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HIBBETT SPORTING GOODS INC
Form 10-K/A
July 11, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A(2)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 2, 2002 Commission file number 000-20969

HIBBETT SPORTING GOODS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State of other jurisdiction of Incorporation or organization) 63-1074067 (I.R.S. Employer Identification No.)

451 Industrial Lane Birmingham, Alabama (Address of Principal Executive Offices) 35211 (Zip Code)

Registrant's telephone number, including area code: (205) 942-4292

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

| Title of Each Class | CUSIP Number | Name of Each Exchange on Which Registered |
|-------------------------------|--------------|---|
| Common Stock, \$.01 Par Value | 428565-10-5 | NASDAQ Stock Market |

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ___.

The aggregate market value of the voting stock held by non-affiliates of the Registrant (assuming for purposes of this calculation that all executive officers and directors are "affiliates") was \$191,441,261 at July 10, 2002, based on the closing sale price of \$24.25 for the Common Stock on such date on the Nasdaq National Market.

The number of shares outstanding of the Registrant's Common Stock, as of

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July 10, 2002 was 10,052,259.

DOCUMENTS INCORPORATED BY REFERENCE

Part I, items 1-4, Part II, items 5-7 and 9 and Part III, items 10-13 are incorporated by reference from the Company's Form 10-K/A Report filed with the Securities and Exchange Commission on May 3, 2002.

HIBBETT SPORTING GOODS, INC.

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NOTICE REGARDING ARTHUR ANDERSEN LLP

The financial statements, supplementary data and financial statement schedule included in this Form 10-K/A(2) are incorporated by reference into several registration statements we have filed under the Securities Act of 1933, as amended (the "Securities Act"), and will be incorporated by reference into future registration statements we file under the Securities Act. Section 11(a) of the Securities Act provides that if any part of a registration statement at the time it becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may sue, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement with respect to the statement in such registration statement, report or valuation which purports to have been prepared or certified by the accountant. Arthur Andersen LLP was our principal independent accountant until their dismissal on May 9, 2002. Prior to the date of this Form 10-K/A(2), the Arthur Andersen partners who reviewed our most recent audited financial statements resigned from Arthur Andersen. As a result, after reasonable efforts, we have been unable to obtain Arthur Andersen's written consent to the inclusion in this Form 10-K/A(2) of its audit reports with respect to our financial statements, which means that Arthur Andersen has not consented to the inclusion of its audit reports in any present or future registration statements into which the financial statements, supplementary data and financial statement schedule included herein are incorporated by reference. Under these circumstances, Rule 437a under the Securities Act permits us to file this Form 10-K/A(2), and permits us to incorporate by reference the financial statements, supplementary data and financial statement schedule included herein into present and future registration statements, without the written consent of Arthur Andersen. Accordingly, Arthur Andersen will not be liable to you under Section 11(a) of the Securities Act because it has not consented to being named as an expert in this Form 10-K/A(2) or any present or future

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registration statement into which this Form 10-K/A(2) may be incorporated by reference.

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PART II

Item 8. Financial Statements and Supplementary Data

Independent Auditors' Report

The Board of Directors
Hibbett Sporting Goods, Inc.:

We have audited the accompanying consolidated balance sheet of Hibbett Sporting Goods, Inc. (a Delaware corporation) and subsidiaries (the Company) as of February 2, 2002, and the related consolidated statements of operations, stockholders' investment, and cash flows for the fiscal year in the period ended February 2, 2002. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule as listed in Item 14(a)2. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hibbett Sporting Goods, Inc. and subsidiaries as of February 2, 2002, and the results of their operations and their cash flows for the fiscal year in the period ended February 2, 2002, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Birmingham, Alabama
June 21, 2002

/s/ KPMG LLP

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Hibbett Sporting Goods, Inc.:

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We have audited the accompanying consolidated balance sheets of HIBBETT SPORTING GOODS, INC. (a Delaware corporation) AND SUBSIDIARIES as of February 2, 2002 and February 3, 2001, and the related consolidated statements of operations, stockholders' investment, and cash flows for each of the three fiscal years in the period ended February 2, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hibbett Sporting Goods, Inc. and subsidiaries as of February 2, 2002 and February 3, 2001, and the results of their operations and their cash flows for each of the three fiscal years in the period ended February 2, 2002, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Birmingham, Alabama
March 13, 2002

The report of Arthur Andersen LLP shown above is a copy of a previously issued report; Arthur Andersen LLP has not reissued this report.

