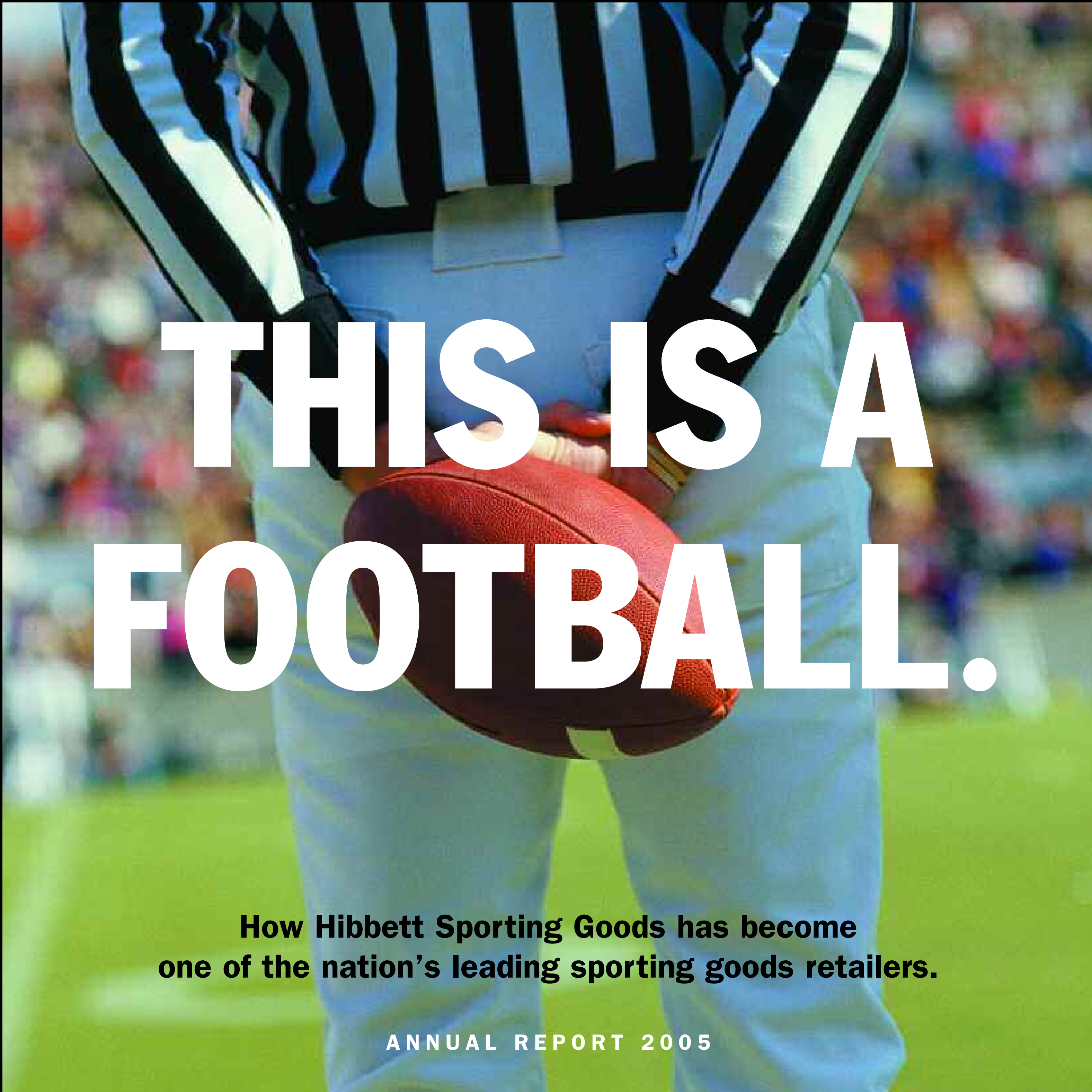


THIS IS A FOOTBALL.

How Hibbett Sporting Goods has become one of the nation's leading sporting goods retailers.

ANNUAL REPORT 2005

FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share amounts)

	2005 (52 Weeks)	2004 (52 Weeks)	Percent Change
For the Year			
Net sales	**$ 377,534**	$ 320,964	18 %
Operating income	**$ 39,422**	$ 30,826	28 %
Basic earnings per common share	**$ 1.08**	$ 0.85	27 %
Diluted earnings per common share	**$ 1.06**	$ 0.83	28 %
At Year End			
Working capital	**$ 106,012**	$ 96,042	10 %
Total assets	**$ 202,105**	$ 173,759	16 %
Total debt	**$ –**	$ –	– %
Stockholders' investment	**$ 130,039**	$ 120,440	8 %

CORPORATE PROFILE

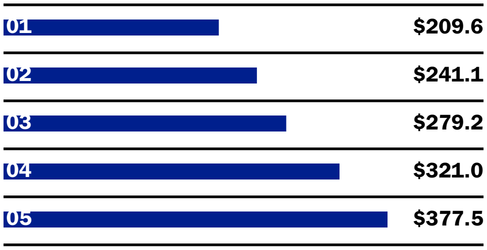
Hibbett Sporting Goods, Inc. is a rapidly-growing operator of sporting goods stores with 482 locations in small to mid-sized markets predominantly in the Southeast, Mid-Atlantic and Midwest. The Company's primary retail format is Hibbett Sports, a 5,000-square-foot store located in enclosed malls or in strip centers which are generally the center of commerce within the area and which are usually anchored by a Wal-Mart store.

Hibbett is the only sporting goods chain committed to serving small markets. With a low-cost operating philosophy and a commitment to providing a high level of customer service, Hibbett has successfully grown its store base at a compounded annual growth rate of 25% over the last nine years.

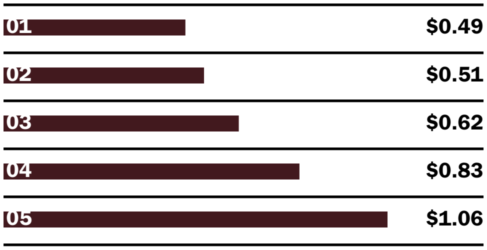
About the Cover

All the quotes we have featured in the annual report are from Vince Lombardi. Mr. Lombardi's quotes are provided courtesy of The Estate of Vince Lombardi. More information on Vince Lombardi can be found on the Internet at www.vincelombardi.com.

SALES, EARNINGS AND STORE GROWTH



NET SALES (In millions)



EARNINGS PER DILUTED SHARE[(1)(2)]

TOTAL STORES

(1) Fiscal years 2004 and 2003 have been restated to reflect adjustments related to lease accounting that are further discussed in Note 2 – Restatement of Previously Issued Consolidated Financial Statements of the Notes to Consolidated Financial Statements included in this report. Periods prior to February 3, 2002, have not been adjusted as the impact was deemed immaterial by management.

(2) All share and per share information has been revised to reflect the effects of the 3-for-2 stock split effective April 16, 2004.

