necessary on certain other matters related to certain related party transactions.

The Audit Committee met eleven (11) times during fiscal 2007. The Audit Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Committee's meetings include, whenever appropriate, executive sessions with the Company's independent auditors without the presence of the Company's management.

As part of its oversight of the Company's financial statements, the Committee reviews and discusses with both management and the Company's independent auditors all annual financial statements and quarterly operating results prior to their issuance. During fiscal 2007, management advised the Committee that each set of financial statements

reviewed had been prepared in accordance with generally accepted accounting principles, and reviewed significant accounting and disclosure issues with the Committee. These reviews included discussion with the outside auditors of matters required to be discussed pursuant to *Statement on Auditing Standards No. 61 (Communication with Audit Committees)*, including the adoption of, or changes to, the Company's significant internal auditing and accounting principles and procedures as suggested by the outside auditors, internal audit and management and any management letters provided by the outside auditors and the response to those letters. The Committee also discussed with Deloitte & Touche LLP matters relating to its independence, including a review of audit and non-audit fees and the disclosures made to the Committee pursuant to *Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees)* and the Audit Committee has received a written disclosure letter as required by that standard. The Audit Committee has also received, reviewed and discussed with Deloitte & Touche LLP the report required by section 10A(k) of the Securities Exchange Act of 1934.



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Taking all of these reviews and discussions into account, the undersigned Committee members recommended to the Board of Directors that the Board approve the inclusion of the Company's audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008, for filing with the SEC.

**Members of the Audit Committee**

*Emanuel Chirico (Chairperson)*

*Lawrence J. Schorr*

*Walter Rossi*

**ITEM 2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Deloitte & Touche LLP (we sometimes refer to Deloitte & Touche LLP as D&T) has served as our independent accountants since the audit for the 11-month period ended January 30, 1999. For 2007, D&T rendered professional services in connection with the audit of our financial statements, including review of quarterly reports and review of filings with the Securities and Exchange Commission and provided tax services. They are knowledgeable about our operations and accounting practices and are well qualified to act as the independent registered public accounting firm, and the Audit Committee has selected D&T as such for 2008.

**Audit and Non-Audit Fees and Independent Public Accountants**

The following table presents fees for professional audit services rendered by Deloitte & Touche LLP for the audit of the Company's annual financial statements for fiscal 2006 and 2007, and fees billed for other services rendered by D&T for fiscal 2006 and 2007.

	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>
Audit Fees	\$ 849,019	\$ 925,188
Audit-Related Fees	37,482	295,824
Tax Fees	321,863	246,510
All Other Fees		
<b>Total all Fees</b>	<b>\$ 1,208,364</b>	<b>\$ 1,467,522</b>

*Audit Fees.* Amounts presented for fiscal 2006 and 2007 include \$320,487 and \$323,816 of fees incurred in connection with review of Company compliance under the Sarbanes-Oxley Act in fiscal 2006 and 2007, respectively.

*Audit-Related Fees.* Audit related fees paid in fiscal year 2006 principally include fees relating to audits of employee benefit plans. Audit related fees in fiscal 2007 principally include fees relating to acquisitions, procedures performed in connection with the Company's financial statement restatement and audits of employee benefit plans.

*Tax Fees.* Tax fees set forth for fiscal 2006 and 2007 are for tax-related services related primarily to tax compliance (including U.S. federal and state returns), tax consulting and tax planning.

The Audit Committee pre-approves the terms of all auditing services and the terms of any non-audit services which the independent registered public accounting firm is permitted to render under Section 10A(h) of the Securities Exchange Act of 1934. The Audit Committee may delegate the pre-approval to one of its members, provided that if

such delegation is made, the full Audit Committee at the next regularly scheduled meeting shall be presented with any pre-approval decision made by that member.

Representatives of D&T will be present at the Annual Meeting of stockholders to respond to questions and to make statements as they desire.

**The Board of Directors unanimously recommends that the stockholders vote For ratification of the appointment of Deloitte & Touche LLP as the Company's independently registered public accounting firm for Fiscal 2008.**

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**Executive Compensation**

**Compensation Committee Report**

The following Report of the Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth below with the Company's management and, based upon such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

The full text of the Compensation Committee's charter is available on the Investor Relations portion of our website ([www.dickssportinggoods.com](http://www.dickssportinggoods.com)).

Respectfully submitted,

Members of the Compensation Committee

*David I. Fuente (Chairperson)*

*Lawrence J. Schorr*

*Larry D. Stone*

**Compensation Discussion and Analysis**

*Overview*

This section of our proxy statement discusses the compensation awarded to, earned by, or paid to the named executive officers (we refer to the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during fiscal 2007, as well as the other individuals included in the *Summary Compensation Table* on page 30, as the named executive officers ).

*Role of Compensation Committee*

Our Compensation Committee is responsible for reviewing the corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the Chief Executive Officer based on those goals and objectives and setting his compensation based on that performance. The Compensation Committee makes recommendations to our Board and the Chairman and Chief Executive Officer<sup>1</sup> related to the compensation of other named executive officers and approves those officers' compensation. Additionally, as it relates to all employee compensation other than his own, our Chairman and Chief Executive Officer plays a central role in establishing, reviewing and evaluating compensation matters. Because our Chairman and Chief Executive Officer is key to our business, holds in excess of 66% of the voting power of our capital stock and has been operating the Company since 1984, he plays an extremely significant role in establishing all policies at the Company, including those related to other employees' compensation. For example, the Chairman and Chief Executive Officer determines annual base salary for all executive officers, in consultation with the head of Human Resources and as approved by the Compensation Committee, may (as part of a subcommittee appointed by the Compensation Committee) approve

individual stock awards for officers other than directors and executive officers, and makes the final determination on whether new and/or revised compensation programs will be presented by management to the Compensation Committee.

<sup>1</sup> In February 2008 our Chairman and Chief Executive Officer's title was revised to add the title President as well.

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Under the rules promulgated by the New York Stock Exchange and Rule 162(m) of the Internal Revenue Code, as amended, the three members of our Compensation Committee are independent non-employee directors for purposes of establishing compensation for our named executive officers.

*Objectives and Philosophy*

*General.* The Company's compensation objectives and philosophy are grounded in our overall goal which is to be the number one sports and fitness specialty retailer for all athletes and outdoor enthusiasts through the relentless improvement of everything we do. We believe that, in order to pursue and achieve that goal, we need to continue to grow our business in a very disciplined way. Because we believe that financial discipline and focus are critical elements to the Company's overall success, we use earnings before tax ( EBT ) and sales as the primary metrics to measure our business goals for compensation purposes.

*Compensation Philosophy.* Our compensation programs are designed to attract and retain executive leaders who are results oriented, financially astute and focused on continuous performance improvement. Consequently, our compensation philosophy currently emphasizes at risk pay by providing for market median compensation at target performance and significant upside potential for above-target performance through our variable pay programs. The chart below provides the purpose and specific target market position for each pay element.

<b>Pay Component</b>	<b>Purpose</b>	<b>Philosophy/Target Market Position</b>
Base salary	Compensate the executive relative to his/her individual skills, experience, technical/functional knowledge and contributions to the Company.	Retail market median with a willingness to pay up to the 75th percentile for critical skills in key functions.(a)
Performance based annual cash bonus	Encourage achievement of above-target EBT and sales  Focus efforts on continuous short-term improvement	Retail market median for target performance with upside potential at or above the 75th percentile for maximum performance.(a)
Long-term stock based incentives	Align cross-functional objectives through use of commonly utilized Company-wide metrics (e.g., EBT and sales) Drive behaviors that lead to long-term growth and financial success  Create a balance between a short-term and a long-term performance focus  Align executive and stockholder interests  Retain key executive talent  Provide executive ownership opportunities	Retail market median for target performance with above median discretionary awards for outstanding performance against key financial metrics.
Retirement and welfare benefits	Provide tax-deferred retirement savings opportunities and financial protection	Competitive with the retail market. This component is part of our broad-based

	against illness, disability or death.	benefit program and available to other employees based on certain eligibility criteria.(b)
Perquisites and other additional benefits	Attraction and retention of key executive talent.	Competitive but limited use of executive perquisites.

(a) Percentile information derived from the Hay Retail Survey, discussed below under *Benchmarking Executive Compensation* .

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- (b) Health benefits such as medical, dental and vision available to our named executive officers are the same as those offered to other full-time associates, with the exception of the Chairman and Chief Executive Officer, whose medical plan contains a higher level of coverage due to the critical nature of his role. Retirement programs, as described below, are available to certain managers and high level individual contributors.

*Determining Executive Compensation*

Material increases or decreases in our named executive officers' compensation (other than our Chairman and Chief Executive Officer) are determined by our Chairman and Chief Executive Officer (through his recommendations to the Compensation Committee) and approved by our Compensation Committee. These changes are determined based on the circumstances related to the named executive officer including individual performance, specific skills, knowledge and experience, the internal value of the position held and external market competitiveness. Overall Company performance is an intrinsic element of our variable pay programs. The annual bonus plan payout for named executive officers is based solely on Company financial metrics. Equity grants made under our 2002 Plan are inherently performance based, as the executive officer receives very limited benefit from the grant unless the stock price rises after the grant date. Company performance is also a consideration in determining other aspects of compensation, including base pay increases and Company contributions to retirement programs.

Changes to our Chairman and Chief Executive Officer's compensation are determined based on performance of our Company and our subsidiaries. The Committee, in determining compensation amounts for the Chairman and Chief Executive Officer, also reviews and takes into consideration the aggregate historic compensation awarded to the Chairman and Chief Executive, both in terms of individual elements of compensation (including the mix of fixed versus variable pay components), as well as the aggregate value of the Chairman and Chief Executive's equity ownership in the Company.

*Benchmarking Executive Compensation*

The Hay Group, a nationally known consulting company with a strong emphasis in the retail sector, was engaged by the Company's management in the fall of 2007 to conduct a comprehensive market analysis for use in evaluating and establishing executive compensation. Each direct pay component utilized by the Company was analyzed against the Hay Group 2007 Retail Industry Total Remuneration Report (referred to in this proxy statement as the "Hay Retail Survey"), which includes 100 companies and provides data by job title (controlling for differences in responsibility and revenue).

In addition, at the request of the Compensation Committee, management in 2007 conducted a review of the direct compensation components for our named executive officers against a benchmark retail group, which we refer to as the Peer Analysis. The Peer Analysis focused on base pay, annual bonus and stock-based compensation.

The Compensation Committee approved the establishment of an Executive Compensation Retail Peer Group using the following general criteria for purposes of conducting the Peer Analysis:

publicly held specialty retailers;

retailers with revenues generally up to double the annual revenues of the Company; and

companies with which we compete for executive talent.

In addition to the above criteria, the Peer Analysis considered the Company's financial and operational performance against that of the peer group, in areas such as Total Shareholder Return, Sales and Net Income Growth, Return on Invested Capital and Return on Equity. This peer group will be reviewed periodically by the Compensation Committee and may change from time to time based on each retailer's continued relevance to the



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Company's current or future business model, as well as the competitive environment for executive talent. The peer group is currently comprised of the following companies:

Abercrombie and Fitch Co.	Charming Shoppes, Inc.
Advance Auto Parts, Inc.	Dollar Tree Stores, Inc.
American Eagle Outfitters, Inc.	Foot Locker, Inc.
AutoZone, Inc.	GameStop, Corp.
Barnes and Noble, Inc.	Collective Brands, Inc.
Bed Bath and Beyond Inc.	PetSmart, Inc.
Big Lots, Inc.	Ross Stores, Inc.
Borders Group, Inc.	Williams-Sonoma, Inc.
Cabela's Incorporated	

### *Compensation Program Design*

The Compensation Committee, in consultation with our Chairman and Chief Executive Officer, has designed our executive compensation program to reward the achievement of specific annual Company financial metrics and to align executives' interests with those of our stockholders by rewarding performance that increases stockholder value. To that end, our plans emphasize variable, performance-based pay.

We historically have not had a rigid policy or target for the allocation between either cash and non-cash or short-term and long-term incentive compensation. Rather, the Compensation Committee, in consultation with our Chairman and Chief Executive Officer, has maintained the flexibility to make allocation between these variables as circumstances dictate. In fiscal year 2007 for our named executive officers, the variable pay components (i.e. bonus and equity awards) of their total direct compensation mix ranged from 79% to 81%, with the Chairman and Chief Executive Officer's variable pay at 89% of total direct compensation. This compares to a retail market benchmark, generated in connection with the Hay Retail Survey, of 56% to 74%.

Although the Company has no formal policy related to such matters, generally, the Company has not adjusted or permitted recovery of awards or payments where the relevant performance measures upon which they were based were restated or otherwise adjusted in a manner that would have reduced the size of an award or payment (although the Company has done so in certain instances).

### *Compensation Components*

Consistent with the goals discussed above, the Company's compensation program for executives consists of these elements:

**Base Salary.** Base salaries for our named executive officers, other than the Chairman and Chief Executive Officer, including any annual or other adjustments, are based upon recommendations provided by our Chairman and Chief Executive Officer, taking into account a qualitative assessment of the nature of the position, the contributions and experience of the officer and external market competitiveness. The base salaries paid to our named executive officers for fiscal 2006 and 2007 are set forth in the *Summary Compensation Table* located on page 30 of the proxy statement.

During the Compensation Committee's meeting in March 2008, salary recommendations for the named executive officers subject to Section 162(m) of the Internal Revenue Code were reviewed and discussed by the Compensation Committee and determined for fiscal year 2008 as follows: Chairman, Chief Executive Officer and President,

\$700,000; Executive Vice President, Finance, Administration and Chief Financial Officer, \$500,000; Executive Vice President and Chief Merchandising Officer, \$643,750; and President and Chief Executive Officer, Golf Galaxy, \$355,000. The 2008 salary for Mr. Colombo, who became the Vice Chairman and stepped down as President and Chief Operating Officer at the end of fiscal 2007, is discussed below on page 29 of this proxy statement.

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Based on information derived from the Hay Retail Study, as compared to certain other companies reviewed by the Hay Group, our 2008 base salaries placed our Chief Executive Officer and our Golf Galaxy Chief Executive Officer in the 25th percentile on a comparative basis, our Chief Financial Officer in the 50th percentile and our Chief Merchandising Officer in the 75th percentile. This relatively low ranking overall on a percentile basis demonstrates the Company's philosophy of maintaining a lower percentage of total compensation attributable to base pay, with a higher percentage of total compensation based on variable pay elements, so as to keep the Company's named executive officers focused on continual improvement of the Company's performance, which is expected to ultimately benefit the Company's stockholders as well. However, at the same time the Company recognizes the need to provide higher base pay amounts for those positions that are most crucial to the success of a retail company (such as the Chief Merchandising Officer position). After reviewing the competitive market and peer group data along with the total compensation of the named executive officers, the Compensation Committee believes the base salaries above reflect appropriate levels of base pay.

*Annual Bonus.* Under our annual bonus program, executive officers and certain other employees are eligible to receive cash bonuses based upon the Company's attainment of specific performance goals as recommended by the Chairman and Chief Executive Officer and approved by the Compensation Committee.

The Company's target incentive bonus opportunities are established using the following position specific company metrics:

<b>Position</b>	<b>Consolidated EBT</b>	<b>Dick's EBT</b>	<b>Sales</b>	<b>Margin Percent Increase</b>	<b>Inventory Turn Ratio</b>
Chairman and Chief Executive Officer(1)	100%				
Executive Vice President, Finance, Administration and Chief Financial Officer(2)		80%	20%		
President and Chief Operating Officer(3)	100%				
Executive Vice President and Chief Merchandising Officer		60%(4)	20%	10%	10%
President and Chief Executive Officer, Golf Galaxy(5)	100%(6)				

(1) Mr. Stack received the additional title of President in February 2008.

(2) Mr. Kullman replaced Mr. Hines, who left the Company in March 2007. Effective February 2, 2008, Mr. Kullman was promoted from Senior Vice President and Chief Financial Officer to Executive Vice President, Finance, Administration and Chief Financial Officer.

(3) Mr. Colombo stepped down from his position as President and Chief Operating Officer, effective February 2, 2008. For fiscal year 2008 he will continue with the Company as the Board of Directors Vice Chairman and otherwise as an employee, as discussed on page 29 of the proxy statement.

(4) In June 2007, it was determined that fiscal 2007 performance incentives for Ms. Manto, our Executive Vice President and Chief Merchandising Officer, should be based on pre-tax earnings of Dick's Sporting Goods, Inc., excluding the results of Golf Galaxy, Inc.

- (5) Mr. Zanatta joined the Company on February 13, 2007 in connection with the Company's acquisition of Golf Galaxy. (See page 28 of the proxy statement for a more detailed discussion of the terms of Mr. Zanatta's employment agreement.)
- (6) 75% is attributed to the financial performance of Golf Galaxy, with the remaining 25% attributed to Dick's Sporting Goods, Inc.