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HIBBETT SPORTING GOODS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (Dollars In Thousands)

| | February 2, 2002 | February 3, 2001 |
|----------------------------|---------------------|---------------------|
| | ----- | ----- |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 1,972 | \$ 1,884 |
| Accounts receivable, net | 2,352 | 2,649 |
| Inventories | 81,082 | 70,058 |
| Prepaid expenses and other | 902 | 822 |
| Deferred income taxes | 1,375 | 1,110 |
| | ----- | ----- |
| Total current assets | 87,683 | 76,523 |
| | ----- | ----- |

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| | | |
|--|------------|------------|
| Property and Equipment: | | |
| Land | 24 | 24 |
| Buildings | 221 | 221 |
| Equipment | 19,331 | 15,318 |
| Furniture and fixtures | 11,480 | 10,978 |
| Leasehold improvements | 17,137 | 17,506 |
| Construction in progress | 289 | 995 |
| | ----- | ----- |
| | 48,482 | 45,042 |
| Less accumulated depreciation & amortization | 22,011 | 21,332 |
| | ----- | ----- |
| Total property and equipment | 26,471 | 23,710 |
| | ----- | ----- |
| Noncurrent Assets: | | |
| Deferred income taxes | 945 | 741 |
| Other, net | 216 | 278 |
| | ----- | ----- |
| Total noncurrent assets | 1,161 | 1,019 |
| | ----- | ----- |
| Total Assets | \$ 115,315 | \$ 101,252 |
| | ===== | ===== |
| Liabilities and Stockholders' Investment | | |
| Current Liabilities: | | |
| Accounts payable | \$ 23,721 | \$ 18,268 |
| Accrued income taxes | 2,308 | 1,859 |
| Accrued expenses: | | |
| Payroll-related | 2,954 | 2,640 |
| Other | 2,366 | 2,072 |
| | ----- | ----- |
| Total current liabilities | 31,349 | 24,839 |
| | ----- | ----- |
| Long-Term Debt | 3,903 | 9,748 |
| | ----- | ----- |
| Commitments and Contingencies | | |
| Stockholders' Investment: | | |
| Preferred Stock, \$.01 par value, 1,000,000 shares authorized, no shares outstanding | - | - |
| Common Stock, \$.01 par value, 12,000,000 shares authorized, 9,927,317 and 9,799,328 shares issued and outstanding at February 2, 2002 and February 3, 2001 respectively | 99 | 98 |
| Paid-in capital | 57,739 | 55,895 |
| Retained earnings | 22,225 | 10,672 |
| | ----- | ----- |
| Total stockholders' investment | 80,063 | 66,665 |
| | ----- | ----- |
| Total Liabilities and Stockholders' Investment | \$ 115,315 | \$ 101,252 |
| | ===== | ===== |

The accompanying notes are an integral part of these consolidated balance sheets.

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HIBBETT SPORTING GOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars In Thousands, Except Per Share Amounts)

| | Fiscal Year Ended | | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| | February 2, 2002 (52 Weeks) | February 3, 2001 (53 Weeks) | January 29, 2000 (52 Weeks) |
| Net sales | \$ 241,130 | \$ 209,626 | \$ 174,312 |
| Cost of goods sold, including warehouse, distribution, and store occupancy costs | 167,402 | 145,800 | 121,962 |
| Gross profit | 73,728 | 63,826 | 52,350 |
| Store operating, selling, and administrative expenses | 48,891 | 40,789 | 34,142 |
| Depreciation and amortization | 5,873 | 4,802 | 3,762 |
| Operating income | 18,964 | 18,235 | 14,446 |
| Interest expense, net | 625 | 830 | 422 |
| Income before provision for income taxes | 18,339 | 17,405 | 14,024 |
| Provision for income taxes | 6,786 | 6,593 | 5,364 |
| Net income | \$ 11,553 | \$ 10,812 | \$ 8,660 |
| Basic earnings per share | \$ 1.17 | \$ 1.11 | \$ 0.90 |
| Diluted earnings per share | \$ 1.15 | \$ 1.09 | \$ 0.88 |
| Weighted average shares outstanding: | | | |
| Basic | 9,875,182 | 9,699,419 | 9,641,618 |
| Diluted | 10,079,040 | 9,939,577 | 9,794,971 |

The accompanying notes are an integral part of these consolidated statements.

HIBBETT SPORTING GOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT
(Dollars In Thousands)

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| | Common Stock | | Paid Cap |
|---|---------------------|--------|-------------|
| | Number of Shares | Amount | |
| BALANCE, January 30, 1999 | 9,620,670 | \$ 96 | \$ 5 |
| Net income | - | - | |
| Issuance of shares from the employee stock purchase plan and the exercise of stock options, including tax benefit | 32,658 | 1 | |
| BALANCE, January 29, 2000 | 9,653,328 | 97 | 5 |
| Net income | - | - | |
| Issuance of shares from the employee stock purchase plan and the exercise of stock options, including tax benefit | 146,000 | 1 | |
| BALANCE, February 3, 2001 | 9,799,328 | 98 | 5 |
| Net income | - | - | |
| Issuance of shares from the employee stock purchase plan and the exercise of stock options, including tax benefit | 127,989 | 1 | |
| BALANCE, February 2, 2002 | 9,927,317 | \$ 99 | \$ 5 |

The accompanying notes are an integral part of these consolidated statements.