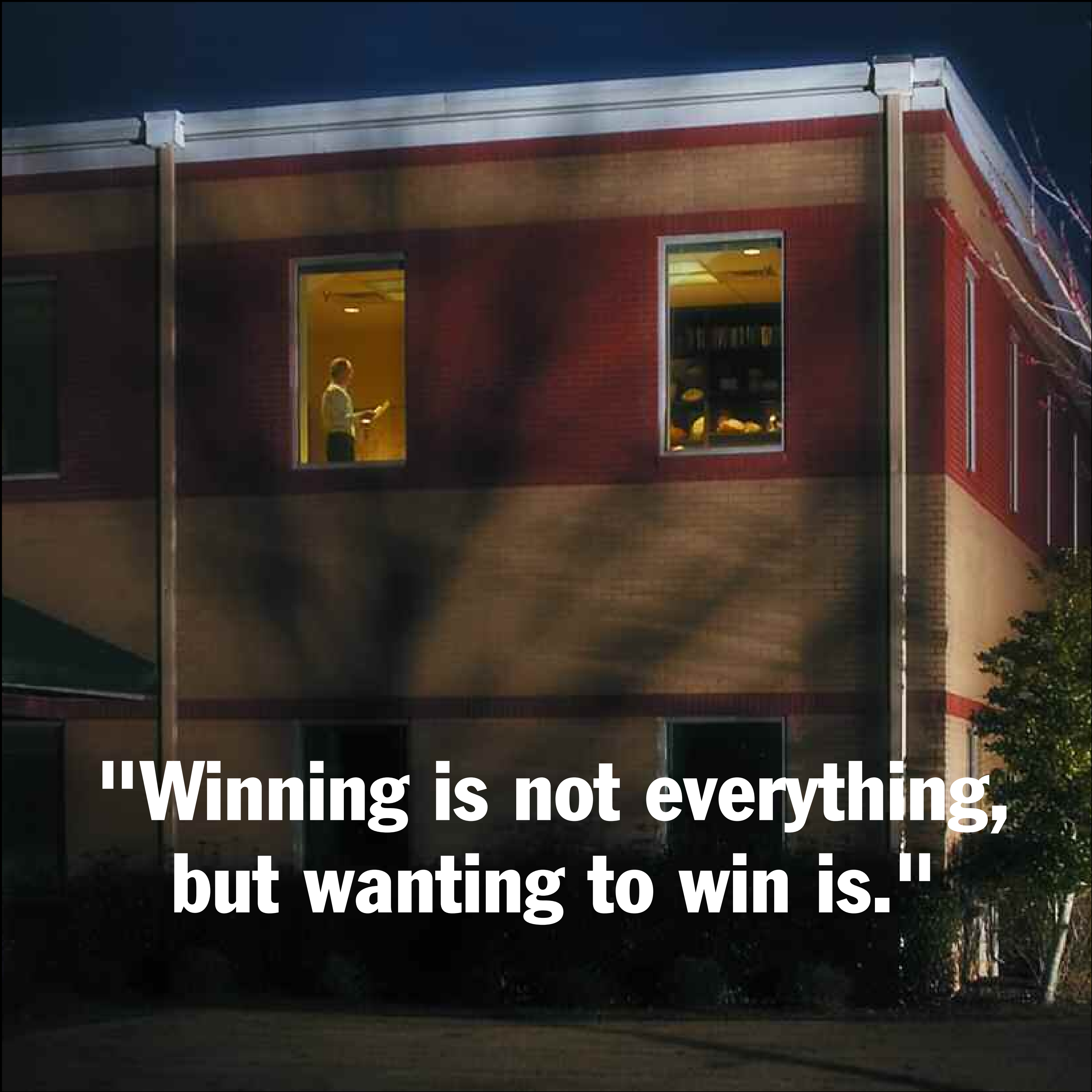
How do we top a year such as fiscal 2004 – a year where we set new records in sales, operating margin and earnings per share? The easy answer? Return in fiscal 2005 and post a 5.7% increase in comparable store sales, add a net 54 new locations to the store base, enter our 22nd state, improve the operating margin by 84 basis points to above 10% for the first time in our history and increase earnings by 28% to a record $1.06 per share.

The explanation for our record year in fiscal 2005 is of course a little more complicated than that. We do not underestimate the contributions of 4,100 associates in 482 stores and in our store support center as well as the continued execution of a very disciplined growth strategy. In this year's annual report, we have featured several quotes from NFL Hall of Fame football coach Vince Lombardi. We hope they will help provide insight for our stockholders on our performance in fiscal 2005 and on the strengths of the Hibbett growth story. These quotes demonstrate what we value most as an organization.

We embrace a daily commitment to work harder than anybody else in the sporting goods industry to do the "little" things well so that much bigger results are possible.

It has been noted over the years that Vince Lombardi was fond of holding up a football when speaking with his players at training camp and reminding them that, "This is a football." While no doubt drawing more than its share of chuckles from professional athletes who had devoted their lives to the sport, we believe that statement demonstrates the need to focus on executing the fundamentals. Coach Lombardi's teams were noted for being fundamentally sound and for their relentless attention to detail and execution of his game plan. As a result, the Green Bay Packers became one of the most successful NFL teams in history.

At Hibbett, we embrace the same daily commitment to work harder than anybody else in


"Winning is not everything,
but wanting to win is."

the sporting goods industry to do the "little" things well so that much bigger results are possible. Our associates share a passion, dedication and preparation – the "want to" – for delivering superior customer service and growing Hibbett Sporting Goods. As a result, we believe that we have become one of the leading sporting goods retailers in the country.

Customer service is the number one priority at Hibbett. In April 2005, we completed an annual company meeting where the featured speaker was a leading expert in customer service. The topic was important enough to us that we wanted our largest audience of the year to hear the message again. We bring our new managers to our store support center for an intensive, four-day training session that we call Hibbett University and provide video training in every store for the latest in technical details of new products and new operational and service techniques. Hibbett also hires associates who live and breathe sports so that they can fully explain the features and benefits of our products to help sell the customer what is best for them.

Our associates share a passion, dedication and preparation – the "want to" – for delivering superior customer service and growing Hibbett Sporting Goods.

Our goal is to provide full service. To achieve that goal we may not have to remind our associates what a football is, but we do emphasize a desire to win in customer service, work hard and work together as a team.

Another area where we believe we excel is in merchandising. Our strategy is centered on premium brands, middle to higher price points, cleaner inventory and increased inventory turns. The merchandising team successfully executed this strategy in fiscal 2005. Today, we can safely say that we are more on target with our merchandise than we have ever been and have an improved in-store visual presentation.


"Individual commitment to a group effort - that is what makes a team work."

Within our merchandise mix, we have three components – apparel, footwear and equipment – and remain laser focused in each of these categories. Footwear was the stalwart for us in fiscal 2005 with high single-digit to double-digit increases in comparable store sales throughout the year. The strength in this business was led by technical, performance shoes and classics. The technology in running and basketball shoes, such as Nike Shox, and their popularity among consumers provided sizable business in higher price points while the classics trend continued its run. Looking ahead to fiscal 2006, we expect that footwear will once again be a big contributor for us.

Apparel presented particular challenges for Hibbett this past year as we were up against very strong comparable sales from the past two years, and the expected slowdown in licensed apparel that we had planned materialized a quarter earlier than we anticipated. To offset these trends and the fashion shift away from pro-licensed apparel, we focused more on activewear and urban apparel brands. We have been pleased with the results. With an expected improvement in apparel, historically one of our strongest offerings, and continued strength of brands such as Under Armour and Nike in high-end technical and performance apparel as well as the success of urban apparel brands such as Encye and Rocawear, we believe this category is positioned for a better year in fiscal 2006.

We maintain a tight geographic focus that has enabled us to leverage our distribution capabilities and focus on the smaller markets where we thrive.

We have made a concerted effort to improve our equipment category over the last two years, and our results in fiscal 2005 reflected this emphasis. Team equipment is the largest piece of this business, and was a major focus for us. Over the last two years, we eliminated


FITTED
FITTED
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HIBBETT
SPORTS
Auburn
"The only place success comes before work is in the dictionary."

categories that meant little to us such as games, golf and tennis and rationalized our vendor base in equipment to highlight vendors that did not have broad exposure to discounters. The smaller component of our equipment category is fitness. Although down for most of the year due to the lack of compelling items within the industry as a whole, we saw an improvement late in the year with basic weights and new items such as Ab Loungers.

Our real estate strategy is another appealing and important aspect of the Hibbett growth story. We maintain a tight geographic focus, which has enabled us to leverage our distribution capabilities and focus on the smaller markets where we thrive. During fiscal 2005 we opened a total of 63 stores, with two of those stores located in New Mexico, our 22nd state. Although this total was slightly less than our original goal, we have targeted a net of approximately 70 new stores in fiscal 2006. All of our expansion in fiscal 2006 will be in the existing 22 states, with these stores staying within a two-hour driving distance of existing stores. Even with the continued growth in our store base, we still have identified up to an additional 400 markets within our 22 states where we could locate our stores.

Low-cost operations have always been an integral part of the Hibbett culture and one of the main reasons we are successful in smaller markets.

Of course all of this store growth and the best merchandise would not be of much use if we could not support the growth and did not translate it into increased earnings. Fortunately for Hibbett and our stockholders, we have been able to achieve earnings growth well in excess of our sales and store growth rates. An amazing statistic about our 5.7% increase in comparable store sales for fiscal 2005 is that we were able to generate that increase using less comparable store inventory. Building on a strong performance


"People that work together
will win."
TKO

a year ago, we were able to improve inventory turns and reduce average inventory per store.

Better quality merchandise and great customer service help increase inventory turns and help us sell more at full price. Our growing importance to the world's leading sporting goods vendors also enables us to increase allocations in their top merchandise offerings. The result has been an expansion in product margin, which is consistent with our desire to be a full-price and full-service leader rather than a low-price leader. Product margin is only part of the story. Just as important is the leverage we have gained through lower occupancy costs, increased cross-docking at our distribution center and vendor assisted management of inventories. For example, two years ago approximately 40% of our inventory was cross-docked. At year end, that ratio was 84%, which means that our logistics operation has transitioned from primarily a warehouse to a distribution center. With this improvement in logistics we now expect that we can support at least 850 stores at our current distribution center. With our broader distribution network we have also been able to leverage freight costs by backhauling inventory to our distribution center, leading to higher utilization rates and lower deadhead miles. In fact, our freight costs in fiscal 2005 were fewer dollars than the previous year.