A specified percentage of the bonus program participant's annual salary is used to determine any amount to be paid. For fiscal 2007, three (3) levels of performance were established: (i) a threshold level of performance below which no bonus award is paid; (ii) a target level of performance; and (iii) a maximum level of performance above which no additional bonus would be paid. For fiscal 2008, an additional level of performance was established, which is included below. The following sets forth the levels of bonus percentages payable for fiscal 2007 and 2008 for our named executive officers:

Chairman and Chief Executive Officer- Minimum 80% (2008), Threshold 160%, Target 200%, Maximum 400%

Executive Vice Presidents (including COO of Dick's and Golf Galaxy President and CEO)-Minimum 30% (2008), Threshold 60%, Target 75%, Maximum 150%

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The threshold, target and maximum bonus percentages payable for fiscal 2007 applicable to Senior Vice Presidents were as follows: Threshold 30%, Target 37.5%, Maximum 75%. With the promotion of Mr. Kullman to Executive Vice President, none of the named executive officers are at the Senior Vice President level in fiscal 2008.

In accordance with the requirements of Section 162(m) of the Internal Revenue Code and our 2002 Plan, each of these levels for fiscal 2007 was established by the Compensation Committee prior to the end of the first quarter of that fiscal year.

The targets for which bonus payments may be made, whether at the threshold, target or maximum percentage amounts, were established based on percent improvement over fiscal year 2006 results for the various categories set forth above (consolidated EBT, Dick's Sporting Goods EBT, sales, margin percent increase and inventory turn ratio). With respect to consolidated EBT, for 2007 the Company established a target requirement of \$230,570,000 for those named executive officers for whom consolidated EBT is utilized, and for 2008 the target for consolidated EBT is \$299,757,000. With respect to the other metrics utilized by the Company in determining whether bonuses are achieved, which are not disclosed in this proxy statement, the Committee set the minimum, target and maximum levels for each of fiscal 2007 and 2008 such that the relative difficulty of achieving the target level is consistent from year to year.

Each of the bonus payments are generally made for the most recently completed fiscal year (assuming the target levels have been met) as soon as administratively practical after the bonus amounts are determined and the Compensation Committee has taken the action required under Section 162(m) of the Internal Revenue Code. The Compensation Committee has retained the right to pay bonuses outside of the Company's 2002 Plan and that do not qualify and are not deductible by the Company as compensation under Section 162(m) of the Internal Revenue Code because the requirements of Section 162(m) have not been met.

As a result of the Company's fiscal 2007 operating results, and in connection with our 2007 bonus program we paid Messrs. Stack, Kullman, Colombo, Zanatta and Ms. Manto cash bonuses of \$2,792,308, \$279,087, \$973,558, \$98,951 and \$831,097 respectively. Mr. Hines, who left the Company in March 2007, was not paid a bonus for fiscal 2007.

Over the past three (3) years, we have achieved the maximum performance level twice. In fiscal 2005, we did not meet the threshold level of performance; however, we paid a discretionary award to Mr. Stack at 160% of his annual salary and we paid discretionary awards to the other executive officers at 60% of their annual salaries. Generally, the Compensation Committee believes it sets the minimum, target and maximum levels such that the relative difficulty of achieving the target level is consistent from year to year.

Awards of annual bonuses to named executive officers who are subject to Section 162(m) of the Internal Revenue Code are set by the Compensation Committee, and all other bonuses paid to non-executive officers are made in accordance with a formula established by the Compensation Committee and Chairman and Chief Executive Officer.

*Stock Options.* Our 2002 Plan is designed to create a link between the creation of stockholder value and long-term incentive compensation, provide our employees an opportunity for increased equity ownership and attract and retain associates who are focused on long-term performance. During fiscal 2007, the Compensation Committee operated under guidelines for stock option grants which are generally applicable to all eligible employees. Under these guidelines, stock option grants are generally made on an annual basis in amounts that take into account such factors as Company performance, total stockholder return, share usage and stockholder dilution as well as market competitiveness. Special grants may also be authorized by the Compensation Committee outside of the annual-grant framework for new hires and promotions, to recognize exceptional performance or for retention purposes. See page 44 of the proxy statement for additional information regarding proposed changes to the 2002 Plan relating to

Section 409A of the Internal Revenue Code, as amended, for which the Company is currently seeking stockholder approval. Historically, our Chairman and Chief Executive Officer had been delegated limited authority by the Compensation Committee to grant stock options to non-executive officers in accordance with Delaware law. Beginning in fiscal year 2008, the Compensation Committee delegated broader authority to a subcommittee consisting of the Chairman and Chief Executive Officer, Executive Vice President, Finance, Administration and Chief Financial Officer and Senior Vice President, Human Resources to approve stock option grants and grants of

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restricted stock to non-executive officers for promotions, new hires and special retention purposes during interim periods between meetings of the Compensation Committee.

Generally, all decisions to grant equity awards to our named executive officers are in the sole discretion of the Compensation Committee and, except for grants to the Chairman and Chief Executive Officer, are based upon recommendations provided by the Chief Executive Officer. Historically, annual awards of stock options to named executive officers have been made at a regularly scheduled Compensation Committee meeting during the spring of each year. The exercise price of stock option grants is determined by reference to the closing price of our common stock on the last trading day prior to the date of the grant or the date of the grant depending on the timing of the Compensation Committee meeting during which the grants are approved. Grants of stock options to newly hired named executive officers who are eligible to receive them have been made at special Compensation Committee meetings, in connection with Board meetings or by unanimous written consent. We do not have equity or other security ownership requirements or guidelines applicable to our named executive officers nor do we have any Company policies regarding hedging the economic risk of such ownership. Outside of the annual grant of options made to the named executive officers in March of 2007, the Company also granted Mr. Zanatta a stock option and restricted stock award in connection with the Golf Galaxy acquisition and Mr. Kullman was granted two (2) stock option awards in connection with his employment in 2007 as Senior Vice President and Chief Financial Officer. See page 28 of the proxy statement for additional details on these grants.

In fiscal year 2007 stock option grants to our named executive officers were generally at or above the 75th percentile of the Hay Retail Survey and our Peer Analysis. This is consistent with our compensation philosophy, which provides for above median awards for outstanding company performance. See the *Grants of Plan-Based Awards* table located on page 32 of the proxy statement, for specific details on the 2007 grants.

Stock options granted under the 2002 Plan and the Golf Galaxy 2004 Stock Incentive Plan historically have a ten (10) year maximum term from the date of grant, or earlier upon employment termination, death or disability. Commencing in fiscal year 2008, the maximum term for stock options was reduced to seven (7) years, pursuant to the terms of the individual award agreements. Historically, most options have vested over four (4) years, but in some instances options for new hires have vested over a three (3) year period as a result of negotiations with the new hire and in some cases cliff vest at the end of certain periods. Vesting ceases upon termination of employment. Options that have vested are generally exercisable for no more than ninety (90) days (and options issued under our prior 1992 Stock Option Plan may be exercisable for no more than thirty (30) days) following termination, except in the case of death or disability, in which case vested options are exercisable for twelve (12) months (ninety (90) days for options issued under our prior 1992 Stock Option Plan), but in no event can an option be exercised following its expiration date. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents. All options granted to our named executive officers are made with exercise prices equal to the fair market value of the Company's common stock in accordance with the plan under which they are granted.

**Restricted Stock.** Beginning in fiscal year 2008, the Compensation Committee approved the use of restricted stock for the annual grant as well as the new hire, promotion and retention grant programs. Prior to 2008, the only issuances of restricted stock by the Company were to certain employees of Golf Galaxy, including Randall Zanatta, in connection with the Company's acquisition of Golf Galaxy. These annual restricted stock grants generally become 100% vested on the third anniversary of the grant date, and are subject to forfeiture if the recipient fails to remain employed by the Company, or its subsidiary, during the vesting period. For 2008, the restricted stock component will be equal to 40% of the total value of the grant with the remaining 60% in stock options for vice presidents and above (including executive officers), and 100% of the total value of the grant for non-executive directors and other equity eligible associates. We believe the greater use of restricted stock will enhance the retention aspect of our equity program, encourage a long-term focus in our executives and assist in reducing share usage and stockholder dilution.

*Retirement and Other Benefits.* The Company's retirement savings plan, established pursuant to Section 401(k) of the Internal Revenue Code, covers all salaried employees (including executive officers) and certain hourly employees. Under the terms of the retirement savings plan, the Company provides a matching contribution equal to 50%



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of each participant's contribution up to 10% of the participant's compensation. All Company contributions to the savings plan vest over a five (5) year period, at 20% per year of service.

*Supplemental Smart Savings Plan.* On July 1, 2006, the Company's Supplemental Smart Savings Plan became effective, which allowed certain members of management to annually defer a portion of their existing compensation. We implemented the Supplemental Smart Savings Plan because certain members of management had historically been restricted in their ability to participate in the Company's existing 401(k) Plan because of qualified plan testing rules. The Supplemental Smart Savings Plan was amended on December 7, 2006, to exclude executive officers from being eligible to participate in the Supplement Smart Savings Plan after December 31, 2006.

Prior to the effectiveness of the amendment, executive officers had the opportunity to defer up to 15% of their compensation (defined as base salary, quarterly bonus compensation and annual incentive bonus payments), and could elect to receive distributions from the Supplemental Smart Savings Plan on the earlier of (i) a specific date which occurs no earlier than the second plan year following the plan year in which deferrals designated for distribution were credited or the date the employee's employment is terminated for any reason, or (ii) the date the employee's employment is terminated for any reason. The form of distribution could, at the executive's election, be paid in a single lump sum payment, or monthly, quarterly, semi-annual or annual installments, with any installment term between two (2) and fifteen (15) years.

Under the Supplemental Smart Savings Plan, the Company has the ability to match amounts deposited into plan accounts, up to a discretionary percentage of compensation determined annually by the Company, not to exceed 7% of a participant's compensation. We have established a rabbi grantor trust, with a third party trust company as trustee, for the purpose of providing the Company with funds for the payment of matching amounts under the Supplemental Smart Savings Plan.

*Officers' Supplemental Savings Plan.* On March 21, 2007, our Compensation Committee approved the implementation of the Dick's Sporting Goods Officers' Supplemental Savings Plan, a voluntary nonqualified deferred compensation plan, effective April 1, 2007. The Officers' Plan was implemented for the purpose of attracting high quality executives and promoting in our key executives increased efficiency and an interest in the successful operation of the Company. Certain key executives, including our named executive officers, are eligible to participate in the Officers' Plan. These executives are being afforded the opportunity to participate in the Officers' Plan because, as discussed above, they are no longer eligible to participate in our Supplemental Smart Savings Plan.

Under the Officers' Plan, eligible participants have the opportunity to defer up to 25% of their base salary and up to 100% of their annual bonus, and may allocate amounts deferred under the Officers' Plan among a range of investment choices. Participant deferral amounts are 100% vested, and matching contributions become 100% vested after five (5) years of plan participation, or upon participant's death, disability or upon a change in control. Eligible participants may elect to receive distributions of discretionary contributions from the Officers' Plan as a lump sum, in annual installments, with any installment term between two (2) and twenty (20) years, or a combination of the two options. Matching contributions may be distributed only after age 55. Distributions are also triggered upon a participant's death or disability (as defined in applicable treasury regulations) or in the event of certain hardships or changes of control (each as defined under Section 409A of the Internal Revenue Code).

Under the Officers' Plan, we are required to match amounts deposited into plan accounts at a rate of 20% of the participant's annual deferral, up to a \$200,000 maximum match per year. Matching amounts are contributed as one lump sum at the end of the year, and the participant must be an eligible participant as of December 31st to receive the matching contribution for that year. We also have the ability to make a discretionary matching contribution as we, through our Board, may determine from time to time. We may at any time direct the Officers' Plan's administrator to amend or terminate the Officers' Plan, except that no amendment or termination may reduce a participant's account

balance.

For fiscal year 2007 as a result of the outstanding financial performance of the Company, the Chairman and Chief Executive Officer recommended, and the Compensation Committee approved, a discretionary contribution to each of our three retirement programs. The Smart Savings Plan company match was increased from 50% of each participant's contribution to 71% of each participant's contribution up to the 10% maximum. Associates eligible to participate in the Supplemental Savings Plan or the Officers' Supplemental Savings Plan received a discretionary

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contribution, with allocations to individual associates based on a percent of base salary. For additional information regarding discretionary amounts received by our named executive officers see the *Nonqualified Deferred Compensation* table set forth on page 38 of our proxy statement.

*Employee Stock Purchase Plan.* The Company has an employee stock purchase plan, which provides that eligible employees (including named executive officers) may purchase shares of our common stock at a discount. There are two offering periods in a fiscal year, one ending on June 30th and the other on December 31st, or as otherwise determined by the Company's Compensation Committee. The employee's purchase price is 85% of the lesser of the fair market value of the stock on the first business day or the last business day of the semi-annual offering period. Employees may purchase shares having a fair market value of up to \$25,000 for all purchases ending within the same calendar year. Our Chairman and Chief Executive Officer is not eligible to participate in the stock purchase plan because he owns more than 5% of our voting stock.

*Life Insurance.* We pay the insurance premiums on life insurance policies for the benefit of Messrs. Stack and Colombo. The beneficiaries under the policies, upon the executive's death, are the executives' respective spouses. For Mr. Stack, we also pay for the premiums on an additional life insurance policy for which a personal beneficiary chosen by Mr. Stack is, upon his death, the beneficiary or where prior to death, Mr. Stack may receive the cash surrender value of the policy, and a policy where, upon his death, we are the beneficiary. Attributed costs of the personal benefits described above for the named executive officers for the fiscal year ended February 2, 2008, are included in column (i) of the *Summary Compensation Table* on page 30 of this proxy statement.

*Perquisites and Other Personal Benefits.* The Company provides named executive officers with perquisites and other personal benefits that our Chairman and Chief Executive Officer and the Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain our executive talent for key positions. Certain named executive officers are provided with use of automobiles leased by the Company and in certain instances tax preparation service, reimbursement for certain club dues, personal use of Company owned or leased aircraft in accordance with our aircraft policy, the use of administrative assistant services for personal matters and the personal use of tickets acquired by the Company for business entertainment when they become available because no business use has been arranged. Attributed costs of these benefits described above for the named executive officers for the fiscal year ended February 2, 2008, are included in column (i) of the *Summary Compensation Table* and the related footnotes to the column on page 30 of this proxy statement.

*Written Employment Arrangements.* We historically have not entered into employment agreements with our named executive officers. Except for some of the officers of Golf Galaxy, Inc. (which we acquired in February 2007) who had employment agreements in place prior to our acquisition of Golf Galaxy, and with whom we negotiated continuing employment agreements in connection with the acquisition, and in some limited instances for new hires, we have generally only provided our executive officers with limited severance payments upon termination of employment. In most cases, upon the termination of an officer's employment by us we are only obligated to pay to that officer an amount equal to the greater of (i) four (4) weeks of pay at the officer's base salary or (ii) one (1) week of pay for every year of employment with us. The severance payment is payable bi-weekly over the 12-month period following the officer's termination. No severance payment is payable to the officer if the officer voluntarily terminates employment with us, retires or is terminated due to cause (as defined in the agreement), death, or permanent disability. The Company in its discretion may offer other arrangements to employees who end employment with the Company. Aside from the employment agreements discussed in this proxy statement, the Company does not have any arrangements in place with the named executive officers that would provide severance payments to them upon a change-in-control.

In some instances in connection with the negotiation of new hires we have entered into offer letters with our executive officers which have provided them written assurances of additional elements of compensation as they join our

Company. In November 2005, the Company agreed to terms of employment with Gwen Manto, our Executive Vice President and Chief Merchandising Officer. Under her offer letter, Ms. Manto received an initial gross annual salary of \$600,000, and is eligible to participate in the Company's management bonus plan. Ms. Manto received a signing bonus of \$385,000, payable in two (2) installments, which was required to be refunded if her employment was voluntarily terminated within one (1) year of starting employment, and an initial stock grant of 150,000 shares of common stock (adjusted to accommodate the Company's two-for-one stock split effectuated in October 2007),

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which is cliff vested three (3) years from her starting employment date. The Company also agreed to pay to Ms. Manto the value of 8,000 units of unvested restricted stock held by Ms. Manto in connection with her previous employment at Sears, Roebuck and Company. These payments were made in two (2) installments during 2006 and 2007, with the first payment of \$609,250 being paid on February 15, 2006 and the second installment of \$450,000 being paid on February 15, 2007.

