



DICKS SPORTING GOODS INC (DKS)
Specialty Stores



Overall Grade: DKS 71.8

Market Grader

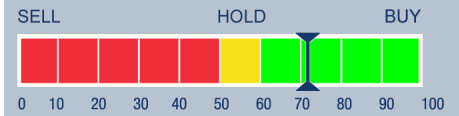
DKS Overview

Company Scores Very Good Fundamental Grades - MarketGrader currently has a BUY rating on DICKS SPORTING GOODS INC (DKS), based on a final overall grade of 71.8 scored by the company's fundamental analysis. DICKS SPORTING GOODS INC scores at the 96th percentile among all 5467 U.S. listed equities currently followed by MarketGrader. Our present rating dates to March 14, 2007, when it was upgraded from a HOLD. With an overall grade of 71.8, DICKS SPORTING GOODS INC is the highest graded company in the Specialty Stores sub-industry, followed by PETSMA RT INC (PETM), with an overall grade of 62.5. The stock, up 17.82% in the last six months, has outperformed both the Specialty Stores group, down 12.27% and the S&P 500 Index, which has returned 4.4% in the same period. Please go to pages two and three of this report for a complete breakdown of DKS's fundamental analysis.

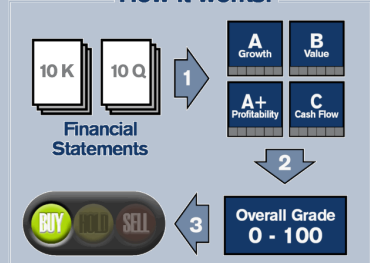
Stock Price 09/11/2007 \$66.80

Earnings Estimates

Last Earnings Release	08/21/2007
Last Qtr. Actual vs. Est.	\$0.83 / \$0.76
Next Release	11/13/2007 \$0.11
Year Ending	01/31/2008 \$2.51
Year Ending	01/31/2009 \$3.03

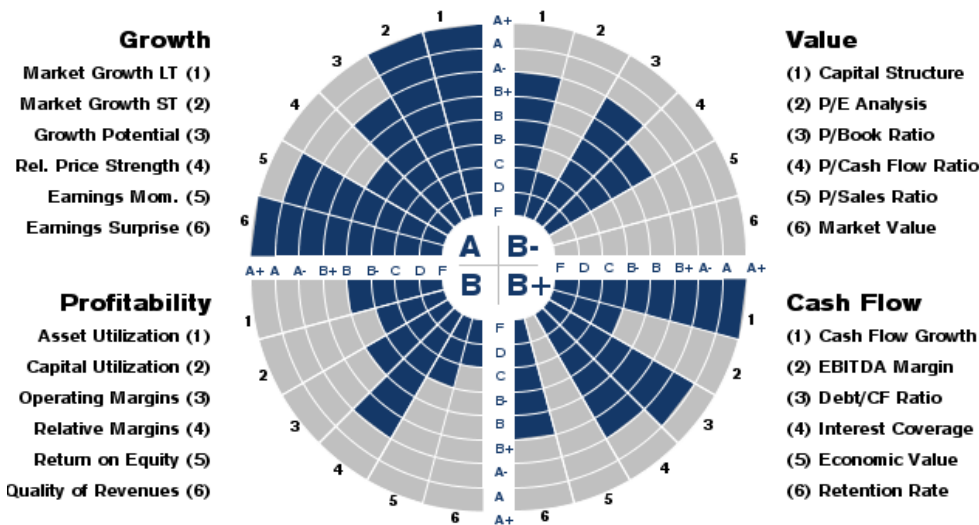


How it works:

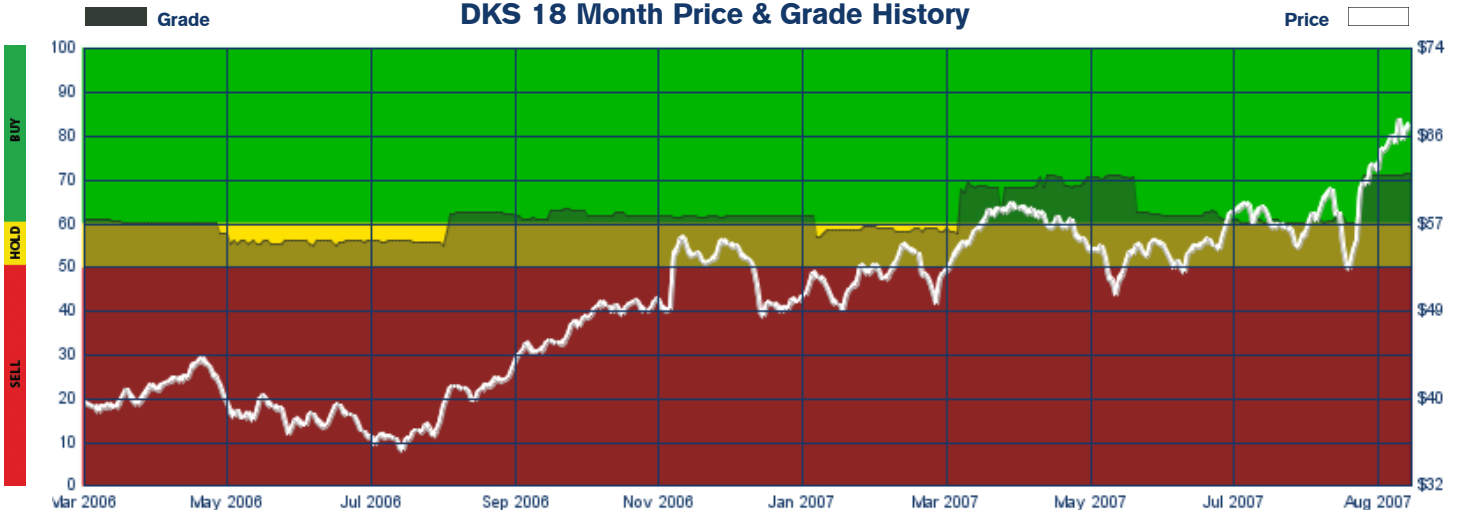


The picture above illustrates, in a simple way, how the MarketGrader stock rating system works. Every day the system gathers up to five years of historical financial data from each company it covers. All data compiled is from annual and quarterly company reports and it does not include any analyst estimates, price targets or any other form of forward looking information. All numbers are then broken down into four unique grading categories: Growth, Value, Profitability and Cash Flow. Each category contains six fundamental indicators, determined by the company's industry. Some of the figures used in the creation of these indicators (for example earnings from operations or cash flow), are not incorporated in the analysis as reported by the companies, but built by the MarketGrader system from its own methodology to ensure identical accounting standards across all companies. Each of the 24 fundamental indicators is individually graded based on a nine letter scale of A+ to F. The grade composition chart on the left breaks down the analysis of the company presented in this report, allowing you to see the indicators used. It provides a bird's eye view of the company's strengths and weaknesses. Pages two and three of the report explain the factors contributing to each indicator's grade. Finally, the MarketGrader system compiles all 24 fundamental indicators into an overall company grade, on a 0 to 100 scale. This final grade determines the MarketGrader Buy, Hold or Sell rating, illustrated by the traffic light on the upper right corner of every page on this report.

DKS Grade Composition



DKS 18 Month Price & Grade History





Market Grader

Fundamental Analysis

Growth: Remarkable Growth Trend

DICKS SPORTING GOODS INC continues to demonstrate outstanding top and bottom line growth performance. Compared to full year results published three years before, the company's annual revenue grew 111.7% during its fiscal year ended January 31, 2007 while year to year quarterly sales increased 38.1% in its most recently reported quarter. Its most recent full year net income of \$112.6 million represents a 114.9% increase compared to the same figure three years before, while the company's quarterly net income increased 86.6% to \$47.9 million in the most recently reported quarter relative to the same quarter a year ago. DKS 's ability to exceed earnings estimates with its latest earnings release on August 21, 2007 generated momentum for the stock, reflected by a 10.3% price increase in the days surrounding the announcement. The company is averaging a 37.8% earnings surprise (difference between expected and actual earnings) over its last six reported quarterly figures, which means it's consistently managing to beat quarterly Wall Street estimates, an important driver of stock price momentum.

Grades

Growth **A**

Market Growth LT	A+
Market Growth ST	A+
Growth Potential	A-
Rel. Price Str.	B
Earnings Momentum	A
Earnings Surprise	A+

Value: Unjustified Valuation

DKS trades at about 24.20 times earnings per basic share (excluding extraordinary items); this compares unfavorably to the MarketGrader-calculated optimum PE ratio of 21.1, based on a historical 10.13% EPS growth rate, suggesting the stock is slightly overvalued. Our optimum PE Analysis assigns each stock the highest possible valuation afforded by its long term EPS growth rate; this historical growth rate measures the average year-to-year change in earnings per share for the company's last eight quarters (when available). Given the company's strong revenue and earnings per share growth rates, DKS may be gaining market share without sacrificing profitability. The stock trades at 8.04 times tangible book value per share (tangible book value is based on the company's common equity minus intangibles such as goodwill); this is a mostly fair valuation of the company's assets on the balance sheet. It trades also at 17.40 times cash flow per share, a sign that investors are assigning a fair amount of value to the company's non-cash assets and its earnings potential. DKS trades unfavorably at 1.03 times trailing 12-month sales, a 29.49% premium to the industry average price to sales ratio of 0.80. The company's market capitalization of \$3,687.43 million is 53.01 times its latest quarterly net income (including depreciation), representing an exceptionally rich valuation.