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HIBBETT SPORTING GOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars In Thousands)

| | Fiscal Year | |
|--|---------------------|------------------|
| | February 2, 2002 | February 2001 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income | \$ 11,553 | \$ 10,81 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 5,873 | 4,80 |
| Deferred income taxes | (469) | (52 |
| Loss on disposal of assets | 118 | 1 |
| (Increase) decrease in assets: | | |
| Accounts receivable, net | 297 | (52 |

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| | | |
|--|----------|---------|
| Inventories | (11,024) | (11,99 |
| Prepaid expenses and other | (90) | (8 |
| Refundable income taxes | - | 1 |
| Other noncurrent assets | 19 | (12 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 5,453 | (77 |
| Accrued income taxes | 449 | 1,31 |
| Accrued expenses | 608 | (38 |
| | ----- | ----- |
| Total adjustments | 1,234 | (8,26 |
| | ----- | ----- |
| Net cash provided by operating activities | 12,787 | 2,54 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Capital expenditures | (8,726) | (8,55 |
| Proceeds from sales of property and equipment | 28 | 2 |
| | ----- | ----- |
| Net cash (used in) investing activities | (8,698) | (8,53 |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Revolving loan borrowings and repayments, net | (5,845) | 5,35 |
| Proceeds from options exercised and purchase of shares under the employee stock purchase plan, including tax benefit | 1,844 | 1,65 |
| | ----- | ----- |
| Net cash provided by (used in) financing activities | (4,001) | 7,00 |
| | ----- | ----- |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 88 | 1,02 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,884 | 86 |
| | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,972 | \$ 1,88 |
| | ===== | ===== |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | |
| Cash paid during the year for: | | |
| Interest | \$ 580 | \$ 76 |
| | ===== | ===== |
| Income taxes, net of refunds | \$ 6,403 | \$ 5,23 |
| | ===== | ===== |

The accompanying notes are an integral part of these consolidated statements.

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HIBBETT SPORTING GOODS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 2, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

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Hibbett Sporting Goods, Inc. (the "Company") is an operator of full-line sporting goods retail stores in small to mid-sized markets predominately in the southeastern United States. The Company's fiscal year ends on the Saturday closest to January 31 of each year. The consolidated statements of operations for fiscal years ended February 2, 2002, and January 29, 2000, include 52 weeks of operations, while the fiscal year ended February 3, 2001, includes 53 weeks of operations. The Company's merchandise assortment features a core selection of brand name merchandise emphasizing team and individual sports complemented by a selection of localized apparel and accessories designed to appeal to a wide range of customers within each market.

Principles of Consolidation

The consolidated financial statements of the Company include its accounts and the accounts of all wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect (1) the reported amounts of certain assets and liabilities and disclosure of certain contingent assets and liabilities at the date of the financial statements, and (2) the reported amounts of certain revenues and expenses during the reporting period. Actual results could differ from those estimates.

Stock Split

On January 10, 2002, the Board of Directors declared a 3-for-2 Stock Split on the Company's Common Stock to holders of record on February 1, 2002. All share and per share data presented reflect the 3-for-2 stock split.

Consolidated Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Company considers all short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Recent Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". Business combinations initiated after June 30, 2001, must be accounted for under the provisions of these two statements. We must also apply these provisions to previously recorded business combinations as of January 1, 2002. The principal provisions of SFAS No. 141 and SFAS No. 142 are as follows:

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- . All business combinations initiated after June 30, 2001, will be accounted for using the "purchase" method, under which the identifiable assets and liabilities of the acquired business are recorded at their respective fair market values with the residual amount being recorded as goodwill. The "pooling-of-interests" method, under which the financial statements of the acquirer and the acquiree were combined as if the two businesses had always been one, will no longer be used.

- . Goodwill and identifiable intangible assets will no longer be

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amortized over a maximum period of forty years. Goodwill will not be amortized but will instead be tested for impairment annually or upon the occurrence of certain "triggering events." Identifiable intangible assets will be amortized over their expected useful lives; those with indefinite expected useful lives will not be amortized. Identifiable intangible assets will continue to be tested for impairment under previously existing accounting standards.

Additionally, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" during 2001. SFAS No. 143 relates to obligations which generally are incurred in connection with the ownership of real property. We currently lease the substantial majority of our real property and, therefore, do not believe that the provisions of SFAS No. 143 apply to our current operations.

SFAS No. 144 superseded SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," for the disposal of a segment of a business. SFAS No. 144 also amended Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to eliminate the exception to consolidation for a subsidiary for which control is likely to be temporary.

We adopted SFAS No. 142, SFAS No. 143 and SFAS No. 144 on February 3, 2002, and expect the adoption of these standards to have no material impact on our financial condition, results of operations or cash flows.

Inventories

Inventories are valued at the lower of cost or market using the retail inventory method of accounting, with cost determined on a first-in, first-out basis and market based on the lower of replacement cost or estimated realizable value. The Company's business is dependent to a significant degree upon close relationships with its vendors. The Company's largest vendor, Nike, represented approximately 27%, 26% and 30% of its purchases in fiscal 2002, 2001 and 2000, respectively.

Property and Equipment

Property and equipment are recorded at cost. It is the Company's policy to depreciate assets acquired prior to January 28, 1995 using accelerated and straight-line methods over their estimated service lives (3 to 10 years for equipment, 5 to 10 years for furniture and fixtures, and 10 to 31.5 years for buildings) and to amortize leasehold improvements using the straight-line method over the periods of the applicable leases. Depreciation on assets acquired subsequent to January 28, 1995 is provided using the straight-line method over their estimated service lives (3 to 5 years for equipment, 7 years for furniture and fixtures, and 39 years for buildings) or, in the case of leasehold improvements, 10 years or over the lives of the respective leases, if shorter.