On February 13, 2007, we acquired Golf Galaxy as our wholly-owned subsidiary. Following our acquisition of Golf Galaxy, Randall K. Zanatta, Golf Galaxy's President and Chief Executive Officer, continues to serve in that capacity. In connection with Mr. Zanatta's continuation as President and Chief Executive Officer of Golf Galaxy (and the fact that Mr. Zanatta previously had an employment agreement in place with Golf Galaxy), we negotiated and entered into an employment agreement with him, which was based on his pre-merger agreement with Golf Galaxy, for a term of three (3) years. Under the terms of his employment agreement, Mr. Zanatta receives a base salary (initially \$355,000 per year), specified benefits, the option and restricted stock grants discussed below, and is entitled to receive an annual bonus, based primarily on the performance of Golf Galaxy but also the performance of overall Company goals. Mr. Zanatta will also be entitled to severance if he is terminated without cause (as defined in the employment agreement), and is subject to certain non-compete and non-solicitation covenants set forth in the employment agreement. If Mr. Zanatta's employment is terminated for a reason other than cause or he resigns under certain specified circumstances (good reason), he is entitled to a lump sum severance payment equal to two (2) times his then-current base salary and incentive bonus for the fiscal year in which termination occurred (if and to the extent certain specified performance targets are achieved), continuation of benefits for two (2) years, and all stock options previously granted that were exercisable for Golf Galaxy common stock prior to the merger (now converted to options exercisable for our common stock) will vest. Additionally, the vesting of shares of restricted stock described below that vest based only on the passage of time (i.e., no performance or other conditions are imposed) will also accelerate. The shares of restricted stock described below that vest only if certain performance targets are achieved will vest to the extent that the performance targets have been met and/or the Company is on target to meet the performance targets as of the termination date. The agreement has a term ending at the end of our third fiscal year following February 13, 2007. See page 40 of the proxy statement for additional information regarding the severance provisions of Mr. Zanatta's employment agreement.

On November 16, 2006, Mr. Zanatta was granted, subject to the completion of the merger, a one-time special option exercisable for 330,000 shares of our common stock, which, subject to vesting, is exercisable at any time prior to February 13, 2012 or, if he is still employed by Golf Galaxy at that time, for such longer period as is prescribed by our 2002 Plan. Additionally, under his employment agreement, Mr. Zanatta received 150,000 shares of our restricted common stock, which, if he continues to be employed by the Company on February 13, 2010, will, with respect to half of the shares, vest automatically, and will, with respect to the other half of the shares, vest if certain performance targets are achieved. This employment arrangement, including the elements of severance in the agreement, arose out of the assumption of Mr. Zanatta's employment agreement with Golf Galaxy that existed prior to our acquisition of Golf Galaxy and as a result of negotiations between us and Mr. Zanatta. All numbers reflected in this paragraph have been adjusted to accommodate the Company's two-for-one stock split effectuated in October 2007.

The performance targets for Mr. Zanatta's performance based restricted stock award were a result of negotiations with Mr. Zanatta. Those criteria are based on Golf Galaxy and Company earnings metrics and savings and synergies achievement. We believe that these targets represent goals developed as the result of arms-length negotiations and as such are difficult to reach.

In February 2007, we agreed to employment terms with Timothy E. Kullman, whereby Mr. Kullman agreed to join us as Senior Vice President and Chief Financial Officer to replace Mr. Hines. Mr. Kullman joined the Company in April 2007. The offer letter provided to Mr. Kullman indicated that he would receive a gross annual salary of \$450,000, and is eligible to participate in the Company's discretionary management incentive plan with a target payout of 37.5% of

base pay. Mr. Kullman also received an initial stock option grant exercisable for 100,000 shares, which vests at 25% per year starting on the first anniversary of the grant, and an option grant exercisable for 50,000 shares, which vests in its entirety on the fourth anniversary of the date of grant. Mr. Kullman is also eligible to participate in the full range of benefits and 401(k) plans offered to other Company officers. In February 2008, Mr. Kullman was promoted to Executive Vice President, Finance, Administration and Chief Financial Officer, as a result of which his base salary was increased to \$500,000 and his 2008 management incentive plan target increased

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to 75% of salary. In March 2008 he also received a promotional stock option grant exercisable for 37,500 shares which vests at 25% per year starting on the first anniversary of the grant. All numbers reflected in this paragraph have been adjusted to accommodate the Company's two-for-one stock split effectuated in October 2007.

On September 25, 2007, Joseph H. Schmidt was promoted to Executive Vice President of Operations from his prior position as Senior Vice President Store Operations. On January 15, 2008, Jeffrey R. Hennion was promoted to Executive Vice President and Chief Marketing Officer from Senior Vice President and Chief Marketing Officer, and on February 25, 2008, Diane Lazzaris began employment with the Company as Senior Vice President-Legal, General Counsel and Corporate Secretary. Each of Mr. Schmidt, Mr. Hennion and Ms. Lazzaris are included as executive officers of the Company.

Effective February 2, 2008, William J. Colombo assumed the role of Vice Chairman of the Company's Board of Directors and stepped down as the Company's President and Chief Operating Officer. Mr. Colombo's prior responsibilities as President and Chief Operating Officer were assumed by Joseph H. Schmidt, Executive Vice President of Operations, who assumed the additional title of Chief Operating Officer, Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer, and Edward W. Stack, Chairman and Chief Executive Officer, who assumed the additional title of President. In addition to serving as Vice Chairman of the Company's Board, Mr. Colombo has agreed to continue as an employee of the Company, to provide assistance with respect to various projects as requested by our Chairman and Chief Executive Officer, and will receive an annual salary of \$150,000 in connection with such employment.

### *Tax and Accounting Implications*

*Deductibility of Executive Compensation.* Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over \$1,000,000 paid for any fiscal year to the corporation's chief executive officer, chief financial officer and three (3) other most highly compensated executive officers as of the end of any fiscal year. However, the statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met.

The Compensation Committee believes that it is generally in the Company's best interest to attempt to structure performance-based compensation, including stock option grants and annual bonuses, to executive officers who may be subject to Section 162(m) in a manner that satisfies the statute's requirements. However, the Compensation Committee also recognizes the need to retain flexibility to make compensation decisions that may not meet Section 162(m) standards when necessary to enable the Company to meet its overall objectives, even if the Company may not deduct all of the compensation. Accordingly, the Compensation Committee expressly reserves the authority to approve non-deductible compensation in appropriate circumstances. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the Company's efforts, that compensation intended by the Company to satisfy the requirements for deductibility under Section 162(m) does in fact do so.

*Nonqualified Deferred Compensation.* On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. The Company believes it is operating in good faith compliance with the statutory provisions which were effective January 1, 2005.

**Table of Contents****Summary Compensation Table**

The following table discloses the compensation for Edward W. Stack, the principal executive officer of the Company, Michael F. Hines and Timothy E. Kullman, each of whom served as the principal financial officer of the Company during fiscal 2007, and the other three (3) most highly compensated executive officers of the Company or its subsidiaries who were serving as executive officers at the fiscal year ended February 2, 2008 and whose total annual compensation (excluding items described in column (h) below) exceeded \$100,000 (the named executive officers ).

Name and Principal Position (a)	Year (b)	Salary (\$)(1) (c)	Bonus (\$)(d)	Stock Awards (\$)(e)	Option Awards (\$)(2) (f)	Non-Equity Compensation Plan (\$)(3) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(h)	All Other Compensation (\$)(4) (i)	Total (\$) (j)
Edward W. Stack, Chairman and Chief Executive Officer(5)(6)	2006	\$ 662,500			\$ 7,739,441	\$ 2,650,000		\$ 93,165	\$ 11,145,106
	2007	\$ 698,077			\$ 5,687,220	\$ 2,792,308		\$ 323,648(7)	\$ 9,501,253
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer(8)	2007	\$ 372,115			\$ 371,612	\$ 279,087		\$ 256,851(9)	\$ 1,279,665
Michael F. Hines, Executive Vice President and Chief Financial Officer(10)	2006	\$ 458,654			\$ 894,378	\$ 687,981		\$ 24,874	\$ 2,065,887
	2007	\$ 103,846			\$ 584,775			\$	\$ 688,621
William J. Colombo, President and Chief Operating Officer(6)(11)	2006	\$ 629,808			\$ 894,378	\$ 944,712		\$ 26,169	\$ 2,495,067
	2007	\$ 649,038			\$ 899,736	\$ 973,558		\$ 16,856(12)	\$ 2,539,188
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer	2006	\$ 611,538			\$ 625,037	\$ 917,307		\$ 599,626	\$ 2,753,508
	2007	\$ 624,038			\$ 956,610	\$ 831,097		\$ 222,627(13)	\$ 2,634,372
Randall K. Zanatta, President and Chief Executive Officer - Golf Galaxy(14)	2007	\$ 362,596			\$ 2,112,741	\$ 98,951		\$ 11,098(14)	\$ 2,585,386



- (1) Salary amounts reflect payments earned during fiscal 2006, which represented a 53 week fiscal year and fiscal 2007, which represented a 52 week year.
- (2) The values set forth in this column represent the dollar amount recognized for financial statement reporting purposes in each of fiscal 2006 and 2007 for the fair value of stock options granted to each named executive officer in accordance with FAS 123R (disregarding any estimate of forfeitures related to service-based vesting conditions). A discussion of the relevant assumptions made in the valuation may be found in the Stock-Based Compensation section of Note 11 of the footnotes to the Company's financial statements, in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008.
- (3) Includes bonus payments earned in each of fiscal year 2006 and 2007, regardless of when paid. Under our 2002 Plan, the relevant performance measures for the incentive bonus awards are satisfied in fiscal 2006 or 2007, as applicable and thus reportable in fiscal 2006 or 2007, as applicable, even though payments are made, if any, in fiscal 2007 or 2008.
- (4) Use by our officers and directors of aircraft that are owned or leased by us for non-business purposes is governed by our travel policy for non-business use of corporate aircraft, which is described on page 35 of this proxy statement. Except where indicated in the table, all non-business use of aircraft by any executive officer or director during fiscal 2007 was billed to and paid for by the executive officer or director in accordance with our travel policy.
- (5) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.
- (6) Neither Mr. Stack nor Mr. Colombo received any compensation from the Company in 2007 in connection with their services as directors on the Company's Board of Directors. Beginning in fiscal year 2008, Mr. Colombo

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will no longer be an executive officer of the Company, and as such may be eligible to receive compensation in connection with his service as Vice Chairman of the Board of Directors.

- (7) Personal benefits for fiscal 2007 include an annual vehicle allowance, complimentary tickets to certain sporting events, professional fees and country club dues. The amount shown also includes a tax payment of \$37,059 incurred as a result of insurance, professional fees and country club dues, \$33,541 of insurance premiums paid in fiscal 2007 by us on two life insurance policies for the benefit of Mr. Stack, for which the beneficiaries under the policies, upon the executive's death, are the executive's spouse and a personal beneficiary of his choosing, respectively, \$6,371 insurance premium paid in fiscal 2007 by us on a disability insurance policy, and \$225,261 of matching contributions under the Company's defined contribution plans.
- (8) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.
- (9) Personal benefits for fiscal 2007 include \$71,159 of relocation expenses in connection with the Company's employment of Mr. Kullman, a tax payment of \$35,842 incurred as a result of relocation expenses and \$149,850 of matching contributions under the Company's defined contribution plans.
- (10) Mr. Hines stepped down as the Company's Executive Vice President and Chief Financial Officer in March of 2007.
- (11) Effective February 2, 2008, Mr. Colombo stepped down as President and Chief Operating Officer, and was named Vice Chairman of the Company's Board of Directors. Mr. Colombo will continue for a period of time as an employee of the Company, but will not be an executive officer.
- (12) Personal benefits for fiscal 2007 include professional fees and an annual vehicle allowance. The amount shown also includes a tax payment of \$4,716 incurred as a result of insurance and \$4,590 of insurance premiums paid in fiscal 2007 by us on a life insurance policy for the benefit of Mr. Colombo, the beneficiary of which under the policy, upon the executive's death, is the executive's spouse.
- (13) Personal benefits for fiscal 2007 include \$222,627 of matching contributions under the Company's defined contribution plans.
- (14) Mr. Zanatta joined the Company in connection with the Company's acquisition of Golf Galaxy, Inc., which is now a wholly-owned subsidiary, in February 2007. Personal benefits for fiscal 2007 include \$5,780 of health insurance premiums and \$5,318 of matching contributions under the Company's defined contribution plans.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth each grant of awards made to a named executive officer in the 2007 fiscal year under plans established by the Company, and has been adjusted to reflect the two-for-one stock split effectuated in October 2007.

	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock (i)	All Other Option Awards: Securities Underlying Options (j)	Exercise or Base Price of Option Awards (\$/Sh) (k)
		Threshold (\$) (c)	Target (\$) (d)	Maximum (\$) (e)	Target (\$) (f)	Maximum (\$) (g)	Maximum (\$) (h)			
Stack, and Chief Officer(5)	3/21/07	\$ 1,116,923	\$ 1,396,154	\$ 2,792,308					300,000	\$ 28.23
Kullman, Vice President	4/9/07								100,000	\$ 29.32
Administration and Financial Officer(6)	4/9/07	\$ 111,635	\$ 139,543	\$ 279,087					50,000	\$ 29.32
Hines, Vice President and Financial Officer(7)										
Colombo, and Chief Officer(8)	3/21/07	\$ 389,423	\$ 486,779	\$ 973,558					125,000	\$ 28.23
Manto, Vice President Merchandising	3/21/07	\$ 374,423	\$ 468,029	\$ 936,057					125,000	\$ 28.23
Zanatta, and Chief Officer (9)	2/13/07 6/6/07	\$ 217,558	\$ 271,947	\$ 543,894				150,000	100,000	\$ 27.19

(1) Payments were made pursuant to our 2002 Plan, as set forth in column (g) of our *Summary Compensation Table* . Amounts were earned in fiscal 2007, but were paid in fiscal 2008.

- (2) Amounts reflect two-for-one stock split in the form of a stock dividend effectuated by the Company in October 2007.
- (3) The exercise price of the stock options awarded were determined in accordance with our 2002 Plan, which provides that the exercise price for each share covered by an option shall be the closing sale price for our common stock as quoted on the New York Stock Exchange for the last market trading day prior to the time of determination. \$28.23 was the closing price for our common stock on March 20, 2007, \$29.32 was the closing price for our common stock on April 5, 2007 and \$27.19 was the closing price for our common stock on June 5, 2007 (each closing price has been adjusted to reflect the Company's two-for-one stock split effectuated October 2007).
- (4) The full grant date fair value calculations are computed in accordance with FAS 123R for those options and shares of restricted stock awarded to the named executive officers in fiscal 2007 under the Company's 2002 Plan (disregarding any estimates of forfeitures related to service-based vesting conditions). A discussion of the relevant assumptions made in the valuation may be found in the "Stock-Based Compensation" section of Note 11 of the footnotes to the Company's financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2008.
- (5) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.

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- (6) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.
- (7) Mr. Hines stepped down as the Company's Executive Vice President and Chief Financial Officer in March of 2007.
- (8) Effective February 2, 2008, Mr. Colombo stepped down as President and Chief Operating Officer, and was named Vice Chairman of the Company's Board of Directors. Mr. Colombo will continue for a period of time as an employee of the Company, but will not be an executive officer.
- (9) When Golf Galaxy was acquired by the Company in February 2007, all previously issued and outstanding stock options held by Mr. Zanatta which were exercisable for shares of Golf Galaxy stock were converted into stock options exercisable for shares of Company common stock.

**Understanding Our Summary Compensation and Grants of Plan-Based Awards Tables**

*Offer Letters for Executive Officers*

On November 28, 2005, the Company agreed to terms of employment with Gwen Manto, whereby Ms. Manto agreed to join the Company as Executive Vice President and Chief Merchandising Officer. Ms. Manto joined the Company in January 2006. Under the offer letter, Ms. Manto received an initial gross annual salary of \$600,000, and is eligible to participate in the Company's management bonus plan. Ms. Manto received a signing bonus of \$385,000 and an initial stock option grant of 150,000 shares, which are cliff vested at three (3) years from her starting employment date. The Company also agreed to pay to Ms. Manto the value of 8,000 units of unvested restricted stock held by Ms. Manto in connection with her previous employment at Sears, Roebuck and Company. These payments were made in two installments during 2006 and 2007, with the first payment of \$609,250 having been paid on February 15, 2006 and the second payment of \$405,000 having been paid on February 15, 2007. Additionally, Ms. Manto is eligible to participate in the full range of benefits and 401(k) plan offered to other Company officers.

On February 13, 2007, we entered into an employment agreement with Randall K. Zanatta, Golf Galaxy's President and Chief Executive Officer, in connection with our acquisition of Golf Galaxy. Mr. Zanatta's employment agreement is based on the prior agreement he had in place with Golf Galaxy. Under the agreement, Mr. Zanatta receives a base salary (initially \$355,000 per year), specified benefits, certain option and restricted stock grants discussed below, and is entitled to receive an annual bonus, based primarily on the performance of Golf Galaxy but also the performance of the overall Company goals, in an amount equal to 0 to 150% of base salary. Mr. Zanatta will also be entitled to severance if he is terminated without cause (as defined in the employment agreement), and is subject to certain non-compete and non-solicitation covenants set forth in the employment agreement. If Mr. Zanatta's employment is terminated for a reason other than cause or he resigns under certain specified circumstances (good reason), he is entitled to a lump sum severance payment equal to two (2) times his then-current base salary and incentive bonus for the fiscal year in which termination occurred (if and to the extent certain specified performance targets are achieved), continuation of benefits for two (2) years, and all stock options previously granted that were exercisable for Golf Galaxy common stock prior to our acquisition (which have been converted to options exercisable for our common stock) will vest. Additionally, the vesting of shares of restricted stock described below that vest based only on the passage of time (i.e., no performance or other conditions are imposed) will also accelerate. The shares of restricted stock described below that vest only if certain performance targets are achieved will vest to the extent that the performance targets have been met and/or the Company is on target to meet the performance targets as of the termination date. The agreement has a term ending at the end of our third fiscal year following February 13, 2007. See *Potential Payments Upon Termination or Change-in-Control* on page 39 of this proxy statement for a description of

these severance payment agreements.