Value **B-**

Capital Structure	A-
P/E Analysis	C
Price/Book Ratio	A-
Price/Cash Flow	B+
Price/Sales Ratio	F
Market Value	F



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Fundamental Analysis

Profitability: Average Operating Results

DICKS SPORTING GOODS INC exhibits adequate operating performance with an acceptable 18.7% return on equity. The company's leverage, with long term debt accounting for 23.13% of total capital, seems acceptable at these levels and poses no long term risk. The balance sheet looks exceptionally sound considering the company had \$50.49 million in cash on hand in the most recent quarter and \$233.28 million in total debt. The company's latest annual net income of \$112.6 million (for fiscal year ended January 31, 2007) compared to its \$ 1,524.3 million in assets is an indication of average operating efficiency, reflected in a mediocre Asset Utilization indicator grade. Especially important are DKS's operating margins of 10.3%, 13.4% higher than the 9.09% Specialty Stores Industry average.

Grades

Profitability **B**

Asset Utilization	B
Capital Utilization	B-
Operating Margins	B
Relative Margins	A-
Return on Equity	B-
Quality of Revenues	C

Cash Flow: Acceptable Cash Situation Leaves Room for Improvement

DKS displays very robust year-to-year cash flow growth of 76.5% and a barely satisfactory EBITDA (earnings before interest, taxes, depreciation and amortization) margin of 10.3%. The company maintains a somewhat conservative capital structure considering it only has \$233.28 million in debt and it generated \$69.6 million in cash flow in its last quarter ended July 31, 2007; this compares to \$39.4 million for the same quarter a year before. DKS's economic value added is very unacceptable based on a low cost of debt and high cost of equity, when compared to a 13.83% return on investment. The company is financing its robust growth at least in part organically supported by an average 18.74% reinvestment rate over the last four quarters.

Cash Flow **B+**

Cash Flow Growth	A+
EBITDA Margin	B-
Debt/Cash Flow	A
Interest Coverage	A-
Economic Value	F
Retention Rate	B+



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Profile

Dick's Sporting Goods, Inc., a sporting goods retailer, offers sporting goods equipment, apparel, and footwear. The company provides athletic apparel, outerwear, and sportswear in men's, women's, and children's assortments. Its technical and performance specific apparel includes apparel for golf, tennis, running, fitness, soccer, baseball, football, hockey, swimming, and cycling; and basic sportswear includes T-shirts, shorts, sweats, and warm-ups. The company's footwear products comprise athletic shoes for running and walking, tennis, fitness and cross training, basketball, and hiking; cleated shoes for sports; and boots, socks, and accessories. Its hardline products include exercise and team sports, outdoor recreation, golf, and cycling products. Exercise and team sports products comprise fitness equipment, such as treadmills, elliptical trainers, stationary bicycles, home gyms, and weight benches; equipment and accessories for team sports; and family recreation offerings, such as lawn games and table games. Outdoor Recreation products comprise hunting products, including rifles, shotguns, ammunition, global positioning systems, hunting apparel, boots, and optics, knives and cutlery, archery equipment, and accessories; fishing gear, such as rods, reels, tackle, and accessories along with camping equipment; and equipment for marine and water sports, including navigational electronics, water skis, rafts, kayaks, canoes, and accessories. Golf products encompass golf clubs and club sets, bags, balls, shoes, and teaching aids. Cycling products comprise bicycles, scooters, and skateboards; and helmets, bicycle carrier racks, gloves, water bottles, and repair and maintenance parts. As of February 3, 2007, Dick's operated 294 stores primarily in the eastern half of the United States. The company was founded in 1948 as Dick's Clothing and Sporting Goods, Inc. and changed its name to Dick's Sporting Goods, Inc. in 1999. Dick's is headquartered in Pittsburgh, Pennsylvania.

Financials **Last Qtr.** **Last Fiscal Yr.**
(07/31/2007) (01/31/2007)

Income Statement

Revenue	\$1,013.42	\$3,114.16
Net Income	\$47.93	\$112.61
EPS	\$0.88	\$2.20
Cash Flow	\$69.56	\$167.54

Balance Sheet

Total Assets	\$1,846.15	\$1,524.26
Total Debt	\$233.28	\$194.10

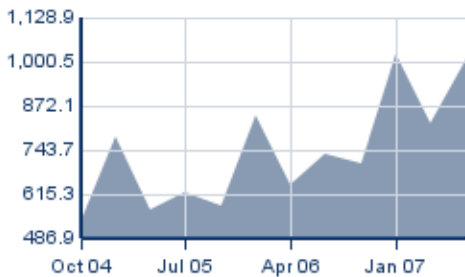
All numbers in millions except for EPS

Ratios		Grades
Price/Earnings	24.2	C
Price/Book	8.0	A-
Price/Cash Flow	17.4	B+
Price/Sales	1.0	F
Debt/Cash Flow	3.4	A
Return On Equity	18.7%	B-
Operating Margin	10.3%	B