Maintenance and repairs are charged to expense as incurred. Costs of renewals and improvements are capitalized by charges to property accounts and are depreciated using applicable annual rates. The cost and accumulated depreciation of assets sold, retired, or

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otherwise disposed of are removed from the accounts, and the related gain or loss is credited or charged to income.

Store Opening Costs

Non-capital expenditures incurred in preparation for opening new retail stores are expensed as incurred.

Stock-Based Compensation

Compensation cost is measured under the intrinsic value method in accordance with Accounting Principles Bulletin No. 25. Pro forma disclosures of net income and earnings per share are presented in Note 7 as if the fair value method had been applied, as required under Statement of Financial Accounting Standards ("SFAS") No. 123.

Fair Value of Financial Instruments

In preparing disclosures about the fair value of financial instruments, management believes that the carrying amount approximates fair value for cash and cash equivalents, receivables, short-term borrowings, long-term debt and accounts payable, because of the short maturities of those instruments.

Advertising Costs

Costs incurred for producing and communicating advertising are expensed when incurred.

Earnings Per Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock are exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings. Diluted EPS has been computed based on the weighted average number of shares outstanding, including the effect of outstanding stock options, if dilutive, in each respective year.

A reconciliation of the weighted average shares for basic and diluted EPS is as follows:

| | Fiscal Year Ended | | |
|--------------------------------------|---------------------|---------------------|---------------------|
| | February 2, 2002 | February 3, 2001 | January 29, 2000 |
| Weighted average shares outstanding: | | | |
| Basic | 9,875,182 | 9,699,419 | 9,641,618 |
| Dilutive effect of stock options | 203,858 | 240,158 | 153,353 |
| Diluted | 10,079,040 | 9,939,577 | 9,794,971 |

For the 52 week period ended February 2, 2002, 139,650 anti-dilutive options were appropriately excluded from the computation. For the 53 week period ended February 3, 2001, 18,150 anti-dilutive options were appropriately excluded from the computation. For the 52-week period ended January 29, 2000, 141,900

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anti-dilutive options were appropriately excluded from the computation.

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Accounting for the Impairment of Long-Lived Assets

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining balance of long-lived assets and intangibles may be impaired and not recoverable. The Company's policy is to recognize any impairment loss on long-lived assets as a charge to current income when certain events or changes in circumstances indicate that the carrying value of the assets may not be recoverable.

Prior Year Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. LONG-TERM DEBT

The Company maintains an unsecured revolving credit facility, which will expire November 5, 2003 and allows borrowings up to \$35 million. The Company also maintains an unsecured working capital line of credit for \$7 million, which is subject to annual renewal (collectively, the "Debt Agreements"). As of February 2, 2002, the Company had an aggregate of \$3,903,000 outstanding under these facilities. The average amount of borrowings outstanding under the Debt Agreements during fiscal 2002 was \$10,304,000, the maximum outstanding was \$18,860,000, and the weighted average interest rate was 5.21%. The average amount of borrowings outstanding under the Debt Agreements during fiscal 2001 was \$9,387,000, the maximum amount outstanding was \$22,406,000, and the weighted average interest rate was 7.68%. The average amount of borrowings outstanding under the Debt Agreements during fiscal 2000 was \$5,391,000, the maximum amount outstanding was \$14,155,000, and the weighted average interest rate was 6.48%.

The Company's Debt Agreements contain certain restrictive covenants common to such agreements. The Company was in compliance with respect to its covenants at February 2, 2002.

3. LEASES

The Company leases the premises for its retail sporting goods stores under operating leases which expire in various years through the year 2009. Many of these leases contain renewal options and require the Company to pay executory costs (such as property taxes, maintenance, and insurance). Rental payments typically include minimum rentals plus contingent rentals based on sales.

In February 1996, the Company entered into a sale-leaseback transaction to finance its warehouse and office facilities. In December 1999, the related operating lease was amended to include the fiscal 2000 expansion of these facilities. The amended lease rate is \$784,000 per year, and the lease will expire in December 2014.

Future minimum rental payments under noncancelable operating leases having remaining terms in excess of one year as of February 2, 2002 are as follows:

Fiscal Year Ending

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| | |
|------------|---------------|
| 2003 | \$ 17,782,000 |
| 2004 | 15,949,000 |
| 2005 | 13,638,000 |
| 2006 | 9,932,000 |
| 2007 | 5,615,000 |
| Thereafter | 10,396,000 |
| | ----- |
| | \$ 73,312,000 |
| | ===== |

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Rental expense for all operating leases consisted of the following:

| | Fiscal Year Ended | | |
|--------------------|---------------------|---------------------|---------------------|
| | February 2, 2002 | February 3, 2001 | January 29, 2000 |
| | ----- | ----- | ----- |
| Minimum rentals | \$15,906,000 | \$12,969,000 | \$10,145,000 |
| Contingent rentals | 1,011,000 | 1,043,000 | 833,000 |
| | ----- | ----- | ----- |
| | \$16,917,000 | \$14,012,000 | \$10,978,000 |
| | ===== | ===== | ===== |

4. PROFIT-SHARING PLAN

The Company maintains a 401(k) profit sharing plan (the "Plan") which permits participants to make pretax contributions to the Plan. The Plan covers all employees who have completed one year of service and who are at least 21 years of age. Participants of the Plan may voluntarily contribute from 2% to 15% of their compensation within certain dollar limits as allowed by law. These elective contributions are made under the provisions of Section 401(k) of the Internal Revenue Code which allows deferral of income taxes on the amount contributed to the Plan. The Company's contribution to the Plan equals (1) an amount determined at the discretion of the Board of Directors plus (2) a matching contribution equal to a discretionary percentage of up to 6% of a participant's compensation. Contribution expense amounts for fiscal years 2002, 2001, and 2000 were \$242,000, \$344,000, and \$436,000, respectively.