We have improved in many areas over the past year, and I promise we will be striving to improve in all areas again this year.

Low-cost operations have always been a part of the Hibbett culture and one of the main reasons why we can thrive in smaller markets when others cannot. We do not knowingly waste stockholder money. We talk about being a low-cost operator in every annual report, presentation to investors and with every chance we get with our associates. With our full year operating margin reaching 10.4% in fiscal 2005 and our fourth quarter margin reaching 12%, we believe the message is definitely getting through.

From a balance sheet perspective, we ended the year strong with $58 million in cash and no debt, the third year in a row we have finished debt-free. We also spent approximately $19 million through our stock repurchase authorization to acquire over 845,000 shares of stock in fiscal 2005. Our capital structure is a competitive advantage for us in executing our new store growth plans. During fiscal 2005, we were able to fund capital expenditures of over $12 million through cash flow and expect to fund an additional $15 million of capital expenditures in fiscal 2006. As we continue to generate more cash from operations, we will explore strategic options for utilizing that cash.

We have improved in many areas over the last year, and I promise you we will be striving to improve in all areas again this year. Hibbett's outlook for fiscal 2006 and beyond is indeed an optimistic one. We will continue to focus in small underserved markets and stay tight geographically. Our major goals for fiscal 2006 are a minimum 15% store growth and 20% earnings growth. Over a seven-year period, we have averaged better than a 20% increase in earnings. We look forward to continuing that record in fiscal 2006.

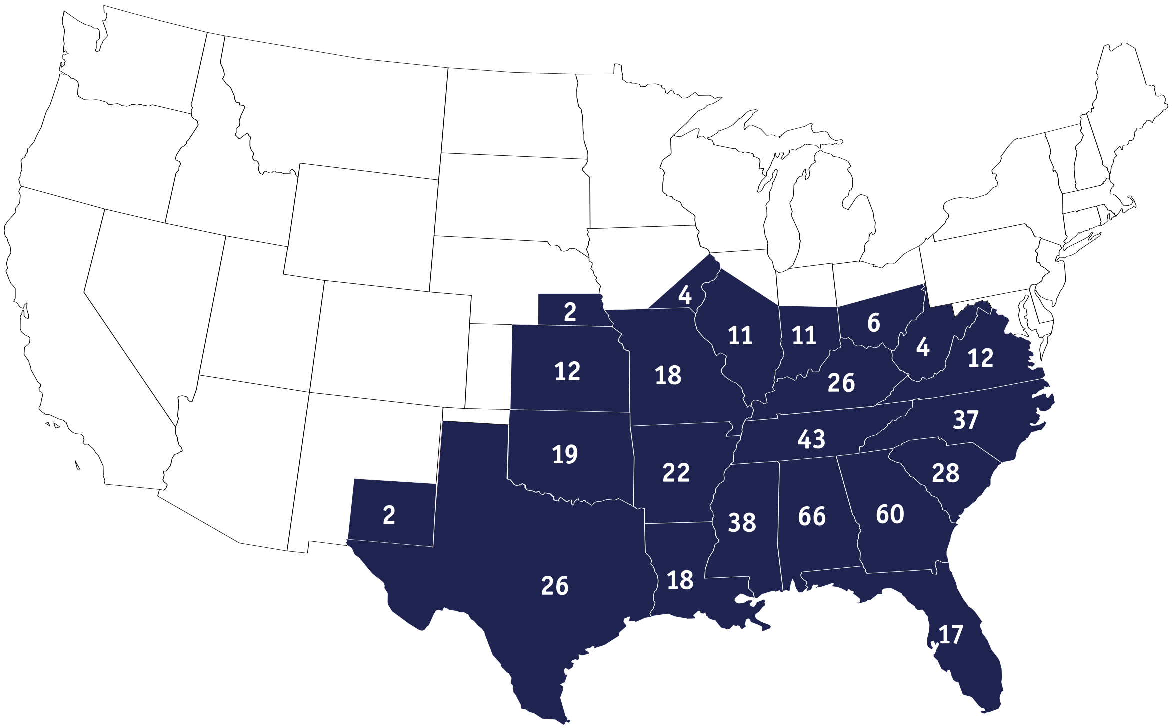
Thank you for your continued support and investment in Hibbett Sporting Goods.

Sincerely,

Mickey Newsome

Mickey Newsome
Chairman of the Board, President and
Chief Executive Officer

STORE LOCATIONS



FINANCIAL STATEMENTS

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA
(in thousands, except share and per share information)

	For the Fiscal Years Ended				
	January 29, 2005 (52 Weeks)	January 31, 2004[1][2] (52 Weeks)	February 1, 2003[1][2] (52 Weeks)	February 2, 2002[1][2] (52 Weeks)	February 3, 2001[1][2] (53 Weeks)
Income Statement Data:					
Net sales	**$ 377,534**	$ 320,964	$ 279,187	$ 241,130	$ 209,626
Cost of goods sold, including warehouse, distribution and store occupancy costs	**255,250**	216,938	192,082	167,402	145,800
Gross profit	**122,284**	104,026	87,105	73,728	63,826
Store operating, selling and administrative expenses	**72,923**	63,514	55,748	48,891	40,789
Depreciation and amortization	**9,939**	9,686	8,727	5,873	4,802
Operating income	**39,422**	30,826	22,630	18,964	18,235
Interest (income) expense, net	**(475)**	(106)	214	625	830
Income before provision for income taxes	**39,897**	30,932	22,416	18,339	17,405
Provision for income taxes	**14,750**	11,290	8,182	6,786	6,593
Net income	**$ 25,147**	$ 19,642	$ 14,234	$ 11,553	$ 10,812
Earnings per common share:					
Basic:	**$ 1.08**	$ 0.85	$ 0.63	$ 0.52	$ 0.50
Diluted:	**$ 1.06**	$ 0.83	$ 0.62	$ 0.51	$ 0.48
Weighted average shares outstanding:					
Basic:	**23,237,121**	23,014,449	22,579,529	22,219,160	21,823,692
Diluted:	**23,793,575**	23,598,059	23,035,518	22,677,840	22,364,058
Selected Operating Data:					
Number of stores open at end of period:	**461**	408	351	309	261
Sports & Co.	**4**	4	4	4	4
Sports Additions	**17**	16	16	16	17
Total	**482**	428	371	329	282
Balance Sheet Data:					
Working capital	**$ 106,012**	$ 96,042	$ 70,204	$ 56,334	$ 51,684
Total assets	**202,105**	173,759	133,729	115,315	101,252
Long-term debt	**—**	—	—	3,903	9,748
Stockholders' investment	**130,039**	120,440	95,606	80,063	66,665

(1) Income Statement Data and Balance Sheet Data for fiscal years 2004 and 2003 have been restated to reflect adjustments related to lease accounting that are further discussed in Note 2 – Restatement of Previously Issued Consolidated Financial Statements of the Notes to Consolidated Financial Statements included in this report. Periods prior to February 3, 2002, have not been adjusted as the impact was deemed immaterial by management.

(2) All share and per share information has been revised to reflect the effects of the 3-for-2 stock split effective April 16, 2004.

Overview

Hibbett is a rapidly growing operator of sporting goods stores in small to mid sized markets predominantly in the Southeast, Mid-Atlantic and Midwest. Our stores offer a broad assortment of quality athletic equipment, footwear and apparel with a high level of customer service. As of January 29, 2005, we operated a total of 482 retail stores composed of 461 Hibbett Sports stores, 17 Sports Additions athletic shoe stores and four Sports & Co. superstores in 22 states. Our primary retail format and growth vehicle is Hibbett Sports, a 5,000-square-foot store located in enclosed malls and in dominant strip centers which are generally the center of commerce within the area and which are usually anchored by a Wal-Mart store. We believe Hibbett Sports stores are typically the primary sporting goods retailers in their markets due to the extensive selection of traditional team merchandise and a high level of customer service. We do not expect that the average size of our stores opening in fiscal 2006 will vary significantly from the average size of stores opened in fiscal 2005. Hibbett historically has comparable store sales in the low to mid-single digit range and we plan to increase total square footage by approximately 15% in fiscal year 2006. We believe total sales percentage growth will be in the mid teens in fiscal 2006.

Over the past three years, we have increased our product margin due to improved vendor discounts, increased efficiencies in logistics and favorable leveraging of our store occupancy costs. We expect gross profit to increase 15 to 20 basis points in fiscal 2006 attributable to an expected decrease in markdowns as a percent of sales and continued improvement of inventory turns.

Due to our increased sales, we have leveraged our store operating, selling and administrative expenses and have offset recent increases in certain expenses relating to corporate governance. With our expected sales increase, we plan to leverage expenses 10 to 20 basis points in fiscal 2006. We also expect to continue to generate sufficient cash to enable us to expand and remodel our store base, provide capital expenditures for both warehouse and technology upgrade projects and to repurchase our Company stock while increasing our cash position.