On November 16, 2006, Mr. Zanatta was granted, subject to the completion of the merger, a one-time special option exercisable for 330,000 shares of our common stock, which, subject to vesting, is exercisable at any time prior to February 13, 2012 or, if he is still employed by Golf Galaxy at that time, for such longer period as is prescribed by our 2002 Plan. Additionally, under his employment agreement, Mr. Zanatta received 150,000 shares of our restricted common stock, which, if he continues to be employed by the Company on February 13, 2010, will,

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with respect to half of the shares, vest automatically, and will, with respect to the other half of the shares, vest if certain performance targets are achieved.

In February 2007, we agreed to employment terms with Timothy E. Kullman, whereby Mr. Kullman agreed to join us as Senior Vice President and Chief Financial Officer (now Executive Vice President, Finance, Administration and Chief Financial Officer) to replace Mr. Hines. Mr. Kullman joined the Company in April 2007. The offer letter provided to Mr. Kullman indicated that he would receive an initial gross annual salary of \$450,000, and is eligible to participate in the Company's discretionary management incentive plan. Mr. Kullman also received an initial stock option grant exercisable for 100,000 shares, which vests at 25% per year starting on the first anniversary of the grant, and an option grant exercisable for 50,000 shares, which vests in its entirety on the fourth anniversary of the date of grant. Mr. Kullman is also eligible to participate in the full range of benefits and 401(k) plans offered to other Company officers.

### *Option Awards*

The Company's 2002 Plan permits the granting of options, both incentive stock options and non-qualified stock options, to purchase shares of our common stock, as well as the granting of shares of restricted stock. The Company's 1992 Stock Plan also permitted the granting of both incentive stock options and non-qualified stock options. The 1992 Stock Plan terminated in 2002, such that no new options can be granted under the 1992 Stock Plan, although certain options previously granted under the 1992 Stock Plan remain exercisable. Non-qualified stock options were granted to the Company's named executive officers in fiscal 2007 as set forth in the Grant of Plan Based Awards Table above. The option exercise price for each share covered by an option was determined, in accordance with the Company's 2002 Plan, as the closing sale price for our common stock as quoted on the New York Stock Exchange for the last market trading day prior to the time of determination, as reported in *The Wall Street Journal* or such other source as they deem reliable. The term of the option may not exceed ten (10) years from the date of the grant. Generally, options vest 25% per year over a four (4) year period on each anniversary of the date of grant, although some options have three (3) or four (4) year cliff vesting features. See *Potential Payments Upon Termination or Change-in-Control* beginning on page 39 of this proxy statement for a description of the effects of employment termination or a change in control on stock option awards.

### *Incentive Bonus Award*

The Company's 2002 Plan allows for the payment of incentive bonus awards to executive officers. Incentive bonus awards payable to named executive officers in fiscal 2007 are reflected in column (g) of the above *Summary Compensation Table*. Each incentive bonus award confers the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period, which is typically the fiscal year, established by the Compensation Committee. Each incentive bonus award is documented with respect to the threshold, target and maximum amount payable, the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment, the term of the performance period as to which performance shall be measured for determining the amount of any payment and the timing of any payment earned by virtue of performance. The maximum amount payable as a bonus may be a multiple of the target amount payable, but the maximum amount payable pursuant to that portion of an incentive bonus award granted under the 2002 Plan for any fiscal year that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code shall not exceed \$5,000,000.

The Compensation Committee establishes the performance criteria and level of achievement versus these criteria that shall determine the target and maximum amount payable under an incentive bonus award, which criteria may be based on financial performance and/or personal performance evaluations. The Compensation Committee may specify the percentage of the target incentive bonus that is intended to satisfy the requirements for performance-based

compensation under Section 162(m) of the Code. For additional detail regarding the targets and criteria utilized in connection with the payment of the incentive bonus awards in fiscal 2007, see *Compensation Discussion and Analysis* on page 23 of this proxy statement.

The Compensation Committee determines the timing of payment of any incentive bonus, and may provide for or permit an election for the payment of any incentive bonus to be deferred to a specified date or event. An incentive



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bonus may be payable in equity or in cash or other property, including any award permitted under the 2002 Plan. Notwithstanding satisfaction of any performance goals, the amount paid under an incentive bonus award on account of either financial performance or personal performance evaluations may be reduced by the Compensation Committee on the basis of such further considerations as the Compensation Committee shall determine.

The Company's 2002 Plan allows the grant of awards that qualify as performance-based compensation under Section 162(m). One of the conditions to qualify as performance-based is that the material terms of the performance goals must be approved by the Company's stockholders at least every five (5) years. The Board of Directors and our stockholders approved the 2002 Plan prior to our initial public offering, and was again approved by our stockholders at our 2003 annual meeting. To preserve the tax status of certain awards as performance-based, and thereby to allow the Company to continue to fully deduct the compensation expense related to such awards, we are asking the stockholders to re-approve the performance goals and to approve certain other changes made to the 2002 Plan in connection with Section 409A of the Code. For additional information, see *Item Three- Approval of our Amended and Restated 2002 Stock and Incentive Plan* on page 44 of this proxy statement.

*Travel Policy*

Our Compensation Committee and Board of Directors approved a Company Travel Policy for Non-Business Use of Corporate Aircraft in November 2004, which was filed with the SEC on a Form 8-K. Under the policy, certain of our executives (including the Chief Executive Officer, President, Executive Vice Presidents, members of the Board of Directors and other officers designated by the Chief Executive Officer) may use any aircraft owned or leased by us for non-business purposes. The frequency and priority of the non-business use of the aircraft by these executives will be determined by our Chief Executive Officer. Except as approved by our Chief Executive Officer or the Company's Compensation Committee, the value of the non-business trip is billed to the executive (done directly through our aircraft management company to the executive or director and paid by the executive or director to our third-party aircraft management company) at the aggregate incremental cost to the Company determined in accordance with Item 402 of Regulation S-K, as amended (but no less than \$500 per hour for each hour of flight time), and in accordance with Federal Aviation Association regulations. In any limited instances where the executive or director is not billed, any non-reimbursed travel will be considered income to the executive or director and reported for tax purposes in the executive's earnings in accordance with the base aircraft valuation formula, which is also known as the standard industry fare level formula.

At least yearly, the Company's director of internal audit conducts an internal audit of the non-business use of the corporate aircraft to confirm adherence to the travel policy, and prepares a report to the Company's Compensation Committee relating to such audit.

Reference is also made to our *Compensation Discussion and Analysis* on page 21 of this proxy statement, which discusses compensation paid to our executive officers, and how each component of executive officer compensation is structured, and the rationale for such structure.

Table of Contents**Outstanding Equity Awards At Fiscal Year End**

The following table sets forth all unexercised options which have been awarded to our named executive officers by the Company and that are outstanding as of February 2, 2008.

Name	Option Awards					Stock Awards			
	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#) Price (\$)					Equity Incentive Plan Awards: Market Value of Shares or Units of Other Rights That Have Not Vested			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Edward W. Stack, Chairman and Chief Executive Officer(1)	2,035,000 3,696,000 144,000 125,000 75,000			\$ 3.00 \$ 11.44 \$ 12.63 \$ 17.98 \$ 18.95	10/15/2012 10/21/2013 01/21/2014 03/02/2015 03/01/2016				
		125,000(2) 225,000(3) 300,000(4)		\$ 28.23	03/21/2017				
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer(5)		100,000(6) 50,000(7)		\$ 29.32 \$ 29.32	04/09/2017 04/09/2017				
Michael F. Hines, Executive Vice President and Chief Financial Officer(8)									
William J. Colombo, President and	97,268 524,000			\$ .54 \$ 3.00	11/12/2012 10/15/2012				

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Chief Operating Officer(9)	92,000		\$ 12.63	01/21/2014
	50,000	50,000(2)	\$ 17.98	03/02/2015
	31,250	93,750(3)	\$ 18.95	03/01/2016
		125,000(4)	\$ 28.23	03/21/2017
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer	31,250	150,000(10)	\$ 18.00	01/09/2016
		93,750(3)	\$ 18.95	03/01/2016
		125,000(4)	\$ 28.23	03/21/2017
Randall K. Zanatta, President and Chief Executive Officer	7,720		\$ 7.41	7/19/2009
	7,720		\$ 7.41	3/14/2010
	5,790		\$ 8.16	4/26/2011
Golf Galaxy	5,790	1,930(11)	\$ 8.16	5/4/2014
	8,684	8,686(12)	\$ 10.36	5/3/2015
	8,104	8,106(13)	\$ 18.13	7/28/2015
	4,825	14,475(14)	\$ 16.90	6/22/2016
		330,000(15)	\$ 27.29	11/16/2016
		100,000(16)	\$ 27.19	6/6/2017
			150,000	\$ 3,578,135

- (1) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.
- (2) Stock Option vests at the rate of 25% per year, with vesting dates of 3/2/2006, 3/2/2007, 3/2/2008 and 3/2/2009.
- (3) Stock Option vests at the rate of 25% per year, with vesting dates of 3/1/2007, 3/1/2008, 3/1/2009 and 3/1/2010.
- (4) Stock Option vests at the rate of 25% per year, with vesting dates of 3/21/2008, 3/21/2009, 3/21/2010 and 3/21/2011.
- (5) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.
- (6) Stock Option vests at the rate of 25% per year, with vesting dates of 4/9/2008, 4/9/2009, 4/9/2010 and 4/9/2011.
- (7) Stock Option vests in its entirety on April 9, 2011.
- (8) Mr. Hines stepped down as the Company's Executive Vice President and Chief Financial Officer in March of 2007.
- (9) Effective February 2, 2008, Mr. Colombo stepped down as President and Chief Operating Officer, and was named Vice Chairman of the Company's Board of Directors. Mr. Colombo will continue for a period of time as an employee of the Company, but will not be an executive officer.

- (10) Stock Option vests in its entirety on January 9, 2009.
- (11) Stock Option vests at the rate of 25% per year, with vesting dates of 5/4/2005, 5/4/2006, 5/4/2007 and 5/4/2008.
- (12) Stock Option vests at the rate of 25% per year, with vesting dates of 5/3/2006, 5/3/2007, 5/3/2008 and 5/3/2009.

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- (13) Stock Option vests at the rate of 25% per year, with vesting dates of 7/28/2006, 7/28/2007, 7/28/2008 and 7/28/2009.
- (14) Stock Option vests at the rate of 25% per year, with vesting dates of 6/22/2007, 6/22/2008, 6/22/2009 and 6/22/2010.
- (15) Stock Option vests in three annual installments, beginning 2/13/2008.
- (16) Stock Option vests at the rate of 25% per year, with vesting dates of 6/6/2008, 6/6/2009, 6/6/2010 and 6/6/2011.

**Option Exercises And Stock Vested**

The following table sets forth all options that were exercised by our named executive officers by the Company during fiscal 2007.

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
Edward W. Stack, Chairman and Chief Executive Officer(1)	2,000,000	52,270,880		
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer				
Michael F. Hines, Executive Vice President and Chief Financial Officer(2)	150,250	1,764,193		
William J. Colombo, President and Chief Operating Officer(3)	400,000	11,000,005		
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer				
Randall K. Zanatta, President and Chief Executive Officer Golf Galaxy(4)	57,900	1,444,577		

- (1) Mr. Stack exercised a stock option for 339,000 shares and 1,661,000 shares on July 16, 2007, with an exercise price of \$1.08 and \$3.00, respectively at a market price of \$28.81. All numbers and amounts have been adjusted

to reflect the two-for-one stock split effectuated in October 2007.

- (2) Mr. Hines exercised stock options for 150,250 shares on March 16, 2007, with exercise prices of \$12.63 (for 69,000 shares), \$17.98 (for 50,000 shares) and \$18.95 (for 31,250 shares) at the following market prices: \$27.58 (for 1,400 shares), \$27.57 (for 3,400 shares), \$27.56 (for 5,000 shares), \$27.55 (for 11,600 shares), \$27.54 (for 200 shares), \$27.53 (for 1,000 shares), \$27.52 (for 14,800 shares), \$27.51 (for 4,400 shares), \$27.50 (for 14,000 shares), \$27.47 (for 400 shares), \$27.46 (for 800 shares), \$27.45 (for 21,200 shares), \$27.43 (for 1,000 shares), \$27.42 (for 9,400 shares), \$27.41 (for 41,650 shares), and \$27.40 (for 20,000 shares). All numbers and amounts have been adjusted to reflect the two-for-one stock split effectuated in October 2007.
- (3) Mr. Colombo exercised stock options for 36,198 shares on March 22, 2007, with an exercise price of \$3.00 and market prices of \$28.51 (for 200 shares), \$28.505 (for 600 shares) and \$28.50 (for 35,398 shares), stock options for 163,802 shares on March 23, 2007, with an exercise price of \$3.00 and market price of \$28.50, and stock options for 200,000 shares on August 31, 2007, with an exercise price of \$3.00 and market price of \$32.50. All numbers and amounts adjusted to reflect the two-for-one stock split effectuated in October 2007.
- (4) Mr. Zanatta exercised stock options for 38,600 shares on March 19, 2007, with an exercise price of \$3.89 and market price of \$27.375; stock options for 19,300 shares on September 6, 2007, with an exercise price of \$5.635 and market prices of \$33.505 (for 12,500 shares), \$33.515 (for 2,600 shares), \$33.53 (for 800 shares) and \$33.54 (for 3,400 shares). All numbers and amounts adjusted to reflect the two-for-one stock split effectuated in October 2007.

**Table of Contents****Pension Benefits**

The Company did not have in fiscal 2007, and currently does not have, any plans that provide for payments or other benefits at, following, or in connection with the retirement of our named executive officers, other than tax qualified defined contributions plans and/or nonqualified defined contribution plans.

**Nonqualified Deferred Compensation**

The following table sets forth amounts contributed during fiscal 2007 under the Company's defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Name (a)	Executive Contributions in Last Fiscal Year (\$) (b)(1)	Registrant Contributions in Last Fiscal Year (\$) (c)	Aggregate Earnings in Last Fiscal Year (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last Fiscal Year End (\$) (f)
Edward W. Stack, Chairman and Chief Executive Officer(2)	\$ 119,231	\$ 220,468	\$ (306)		\$ 339,393
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer(3)		\$ 149,850			\$ 149,850
Michael F. Hines, Executive Vice President and Chief Financial Officer(4)					
William J. Colombo, President and Chief Operating Officer(5)					
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer	\$ 53,077	\$ 222,627	\$ (4,749)		\$ 270,955
Randall K. Zanatta, President and Chief Executive Officer - Golf Galaxy(6)					

- (1) Amounts set forth in this table reflect amounts deferred and contributed under the Company's Officers Supplemental Savings Plan, which became effective April 1, 2007, and which was thereafter available to the named executive officers in lieu of the Company's Supplemental Smart Savings Plan, which was effective July 2006 through December 2006 for the Company's executive officers, and which continues for non-executive

officers.

- (2) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.
- (3) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.
- (4) Mr. Hines stepped down as the Company's Executive Vice President and Chief Financial Officer in March of 2007.
- (5) Effective February 2, 2008, Mr. Colombo stepped down as President and Chief Operating Officer, and was named Vice Chairman of the Company's Board of Directors. Mr. Colombo will continue for a period of time as an employee of the Company, but will not be an executive officer.
- (6) Mr. Zanatta is not eligible to participate in the Company's Officers' Supplemental Savings Plan.



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*Dick's Sporting Goods Supplemental Smart Savings Plans and Officers' Supplemental Savings Plan*

In July 2006, the Company established the Dick's Sporting Goods Supplemental Smart Savings Plan (the Supplemental Plan), which allowed certain members of management to annually defer a portion of their existing compensation. The Supplemental Plan was implemented because certain members of management had historically been restricted in their ability to participate in the Company's existing 401(k) Plan because of qualified plan testing rules. In December 2006, the Company made certain technical amendments to the Supplemental Plan which caused certain executives to no longer be eligible to participate in the Supplemental Plan.

On March 21, 2007, our Compensation Committee approved the implementation of the Dick's Sporting Goods Officers' Supplemental Savings Plan, (the Officers' Plan), a voluntary nonqualified deferred compensation plan effective April 1, 2007, for the purpose of attracting high quality executives and promoting in its key executives increased efficiency and an interest in the successful operation of the Company. Certain key executives (or other participants as the Board of Directors of the Company may determine) are eligible to participate in the Officers' Plan, including our named executive officers. These executives are being afforded the opportunity to participate in the Officers' Plan because they are no longer eligible to participate in the Supplemental Plan.