5. RELATED-PARTY TRANSACTIONS

The Company's majority stockholder provides financial advisory services to the Company. Such services include, but are not necessarily limited to, advice and assistance concerning any and all aspects of the operation, planning, and financing of the Company. Management fee expense under this arrangement was \$200,000 in fiscal 2002, fiscal 2001 and fiscal 2000. During fiscal 2002, the Company filed a S-3 on behalf of this stockholder. Approximately \$200,000 will be reimbursed to the Company for expenses incurred with the filing.

The Company maintains a sublease for one store with an entity that is controlled by a minority stockholder which expires in June 2008. Minimum lease payments were \$191,000 in fiscal 2002, fiscal 2001 and fiscal 2000. Future minimum lease payments under this noncancelable sublease aggregate approximately \$1.2 million.

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6. INCOME TAXES

A summary of the components of the provision for income taxes is as follows:

| | Fiscal Year Ended | | |
|----------------------------|---------------------|---------------------|---------------|
| | February 2, 2002 | February 3, 2001 | January 20 |
| Federal: | | | |
| Current | \$ 6,439,000 | \$ 6,108,000 | \$ 4,64 |
| Deferred | (384,000) | (423,000) | (9 |
| | 6,055,000 | 5,685,000 | 4,55 |
| State: | | | |
| Current | 816,000 | 1,008,000 | 80 |
| Deferred | (85,000) | (100,000) | 1 |
| | 731,000 | 908,000 | 81 |
| Provision for income taxes | \$ 6,786,000 | \$ 6,593,000 | \$ 5,36 |

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The provision for income taxes differs from the amounts computed by applying federal statutory rates due to the following:

| | Fiscal Year Ended | | |
|--|---------------------|---------------------|---------------------|
| | February 2, 2002 | February 3, 2001 | January 29, 2000 |
| Tax provision computed at the federal statutory rate | \$6,235,000 | \$5,918,000 | \$4,768,000 |
| Effect of state income taxes, net of benefits | 520,000 | 574,000 | 592,000 |
| Other | 31,000 | 101,000 | 4,000 |
| | \$6,786,000 | \$6,593,000 | \$5,364,000 |

Temporary differences that create deferred tax assets are detailed below:

| February 2, 2002 | | February 3, 2001 | |
|------------------|------------|------------------|------------|
| Current | Noncurrent | Current | Noncurrent |
| | | | |

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| | | | | |
|--------------------|--------------|------------|--------------|------------|
| Depreciation | \$ --- | \$ 945,000 | \$ --- | \$ 741,000 |
| Inventory | 762,000 | --- | 399,000 | --- |
| Accruals | 743,000 | --- | 766,000 | --- |
| Other | (130,000) | --- | (55,000) | --- |
| | ----- | ----- | ----- | ----- |
| Deferred tax asset | \$ 1,375,000 | \$ 945,000 | \$ 1,110,000 | \$ 741,000 |
| | ===== | ===== | ===== | ===== |

The Company has not recorded a valuation allowance for deferred tax assets as realization is considered more likely than not.

7. STOCK OPTION AND STOCK PURCHASE PLANS

Stock Option Plans

The Company utilizes the intrinsic value method of accounting for stock option grants. As the option exercise price is generally equal to the fair value of the shares of common stock at the date of the option grant, no compensation cost is recognized.

The Hibbett Sporting Goods, Inc. Employee Stock Option Plan, as amended (the "Original Option Plan") authorized the granting of stock options for the purchase of up to 99,528 shares of common stock. Options granted pursuant to the Original Option Plan vested over a three-year period for 38,053 shares and a five-year period for 61,475 shares and will expire on the tenth anniversary of the date of grant. All of the 99,528 options available under the Original Option Plan have been granted and all such options have been exercised.

In fiscal 1997, the Company adopted the Hibbett Sporting Goods, Inc. 1996 Stock Option Plan, as amended (the "1996 Option Plan"). The 1996 Option Plan authorizes the granting of stock options for the purchase of up to 1,332,849 shares of common stock, including an amendment to the plan in fiscal 2002, which authorized the granting of an additional 525,000 stock options. Options granted vest over a five-year period and expire on the tenth anniversary of the date of grant.