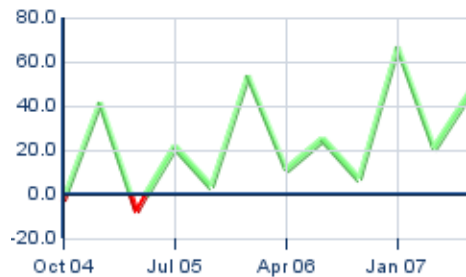
Share Data

Price (09/11/2007)	\$66.80
52 Week High	\$67.27
52 Week Low	\$44.55
Average 3 Month Volume	1,028,227
Market Cap.	\$3,687.43 M
Shares Outstanding	54,037,000
Float	39,447,000

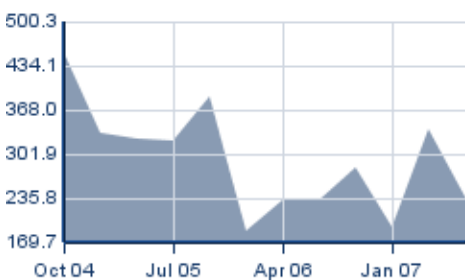
Revenue - 3Y



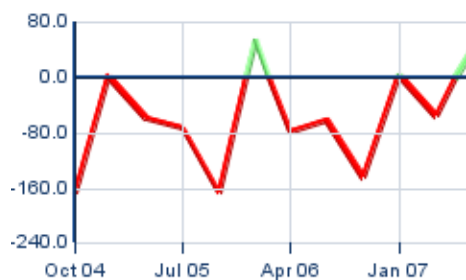
Net Income - 3Y



Total Debt - 3Y



Free Cash Flow* - 3Y



* Calculated as Net Cash Flow Minus Cash Dividends



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Stock Performance - 1 Year (%)



50 & 200 Day Moving Average - 1 Year



4 YR Stock Price



Market Share

Share%	Company (total 42)	1Y%	3Y%	Grade
18.6	▲ STAPLES INC	17.6	17.2	60.2
15.4	▼ OFFICE DEPOT INC	15.7	16.1	49.4
9.2	▼ OFFICEMAX INC	10.0	10.8	42.5
5.7	▼ BLOCKBUSTER INC	6.4	7.7	34.5
5.4	▼ BARNES & NOBLE INC	5.6	7.8	44.6
4.3	▲ PETSMART INC	4.1	3.9	62.5
4.2	▼ BORDERS GROUP INC	4.5	4.9	15.0
3.8	▼ SIGNET GROUP PLC	3.4	3.8	46.5
3.2	▲ DICKS SPORTING GOODS INC-[9/42]	2.9	1.9	71.8
2.7	▲ TIFFANY & CO	2.6	2.6	62.5

Peer Comparison

Company (total 42)	Grade Rating	Revenue* in millions	EPS*	Earnings Surprise**	PE Ratio	ROE	Market Cap in millions
DICKS SPORTING GOODS INC-[1/42]	71.8 ●	\$1,013.4	\$0.88	37.8%	24.2	18.7%	\$3,687.4
PETSMART INC	62.5 ●	\$1,116.7	\$0.36	4.2%	16.9	24.2%	\$4,455.2
TIFFANY & CO	62.5 ●	\$662.6	\$0.46	11.0%	24.5	14.9%	\$6,801.9
HIBBETT SPORTS INC	62.4 ●	\$114.4	\$0.15	0.3%	20.4	27.9%	\$758.3
TRACTOR SUPPLY CO	61.4 ●	\$790.9	\$1.10	1.0%	19.2	16.2%	\$1,807.2
BOOKS-A-MILLION INC	60.7 ●	\$132.8	\$0.19	21.5%	9.8	12.0%	\$200.1
STAPLES INC	60.2 ●	\$4,290.4	\$0.25	0.5%	15.9	19.7%	\$16,140.0
DREAMS INC	54.9 ●	\$24.9	\$0.01	N/A	104.0	11.5%	\$456.1
BUILD-A-BEAR WORKSHOP INC	49.9 ●	\$100.4	\$0.08	23.5%	11.9	15.6%	\$338.0
OFFICE DEPOT INC	49.4 ●	\$3,631.6	\$0.40	5.7%	9.7	19.1%	\$5,130.8

*As reported for most recent quarter **Average of last six quarters

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