Hibbett operates on a 52- or 53-week fiscal year ending on the Saturday nearest to January 31 of each year. The consolidated statements of operations for fiscal years ended January 29, 2005, January 31, 2004, and February 1, 2003, all include 52 weeks of operations.

Restatement of Financial Statements

Following disclosure by several restaurant companies and other retailers in fiscal 2005 and in connection with performing our fiscal 2005 year-end reporting control processes, we performed a comprehensive review of our lease accounting practices. We reviewed our lease portfolio and adjusted the amortization period for leasehold improvements to the shorter of fixed, non-cancelable, initial lease term or the asset's useful life and have recognized the effect of pre-opening "rent holidays" related to the build-out period over the related lease term. Landlord reimbursements of leasehold improvements have been reclassified from a contra asset in property and equipment to other liabilities in the Consolidated Statements of Operations and from a reduction of capital expenditures to an increase in cash provided by operating activities in the Consolidated Statements of Cash Flows. Retained earnings at the beginning of the fiscal year ended February 1, 2003, has been adjusted for the after-tax impacts of the restatements of earlier periods.

While we do not consider the net dollar amounts to be material to net earnings, financial position or net cash flows for the periods presented, we believe it is appropriate to align our historical accounting results with the SEC's comments on lease accounting under GAAP, and we have done so, as reflected in our decision to restate results for certain prior years. These accounting changes reduced net income by $0.4 million, $0.7 million and $0.5 million for the fiscal years ended January 29, 2005, January 31, 2004, and February 1, 2003, respectively, and resulted in a $1.2 million reduction in retained earnings at the beginning of fiscal year ended February 1, 2003.

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in our Consolidated Statements of Operations expressed for the periods indicated. Percentages may not add due to rounding:

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Net sales	**100.0%**	100.0%	100.0%
Cost of goods sold, including warehouse, distribution and store occupancy costs	**67.6**	67.6	68.8
Gross profit	**32.4**	32.4	31.2
Store operating, selling and administrative expenses	**19.3**	19.8	20.0
Depreciation and amortization	**2.6**	3.0	3.1
Operating income	**10.4**	9.6	8.1
Interest income, net	**(0.1)**	0.0	0.1
Income before provision for income taxes	**10.6**	9.6	8.0
Provision for income taxes	**3.9**	3.5	2.9
Net income	**6.7%**	6.1%	5.1%

Fiscal 2005 Compared to Fiscal 2004 (as restated)

Net sales. Net sales increased $56.5 million, or 17.6%, to $377.5 million for the 52 weeks ended January 29, 2005, from $321.0 million for the 52 weeks ended January 31, 2004. We attribute this increase to the following factors:

- We opened 62 Hibbett Sports stores and 1 Sports Additions store and closed 9 Hibbett Sports stores for a net stores opened of 54 stores in the 52 weeks ended January 29, 2005. New stores and stores not in the comparable store net sales calculation accounted for $40.9 million of the increase in net sales.

- We experienced a 5.7% increase in comparable store net sales for the 52 weeks ended January 29, 2005. Higher comparable store net sales contributed $15.6 million to the increase in net sales.

The increase in comparable store sales was driven by an increase in sales in footwear and equipment.

- Apparel was negative in comp stores due to a weakness in the pro-licensed and college apparel categories.
- Footwear was led by women's performance, primarily running shoes, and the children's shoe categories. Performance and retro styles such as Nike Shox, Nike Air Force 1, Nike Impax, Nike Miler, K-Swiss and New Balance styles were the most popular in the period.
- Equipment sales were positively impacted by team sports, particularly by baseball and softball as our premium focus began to take effect. These positive gains were somewhat offset by a decline in the demand for fitness equipment and individual sports equipment.

Comparable store net sales data for the period reflects sales for our traditional format Hibbett Sports and Sports Additions stores open throughout the period and the corresponding period of the prior fiscal year.

Gross profit. Cost of goods sold includes the cost of inventory, occupancy costs for stores and occupancy and operating costs for the distribution center. Gross profit was $122.3 million, or 32.4% of net sales, in the 52 weeks ended January 29, 2005, compared with $104.0 million, or 32.4% of net sales, in the same period of the prior fiscal year. This year's gross margin is primarily attributable to strong footwear sales which carry a somewhat lower gross margin than apparel and the leveraging of occupancy and warehouse cost and improved inventory turn. Product margin rate decreased somewhat due to a shift toward lower margin footwear and markdowns in licensed apparel. Occupancy, as a percent of net sales, improved by 9 basis points year over year due to above average comparable store sales gains. Warehouse costs improved by 11 basis points, primarily due to the leveraging of salaries and benefits.

Store operating, selling and administrative expenses. Store operating, selling and administrative expenses were $72.9 million, or 19.3% of net sales, for the 52 weeks ended January 29, 2005, compared with $63.5 million, or 19.8% of net sales, for the comparable period a year ago. We attribute this decrease in store operating, selling and administrative expenses as a percentage of net sales to the following factors:

- Labor and benefits expenses accounted for a decrease as a percent of net sales of 36 basis points as compared to the same period last year.
- Business insurance expense experienced a decrease as a percent of net sales of 9 basis points as compared to the same period last year.
- Returned check expense and net advertising expense accounted for a decrease as a percent of net sales of 7 and 6 basis points, respectively, as compared to the same period last year.

The decrease in store operating, selling and administrative expenses was somewhat offset by a 22 basis point increase in professional fees related to Sarbanes-Oxley compliance and testing and a 5 basis point increase in credit card fees as a result of an increase in Visa and MasterCard interchange rates.

Depreciation and amortization. Depreciation and amortization as a percentage of net sales was 2.6% in the 52 weeks ended January 29, 2005, and 3.0% in the 52 weeks ended January 31, 2004. The leveraging in depreciation and amortization expense as a percentage of net sales is due to an increase in sales this year compared to the same 52 weeks last year.

Provision for income taxes. Provision for income taxes as a percentage of net sales was 3.9% in the 52 weeks ended January 29, 2005, compared to 3.5% for the 52 weeks ended January 31, 2004, due to an increase in pre-tax income and an increase in the effective tax rate for fiscal 2005. The combined federal, state and local effective income tax rate as a percentage of pre-tax income was 37.0% for fiscal 2005 and 36.5% for fiscal 2004.

Fiscal 2004 (as restated) Compared to Fiscal 2003 (as restated)

Net sales. Net sales increased $41.8 million or 15.0%, to $321.0 million for the 52 weeks ended January 31, 2004, from $279.2 million for the comparable period in the prior year. We attribute this increase to the following factors:

- We opened 63 Hibbett Sports stores and 2 Sports Additions stores and closed 8 Hibbett Sports stores for a net stores opened of 57 stores in the 52 weeks ended January 31, 2004. New stores and stores not in the comparable store net sales calculation accounted for $28.7 million of the increase in net sales.
- We experienced a 5.3% increase in comparable store net sales for the 52 weeks ended January 31, 2004. Higher comparable store net sales contributed $13.1 million to the increase in net sales.

The increase in comparable store net sales was primarily due to increased sales in apparel, although there were some gains in the footwear categories as well.

- Apparel sales, mainly college and pro-licensed products and active wear, were driven by retro NBA and NFL jerseys, Under Armour and Nike Dri-Fit performance wear, women's active wear and college apparel and cheerleading shorts.
- Footwear was led by basketball, New Balance running shoes, Nike Shox, K-Swiss athletic shoes and the retro-classic look.
- Equipment sales were down from prior year's numbers, primarily due to category elimination in individual sports such as racket sports, golf and in-line skates. Our team sports business, which consists of baseball, basketball, football and soccer, improved during the fourth quarter but did not offset the decreases from the eliminated categories and the softness in the fitness category.

Comparable store net sales data for the period reflects sales for our traditional format Hibbett Sports and Sports Additions stores open throughout the period and the corresponding period of the prior fiscal year.

Gross profit. Cost of goods sold includes the cost of inventory, occupancy costs for stores and occupancy and operating costs for the distribution center. Gross profit was $104.0 million, or 32.4% of net sales, in the 52 weeks ended January 31, 2004, compared with $87.1 million, or 31.2% of net sales, in the same period of the prior fiscal year. The improved gross margin is primarily attributed to selling more merchandise at full price, the leveraging of occupancy and warehouse cost and improved logistics flow. Product margin improved 89 basis points due to gains in initial mark up, a reduction in markdown rate and improvements in shrinkage. Occupancy, as a percent of net sales, improved by 13 basis points year over year due to above average comparable store sales gains. Warehouse costs improved by 18 basis points, primarily due to the leveraging of salaries and benefits.