Under the Officers' Plan, eligible participants have the opportunity to defer under it up to 25% of their base salary and up to 100% of their annual bonus, and may allocate amounts deferred under the Officers' Plan among a range of investment choices. Participant deferral amounts are 100% vested, and matching contributions become 100% vested after five years of plan participation, or upon the participant's death, disability or upon a change in control of the Company. Eligible participants may elect to receive distributions of discretionary contributions from the Officers' Plan as a lump sum, in annual installments, with any installment term between two and twenty years, or a combination of the two options. Matching contributions may be distributed only after age 55. Distributions are also triggered upon a participant's death or disability (as defined in applicable treasury regulations) or in the event of certain hardships or changes of control (each as defined under Section 409A of the Internal Revenue Code).

Under the Officers' Plan, the Company is required to match amounts deposited into plan accounts at a rate of 20% of the participant's annual deferral, up to a \$200,000 maximum match per year. Matching amounts are contributed as one lump sum at the end of the year, and the participant must be an eligible participant as of December 31st to receive the matching contribution for that year. The Company also has the ability to make a discretionary matching contribution as determined from time to time by the Company.

The Officers' Plan is intended to constitute a non-qualified, unfunded plan for federal tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended and is also intended to comply with Internal Revenue Code Section 409A, and contains restrictions to help ensure compliance. Our obligations to pay deferred compensation under the Officers' Plan are unsecured general obligations of the Company. We may amend or terminate the Officers' Plan at any time in whole or in part; provided that no amendment or termination may reduce the amount credited to accounts at the time of such amendment or termination.

For additional discussion of the terms of the Officers' Plan, see *Compensation Discussion and Analysis* on page 26 of this proxy statement.

**Potential Payments Upon Termination or Change-in-Control**

As described under *Compensation Discussion and Analysis* on page 27 of this proxy statement, our executive officers do not have employment agreements with the Company, with the exception of Randall Zanatta, whose contract entitles him to severance if he is terminated without cause or if he resigns for good reason, as defined in the

employment agreement. There are no contracts, agreements, plans or arrangements, whether written or unwritten, that provide for severance payments to a named executive officer at, following, or in connection with a change in control of the company. The information below describes and quantifies certain compensation that would become payable under our existing plans and arrangements if the named executive's employment had terminated on February 2, 2008, given the named executive officer's compensation and service levels as of such date and, if applicable, based on our closing stock price on that date. These benefits are in addition to benefits available

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generally to salaried employees, such as distributions under our 401(k) savings plan, subsidized retiree medical benefits, disability benefits and accrued vacation pay.

Due to the number of factors that affect the nature and amount of any benefits provided upon the events discussed below, such as the timing during the year of any such event and the Company's stock price, any actual amounts paid or distributed may be different.

*Employment Agreement.* Pursuant to the terms of Mr. Zanatta's current employment agreement with the Company, which was based on his pre-merger agreement with Golf Galaxy, Mr. Zanatta is entitled to severance if he is terminated without cause (as defined below), and is subject to certain non-compete and non-solicitation covenants set forth in the employment agreement. If Mr. Zanatta's employment is terminated for a reason other than cause or he resigns for good reason (as defined below), he is entitled to a lump sum severance payment equal to two (2) times his then-current base salary and incentive bonus for the fiscal year in which termination occurred (if and to the extent certain specified performance targets are achieved), continuation of benefits for two (2) years, and all stock options previously granted that were exercisable for Golf Galaxy common stock prior to the merger (now converted to options exercisable for our common stock) will vest. Additionally, the vesting of the portion of the 150,000 shares of restricted stock that vest based only on the passage of time (i.e., no performance or other conditions are imposed) will also accelerate. The shares of restricted stock that vest only if certain performance targets are achieved will vest to the extent that the performance targets have been met and/or the Company is on target to meet the performance targets as of the termination date.

Under the terms of Mr. Zanatta's employment agreement, "cause" is defined to include the following: (i) breach or violation of representations or covenants under the employment agreement (following notice and cure period); (ii) willful and continual failure to substantially perform duties with Golf Galaxy (following 30 day notice); (iii) willfully engage in conduct materially injurious to Golf Galaxy, monetarily or otherwise (and continued for 30 days following notice); (iv) engaging in an act of misconduct that is injurious to, or engaging in any act of fraud or theft against, Golf Galaxy or the Company; (v) violating or willfully refusing to obey reasonable instructions of the Company's Chief Executive Officer; (vi) becoming disabled during the term of the agreement; (vii) death; or (viii) completion of the three (3) year term. "Good reason" under the agreement includes the following: (i) a material change in title, position or responsibilities which represents a substantial reduction of the title, position or responsibilities in effect immediately prior to the change; (ii) the assignment of Mr. Zanatta to a position which requires Mr. Zanatta to relocate permanently to a site outside of the Minneapolis-St. Paul metropolitan area; (iii) the assignment of any duties or responsibilities (other than due to a promotion) which are inconsistent with such title, position or responsibilities; (iv) any removal from or failure to reappoint or reelect Mr. Zanatta to any of such positions, except in connection with the termination of employment for cause, as a result of permanent disability, as a result of Mr. Zanatta's death, or by Mr. Zanatta other than for good reason; or (v) any material breach by Golf Galaxy of any provision of the employment agreement.

*Severance Agreements.* Other than Mr. Zanatta, all of our executive officers have executed agreements with us providing them with limited severance payments upon termination under certain circumstances. Terminated executive officers are not provided with severance if the officer voluntarily terminates employment with us, retires, is terminated as a result of death or permanent disability or the executive officer is terminated for the following reasons: (i) fraud or felonious conduct, (ii) embezzlement or misappropriation of Company funds or property, (iii) material breach of the non-competition, non-disclosure and confidentiality covenants set forth in the severance agreement or any material violation of the provisions of the Company's employee handbook, (iv) gross negligence, or (v) employee's consistent inability or refusal to perform, or willful misconduct in or disregard of the performance of his or her duties and obligations, under certain circumstances. Upon the termination of employment of a named executive officer for any reason other than those set forth above, we are obligated to pay to that officer an amount equal to the greater of (i) four (4) weeks of pay at the executive officer's base salary or (ii) one (1) week of pay for every year of employment with

us. The severance payment is payable bi-weekly over the 12-month period following the executive officer's termination. The Company in its discretion may offer other arrangements to employees who end employment with the Company. Each named executive officer has agreed to comply with certain non-competition covenants in connection with execution of the severance agreements.

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The cash severance amounts that would be payable to each named executive officer if their employment had been terminated on February 2, 2008 are set forth below. Due to his resignation in March of 2007, Michael F. Hines has not been included in the below table.

	<b>For Cause Termination</b>	<b>Voluntary Termination</b>	<b>Death</b>	<b>Disability</b>	<b>Retirement</b>	<b>Involuntary Not For Cause Termination</b>
Edward W. Stack, Chairman and Chief Executive Officer(1)						\$ 403,846
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer(2)						\$ 34,615
William J. Colombo, President and Chief Operating Officer(3)						\$ 237,500
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer						\$ 48,077
Randall K. Zanatta, President and Chief Executive Officer Golf Galaxy						\$ 710,000

(1) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.

(2) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.

(3) Effective February 2, 2008, Mr. Colombo stepped down as President and Chief Operating Officer, and was named Vice Chairman of the Company's Board of Directors. Mr. Colombo will continue for a period of time as an employee of the Company, but will not be an executive officer.

*Stock Option Awards.* The following sets forth the applicable provisions of our 1992 Stock Plan and 2002 Plan with respect to exercisability of options upon termination or change-in-control. Mr. Zanatta also currently has options through the Golf Galaxy, Inc. 1996 Stock Option and Incentive Plan and Golf Galaxy, Inc. 2004 Stock Incentive Plan; however, the ability to exercise these options upon termination or change-in-control are governed by the terms of Mr. Zanatta's employment agreement, which is discussed on page 40 of this proxy statement, and as such are not otherwise discussed below.

*1992 Stock Plan.* In the event that a named executive officer is terminated without cause as determined by the committee charged with administering the 1992 Stock Plan, currently the Compensation Committee, the non-vested portion of any stock option will be deemed cancelled on the termination date and the vested portion, if any, of the stock option as of the date of such termination will remain exercisable for the lesser of a period of thirty (30) days following termination or until the expiration date of the stock option. In the event that the named executive officer is

terminated for cause as determined by the Compensation Committee (defined as (i) fraud or felonious conduct; (ii) embezzlement or misappropriation of funds or property; (iii) consistent refusal to perform, or willful misconduct in or disregard of the performance of duties and obligations; (iv) gross negligence; or (v) breach of employment agreement, if applicable), all outstanding options, whether or not vested, shall be immediately forfeited. In the event that the named executive officer voluntarily terminates his employment due to a total and permanent disability (within the Company's standard guidelines) or due to the employee's death, the non-vested portion of any stock option will be deemed cancelled on the termination date and the vested portion, if any, of the stock option as of the date of such termination will remain exercisable for the lesser of a period of ninety (90) days following termination or until the expiration date of the stock option.

In the event of a merger or consolidation of the Company with or into another corporation or the sale of all or substantially all of the Company's assets, the holder of options under the 1992 Stock Plan is entitled to receive, at their election (a) upon the due exercise of the option or (b) upon the effective date of the reorganization, sale,

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merger, consolidation or similar transaction, the cash, securities, evidence of indebtedness, other property or any combination of those items that optionee would have been entitled to receive for common stock acquired through the exercise of said option (net of exercise price) immediately prior to the effective date of the transaction.

*2002 Plan.* In the event that a named executive officer's continuous status as an employee is terminated (defined in the 2002 Plan as the absence of any interruption or termination of the employment relationship, except in the case of (i) sick leave, (ii) military leave, (iii) any other leave of absence approved by the Board, provided such period does not exceed ninety (90) days, unless reemployment is guaranteed by contract, statute or Company policy, or (iv) transfers between locations of the Company or between the Company and its subsidiaries), the non-vested portion of any stock option will be deemed cancelled on the termination date and the vested portion, if any, of the stock option as of the date of such termination will, unless otherwise set forth in the award, remain exercisable for the lesser of a period of ninety (90) days following termination or until the expiration date of the stock option. Except as otherwise set forth in the option award itself, in the event that the named executive officer voluntarily terminates employment due to a total and permanent disability (as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended) or due to the employee's death, the non-vested portion of any stock option will be deemed cancelled on the termination date and the vested portion, if any, of the stock option as of the date of such termination will remain exercisable for the lesser of a period of twelve (12) months following termination or until the expiration date of the stock option. In each case, our 2002 Plan grants the administrator the ability to set other periods of time with respect to the period in which an award can be exercised, as set forth in the document evidencing such option or award. In the event of a merger or consolidation of the Company with or into another corporation or the sale of all or substantially all of the Company's assets, the Board may authorize all outstanding options or awards to be assumed or an equivalent option or right to be substituted by the successor corporation or parent or subsidiary of such successor corporation. In the event that the successor corporation does not agree to assume the options or rights, or to substitute an equivalent option or stock appreciation right, the Board shall provide for employees to have the right to exercise all options previously granted to such employee, including those not otherwise exercisable at the time.

The following table sets forth the market value of equity awards under FAS 123R that each named executive officer would be eligible to receive via exercise if the executive was terminated or became totally disabled or died as of February 2, 2008, and does not indicate any shares currently held; it is simply the value of the option grants that are currently exercisable. Due to his resignation in March of 2007, Michael F. Hines has not been included in the below table.

<b>Executive Officer</b>	<b>Upon Termination, Death or Disability(1)</b>	
Edward W. Stack	\$	146,175,040
Timothy E. Kullman		
William J. Colombo	\$	21,885,806
Gwen Manto	\$	436,875
Randall K. Zanatta(2)	\$	3,775,286

(1) Amounts are based on the closing sale price of the Company's Common Stock on February 1, 2008, and assume full exercise of all options exercisable, but do not include any acceleration of vesting which could occur pursuant to a change-in-control under the terms of our stock option plans.

(2) Assumes termination by the Company without cause or by Mr. Zanatta for good reason, as defined under his employment agreement. See page 40 of this proxy statement for definitions.

*Employee Stock Purchase Plan.* Under the terms of our Employee Stock Purchase Plan, referred to as our ESPP, upon a participant's termination of service, defined as the earliest of his or her retirement (defined as voluntary termination of employment on or after attaining age 55), death, resignation, discharge or permanent separation from service with the Company, for any reason other than death or resignation, no payroll deductions may be made from his or her payroll, and the entire balance credited under his or her ESPP account will be automatically refunded. Upon a participant's retirement, the participant may elect to have the entire amount credited to his or her account (as of the date of retirement) refunded, or to have the entire amount credited under his



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or her account held in the account and used to purchase shares as provided under the ESPP in accordance with all applicable requirements of the Internal Revenue Code that apply to the ESPP.

In the event that the Company is dissolved or liquidated, or is a party to a merger or consolidation in which the Company is not the surviving entity, every purchase right outstanding under the ESPP will terminate.

*Officers Supplemental Savings Plan.* Under the terms of the Officers Plan, in the event of a participant's retirement or early retirement (defined below), the participant is entitled to receive an amount equal to the total balance of the participant's account and matching company account, which is payable in a single lump sum unless the participant has elected to receive the distribution in installments. Upon termination of employment other than by reason of retirement, early retirement, death or termination for cause (defined below), the participant is entitled to receive a termination benefit equal to the vested balance of the participant's accounts, payable in a single lump sum; provided, that the vested portion of the Company's matching account is payable in a single lump sum on the date the participant attains age fifty-five (55). If a participant is terminated for cause (defined below), the participant forfeits to the Company all rights to both vested and unvested contributions of the Company credited to the participant's accounts, and is entitled to receive a benefit equal to the remaining balance of the participant's accounts, payable in a single lump sum.

Retirement is defined in the Officers Plan as termination of employment, other than a termination for cause, on or after the date on which the participant has both attained age fifty-five (55) and completed at least five (5) years of participation in the Officers Plan, and early termination is termination of employment, other than for cause, on or after the date on which the participant has completed at least five (5) years of participation. Termination for cause is defined in the Officers Plan as termination of employment by reason of (a) a substantial intentional failure to perform duties as an employee or to comply with any material provision of his or her employment agreement with the Company, where such failure is not cured within thirty (30) days after receiving written notice from the Company specifying in reasonable detail the nature of the failure, (b) a breach of fiduciary duty to the Company by reason of receipt of personal profits, (c) conviction of a felony, or (d) any other willful and gross misconduct committed by the participant.

Distributions are also triggered upon a participant's death or disability (as defined in applicable treasury regulations) or in the event of certain hardships or changes of control (each as defined under Section 409A of the Internal Revenue Code). A change in control is defined in the Officers Plan as any of: (i) the dissolution or liquidation of the Company; (ii) a reorganization, merger or consolidation of the Company with one or more corporations as a result of which the Company is not the surviving corporation; (iii) approval by the stockholders of the Company of any sale, lease, exchange or other transfer (in one or a series of transactions) of all or substantially all of the assets of the Company; (iv) approval by the stockholders of the Company of any merger or consolidation of the Company in which the holders of voting stock of the Company immediately before the merger or consolidation will not own 50% or more of the voting shares of the continuing or surviving corporation immediately after such merger or consolidation; or (v) a change of 50% (rounded to the next whole person) in the membership of the Board of Directors of the Company within a twelve (12) month period, unless the election or nomination for election by stockholders of each new director within such period was approved by the vote of two-thirds (2/3) (rounded to the next whole person) of the directors then still in office who were in office at the beginning of the twelve (12) month period. Notwithstanding the foregoing, no event shall constitute a change in control for purposes of acceleration of distributions on termination of the Officers Plan if it is not a change in the ownership or effective control of the corporation, or in the ownership of a substantial portion of the assets of the corporation, corporate dissolution, or with approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A) within the meaning of Code Section 409A.

*Life Insurance Benefits.* The Company currently pays the premiums for life insurance policies for the benefit of Messrs. Stack and Colombo, for which the beneficiaries under the policies, upon each executive's death, is the executive's respective spouses, and for an additional life insurance policy for which a personal beneficiary designated

by Mr. Stack is, upon the executive's death, the beneficiary. For detail regarding the premiums paid by the Company, see footnotes 7 and 12 of the *Summary Compensation Table* on page 30. If Messrs. Stack and Colombo had died on February 2, 2008, the spouses of Mr. Stack and Mr. Colombo would have received \$2,413,407

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and \$1,250,510, respectively, under this arrangement, and a personal beneficiary designated by Mr. Stack would have received \$4,000,000 with respect to Mr. Stack's additional policy.

### **ITEM 3 APPROVAL OF THE AMENDED AND RESTATED 2002 STOCK AND INCENTIVE PLAN**

#### **2002 Plan**

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), limits the amount of compensation expense that the Company can deduct for income tax purposes. In general, a public corporation cannot deduct compensation in excess of \$1 million paid to any of the named executive officers in the proxy statement. However, compensation that qualifies as "performance-based" is not subject to this deduction limitation.