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A summary of the status of the Company's stock option plans is as follows:

| | Fiscal Year Ended | | | |
|----------------------------------|-------------------|---------------------------------|------------------|---------------------------------|
| | February 2, 2002 | | February 3, 2001 | |
| | Shares | Weighted Average Exercise Price | Shares | Weighted Average Exercise Price |
| Outstanding at beginning of year | 591,982 | \$11.98 | 597,915 | \$11.03 |
| Granted | 123,900 | 19.92 | 142,650 | 10.50 |
| Exercised | (103,233) | 10.28 | (137,120) | 6.30 |
| Forfeited | (37,678) | 12.37 | (11,463) | 11.74 |

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| | | | | |
|--|---------|---------|---------|---------|
| Outstanding at end of year | 574,971 | \$14.12 | 591,982 | \$11.98 |
| Exercisable at end of year | 209,946 | \$13.14 | 184,508 | \$11.74 |
| Weighted average fair value of options granted | | \$10.96 | | \$ 8.43 |

The following table summarizes information about stock options outstanding at February 2, 2002:

| Range of Exercise Prices | Options Outstanding | | | Number Exercisable February 2002 |
|--------------------------|--|---|---------------------------------|----------------------------------|
| | Number Outstanding at February 2, 2002 | Weighted Average Remaining Contractual Life (Years) | Weighted Average Exercise Price | |
| \$4.07 | 10,519 | 4.2 | \$ 4.07 | 10,519 |
| \$10.00 to \$13.54 | 349,502 | 6.9 | \$ 11.01 | 146,237 |
| \$16.67 to \$20.57 | 214,950 | 7.8 | \$ 19.21 | 53,190 |

Compensation costs of \$50,000 were accrued in fiscal 2001 and 2000, related to the difference in the estimated market value of the stock and the nonqualified option exercise price, including the related tax benefit. As these options are exercised, the excess of the proceeds and accruals over the par value is credited to paid-in capital. Additionally, the tax benefit associated with 1) the exercise of nonqualified stock options and 2) disqualifying dispositions of shares acquired in the Company's option plans, is also credited to paid-in capital and amounted to \$402,000 in fiscal 2002, \$570,000 in fiscal 2001, and \$87,000 in fiscal 2000.

If the Company had recorded compensation costs in accordance with SFAS No. 123 under the fair value based method (using the Black-Scholes option pricing model), the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

| | Fiscal Year Ended | | |
|---|-------------------|------------------|------------------|
| | February 2, 2002 | February 3, 2001 | January 29, 2000 |
| Net income--as reported | \$ 11,553 | \$ 10,812 | \$ 8,660 |
| Net income--pro forma | 10,956 | 10,206 | 8,293 |
| Diluted earnings per share--as reported | 1.15 | 1.09 | .88 |
| Diluted earnings per share--pro forma | 1.08 | 1.02 | .84 |

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The weighted average assumptions for determining compensation costs under the fair value method include (i) a risk-free interest rate based on zero-coupon governmental issues on each grant date with the maturity equal to the expected term of the options (5.0%, 6.6%, and 5.2% for fiscal 2002, 2001 and 2000, respectively), (ii) an expected forfeiture rate of 6.0%, (iii) an expected stock volatility of 58%, and (iv) no expected dividend yield.

Other Plans

On September 13, 1996, the Company adopted an Employee Stock Purchase Plan and Outside Director Stock Plan reserving 112,500 shares and 75,000 shares of the Company's common stock, respectively, for purchase by the employees and directors at 85% and 100% of the fair value of the common stock, respectively. On February 1, 2002, February 2, 2001, and January 28, 2000, the Company granted 11,250 options at exercise prices of \$20.42, \$23.15, and \$12.21 (market value on the date of grant) respectively, under the Outside Director Stock Plan. These options vest immediately and expire on the earlier of the tenth anniversary of the grant or one year from the date on which an optionee ceases to be an Eligible Director. The Employee Stock Purchase Plan became effective on April 1, 1997, and as of February 2, 2002, 31,389 shares have been issued and 81,111 shares are reserved for future purchase.

8. COMMITMENTS AND CONTINGENCIES

The Company is a party to various legal proceedings incidental to its business. In the opinion of management, after consultation with legal counsel, the ultimate liability, if any, with respect to those proceedings is not presently expected to materially affect the financial position or results of operations of the Company.

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PART IV

Item 14. Exhibits, Financial Statement Schedule, and Reports on Form 8-K

(a) Documents filed as part of this report:

1. Financial Statements:

NOTICE REGARDING ARTHUR ANDERSEN LLP

The financial statements, supplementary data and financial statement schedule included in this Form 10-K/A(2) are incorporated by reference into several registration statements we have filed under the Securities Act, and will be incorporated by reference into future registration statements we file under the Securities Act. Section 11(a) of the Securities Act provides that if any part of a registration statement at the time it becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may sue, among others, every accountant who has consented to be named

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as having prepared or certified any part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement with respect to the statement in such registration statement, report or valuation which purports to have been prepared or certified by the accountant. Arthur Andersen LLP was our principal independent accountant until their dismissal on May 9, 2002. Prior to the date of this Form 10-K/A(2), the Arthur Andersen partners who reviewed our most recent audited financial statements resigned from Arthur Andersen. As a result, after reasonable efforts, we have been unable to obtain Arthur Andersen's written consent to the inclusion in this Form 10-K/A(2) of its audit reports with respect to our financial statements, which means that Arthur Andersen has not consented to the inclusion of its audit reports in any present or future registration statements into which the financial statements, supplementary data and financial statement schedule included herein are incorporated by reference. Under these circumstances, Rule 437a under the Securities Act permits us to file this Form 10-K/A(2), and permits us to incorporate by reference the financial statements, supplementary data and financial statement schedule included herein into present and future registration statements, without the written consent of Arthur Andersen. Accordingly, Arthur Andersen will not be liable to you under Section 11(a) of the Securities Act because it has not consented to being named as an expert in this Form 10-K/A(2) or any present or future registration statement into which this Form 10-K/A(2) may be incorporated by reference.