Store operating, selling and administrative expenses. Store operating, selling and administrative expenses were $63.5 million, or 19.8% of net sales, for the 52 weeks ended January 31, 2004, compared with $55.7 million, or 20.0% of net sales, for the comparable period a year ago. We attribute this decrease in store operating, selling and administrative expenses as a percentage of net sales to the following factors:

- Retail store labor decreased as a percent of net sales by 16 basis points this period compared with the same period last year due to higher than expected comparable store sales and improved labor controls.
- Store supplies were down 10 basis points year over year and net advertising costs were reduced by 5 basis points this year compared to the same 52-week-period last year.

Depreciation and amortization. Depreciation and amortization as a percentage of net sales was 3.0% in the 52 weeks ended January 31, 2004, and 3.1% in the 52 weeks ended February 1, 2003. The reduction in depreciation and amortization expense as a percentage of net sales is due to an increase in sales this year compared to the same period last year.

Provision for income taxes. Provision for income taxes as a percentage of net sales was 3.5% in the 52 weeks ended January 31, 2004, compared to 2.9% for the 52 weeks ended February 1, 2003, due to an increase in pre-tax income. The combined federal, state and local effective income tax rate as a percentage of pre-tax income was 36.5% for fiscal 2004 and for fiscal 2003.

Liquidity and Capital Resources

As described in Note 2 to the Consolidated Financial Statements, we restated previously issued consolidated financial statements for the fiscal years ended January 31, 2004, and February 1, 2003, to correct our accounting for leases, related leasehold improvements and construction allowances. While this restatement changed several cash flow components, cash and cash equivalents were not impacted for any fiscal year.

Our capital requirements relate primarily to new store openings, stock repurchase and working capital requirements. Our working capital requirements are somewhat seasonal in nature and typically reach their peak near the end of the third and the beginning of the fourth quarters of our fiscal year.

Historically, we have funded our cash requirements primarily through cash flow from operations and occasionally from borrowings under our revolving credit facilities.

Our Statements of Cash Flows are summarized as follows (in thousands):

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Net cash provided by operating activities:	**$ 46,123**	$ 37,479	$ 19,885
Cash flows provided by (used in) investing activities:			
Capital expenditures	**(12,671)**	(11,226)	(8,401)
Proceeds from sales of property and equipment	**45**	12	611
Net cash (used in) investing activities	**$(12,626)**	$(11,214)	$ (7,790)
Cash flows provided by (used in) financing activities:			
Revolving loan borrowings and repayments, net	**–**	–	(3,903)
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	**1,993**	3,682	1,852
Cash used for stock repurchase	**(19,111)**	–	–
Net cash provided by (used in) financing activities	**$(17,118)**	$ 3,682	$ (2,051)

Net cash provided by operating activities has historically been driven by net income levels combined with fluctuations in inventory and accounts payable balances. Net income has increased in each of the last three fiscal years. In addition, we have continued to increase our inventory levels and turns throughout these periods as the number of stores has increased. However, inventory levels on a per-store basis have decreased. We financed this increase in total inventory primarily through cash generated from operations in each of the last three fiscal years. These activities resulted in cash flows provided by operating activities of $46.1 million, $37.5 million and $19.9 million in fiscal 2005, fiscal 2004 and fiscal 2003, respectively.

With respect to cash flows from investing activities, capital expenditures for fiscal 2005 were $12.6 million compared with $11.2 million in fiscal 2004 and $8.4 million in fiscal 2003. Capital expenditures for the 52 weeks ended January 29, 2005, were primarily related to the opening of 62 new Hibbett Sports stores and 1 new Sports Additions store, the refurbishing of existing stores and purchasing corporate assets, including automobiles, warehouse equipment and technology upgrades.

We estimate the cash outlay for capital expenditures in fiscal 2006 will be approximately $15.0 million, which relates to the opening of approximately 80 Hibbett Sports stores (exclusive of store closings), remodeling of selected existing stores and improvements at the Company's headquarters and distribution center.

Net cash provided by (used in) financing activities was ($17.1 million), $3.7 million and ($2.1 million) in fiscal 2005, fiscal 2004 and fiscal 2003, respectively. Cash flows from financing activities have historically represented financing of our long-term growth. In fiscal 2005 and 2004, we received $2.0 million and $3.7 million, respectively, excluding the related tax benefit, from proceeds related to stock options exercised and shares issued under the employee stock purchase plan. In fiscal 2005, we expended $19.1 million on the repurchase of our common stock (see Note 1 to the Consolidated Financial Statements).

We have an unsecured revolving credit facility that allows borrowings up to $25.0 million and which will expire November 5, 2005. The credit facility is subject to renewal every two years. Under the provisions of this facility, we pay a commitment fee of $10,000 annually and can draw down funds when the balance of our main operating account falls below $100,000. We plan to renew this facility in November and do not anticipate any problems in doing so; however, no assurance can be given that we will be granted a renewal or terms which are acceptable to the Company.

In fiscal 2003, the unsecured revolving credit facility allowed borrowings up to $35.0 million and we also maintained an unsecured working capital line of credit for $7.0 million, which expired on January 5, 2004 and was not renewed. As of January 29, 2005, January 31, 2004, and February 1, 2003, we had no debt outstanding under any of these facilities. Based on our current operating and store opening plans, management believes we can adequately fund our cash needs for the foreseeable future through cash generated from operations.

The following table lists the aggregate maturities of various classes of obligations and expiration amounts of various classes of commitments related to Hibbett Sporting Goods, Inc. at January 29, 2005:

	Payments due under contractual obligations (in thousands)			
	Revolving Credit[1]	Capital Lease Obligations[2]	Operating Leases[3]	Total
Fiscal 2006	$ –	$ –	$ 27,792	$ 27,792
Fiscal 2007	–	–	24,434	24,434
Fiscal 2008	–	–	20,458	20,458
Fiscal 2009	–	–	15,898	15,898
Fiscal 2010	–	–	11,773	11,773
Thereafter	–	–	22,312	22,312
	$ –	$ –	$122,667	$122,667

[1]See "*Long-term Debt*" - Consolidated Financial Statement Note 3.
[2]As of fiscal year ended 2005, we do not have any capital lease obligations.
[3]See "*Lease Commitments*" - Consolidated Financial Statement Note 8.

Off-Balance Sheet Arrangements

We have not provided any financial guarantees as of January 29, 2005. All purchase obligations are cancelable and therefore are not included in the table above.

We have not created, and are not party to, any special-purpose or off-balance sheet entities for the purpose of raising capital, incurring debt or operating our business. We do not have any arrangements or relationships with entities that are not consolidated into the financial statements.

Inflation and other Economic Factors

Our ability to provide quality merchandise on a profitable basis may be subject to economic factors and influences that we cannot control. National or international events, including the war on terrorism, could lead to disruptions in economies in the United States or in foreign countries where a significant portion of our merchandise is manufactured. These and other factors could increase our merchandise costs and other costs that are critical to our operations. Consumer spending could also decline because of economic pressures.

Merchandise Costs. Based on current economic conditions, we expect that merchandise costs per unit will remain constant in fiscal 2006.

Freight Costs. Due to rising fuel costs, we may experience increases in freight costs. However, we do not expect these fuel cost increases to have a material effect on our results of operations as we continue to leverage the costs associated with inbound freight against the cost of outbound freight.

Minimum Wage. An increase in the mandated minimum wage could significantly increase our payroll costs. In prior years, proposals increasing the federal minimum wage by at least $1.00 per hour have narrowly failed to pass both houses of Congress.

Insurance Costs. During fiscal 2004, property, casualty and health insurance costs increased significantly. In fiscal 2005, general business insurance and health insurance leveraged favorably as a percent to sales. We expect that these costs will remain relatively stable in fiscal 2006.

Recent Accounting Pronouncements

In December 2003, the FASB issued Interpretation No. 46 (revised 2003), *"Consolidation of Variable Interest Entities," (FIN 46R),* which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaces Interpretation 46, *"Consolidation of Variable Interest Entities,"* which was issued in January 2003. We were required to apply FIN 46R to variable interests in variable interest entities ("VIEs") created after December 31, 2003. For variable interests in VIEs created before January 1, 2004, the Interpretation was applied beginning on January 1, 2005. For any VIEs that must be consolidated under FIN 46R that were created before January 1, 2004, the assets, liabilities and non-controlling interests of the VIE initially would be measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46R first applies may be used to measure the assets, liabilities and non-controlling interest of the VIE. There was no impact on our consolidated financial statements upon adoption.