The Company's current 2002 Plan allows the grant of awards that qualify as performance-based compensation under Section 162(m). One of the conditions to qualify as performance-based is that the material terms of the performance goals must be approved by the Company's stockholders at least every five (5) years. The Board of Directors and our stockholders approved the 2002 Plan prior to our initial public offering, and it was again approved by our stockholders at our 2003 annual meeting. To preserve the tax status of certain awards as performance-based, and thereby to allow the Company to continue to fully deduct the compensation expense related to such awards, we are asking the stockholders to reapprove the performance goals. We are also making certain changes to the 2002 Plan relating to compliance with Section 409A of the Code and to change the name of the 2002 Plan to more accurately reflect the scope of the 2002 Plan. If this proposal is not adopted, our Compensation Committee will continue to grant performance awards under the 2002 Plan, but certain awards to executive officers would no longer be fully tax deductible by the Company and may have other tax consequences under Section 409A of the Code.

*Shares Subject to Plan.* The current 2002 Plan allows for the issuance of up to 39,732,000 shares of our capital stock (either common stock or Class B common stock at the discretion of the administrator of the Plan) upon exercise of awards under the 2002 Plan. As of February 2, 2008, there were 12,895,754 shares of common stock available for issuance under our 2002 Plan. The maximum number is subject to adjustment for stock splits, stock dividends, spin offs, reclassifications or other relevant changes affecting Company stock, and reflects all stock splits effectuated by the Company to date.

*Authority.* The 2002 Plan may be administered by the full Board or any committee appointed by the Board to administer the plan. The Administrator, whether our Board or a committee, will have the authority in accordance with the terms of the Plan to determine the fair market value of the common stock for the purposes of making an award, select the eligible persons to whom awards may be granted, grant the awards, determine the number of shares to be covered by each award, offer to buy out for cash or shares a granted option or stock appreciation right and determine the form, terms and conditions of any agreement by which any award is made. The Administrator may also determine whether any award will be paid in cash rather than stock, whether and to what extent payment of an award may be deferred, whether under certain circumstances to reduce the exercise price of an award and the restrictions applicable to any stock or unit grants or purchase rights.

The 2002 Plan is currently administered and interpreted by our Compensation Committee, each member of which must be a "non-employee" director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 and an "outside director" within the meaning of section 162(m) of the Code. As to grants to employees, our Compensation Committee selects persons to receive grants from among the eligible employees, determines the type of grants and number of shares to be awarded, and sets the terms and conditions of the grants. The Compensation Committee may establish rules for administration of the 2002 Plan and may delegate authority to others for plan administration, subject to limitations imposed by SEC and IRS rules and state law. In limited circumstances, a subcommittee consisting of our Chief Executive Officer, Chief Financial Officer and Senior Vice President-Human Resources has

been delegated authority to grant stock options and other awards to non-executive officers in accordance with Delaware law.

*Grants Under the Plan.* Under the terms of the 2002 Plan, all awards, except incentive stock options and incentive bonus awards, may be granted to our employees (at February 2, 2008 we had approximately 1,200 employees eligible to participate under the 2002 Plan), non-employee Directors (at February 2, 2008 we had six (6) non-

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employee Directors) and consultants. Incentive stock options and incentive bonus awards may be granted only to our employees.

Under the 2002 Plan, we may grant incentive stock options intended to qualify for special tax treatment, non-qualified stock options, incentive bonus awards, performance share awards, performance unit awards, restricted stock awards, restricted unit awards, stock unit awards and stock appreciation rights.

*Stock Options and Stock Appreciation Rights.* The Administrator may grant nonqualified options and incentive stock options. Each incentive stock option will expire within 10 years of the original grant date, unless the grantee owns more than 10% of our stock, in which case the incentive stock option will expire within five (5) years of the original grant date. Other awards may be granted for such time periods as determined by the Administrator of the Plan. Except for 140,000 shares of common stock previously issued to non-executive officers, options may not have exercise prices less than the fair market value at the time of grant. This exception for 140,000 shares was made by an amendment to the 2002 Plan approved by the Board in November 2002. If the grantee owns more than 10% of voting power our stock, incentive stock options may not have an exercise price less than 110% of the fair market value at the time of grant. Upon exercise, an option grantee may pay for the shares with cash, other shares, a properly executed exercise notice accompanied by irrevocable instructions to a registered broker to promptly deliver the amount of proceeds necessary to pay the exercise price, or any combination of these methods. The aggregate fair market value of stock with respect to which incentive stock options are exercisable for the first time by an individual in a year may not exceed \$100,000. If this limit is exceeded, the excess will be considered a non-statutory option.

The Administrator may also grant stock appreciation rights ( SARs ) the right to receive an amount based on appreciation in the fair market value of shares of our stock over a base price. The holder of SARs may, upon exercise, surrender the related options and receive payment, in the form of Company common stock, equal to the excess of the fair market value of our common stock over the exercise price in the date of exercise multiplied by the number of shares exercised. The price and term of the SARs mirror those of the related stock option, and the SARs automatically terminate to the extent the related options are exercised. Effectively, these awards give the holder the benefit of the related stock options (in the form of shares of our common stock) without requiring payment of the exercise price.

If a grantee's employment is terminated, the grantee may, within 90 days after termination, exercise his or her option or SAR to the extent that the grantee was entitled to exercise it on the date of termination. If a grantee is disabled, the grantee may, within 12 months after becoming disabled, exercise his or her option or SAR to the extent that the grantee was entitled to exercise it on the date of becoming disabled. If a grantee dies, the grantee's estate may, within 12 months of the grantee's death, exercise the grantee's option or SAR to the extent that the grantee was entitled to exercise it on the date of the grantee's death or to the extent that the award provides for vesting upon death. In each case, the option or SAR terminates with respect to the shares that had not vested prior to the grantee's termination or disability, or upon death. Other than by will or other transfer on death, options and SARs are not transferable.

*Performance Share Awards, Performance Unit Awards, Restricted Stock Awards, Restricted Unit Awards or Stock Unit Awards.* The Administrator may also issue performance share awards, performance unit awards, restricted stock awards, restricted unit awards and stock unit awards, which shall contain such vesting criteria, restrictions and other terms and conditions as are set forth in the written agreement evidencing such award. Notwithstanding the satisfaction of any performance goals set forth in such award, at the discretion of the Administrator of the 2002 Plan, the number of shares granted, issued or retained under such award may be reduced based on other considerations. The grant will set forth a restriction period during which the shares may not be transferred. If the grantee's employment terminates during the restriction period, the grant terminates and the shares are returned to the Company. However, the Administrator can provide complete or partial exceptions to that requirement as it deems equitable. If the grantee remains employed beyond the end of the restriction period, the restrictions lapse and the shares become freely transferable. The performance criteria for any such award that is intended to satisfy the requirements for performance

based compensation under Section 162(m) must be a measure based on one or more of the Qualifying Performance Criteria (set forth below) selected by the Administrator and specified at the time the Award is granted.

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*Incentive Bonus Awards.* The Administrator may also choose to award an incentive bonus award based on the achievement of one or more goals, all as set forth in a written document containing the terms and conditions of achieving such award. Notwithstanding the satisfaction of any performance goals set forth in such award, at the discretion of the Administrator of the 2002 Plan the award may be reduced based on other considerations. Additionally, our employees are eligible for incentive bonus awards (as defined in the 2002 Plan) based on Qualifying Performance Criteria, which may include one or more of the following, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured over a period of time including any portion of a year, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years results or to a designated comparison group:

cash flow	return on assets or net assets
earnings per share (including earnings before interest, taxes, depreciation, and amortization or some variation thereof)	revenue
stock price	income or net income
return on equity	operating income or net operating income
total stockholder return	operating profit or net operating profit
return on capital	operating margin or profit margin
	return on operating revenue
	market share

To the extent consistent with Section 162(m) of the Internal Revenue Code, the Administrator will appropriately adjust any evaluation of performance under a qualifying performance criteria to exclude certain events as set forth in the 2002 Plan. Under the 2002 Plan the maximum amount payable for any incentive bonus award to any one employee for any fiscal year that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code is \$5,000,000.

*Other Information.* The 2002 Plan will expire in 2012. In connection with the granting of options or awards, the Company generally receives consideration from the grantees in the form of services provided to the Company. Awards for Class B common stock and awards for securities convertible or exchangeable for Class B common stock may only be granted to Edward W. Stack and his relatives.

If a stock split, reverse stock split, stock dividend, combination, reclassification or other change in corporate structure affecting the number of issued shares of our common stock occurs, then the Administrator of the 2002 Plan can make equitable adjustments to the terms of the awards granted under the 2002 Plan. In particular, the Administrator can make an equitable adjustment in the number of shares authorized by the 2002 Plan, the number of shares covered by outstanding awards under the 2002 Plan and the exercise prices of outstanding awards. The adjustments must be performed in such a way that any incentive stock options granted under the 2002 Plan will continue to qualify as incentive stock options. The Board of Directors can amend or terminate this 2002 Plan any time, although certain amendments require stockholder approval and an amendment or termination cannot adversely affect any rights under an outstanding grant without the grantee's consent.

The 2002 Plan Administrator has the discretion to, on a change in control, vest and make exercisable any award granted under the 2002 Plan. If we are acquired by merger or asset sale, the Board can authorize that all outstanding awards be assumed or substituted by the successor or the successor's subsidiary or parent. Alternatively, each outstanding option which is not to be assumed or substituted by the successor corporation will immediately become exercisable prior to the merger. In addition, in the event of a proposed dissolution or liquidation, all awards will vest in full prior to such proposed dissolution or liquidation.

The future amounts that will be received by grantees under the 2002 Plan are not determinable. In 2007, the named executive officers received stock option grants as set forth on page 32 in the *Grants of Plan-Based Awards Table* . Also in 2007, the executive officers and directors as a group received stock option grants for 1,137,500 shares and all other employees (1,033 employees) received options grants for 2,973,616 shares (adjusted to reflect the Company's October 2007 two-for-one stock split).

The 2002 Plan is not subject to the protective provisions of the Employee Retirement Income Security Act of 1974 and is not a pension, profit sharing or stock bonus plan qualified under Section 401(a) of the Code.



**Table of Contents****Plan Benefits**

The following table presents the benefits or amounts that have been received by or allocated to each person or group set forth below with respect to the 2002 Plan, with respect to the last completed fiscal year. All numbers have been adjusted to reflect the two-for-one stock split effectuated by the Company in October 2007.

**2002 Plan**

<b>Name and Position</b>	<b>Number of Shares of Common Stock Underlying Options Awarded under the 2002 Plan</b>
Edward W. Stack, Chairman and Chief Executive Officer and Director(1)	300,000
Timothy E. Kullman, Executive Vice President, Finance, Administration and Chief Financial Officer(2)	150,000
Michael F. Hines, Executive Vice President and Chief Financial Officer(3)	
William J. Colombo, President and Chief Operating Officer and Director	125,000
Gwen K. Manto, Executive Vice President and Chief Merchandising Officer	125,000
Randall K. Zanatta, President and Chief Executive Officer – Golf Galaxy	250,000(4)
Executive Group	177,500
Non-Executive Director Group	160,000
Non-Executive Officer Employee Group	2,973,616

- (1) Mr. Stack's title was changed to Chairman, Chief Executive Officer and President, effective February 2, 2008.
- (2) Mr. Kullman joined the Company as Senior Vice President and Chief Financial Officer in April 2007, and was promoted to his current position effective February 2, 2008.
- (3) Mr. Hines stepped down as the Company's Executive Vice President and Chief Financial Officer in March of 2007.
- (4) In addition to a stock option grant of 100,000 shares, Mr. Zanatta received 150,000 shares of restricted stock in fiscal 2007.

**The Board of Directors unanimously recommends that the stockholders vote FOR reapproval of the 2002 Plan.**

**Equity Compensation Plans**

The following table summarizes information, as of February 2, 2008, relating to compensation plans (including individual compensation arrangements) of the Company under which equity securities of the Company are authorized for issuance.

**EQUITY COMPENSATION PLAN INFORMATION**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a)) (c)</b>
Equity compensation plans approved by security holders(1)	19,276,445(2)	\$ 14.66	14,326,589(2)
Equity compensation plans not approved by security holders			
Total	19,276,445(2)		14,326,589(2)

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- (1) Includes 1992 Stock Plan, 2002 Plan, ESPP, Golf Galaxy, Inc. 1996 Stock Option and Incentive Plan and Golf Galaxy, Inc. 2004 Stock Incentive Plan.
- (2) Shares of common stock. No securities have been granted under the plans referenced in footnote 1, which are exercisable for Class B common stock.

**OTHER MATTERS**

As of the date of this proxy statement, we know of no business that will be presented for consideration at the annual meeting other than the items referred to above. If any other matter is properly brought before the meeting for action by stockholders, proxies in the enclosed form returned to the Company will be voted in accordance with the recommendation of the Board of Directors or, in the absence of such a recommendation, in accordance with the judgment of the proxy holder.

**ADDITIONAL INFORMATION**

*Householding of Proxy Materials.* The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two (2) or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as *householding*, potentially provides extra convenience for stockholders and cost savings for companies. The Company and some brokers household proxy materials, delivering a single proxy statement to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. We will deliver promptly upon written or oral request a separate copy of the annual report or proxy statement, as applicable, to a security holder at a shared address to which a single copy of the documents was delivered. You can notify us by sending a written request to Dick's Sporting Goods, Inc., Investor Relations, 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275 or call us at (724) 273-3400 if (i) you wish to receive a separate copy of an annual report or proxy statement for this meeting; (ii) you would like to receive separate copies of those materials for future meetings; or (iii) you are sharing an address and you wish to request delivery of a single copy of annual reports or proxy statements if you are now receiving multiple copies of annual reports or proxy statements.

*Advance Notice Procedures.* Under our bylaws, no business may be presented by any stockholder before an annual meeting unless it is properly presented before the meeting by or at the direction of the Board or by a stockholder entitled to vote who has delivered written notice to our General Counsel (containing certain information specified in the bylaws about the stockholder and the proposed action) at least 150 days prior to the anniversary date of the preceding year's annual meeting—that is, with respect to the 2009 annual meeting, by January 5, 2009. These requirements are separate from and in addition to the SEC's requirements that a stockholder must meet in order to have a stockholder proposal included in the Company's proxy statement.

*Stockholder Proposals for the 2008 Annual Meeting.* Stockholders interested in submitting a proposal for inclusion in the proxy materials for the annual meeting of stockholders in 2009 may do so by following the procedures prescribed in SEC Rule 14a-8. To be eligible for inclusion, stockholder proposals must be received by the Company's Office of General Counsel no later than December 30, 2008. Proposals should be sent to General Counsel, Dick's Sporting Goods, Inc., 300 Industry Drive, RIDC Park West, Pittsburgh, Pennsylvania 15275.

*Proxy Solicitation and Costs.* The proxies being solicited hereby are being solicited by the Board of Directors of the Company. The cost of soliciting proxies in the enclosed form will be borne by the Company. We have not retained an outside firm to aid in the solicitation. Officers and regular employees of the Company may, but without compensation other than their regular compensation, solicit proxies by further mailing or personal conversations, or by telephone, telex, facsimile or electronic means. We will, upon request, reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to the beneficial owners of stock.

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**APPENDIX A**

**Dick's Sporting Goods, Inc.  
Amended and Restated 2002 Stock and Incentive Plan**

**(As Amended and Restated on March 27, 2008)**

1. *Purposes of this Plan.* The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Eligible Individuals, to further align Eligible Individuals' interests with those of the stockholders of the Company and to promote the success of the Company's business. The Plan is amended and restated as set forth herein to comply with Section 409A.
2. *Certain Definitions.* As used herein, the following definitions shall apply:
- (a) *Administrator* means the Board and any Committee appointed by the Board to administer the Plan; provided, however, that the Board, in its sole discretion, may, notwithstanding the appointment of any Committee to administer the Plan, exercise any authority under this Plan except with respect to awards intended to comply with Section 162(m) of the Code, which shall in all cases be awarded by the Committee, and may thereafter be ratified by the Board.
- (b) *Award* means any Incentive Bonus Award, Option, Performance Share Award, Performance Unit Award, Restricted Stock Award, Restricted Unit Award, SAR or Stock Unit Award granted under the Plan.
- (c) *Board* means the Board of Directors of the Company.
- (d) *Change in Control* means (i) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Class B Permitted Holder (as such term is defined in the Company's Amended and Restated Certificate of Incorporation) through a tender offer, open market purchases and/or other purchases is or becomes a beneficial owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities or (ii) a majority of the Board shall be comprised of persons who (x) were elected in one or more contested elections for the Board and (y) had not been nominated when they were first elected by the then existing Board. Notwithstanding the foregoing or any provision of this Plan to the contrary, if an Award is subject to Section 409A (and not excepted therefrom) and a Change of Control is a distribution event for purposes of an Award, the foregoing definition of Change in Control shall be interpreted, administered and construed in a manner necessary to ensure that the occurrence of any such event shall result in a Change of Control only if such event qualifies as a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation, as applicable, within the meaning of Treas. Reg. § 1.409A-3(i)(5).
- (e) *Common Stock* means the Common Stock, par value \$.01 per share, of the Company.
- (f) *Class B Common Stock* means the Class B Common Stock, par value \$.01 per share, of the Company.
- (g) *Code* means the Internal Revenue Code of 1986, as amended.
- (h) *Committee* means a committee of the Board.
- (i) *Company Common Stock* means the Common Stock or the Class B Common Stock of the Company, as the case may be.
- (j) *Company* means Dick's Sporting Goods, Inc., a Delaware corporation.