The following Financial Statements and Supplementary Data of Hibbett Sporting Goods, Inc. and Independent Auditors' Reports on such Financial Statements are attached hereto:

Consolidated Balance Sheets as of February 2, 2002 and February 3, 2001

Consolidated Statements of Operations for the fiscal years ended February 2, 2002, February 3, 2001, and January 29, 2000

Consolidated Statements of Stockholders' Investment for the fiscal years ended February 2, 2002, February 3, 2001, and January 29, 2000

Consolidated Statements of Cash Flows for the fiscal years ended February 2, 2002, February 3, 2001, and January 29, 2000

Notes to Consolidated Financial Statements

Reports of Independent Public Accountants

2. Financial Statement Schedule.

NOTICE REGARDING ARTHUR ANDERSEN LLP

The financial statements, supplementary data and financial statement schedule included in this Form 10-K/A(2) are incorporated by reference into several registration statements we have filed under the Securities Act, and will be incorporated by reference into future registration statements we file under the Securities Act. Section 11(a) of the Securities Act provides

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that if any part of a registration statement at

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the time it becomes effective contains an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may sue, among others, every accountant who has consented to be named as having prepared or certified any part of the registration statement or as having prepared or certified any report or valuation which is used in connection with the registration statement with respect to the statement in such registration statement, report or valuation which purports to have been prepared or certified by the accountant. Arthur Andersen LLP was our principal independent accountant until their dismissal on May 9 2002. Prior to the date of this Form 10-K/A(2), the Arthur Andersen partners who reviewed our most recent audited financial statements resigned from Arthur Andersen. As a result, after reasonable efforts, we have been unable to obtain Arthur Andersen's written consent to the inclusion in this Form 10-K/A(2) of its audit reports with respect to our financial statements, which means that Arthur Andersen has not consented to the inclusion of its audit reports in any present or future registration statements into which the financial statements, supplementary data and financial statement schedule included herein are incorporated by reference. Under these circumstances, Rule 437a under the Securities Act permits us to file this Form 10-K/A(2), and permits us to incorporate by reference the financial statements, supplementary data and financial statement schedule included herein into present and future registration statements, without the written consent of Arthur Andersen. Accordingly, Arthur Andersen will not be liable to you under Section 11(a) of the Securities Act because it has not consented to being named as an expert in this Form 10-K/A(2) or any present or future registration statement into which this Form 10-K/A(2) may be incorporated by reference.

The following consolidated financial statement schedule of Hibbett Sporting Goods, Inc. is attached hereto:

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable, and therefore have been omitted.

3. Exhibits.

The Exhibits listed on the accompanying Exhibits Index are filed as part of, or incorporated by reference into, this report.

EXHIBITS INDEX

Exhibit

3.1 Certificate of Incorporation of the Company (incorporated herein by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 1997 (the "1997 10-K")).

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- 3.2 Bylaws of the Company (incorporated herein by reference to Exhibit 3.2 of the 1997 10-K).
- 10.1.1 Credit Agreement dated as of November 5, 1998 between the Company, Hibbett Team Sales, Inc., Sports Wholesale, Inc., AmSouth Bank, NationsBank, N.A. and BankBoston, N.A (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1999 (the "1999 10-K")).
- 10.1.2 First Amendment to Credit Agreement dated as of April 17, 2000, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc., Bank of America, N.A, Fleet National Bank, and AmSouth Bank (incorporated by reference to Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001 (the "2001 10-K")).
- 10.1.3 Second Amendment to Credit Agreement dated as of November 30, 2000, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc., Bank of America, N.A, Fleet National Bank, and AmSouth Bank (incorporated by reference to

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Exhibit 10.1 of the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 2001 (the "200110-K")).

- 10.1.4 Third Amendment to Credit Agreement dated as of June 15, 2001, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc., Bank of America, N.A, Fleet National Bank, and AmSouth Bank (incorporated by reference to Exhibit 10.1.4 of the 10-Q for Quarter ended August 4, 2001).
- 10.2.1 Credit Agreement dated as of November 5, 1998 between the Company, Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated by reference to Exhibit 10.2 of the 1999 10-K).
- 10.2.2 First Amendment to Credit Agreement dated as of November 17, 1999, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated by reference to Exhibit 10.2 of the 2001 10-K).
- 10.2.3 Second Amendment to Credit Agreement dated as of April 17, 2000, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated by reference to Exhibit 10.2 of the 2001 10-K).
- 10.2.4 Third Amendment to Credit Agreement dated as of November 30, 2000, between Hibbett Sporting Goods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated by reference to Exhibit 10.2 of the 2001 10-K).
- 10.2.5 Fourth Amendment to Credit Agreement dated as of June 15, 2001, between Hibbett SportingGoods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated by reference to Exhibit 10.2.5 of the 10-Q for Quarter ended August 4, 2001).