SFAS No. 150, *"Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,"* was issued in May 2003. This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Statement also includes required disclosures for financial instruments within its scope. For us, the Statement was effective for instruments entered into or modified after May 31, 2003 was effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments. For certain mandatorily redeemable financial instruments, the Statement will be effective for us on January 31, 2005. The effective date has been deferred indefinitely for certain other types of mandatorily redeemable financial instruments. We currently do not have any financial instruments that are within the scope of this Statement.

In November 2004, the FASB issued SFAS No. 151, *"Inventory Costs."* SFAS No. 151 amends the guidance in Accounting Research Bulletin No. 43, *"Inventory Pricing,"* to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges and that the allocation of fixed production overheads to the cost of converting work in process to finished goods be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of this statement is not expected to have a material impact on our consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, *"Share-Based Payment,"* a revision of FASB issued SFAS No. 123, *"Accounting for Stock-Based Compensation."* SFAS No. 123R requires the measurement of all stock-based payments to employees, including grants of employee stock options and stock purchase rights granted pursuant to certain employee stock purchase plans, using a fair-value based method and the recording of such expense in the consolidated statement of operations. The accounting provisions of SFAS No. 123R are effective for reporting periods beginning after June 15, 2005. Accordingly, we are required to adopt SFAS No. 123R in the third quarter of fiscal 2006. The pro forma disclosures previously permitted under SFAS No. 123 will no longer be an alternative to financial statement recognition. See "Stock-Based Compensation" in Note 1 to Consolidated Financial Statements. We are currently reviewing the applicability of SFAS No. 123R on our operations and its potential impact on our consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, *"Exchanges of Nonmonetary Assets: an Amendment of APB Opinion No. 29."* The amendments made by SFAS No. 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged.

The amendments also eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replace it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of this pronouncement is not expected to have a significant impact on our consolidated financial statements.

In March 2005, the FASB issued Interpretation No. 47, *"Accounting for Conditional Asset Retirement Obligations,"* that requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. This Interpretation is effective for fiscal years ending after December 15, 2005. Accordingly, we are required to adopt FIN 47 in our fiscal year ended January 28, 2006. We are currently reviewing the applicability of FIN 47 on our operations and its potential impact on our consolidated financial statements.

Our Critical Accounting Policies

Our critical accounting policies reflected in the consolidated financial statements are detailed below.

Revenue Recognition. Retail merchandise sales occur on-site in our retail stores. The customers have the option of paying the full purchase price of the merchandise upon sale or paying a down payment and placing the merchandise on layaway. The customer may make further payments in installments, but the entire purchase price for merchandise placed on layaway must be received by us within 30 days. We record the down payment and any installments as deferred revenue until the customer pays the entire purchase price for the merchandise and takes possession of such merchandise. We recognize merchandise revenues at the time the customer takes possession of the merchandise.

The cost of coupon sales incentives is recognized at the time the related revenue is recognized by us. Proceeds received from the issuance of gift cards are initially recorded as deferred revenue and such proceeds are subsequently recognized as revenue at the time the customer redeems such gift cards and takes possession of the merchandise.

Inventory Valuation. Cost is assigned to store inventories using the retail inventory method. In using this method, the valuation of inventories at cost and the resulting gross margins are computed by applying a calculated cost-to-retail ratio to the retail value of inventories. The retail method is an averaging method that has been widely used in the retail industry and results in valuing inventories at lower of cost or market when markdowns are taken as a reduction of the retail value of inventories on a timely basis.

Inventory valuation methods require certain significant management estimates and judgments. These include estimates of merchandise markdowns and shrinkage, which significantly affect the ending inventory valuation at cost, as well as the resulting gross margins. The averaging required in applying the retail inventory valuation method and the estimates of shrink and markdowns may, under certain circumstances, result in inaccurate cost figures. Inaccurate inventory cost may be caused by applying the retail inventory method to a group of products that have differing characteristics related to gross margin and turnover.

We accrue for inventory shrinkage based on the actual historical shrink results of our most recent physical inventories. These estimates are compared to actual results as physical inventory counts are performed and reconciled to the general ledger. Store counts are performed on a cyclical basis and the distribution center's counts are performed mid-year and at the end of December or in early January every year.

Our management believes that the application of the retail inventory method results in an inventory valuation that reasonably approximates cost and results in carrying inventory at the lower of cost or market.

Accrued Expenses. On a monthly basis, we estimate certain material expenses in an effort to record those expenses in the period incurred. Our most material estimates relate to payroll and payroll tax expenses, property taxes, insurance-related expenses, utilities and other expenses. Estimates are primarily based on current activity and historical results and are adjusted as our estimates change. Differences in our estimates and assumptions could result in an accrual materially different from the accrual calculated. Historically, the differences in these accruals have not had a material effect on our financial condition or results of operations.

Income Taxes. On a quarterly basis, we estimate our required tax liability and assess the recoverability of our deferred tax assets. Our taxes payable are estimated based on enacted tax rates, including estimated tax rates in states where our store base is growing applied to the income expected to be taxed currently. We assess the realizability of our deferred tax projections for future taxable income. We cannot guarantee that we will generate income in future years. Historically, we have not experience significant differences in our estimates of our tax accrual.

Dividend Policy

We have never declared or paid any dividends on our common stock. We currently intend to retain our future earnings to finance the growth and development of our business and for our stock repurchase, and therefore do not anticipate declaring or paying cash dividends on our common stock for the foreseeable future. Any future decision to declare or pay dividends will be at the discretion of our Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements and such other factors as our Board of Directors deems relevant.

Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer.

Quarterly and Seasonal Fluctuations

We have historically experienced and expect to continue to experience seasonal fluctuations in our net sales and operating income. Our net sales and operating income are typically higher in the fourth quarter due to sales increases during the holiday selling season. However, the seasonal fluctuations are mitigated by the strong product demand in the spring and back to school sales periods. Our quarterly results of operations may also fluctuate significantly as a result of a variety of factors, including the timing of new store openings, the amount and timing of net sales contributed by new stores, the level of pre opening expenses associated with new stores, the relative proportion of new stores to mature stores, merchandise mix, the relative proportion of stores represented by each of our three store concepts and demand for apparel and accessories driven by local interest in sporting events.

The following tables set forth certain unaudited financial data for the quarters indicated:

UNAUDITED QUARTERLY FINANCIAL DATA
(in thousands, except per share amounts)

	Fiscal Year Ended January 29, 2005			
	First (13 weeks) (as restated)	**Second (13 weeks) (as restated)**	**Third (13 weeks) (as restated)**	**Fourth (13 weeks)**
Net sales	**$ 96,519**	**$ 81,794**	**$ 92,140**	**$107,081**
Gross profit	**32,261**	**24,153**	**30,899**	**34,971**
Operating income	**12,665**	**4,552**	**9,592**	**12,613**
Net income	**7,994**	**2,911**	**6,112**	**8,130**
Basic earnings per common share	**$ 0.34**	**$ 0.12**	**$ 0.26**	**$ 0.36**
Diluted earnings per common share	**$ 0.33**	**$ 0.12**	**$ 0.26**	**$ 0.35**

	Fiscal Year Ended January 31, 2004			
	First (13 weeks) (as restated)	Second (13 weeks) (as restated)	Third (13 weeks) (as restated)	Fourth (13 weeks) (as restated)
Net sales	$ 79,593	$ 71,731	$ 78,418	$ 91,222
Gross profit	25,343	22,383	26,878	29,422
Operating income	7,941	4,795	8,166	9,924
Net income	5,057	3,057	5,206	6,322
Basic earnings per common share	$ 0.22	$ 0.13	$ 0.23	$ 0.27
Diluted earnings per common share	$ 0.22	$ 0.13	$ 0.22	$ 0.26

In the opinion of our management, this unaudited information has been prepared on the same basis as the audited information presented elsewhere herein and includes all adjustments necessary to present fairly the information set forth therein. The operating results from any quarter are not necessarily indicative of the results to be expected for any future period.

As discussed in Note 2 to the Consolidated Financial Statements, we restated our Consolidated Balance Sheets as of February 3, 2003 and the related quarterly Consolidated Statements of Operations, Stockholders' Investment and Statements of Cash Flows for fiscal 2004 and the first three quarters of fiscal 2005. The following tables reconcile the change in net earnings for the restated quarters by fiscal year. This information should be read in conjunction with Note 2 to the Consolidated Financial Statements:

(dollars in thousands)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2005 Net Income				
As previously reported	**$ 8,060**	**$ 3,033**	**$ 6,263**	
Cost of goods sold	**530**	**474**	**470**	
Store operating expenses	**(52)**	**(76)**	**(88)**	
Depreciation	**(584)**	**(592)**	**(623)**	
Provision for income taxes	**40**	**72**	**90**	
As restated	**$ 7,994**	**$ 2,911**	**$ 6,112**	
Fiscal 2004 Net Income				
As previously reported	$ 5,255	$ 3,242	$ 5,376	$ 6,475
Cost of goods sold	384	396	431	416
Store operating expenses	(49)	(68)	(114)	(90)
Depreciation	(647)	(619)	(585)	(567)
Provision for income taxes	114	106	98	88
As restated	$ 5,057	$ 3,057	$ 5,206	$ 6,322

Quantitative and Qualitative Disclosure About Market Risk

Our financial condition, results of operations and cash flows are subject to market risk from interest rate fluctuations on our revolving credit facility and working capital facility, each of which bears interest at rates that vary with LIBOR, prime or quoted cost of funds rates.