(k) *Consultant* means any person, including an advisor, who is engaged by the Company or any Parent or Subsidiary to render services and is compensated for such services, and any director of the Company whether compensated for such services or not.

(l) *Continuous Status as an Employee* means the absence of any interruption or termination of the employment relationship by the Employee with the Company or any Parent or Subsidiary. Continuous Status as an Employee shall not be considered interrupted in the case of: (i) sick leave; (ii) military leave; (iii) any other leave of absence approved by the Board, provided that such leave is for a period of not more than ninety

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(90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; or (iv) transfers between locations of the Company or between the Company, its Parent, its Subsidiaries or its successor.

(m) *Eligible Individual* means any Employee, Non-Employee Director or Consultant.

(n) *Employee* means any person, including officers and directors, employed by the Company or any Parent or Subsidiary of the Company or any prospective employee who shall have received an offer of employment. The payment of a director's fee by the Company shall not be sufficient to constitute employment by the Company.

(o) *Exchange Act* means the Securities Exchange Act of 1934, as amended.

(p) *Fair Market Value* means, as of any date, the value of the applicable class of Company Common Stock determined as follows:

(i) If such class of Company Common Stock is listed on any established stock exchange or a national market system reporting last sale transactions including, without limitation, the Nasdaq National Market, its Fair Market Value shall be the closing sale price for such stock (or the closing bid, if no sales were reported) as quoted on such system or exchange for the last market trading day prior to the time of determination as reported in the Wall Street Journal or such other source as the Administrator deems reliable or;

(ii) If such class of Company Common Stock is quoted on Nasdaq (but not on a last reported sale basis) or regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high and low closing asked prices for the Company Common Stock for the last market trading day prior to the time of determination as reported in the Wall Street Journal or such other source as the Administrator deems reliable or;

(iii) In the absence of an established market for a class of Company Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator. For purposes of this Plan, the Class B Common Stock shall be deemed to have the same value per share of the Common Stock unless the value of the Class B Common Stock is determinable in accordance with subparagraphs (i) or (ii) above.

(q) *Incentive Bonus Award* means the opportunity to earn a future cash payment tied to the level of achievement with respect to one or more Qualifying Performance Criteria for a performance period as established by the Administrator.

(r) *Incentive Stock Option* means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(s) *Non-Employee Director* means a member of the Board who is not an employee of the Company or any Parent or Subsidiary of the Company.

(t) *Nonstatutory Stock Option* means an Option not intended to qualify as an Incentive Stock Option.

(u) *Option* means a right to purchase Shares granted pursuant to the Plan.

(v) *Optioned Stock* means the Shares subject to an Option.

(w) *Optionee* means a Participant who holds an Option.

- (x) *Parent* means a parent corporation, whether now or hereafter existing, as defined in Section 424(e) of the Code.
- (y) *Participant* means any person who has an Award under the Plan including any person (including any estate) to whom an Award has been assigned or transferred in accordance with the Plan.
- (z) *Performance Share Award* means a grant of a right to receive Shares or Stock Units contingent on the achievement of performance or other objectives during a specified period.

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(aa) *Performance Unit Award* means a grant of a right to receive a designated dollar value amount of Shares or Stock Units contingent on the achievement of performance or other objectives during a specified period.

(bb) *Plan* means this 2002 Stock and Incentive Plan, as amended and restated herein.

(cc) *Qualifying Performance Criteria* means any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured over a period of time including any portion of a year, annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Award: (a) cash flow, (b) earnings per share (including earnings before interest, taxes, depreciation, and amortization or some variation thereof), (c) stock price, (d) return on equity, (e) total stockholder return, (f) return on capital, (g) return on assets or net assets, (h) revenue, (i) income or net income, (j) operating income or net operating income, (k) operating profit or net operating profit, (l) operating margin or profit margin, (m) return on operating revenue, and (n) market share. To the extent consistent with Section 162(m) of the Code, the Administrator shall appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year.

(dd) *Restricted Stock Award* means a grant of Shares subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives, as determined by the Administrator.

(ee) *Restricted Unit Award* means a grant of Stock Unit subject to a risk of forfeiture or other restrictions that will lapse upon the achievement of one or more goals relating to completion of service by the Participant, or achievement of performance or other objectives, as determined by the Administrator.

(ff) *SAR* means a stock appreciation right, which is the right to receive an amount equal to the appreciation, if any, in the Fair Market Value of a Share from the date of the grant of the right to the date of its payment, as adjusted in accordance with Section 10 of this Plan, payable in cash, Shares or Stock Units.

(gg) *Section 409A* shall mean Section 409A of the Code, the regulations and other binding guidance promulgated thereunder.

(hh) *Separation from Service* and *Separate from Service* shall mean the Participant's death, retirement or other termination of employment or service with the Company (including all persons treated as a single employer under Section 414(b) and 414(c) of the Code) that constitutes a separation from service (within the meaning of Section 409A). For purposes hereof, the determination of controlled group members shall be made pursuant to the provisions of Section 414(b) and 414(c) of the Code; provided that the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Section 1563(a)(1),(2) and (3) of the Code and Treas. Reg. § 1.414(c)-2; provided, further, where legitimate business reasons exist (within the meaning of Treas. Reg. § 1.409A-1(h)(3)), the language "at least 20 percent" shall be used instead of "at least 80 percent" in each place it appears.

(ii) *Share* means a share of the Company Common Stock, as adjusted in accordance with Section 10 of this Plan.

(jj) *Specified Employee* means a key employee (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof) of the Company as determined in accordance with Section 409A and the procedures established by the Company.

(kk) *Stock Unit* means the right to receive a Share at a future point in time.

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(ll) *Stock Unit Award* means the grant of a Stock Unit.

(mm) *Subsidiary* means a subsidiary corporation, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. *Shares Subject to the Plan.* Subject to the provisions of Section 10 of this Plan, the maximum aggregate number of Shares which may be issued under the Plan is 39,732,000<sup>2</sup>. The Shares may be authorized, but unissued Shares, issued Shares that have been reacquired by the Company (otherwise known as treasury Shares) or Shares acquired on the open market specifically for distribution under this Plan, or any combination thereof. Notwithstanding any other provision of this Plan, Awards for Class B Common Stock or Awards for securities convertible or exchangeable into Class B Common Stock may only be issued to a Class B Permitted Holder (as such term is defined in the Company's Certificate of Incorporation, as amended).

If Shares under any Award are not issued for any reason, such Shares shall, unless the Plan shall have been terminated, become available for future grant under the Plan. In addition, any Shares delivered or deemed delivered, by attestation or otherwise, to the Company in payment of any obligation, including the exercise price of any option, the purchase price for any Shares, or for any tax obligation shall be added back to the Shares available for issuance under the Plan.

The aggregate number of Shares issuable under all Awards (including options and SARs) granted under this Plan during any calendar year to any one Eligible Individual shall not exceed 13,860,000. Notwithstanding anything to the contrary in this Plan, the foregoing limitations shall be subject to adjustment under Section 10, but only to the extent that such adjustment will not affect the status of any Award intended to qualify as performance-based compensation under Section 162(m) of the Code. The foregoing limitations shall not apply to the extent that they are no longer required in order for compensation in connection with grants under this Plan to be treated as performance-based compensation under Section 162(m) of the Code.

4. *Administration of this Plan.*

(a) *Authority.* Subject to the provisions of this Plan and, in the case of a Committee, the specific duties delegated to or limitation imposed upon such Committee by the Board, the Administrator shall have the authority, in its discretion:

(i) to establish, amend and rescind rules and regulations relating to the Plan;

(ii) to select the Eligible Individuals to whom Awards may from time to time be granted hereunder;

(iii) to determine the amount and type of Awards, including any combination thereof, to be granted to any Eligible Individual;

(iv) to grant Awards to Eligible Individuals and, in connection therewith, to determine the terms and conditions, not inconsistent with the terms of this Plan, of any such Award including, but not limited to, the number of Shares or Stock Units that may be issued or amount of cash that may be paid pursuant to the Award, the exercise or purchase price of any Share, the circumstances under which Awards or any Shares or Stock Units relating thereto are issued, retained, become exercisable or vested, are no longer subject to forfeiture or are terminated, forfeited or expire, based in each case on such factors as the Administrator shall determine, in its sole discretion;

(v) to determine the Fair Market Value of the Company Common Stock, in accordance with Section 2(p) of this Plan;

(vi) to establish, verify the extent of satisfaction of, adjust, reduce or waive any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;

(vii) to approve forms of agreement for use under the Plan;

(viii) to determine whether and under what circumstances an Award may be settled in cash instead of Shares;

<sup>2</sup> Revised to reflect all stock splits effectuated by the Company as of February 2, 2008.

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(ix) to determine whether, to what extent and under what circumstances Shares and other amounts payable with respect to an Award under this Plan shall be deferred either automatically or at the election of the participant (including providing for and determining the amount, if any, of any deemed earnings on any deferred amount during any deferral period);

(x) to determine whether and to what extent an adjustment is required under Section 10 of this Plan;

(xi) in its discretion, to the extent not inconsistent with Section 17 hereof, upon a Change in Control, to vest and make exercisable any Award granted hereunder which is not fully vested or exercisable and to remove any restrictions effective upon the occurrence of a Change in Control or the termination of an Eligible Individual's service to the Company.

(xii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Company; and

(xiii) to make all other determinations deemed necessary or advisable for the administration of this Plan.

(b) *Effect of Administrator's Decision.* All decisions, determinations and interpretations of the Administrator shall be final and binding on all Participants.

5. *Term of Plan.* The Plan shall become effective upon the earlier to occur of its adoption by the Board of Directors or its approval by the stockholders of the Company in accordance with applicable state law. It shall continue in effect for a term of ten (10) years unless sooner terminated under Section 11 of this Plan; provided, however, that the Plan shall remain in effect so long as any Award remains outstanding and as long as necessary to issue any Awards pursuant to commitments entered into prior to the expiration of this Plan; provided, further, that no Award intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code shall be payable prior to approval of the Plan's material terms by the Company's stockholders.

6. *Options.*

(a) *General Terms.*

(i) *Written Agreement.* Each Option shall be set forth in a written option document setting forth the number and kind of Shares that may be issued upon exercise of the Option, the purchase price of each Share, the term of the Option, such terms and conditions on the vesting and/or exercisability of an Option as may be determined by the Administrator, any restrictions on the transfer of the Option and forfeiture provisions and such further terms and conditions, in each case not inconsistent with this Plan, as may be determined from time to time by the Administrator. The written option document need not be signed by the Optionee.

(ii) *Designation.* Each Option shall be designated in the written option document as either an Incentive Stock Option or a Nonstatutory Stock Option. Notwithstanding such designations, to the extent that an Option does not qualify as an Incentive Stock Option, it shall be treated as a Nonstatutory Stock Option.

(iii) *Eligibility.* To the extent then required by the Code, Incentive Stock Options may be granted only to Employees.

(iv) *Term of Option.* The term of each Option shall be the term stated in the written agreement evidencing such Option; provided, however, that, to the extent then required by the Code, in the case of an Incentive Stock Option, the term shall be no more than ten (10) years from the date of grant thereof or such shorter term as may be provided in the

Option Agreement and, in the case of an Incentive Stock Option granted to an Optionee who, at the time the Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Option shall be five (5) years from the date of grant thereof or such shorter term as may be provided in the written agreement evidencing such Option.

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(v) *Exercise Price.* The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Board, but shall be subject to the following:

(A) To the extent then required by the Code, in the case of an Incentive Stock Option:

(1) granted to an Employee who, at the time of the grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant, and

(2) granted to any Employee, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(B) In the case of a Nonstatutory Stock Option granted to any person, the per Share exercise price may not be less than the Fair Market Value per Share on the date of grant, provided however, that Nonstatutory Stock Options granted after the Company's initial public offering of its Common Stock but prior to January 1, 2004 may be made where the per share exercise price is less than the Fair Market Value per Share on the date of grant if (i) such grants are made to persons that are then currently not executive officers (as the term is defined in Rule 3b-7 under the Securities Exchange Act of 1934, as amended) of the Company and (ii) such grants in the aggregate that are made having an exercise price that is less than the Fair Market Value per Share do not exceed (i.e., are exercisable for) 140,000 shares of Common Stock.

(iv) *Payment of Exercise Price.* Unless otherwise provided by the Administrator in the stock option document, the exercise price of an Option may be paid in one or more of the following: (1) cash, (2) check, (3) other Shares which (x) in the case of Shares acquired upon exercise of an Option either have been owned by the Optionee for more than six (6) months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, (4) delivery of a properly executed exercise notice together with irrevocable instructions to a broker registered under the Exchange Act to promptly deliver to the Company the amount of proceeds required to pay the exercise price, and (5) any combination of the foregoing methods of payment.

(b) *Exercise of Options or SARs.*

(i) *Procedure for Exercise; Rights as a Stockholder.* Any Option or SAR granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator, including performance criteria with respect to the Company and/or the Participant, and as shall be permissible under the terms of this Plan. An Option or SAR may not be exercised for a fraction of a Share. An Option or SAR shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option or SAR by the person entitled to exercise such Option or SAR and, if an Option is to be exercised, full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Administrator, consist of any consideration and method of payment allowable under Section 6(a)(vi) of this Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 10 of this Plan. Exercise of an Option or SAR in any manner shall result in a decrease in the number of Shares which thereafter may be available under the Option or SAR by the number of Shares as to which the Option or SAR is exercised.

(ii) *Termination of Employment.* In the event of termination of a Participant's Continuous Status as an Employee, status as a Non-Employee Director or consulting relationship with the Company (as the case may be), such Participant may, but only within ninety (90) days (or such other period of time as is determined by the Administrator, with such determination in the case of an Incentive Stock Option and to the extent then required by the Code, being made at the time of grant of the Option and not exceeding ninety (90) days) after the date of such termination (but in no event later than the expiration date of the term of such Option or SAR as set forth in

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the written document evidencing such Option or SAR), exercise such Option or SAR to the extent that such Participant was entitled to exercise it at the date of such termination. To the extent that such Participant was not entitled to exercise the Option or SAR at the date of such termination, or if such Participant does not exercise such Option or SAR to the extent so entitled within the time specified herein, the Option or SAR shall terminate.

(iii) *Disability of Optionee.* Notwithstanding the provisions of Section 6(b) above, in the event of termination of a Participant's Continuous Status as an Employee, status as a Non-Employee Director or consulting relationship with the Company (as the case may be) as a result of total and permanent disability (as defined in Section 22(e)(3) of the Code), such Participant may, but only within twelve (12) months (or such other period of time as is determined by the Administrator, with such determination in the case of an Incentive Stock Option and to the extent then required by the Code, being made at the time of grant of the Options and not exceeding twelve (12) months) from the date of such termination (but in no event later than the expiration date of the term of such Option or SAR as set forth in the written document evidencing such Option or SAR), exercise the Option or SAR to the extent otherwise entitled to exercise it at the date of such termination. To the extent that such Participant was not entitled to exercise the Option or SAR at the date of termination, or if such Participant does not exercise such Option or SAR to the extent so entitled within the time specified herein, the Option or SAR shall terminate.

(iv) *Death of Optionee.* In the event of the death of a Participant, the Option or SAR may be exercised at any time within twelve (12) months following the date of death (but in no event later than the expiration date of the term of such Option or SAR as set forth in the written document evidencing such Option or SAR) by the Participant's estate or by a person who acquired the right to exercise the Option or SAR by bequest or inheritance, but only to the extent the Participant was entitled to exercise the Option or SAR at the date of death or to the extent that the Administrator accelerates the vesting of such Award upon the Participant's death. To the extent that such Participant was not entitled to exercise the Option or SAR at the date of death, or if such Participant's estate or any person who acquired the right to exercise the Option or SAR by bequest or inheritance does not exercise such Option or SAR to the extent so entitled within the time specified herein, the Option or SAR shall terminate.

(v) *Buyout Provisions.* To the extent not inconsistent with Section 17 hereof, the Administrator may at any time offer to buy out for a payment in cash or Shares, an Option or SAR previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Participant at the time that such offer is made.

(vi) *Payout Provisions.* To the extent not inconsistent with Section 17 hereof, at the discretion of the Company, the payment to a Participant upon exercise of a SAR, may be in cash, in Shares or Stock Units of equivalent value as determined by the Administrator, or in some combination thereof, subject to the availability of Shares under the Plan.