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- 10.2.6 Fifth Amendment to Credit Agreement dated as of November 30, 2001, between Hibbett SportingGoods, Inc., Hibbett Team Sales, Inc., Sports Wholesale, Inc. and AmSouth Bank (incorporated herein by reference to Exhibit 10.2.6 of the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 2002 ("2002 10-K")).
- 10.3 Letter Agreement dated November 1, 1995 between the Company and Saunders, Karp & Co., L.P (incorporated by reference to Exhibit 10.3 of the Company's Registration Statement on Form S-1 (Registration No. 333-07023), filed with the Securities and Exchange Commission on June 27, 1996) ("the 1996 S-1").
- 10.4 The Company's Stock Option Plan (as amended effective as of September 13, 1996) (incorporated by reference to Exhibit 10.7 of Amendment No. 2 to the Company's Registration Statement on Form S-1 (Registration No. 333-07023), filed with the Securities and Exchange Commission on September 16, 1996) ("Amendment No. 2 to the 1996 S-1").
- 10.5 The Company's Amended and Restated 1996 Stock Option Plan (incorporated by reference to Exhibit 10.8 of Amendment No. 2 to the 1996 S-1).
- 10.6 The Company's Employee Stock Purchase Plan dated September 13, 1996 (incorporated by reference to Exhibit 10.10 of Amendment No. 2 to the 1996 S-1).
- 10.7 The Company's Stock Plan for Outside Directors (incorporated by reference to Exhibit 10.11 of Amendment No. 2 to the 1996 S-1).
- 10.8.1 Lease Agreement dated as of February 12, 1996 between QRS 12-14 (AL), Inc. and

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Sports Wholesale, Inc. (the "Lease Agreement") (incorporated by reference to Exhibit 10.9 of the 1996 S-1).

- 10.8.2 First Amendment to Lease Agreement dated December 30, 1999 between QRS 11-41 (AL), Inc. and Sports Wholesale, Inc. (incorporated herein by reference to Exhibit 10 of the Company Annual Report on Form 10-K for fiscal year ended January 29, 2000).
- 10.9 Letter from the Company to Clyde B. Anderson dated September 13, 1996 re: Consulting Agreement (incorporated herein by reference to Exhibit 10.12 of Amendment No. 2 to the 1996 S-1).
- 21 List of Company's Subsidiaries (incorporated herein by reference to Exhibit 21 of the 1996 S-1).
- 23.1 + Consent of KPMG LLP.
- 99 Letter from Hibbett Sporting Goods, Inc. to the Securities and Exchange Commission dated April 2, 2002 (incorporated herein by reference to Exhibit 99 of the 2002 10-K).

+ Filed herewith

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HIBBETT SPORTING GOODS, INC.

By: /s/ Michael J. Newsome

Michael J. Newsome, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|-----------------------|
| /s/ Michael J. Newsome ----- Michael J. Newsome | Principal Executive Officer and Director | July 11, 200 ----- |
| /s/ Gary A. Smith ----- Gary A. Smith | Principal Financial Officer and Principal Accounting Officer | July 11, 200 ----- |
| /s/ Clyde B. Anderson ----- Clyde B. Anderson | Director | July 11, 200 ----- |
| /s/ H. Ray Compton ----- H. Ray Compton | Director | July 11, 200 ----- |
| /s/ F. Barron Fletcher, III ----- F. Barron Fletcher, III | Director | July 11, 200 ----- |
| /s/ Carl Kirkland ----- Carl Kirkland | Director | July 11, 200 ----- |
| /s/ John F. Megrue ----- John F. Megrue | Director | July 11, 200 ----- |
| /s/ Thomas A. Saunders, III ----- Thomas A. Saunders, III | Director | July 11, 200 ----- |

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To Hibbett Sporting Goods, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of HIBBETT SPORTING GOODS, INC. (a Delaware corporation) AND SUBSIDIARIES, included in this Form 10-K and have issued our report thereon dated March 13, 2002. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II included in Item 14 of the Form 10-K is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Birmingham, Alabama
March 13, 2002

The report of Arthur Andersen LLP shown above is a copy of a previously issued report; Arthur Andersen LLP has not reissued this report.

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HIBBETT SPORTING GOODS, INC.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

FOR THE YEARS ENDED FEBRUARY 2, 2002, FEBRUARY 3, 2001 AND JANUARY 29, 2000

| | Fiscal Year Ended | | |
|--|---------------------|---------------------|--------------------|
| | February 2, 2002 | February 3, 2001 | January 29 2000 |
| | ----- | ----- | ----- |
| Balance of allowance for doubtful accounts at beginning of period | \$ 255,000 | \$ 279,000 | \$ 224,000 |
| Charged to costs and expenses | - | - | 73,900 |
| Write-offs, net of recoveries | (59,000) | (24,000) | (18,900) |
| | ----- | ----- | ----- |
| Balance of allowance for doubtful accounts at end of period | \$ 196,000 | \$ 255,000 | \$ 279,000 |
| | ===== | ===== | ===== |