At the end of fiscal 2005, we had no borrowings outstanding under these agreements. There were three days during the fifty-two weeks ended January 29, 2005, where we incurred borrowings against our credit facility for an average borrowing of $297,000. During fiscal 2005, the maximum amount outstanding against these agreements was approximately $435,000 and the weighted average interest rate was 2.63%. There were eighteen days during the fiscal year ended January 31, 2004, where we incurred borrowings against our credit facility for an average borrowing of $978,000. During fiscal 2004, the maximum amount outstanding against these agreements was approximately $3,943,000 and the weighted average interest rate was 1.95%. A 2% increase or decrease in market interest rates would not have a material impact on our financial condition, results of operations or cash flows.

Special Note Regarding Forward-Looking Statements

This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address future events, developments and results. They include statements preceded by, followed by or including words such as "believe," "anticipate," "expect," "intend," "plan," "target" or "estimate." For example, our forward-looking statements include statements regarding:

- our anticipated sales, including comparable store net sales, net sales growth and earnings growth;
- our growth, including our plans to add, expand or relocate stores and square footage growth;
- the possible effect of inflation and other economic changes on our costs and profitability;
- the possible effect of recent accounting pronouncements;
- our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
- our gross profit margin and earnings and our ability to leverage store operating, selling and administrative expenses and offset other operating expenses;
- our seasonal sales patterns;
- the future reliability of, and cost associated with, our sources of supply, particularly imported goods;
- the capacity of our distribution center;
- our ability to renew or replace store leases satisfactorily; and
- our expectations regarding competition.

You should assume that the information appearing in this annual report is accurate only as of the date it was issued. Our business, financial condition, results of operations and prospects may have changed since that date.

For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully review the "Risk Factors" described in our Annual Report on Form 10-K dated April 14, 2005, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained herein.

Our forward-looking statements could be wrong in light of these and other risks, uncertainties and assumptions. The future events, developments or results described in this report could turn out to be materially different. We have no obligation to publicly update or revise our forward-looking statements after the date of this annual report and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, we do not, by policy, selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, stockholders should not assume that we agree with any statement or report issued by any analyst regardless of the content of the statement or report. We do not, by policy, confirm forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share information)

	January 29, 2005	January 31, 2004 (as restated)
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 58,342**	$ 41,963
Accounts receivable, net	**4,857**	3,594
Inventories	**103,009**	94,777
Prepaid expenses and other	**996**	942
Deferred income taxes	**149**	983
Total current assets	**167,353**	142,259
Property and Equipment:		
Land and building	**245**	245
Equipment	**26,261**	22,808
Furniture and fixtures	**15,017**	13,584
Leasehold improvements	**37,869**	31,875
Construction in progress	**456**	365
	79,848	68,877
Less accumulated depreciation & amortization	**46,935**	38,312
Total property and equipment	**32,913**	30,565
Non-current Assets:		
Deferred income taxes	**1,684**	805
Other, net	**155**	130
Total non-current assets	**1,839**	935
Total Assets	**$202,105**	$173,759

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS, cont.
(in thousands, except share and per share information)

	January 29, 2005	January 31, 2004 (as restated)
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	**$ 50,188**	$ 37,976
Accrued income taxes	**2,763**	–
Accrued expenses:		
Payroll-related	**4,528**	4,284
Deferred rent	**2,625**	2,874
Other	**1,237**	1,083
Total current liabilities	**61,341**	46,217
Non-current liabilities:		
Deferred rent	**10,725**	7,102
Total non-current liabilities	**10,725**	7,102
Stockholders' Investment:		
Preferred Stock, $.01 par value 1,000,000 shares authorized, no shares outstanding	**–**	–
Common Stock, $.01 par value, 50,000,000 shares authorized, 23,488,665 and 23,229,660 shares issued at January 29, 2005, and January 31, 2004, respectively	**235**	232
Paid-in capital	**68,915**	65,355
Retained earnings	**80,000**	54,853
Treasury stock at cost, 845,400 shares at January 29, 2005, and none at January 31, 2004	**(19,111)**	–
Total stockholders' investment	**130,039**	120,440
Total Liabilities and Stockholders' Investment	**$202,105**	$173,759

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share information)

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Net sales	**$377,534**	$320,964	$279,187
Cost of goods sold, including warehouse, distribution and store occupancy costs	**255,250**	216,938	192,082
Gross profit	**122,284**	104,026	87,105
Store operating, selling and administrative expenses	**72,923**	63,514	55,748
Depreciation and amortization	**9,939**	9,686	8,727
Operating income	**39,422**	30,826	22,630
Interest income	**(517)**	(165)	(26)
Interest expense	**42**	59	240
Income before provision for income taxes	**39,897**	30,932	22,416
Provision for income taxes	**14,750**	11,290	8,182
Net income	**$ 25,147**	$ 19,642	$ 14,234
Basic earnings per share	**$ 1.08**	$ 0.85	$ 0.63
Diluted earnings per share	**$ 1.06**	$ 0.83	$ 0.62
Weighted average shares outstanding:			
Basic	**23,237,121**	23,014,449	22,579,529
Diluted	**23,793,575**	23,598,059	23,035,518

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Cash flows from operating activities:			
Net income	**$25,147**	$19,642	$14,234
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**9,939**	9,686	8,727
Deferred income taxes (credit)	**(45)**	72	1,178
(Gain) loss on disposal of assets	**531**	336	(465)
(Increase) decrease in operating assets:			
Accounts receivable, net	**(1,263)**	(223)	(1,018)
Inventories	**(8,232)**	(8,531)	(5,163)
Prepaid expenses and other	**(56)**	(182)	138
Other non-current assets	**(37)**	(27)	64
Increase (decrease) in operating liabilities			
Accounts payable	**12,212**	13,107	1,148
Accrued income taxes	**3,196**	731	(264)
Accrued expenses	**957**	349	539
Deferred rent	**3,774**	2,519	767
Total adjustments	**20,976**	17,837	5,651
Net cash provided by operating activities	**46,123**	37,479	19,885
Cash flows from investing activities:			
Capital expenditures	**(12,671)**	(11,226)	(8,401)
Proceeds from sales of property and equipment	**45**	12	611
Net cash used in investing activities	**(12,626)**	(11,214)	(7,790)
Cash flows from financing activities:			
Cash used for stock repurchase	**(19,111)**	–	–
Proceeds from options exercised and purchase of shares under the employee stock purchase plan	**1,993**	3,682	1,852
Revolving loan borrowings and repayments, net	**–**	–	(3,903)
Net cash provided by (used in) financing activities	**(17,118)**	3,682	(2,051)
Net increase in cash and cash equivalents	**16,379**	29,947	10,044
Cash and cash equivalents at beginning of year	**41,963**	12,016	1,972
Cash and cash equivalents at end of year	**$58,342**	$41,963	$12,016
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for:			
Interest	**$ 42**	$ 59	$ 194
Income taxes, net of refunds	**$10,388**	$11,120	$ 7,220

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT
(in thousands, except share information)

	Common Stock				Treasury Stock	
	Number of Shares	Amount	Paid-In Capital	Retained Earnings	Number of Shares	Amount
BALANCE, February 2, 2002 (as previously reported)	22,336,463	$224	$57,614	$22,225	–	$ –
Restatement adjustments	–	–	–	(1,248)	–	–
BALANCE, February 2, 2002 (as restated)	22,336,463	224	57,614	20,977	–	–
Net income	–	–	–	14,234	–	–
Issuance of shares from the employee stock purchase plan and the exercise of stock options, net of tax benefit $706	346,162	3	2,555	–	–	–
BALANCE, February 1, 2003 (as restated)	22,682,625	227	60,169	35,211	–	–
Net income	–	–	–	19,642	–	–
Issuance of shares from the employee stock purchase plan and the exercise of stock options, net of tax benefit $1,510	547,035	5	5,186	–	–	–
BALANCE, January 31, 2004 (as restated)	23,229,660	232	65,355	54,853	–	–
Net income	–	–	–	25,147	–	–
Issuance of shares from the employee stock purchase plan and the exercise of stock options, net of tax benefit $1,569	259,005	3	3,560	–	–	–
Purchase of shares under the stock repurchase program	–	–	–	–	845,400	(19,111)
BALANCE, January 29, 2005	**23,488,665**	**$235**	**$68,915**	**$80,000**	**845,400**	**$(19,111)**

See accompanying notes to consolidated financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Hibbett Sporting Goods, Inc.:

We have audited the accompanying consolidated balance sheets of Hibbett Sporting Goods, Inc. and subsidiaries (the Company) as of January 29, 2005, and January 31, 2004, and the related consolidated statements of operations, stockholders' investment, and cash flows for each of the years in the three-year period ended January 29, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hibbett Sporting Goods, Inc. and subsidiaries as of January 29, 2005, and January 31, 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended January 29, 2005, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its 2004 and 2003 consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of January 29, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated April 13, 2005, expressed an unqualified opinion on management's assessment of, and an adverse opinion on the effective operation of, internal control over financial reporting.