(c) *Non-Transferability of Options or SARs.* Unless otherwise provided by the Administrator, no Option or SAR may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. The terms of the Option or SAR shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

*7. Performance Share Awards, Performance Unit Awards, Restricted Stock Awards, Restricted Unit Awards and Stock Unit Awards.*

(a) *Awards.* Performance Share Awards, Performance Unit Awards, Restricted Stock Awards, Restricted Unit Awards, or Stock Unit Awards may be issued by the Administrator to Eligible Individuals, either alone, in addition to, or in tandem with other Awards granted under the Plan and/or cash awards made outside of this Plan. Such Awards shall be evidenced by a written document containing any provisions regarding (i) the number of Shares or Stock Units subject to such Award or a formula for determining such, (ii) the purchase price of the Shares or Stock Units, if any,

and the means of payment for the Shares or Stock Units, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine

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the number of Shares or Stock Units granted, issued, retainable and/or vested, (d) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares or Stock Units as may be determined from time to time by the Administrator, (e) restrictions on the transferability of the Shares and Stock Units and (f) such further terms and conditions in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) *Vesting*. The grant, issuance, retention and/or vesting of Shares or Stock Units pursuant to any Performance Share Awards, Performance Unit Awards, Restricted Stock Awards, Restricted Unit Awards, or Stock Unit Awards of Incentive Stock shall occur at such time and in such installments as determined by the Administrator or under criteria established by the Administrator. The Administrator shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares or Stock Units subject to continued employment, passage of time and/or such performance criteria as deemed appropriate by the Administrator. Notwithstanding anything to the contrary herein, the performance criteria for any Award that is intended to satisfy the requirements for performance-based compensation under Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria selected by the Administrator and specified at the time the Award is granted.

(c) *Discretionary Adjustments*. Notwithstanding satisfaction of any performance goals, the number of Shares or Stock Units granted, issued, retainable and/or vested under a Performance Share Award, Performance Unit Award, Restricted Stock Award, Restricted Unit Award, or Stock Unit Award on account of either financial performance or personal performance evaluations may be reduced by the Administrator on the basis of such further considerations as the Administrator shall determine.

8. *Incentive Bonus Awards*. Each Incentive Bonus Award will confer upon the Employee the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period established by the Committee.

(a) *Incentive Bonus Document*. Each Incentive Bonus Award shall be evidenced by a document containing provisions regarding (a) the target and maximum amount payable to the Employee, (b) the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment, (c) the term of the performance period as to which performance shall be measured for determining the amount of any payment, (d) the timing of any payment earned by virtue of performance, (e) restrictions on the alienation or transfer of the bonus prior to actual payment, (f) forfeiture provisions and (g) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Administrator. The maximum amount payable as a bonus may be a multiple of the target amount payable, but the maximum amount payable pursuant to that portion of an Incentive Bonus Award granted under this Plan for any fiscal year to any Employee that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code shall not exceed \$5,000,000.

(b) *Performance Criteria*. The Administrator shall establish the performance criteria and level of achievement versus these criteria that shall determine the target and maximum amount payable under an Incentive Bonus Award, which criteria may be based on financial performance and/or personal performance evaluations. The Administrator may specify the percentage of the target incentive bonus that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria for any portion of an Incentive Bonus Award that is intended by the Administrator to satisfy the requirements for performance-based compensation under Section 162(m) of the Code shall be a measure based on one or more Qualifying Performance Criteria selected by the Administrator and specified at the time the Incentive Bonus Award is granted. The Administrator shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any incentive bonus that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code.

(c) *Timing and Form of Payment.* The Administrator shall determine the timing of payment of any incentive bonus. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit an election for the payment of any incentive bonus to be deferred to a specified date or event. An incentive bonus may be payable in Shares, Stock Units or in cash or other

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property, including any Award permitted under this Plan. Any incentive bonus that is paid in cash or other property shall not affect the number of Shares otherwise available for issuance under this Plan.

(d) *Discretionary Adjustments.* Notwithstanding satisfaction of any performance goals, the amount paid under an Incentive Bonus Award on account of either financial performance or personal performance evaluations may be reduced by the Administrator on the basis of such further considerations as the Administrator shall determine.

9. *Stock Withholding to Satisfy Withholding Tax Obligations.* At the discretion of the Administrator, Participants may satisfy withholding obligations as provided in this paragraph. When a Participant incurs tax liability in connection with an Award, which tax liability is subject to tax withholding under applicable tax laws, and the Participant is obligated to pay the Company an amount required to be withheld under applicable tax laws, the Participant may satisfy the withholding tax obligation by electing to have the Company withhold from the Shares to be issued, if any, that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined (the Tax Date ).

In the event that the Company elects to make a payment to the Participant in cash upon the exercise of a SAR, the Participant may satisfy the withholding tax obligation by electing to have the Company withhold from such payment the amount required to satisfy such withholding tax obligation.

All elections by a Participant to have Shares or cash withheld for this purpose, as the case may be, shall be made in writing in a form acceptable to the Administrator and shall be subject to the following restrictions:

- (a) the election must be made on or prior to the applicable Tax Date;
- (b) once made, the election shall be irrevocable as to the particular Shares of the Option, stock purchase right or SAR, as to which the election is made; and
- (c) all elections shall be subject to the consent or disapproval of the Administrator.

In the event the election to have Shares or cash withheld is made by a Participant and the Tax Date is deferred under Section 83 of the Code because no election is filed under Section 83(b) of the Code, the Participant shall receive the full number of Shares or full amount of cash, as the case may be, with respect to which the Award is exercised but such Participant shall be unconditionally obligated to tender back to the Company the proper number of Shares, or the proper amount of cash, as the case may be, on the Tax Date.

Notwithstanding the foregoing or any provisions of the Plan to the contrary, any broker-assisted cashless exercise shall comply with the requirements for equity classification of Paragraph 35 of FASB Statement No. 123(R) and any withholding satisfied through a net-settlement shall be limited to the minimum statutory withholding requirements.

10. *Adjustments Upon Changes in Capitalization or Merger.* Subject to any required action by the stockholders of the Company, the number of Shares or Stock Units covered by each outstanding Award and the number of Shares which have not yet been issued under this Plan, as well as the purchase price, if any, of each such outstanding Award, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification or similar transaction involving the Company Common Stock, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no

issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Company Common Stock subject to an Option or SAR. Notwithstanding the foregoing, with respect to any Award subject to Section 409A, no such adjustment shall be authorized to the extent that such adjustment would cause the Plan or Award to fail to comply with Section 409A.

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In the event of the proposed dissolution or liquidation of the Company, the Board shall notify the Participant at least fifteen (15) days prior to such proposed action. To the extent it has not been previously exercised, any Option or SAR will terminate immediately prior to the consummation of such proposed action and any restrictions on Awards shall expire immediately and that such Awards shall fully vest prior to the consummation of such proposed action. In the event of a merger or consolidation of the Company with or into another corporation or the sale of all or substantially all of the Company's assets (hereinafter, a "merger"), the Board may authorize outstanding Options or SARs to be assumed or an equivalent option or stock appreciation right to be substituted by such successor corporation or a parent or subsidiary of such successor corporation and may assign any Awards to the successor corporation. In the event that such successor corporation does not agree to assume the Option or SAR, or to substitute an equivalent option or stock appreciation right, the Board shall, in lieu of such assumption or substitution, provide for the Participant to have the right to exercise all Options or SARs previously granted to such Participant, including Options or SARs which would not otherwise be exercisable. If the Board makes an Option or SAR fully exercisable in lieu of assumption or substitution in the event of a merger, the Board shall notify the Participant that the Option or SAR shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option or SAR will terminate upon the expiration of such period. For the purposes of this paragraph, the Option or SAR shall be considered assumed if, following the merger, the Option or SAR, confers the right to purchase, or receive the appreciation in Fair Market Value, as the case may be, for each Share of stock subject to the Option or SAR immediately prior to the merger, the consideration (whether stock, cash, or other securities or property) received in the merger by holders of Company Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger was not solely common stock of the successor corporation or its Parent, the Board may, with the consent of the successor corporation and the participant, provide for the consideration to be received upon the exercise of the Option or SAR, for each Share of stock subject to the Option or SAR, to be solely common stock of the successor corporation or its Parent equal in Fair Market Value to the per share consideration received by holders of Company Common Stock in the merger or sale of assets.

*11. Amendment and Termination of this Plan.*

(a) *Amendment and Termination.* The Board may at any time amend, alter, suspend or discontinue the Plan, but no amendment, alteration, suspension or discontinuation shall be made which would impair the rights of any Participant under any grant theretofore made, without his or her consent. In addition, to the extent necessary and desirable to comply with Rule 16b-3 under the Exchange Act or with Section 422 of the Code (or any other applicable law or regulation, including the requirements of Nasdaq or an established stock exchange), the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) *Effect of Amendment or Termination.* Any such amendment or termination of this Plan shall not affect Awards already granted and such Awards shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Participant and the Board, which agreement must be in writing and signed by the Participant and the Company. Notwithstanding the foregoing or any provision of the Plan or an Award to the contrary, the Administrator may at any time (without the consent of any Participant) modify or amend any or all of the provisions of the Plan or an Award to the extent necessary to conform the provisions of the of the Plan or an Award with Section 409A, the regulations issued thereunder or an exception thereto, regardless of whether such modification or amendment of the Award shall adversely affect the rights of a Participant.

*12. Conditions Upon Issuance of Shares.* Shares shall not be issued pursuant to the Plan unless the issuance and delivery of such Shares shall comply with all relevant provisions of law including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of Nasdaq or of any stock exchange upon which the Shares may then be listed.

13. *Reservation of Shares.* The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of this Plan.

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The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

14. *Information to Participants.* The Company shall provide to each Participant, during the period for which such Participant has one or more Awards outstanding, copies of all annual reports and other information which are provided to all stockholders of the Company.

15. *No Right to Employment.* The Plan shall not confer upon any Participant any right with respect to continuation of employment or consulting relationship with the Company, nor shall it interfere in any way with his right or the Company's right to terminate his employment or consulting relationship at any time, with or without cause.

16. *Governing Law.* The validity, constrictions and effect of this Plan, agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Administrator relating to the Plan or such agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with applicable federal laws and the laws of the state of Delaware, without regard to its conflict of laws principles.

17. *Section 409A.* Notwithstanding any provision of the Plan or an Award Agreement to the contrary, if any Award or benefit provided under this Plan is subject to the provisions of Section 409A, the provisions of the Plan and any applicable Award Agreement shall be administered, interpreted and construed in a manner necessary to comply with Section 409A or an exception thereto (or disregarded to the extent such provision cannot be so administered, interpreted or construed). The following provisions shall apply, as applicable:

(i) If a Participant is a Specified Employee and a payment subject to Section 409A (and not excepted therefrom) to the Participant is due upon Separation from Service, such payment shall be delayed for a period of six (6) months after the date the Participant Separates from Service (or, if earlier, the death of the Participant). Any payment that would otherwise have been due or owing during such six-month period will be paid immediately following the end of the six-month period in the month following the month containing the 6-month anniversary of the date of termination unless another compliant date is specified in the applicable agreement.

(ii) For purposes of Section 409A, and to the extent applicable to any Award or benefit under the Plan, it is intended that distribution events qualify as permissible distribution events for purposes of Section 409A and shall be interpreted and construed accordingly. With respect to payments subject to Section 409A, the Company reserves the right to accelerate and/or defer any payment to the extent permitted and consistent with Section 409A. Whether a Participant has Separated from Service or employment will be determined based on all of the facts and circumstances and, to the extent applicable to any Award or benefit, in accordance with the guidance issued under Section 409A. For this purpose, a Participant will be presumed to have experienced a Separation from Service when the level of bona fide services performed permanently decreases to a level less than twenty percent (20%) of the average level of bona fide services performed during the immediately preceding thirty-six (36) month period or such other applicable period as provided by Section 409A.

(iii) The Board, in its discretion, may specify the conditions under which the payment of all or any portion of any Award may be deferred until a later date. Deferrals shall be for such periods or until the occurrence of such events, and upon such terms and conditions, as the Board shall determine in its discretion, in accordance with the provisions of Section 409A, the regulations and other binding guidance promulgated thereunder; provided, however, that no deferral shall be permitted with respect to Options, Stock Appreciation Rights and other stock rights subject to Section 409A. An election shall be made by filing an election with the Company (on a form provided by the

Company) on or prior to December 31st of the calendar year immediately preceding the beginning of the calendar year (or other applicable service period) to which such election relates (or at such other date as may be specified by the Board to the extent consistent with Section 409A) and shall be irrevocable for such applicable calendar year (or other applicable service period). To the extent authorized, a Participant who first becomes eligible to participate in the Plan may file an election ( Initial Election ) at any

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time prior to the 30 day period following the date on which the Participant initially becomes eligible to participate in the Plan (or at such other date as may be specified by the Board to the extent consistent with Section 409A). Any such Initial Election shall only apply to compensation earned and payable for services rendered after the effective date of the Election.

(iv) The grant of Non-Qualified Stock Options, Stock Appreciation Rights and other stock rights subject to Section 409A shall be granted under terms and conditions consistent with Treas. Reg. § 1.409A-1(b)(5) such that any such Award does not constitute a deferral of compensation under Section 409A. Accordingly, any such Award may be granted to Employees and Eligible Directors of the Company and its subsidiaries and affiliates in which the Company has a controlling interest. In determining whether the Company has a controlling interest, the rules of Treas. Reg. § 1.414(c)-2(b)(2)(i) shall apply; provided that the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears; provided, further, where legitimate business reasons exist (within the meaning of Treas. Reg. § 1.409A-1(b)(5)(iii)(E)(i)), the language "at least 20 percent" shall be used instead of "at least 80 percent" in each place it appears. The rules of Treas. Reg. §§ 1.414(c)-3 and 1.414(c)-4 shall apply for purposes of determining ownership interests.

(v) Notwithstanding anything to the contrary contained herein and with respect to Options that were earned and vested under the Plan prior to January 1, 2005 (as determined under Section 409A, "Grandfather Options"), such Grandfathered Options are intended to be exempt from Section 409A and shall be administered and interpreted in a manner intended to ensure that any such Grandfathered Option remains exempt from Section 409A. No amendments or other modifications shall be made to such Grandfathered Options except as specifically set forth in a separate writing thereto, and no amendment or modification to the Plan shall be interpreted or construed in a manner that would cause a material modification (within the meaning of Section 409A, including Treas. Reg. § 1.409A-6(a)(4)) to any such Grandfathered Options.

(vi) In no event shall any member of the Board, the Committee or the Company (or its employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Award to satisfy the requirements of Section 409A.

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**DICK S SPORTING GOODS, INC.  
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 4, 2008  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints Edward W. Stack, Timothy E. Kullman, and Joseph H. Schmidt, and each of them individually, as proxies for the undersigned, each with full power of substitution, to represent and vote as designated on the reverse side, all of the shares of Common Stock of Dick s Sporting Goods, Inc. (the Company ), and hereby appoints Edward W. Stack as proxy for the undersigned, with full power of substitution, to represent and vote as designated on the reverse side, all of the shares of Class B Common Stock of the Company, held of record by the undersigned on April 14, 2008, at the Annual Meeting of Stockholders to be held on June 4, 2008, at 1:30 p.m., local time, at the Hyatt Regency, 1111 Airport Boulevard, Pittsburgh, PA 15231, or any adjournment or postponement thereof.

**(Continued and to be signed on the reverse side.)**

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**ANNUAL MEETING OF STOCKHOLDERS OF  
DICK S SPORTING GOODS, INC.  
June 4, 2008**

Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.

ê Please detach along perforated line and mail in the envelope provided.ê

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**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF DIRECTORS AND  
FOR PROPOSALS 2 AND 3.**

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK  
YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

1. Election of Directors:

**NOMINEES:**

- ☐ **FOR ALL NOMINEES**
  - ï Edward W. Stack
  - ï Lawrence J. Schorr
- ☐ **WITHHOLD AUTHORITY  
FOR ALL NOMINEES**
- ☐ **FOR ALL EXCEPT**  
(See instructions below)

**INSTRUCTIONS:** To withhold authority to vote for any individual  
nominee(s), mark **FOR ALL EXCEPT** and fill in the  
circle next to each nominee you wish to withhold, as  
shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

- |    |   | FOR                   | AGAINST               | ABSTAIN               |
|----|---|-----------------------|-----------------------|-----------------------|
| 2. | Ratify appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm.               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 3. | Approve the Company's Amended and Restated 2002 Stock and Incentive Plan.   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 4. | In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting. |                       |                       |                       |

**This proxy is solicited on behalf of the Board of Directors of the Company. This proxy, when properly executed, will be voted in accordance with the instructions given above. If no instructions are given, this proxy will be voted FOR election of the Directors and FOR proposals 2 and 3.**

Signature of Stockholder

Date:

Signature of Stockholder

Date:

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.