KPMG LLP

Birmingham, Alabama
April 13, 2005

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Hibbett Sporting Goods, Inc. (the "Company") is an operator of sporting goods retail stores in small to mid-sized markets predominately in the Southeast, Mid-Atlantic and Midwest. 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 January 29, 2005, January 31, 2004, and February 1, 2003, include 52 weeks of operations. The Company's merchandise assortment features a core selection of brand name merchandise emphasizing team 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.

Certain reclassifications have been made to conform previously reported data to the current presentation. Such reclassifications had no impact on total assets or on stockholders' investment.

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and (2) the reported amounts of certain revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reportable Segments

Hibbett is an operator of sporting good stores in small to mid-sized markets predominately in the Southeast, Mid-Atlantic and Midwest. Given the economic characteristics of the store formats, the similar nature of products offered for sale, the types of customers and the methods of distribution, the operations of Hibbett constitute only one reportable segment.

Customers

No customer accounted for more than 5% of the Company's sales during the 52-week periods ended January 29, 2005, January 31, 2004, or February 1, 2003.

Vendor Arrangements

The Company enters into arrangements with many of its vendors that entitle it to a partial refund of the cost of merchandise purchased during the year or payments for reimbursement of certain costs it incurs to advertise or otherwise promote its product. The volume based rebates, supported by a vendor agreement, are estimated throughout the year and reduce the cost of inventory and cost of goods sold during the year. This estimate is regularly monitored and adjusted for current or anticipated changes in purchase levels and for sales activity.

Advertising

The Company expenses advertising costs when incurred. The Company participates in various advertising and marketing cooperative programs with its vendors, who, under these programs, reimburse it for certain costs incurred. A receivable for cooperative advertising to be reimbursed is recorded as a decrease to expense as the reimbursements are earned.

The following table presents the components of the Company's advertising expense (in thousands):

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004	February 1, 2003
Gross advertising costs	**$4,471**	$3,533	$2,948
Advertising reimbursements	**(2,785)**	(1,921)	(1,396)
Net advertising costs	**$1,686**	$1,612	$1,552

Stock Repurchase Plan

In August 2004, the Board of Directors authorized the repurchase of up to $30.0 million of the Company's outstanding common stock. In November 2004, the Board of Directors increased the maximum authorization to $40.0 million. Stock repurchases may be made until August 19, 2005, and may be made in the open market or in negotiated transactions, with the amount and timing of repurchases dependent on market conditions at the discretion of Company management. As of January 29, 2005, the Company had repurchased 845,400 shares at a cost of approximately $19.1 million.

Stock Splits

On March 10, 2004, the Board of Directors declared a 3-for-2 stock split on the Company's Common Stock to holders of record on April 1, 2004, effective April 16, 2004. All share and per share data has been revised to reflect the effects of the stock split retroactively for all periods presented.

Cash and Cash Equivalents

The Company considers all short term, highly liquid investments with original maturities of three months or less to be cash equivalents.

Trade and Other Accounts Receivable

Trade accounts receivable at fiscal year-end consist primarily of amounts due to the Company from sales to educational institutions and youth associations as related to Team Sales. The Company does not require collateral and maintains reserves for potential uncollectible accounts based on historical losses and existing economic conditions, when relevant. The allowance for doubtful accounts at January 29, 2005 and January 31, 2004 was $59,000 and $107,000, respectively.

Other accounts receivable consists primarily of tenant allowances due from landlords.

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 39%, 34% and 36% of its purchases in fiscal 2005, 2004 and 2003, respectively. The Company's next largest vendor in fiscal 2005 represented approximately 10%, 9% and 11% of its purchases in fiscal 2005, 2004 and 2003, respectively. The Company's third largest vendor in fiscal 2005 represented approximately 8%, 11% and 9% of its purchases in fiscal 2005, 2004 and 2003, 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 shorter of the initial term of the underlying leases or the estimated economic lives of the improvements. 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, the shorter of the initial term of the underlying leases or the estimated economic lives of the improvements.

Construction in progress is primarily comprised of property and equipment related to unopened stores at period end.

Maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold, retired or otherwise disposed of are removed from the accounts and the related gain or loss is credited or charged to income.

Deferred Rent from Landlords

Deferred rent from landlords consist of step rent and allowances from landlords related to the Company's leased properties. Step rent represents the difference between actual operating lease payments due and straight-line rent expense, which is recorded by the Company over the term of the lease, including the build-out period. This amount is recorded as deferred rent in the early years of the lease, when cash payments are generally lower than straight-line rent expense, and reduced in the later years of the lease when payments begin to exceed the straight-line expense. Landlord allowances are generally comprised of amounts received and/or promised to the Company by landlords in the form of leasehold improvements. These allowances are part of the negotiated terms of the lease. The Company records a receivable from the landlord and a deferred rent liability when the allowances are earned. This deferred rent is amortized into income (through lower rent expense) over the term (including the pre-opening build-out period) of the applicable lease and the receivable is reduced as amounts are received from the landlord. The liability for the unamortized landlord allowances, including the current portion, was approximately $13,350,000 and $9,976,000 at January 29, 2005, and January 31, 2004, respectively.

Revenue Recognition

Retail merchandise sales occur on-site in the Company's retail stores. Customers have the option of paying the full purchase price of the merchandise upon sale or paying a down payment and placing the merchandise on layaway. The customer may make further payments in installments, but the entire purchase price for merchandise placed on layaway must be received by Hibbett within 30 days. The down payment and any installments are recorded by the Company as deferred revenue until the customer pays the entire purchase price for the merchandise and takes possession of such merchandise. The Company recognizes merchandise revenues at the time the customer takes possession of the merchandise.

The cost of coupon sales incentives is recognized at the time the related revenue is recognized by the Company. Proceeds received from the issuance of gift cards are initially recorded as deferred revenue and such proceeds are subsequently recognized as revenue at the time the customer redeems such gift cards and takes possession of the merchandise.

Store Opening and Closing Costs

New store opening costs, including pre-opening costs, are charged to expense as incurred. Store opening costs primarily include payroll expenses, training costs and straight line rent expenses. All pre-opening costs are included in store operating, selling and administrative expenses as a part of operating expenses.

The Company considers individual store closings to be a normal part of operations and regularly reviews store performance against expectations and closes stores not meeting its investment requirements. Costs associated with store closings are recognized at the time of closing or when a liability has been incurred. Store assets are also reviewed for possible impairment or reduction of their useful lives.

Self-Insurance Reserve

The Company is self-insured for a significant portion of its health insurance. Liabilities associated with the risks that are retained by the Company are estimated, in part, by considering historical claims of the Company. The estimated accruals for these liabilities could be affected if future occurrences and claims differ from these assumptions. As of January 29, 2005, and January 31, 2004, these reserves were $367,000 and $400,000, respectively, and were included in accrued expenses in the consolidated balance sheets.

Sales Returns, net

Net sales returns were $10.5 million for fiscal 2005, $8.5 million for fiscal 2004 and $7.4 million for fiscal 2003. The effect of the reserve for estimated returns on pre-tax income at January 29, 2005 was $83,000 and was zero at January 31, 2004.

Stock-Based Compensation

The Company discloses stock-based compensation information in accordance with the Financial Accounting Statement Board's ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 148, *"Accounting for Stock-Based Compensation – Transition and Disclosure – an Amendment of FASB Statement No. 123"* and FASB issued SFAS No. 123, *"Accounting for Stock-Based Compensation."* SFAS No. 148 provides additional transition guidance for companies that elect to voluntarily adopt the provisions of SFAS No. 123. SFAS No. 148 does not change the provisions of SFAS No. 123 that permit entities to continue to apply the intrinsic value method of Accounting Principles Board ("APB") No. 25, *"Accounting for Stock Issued to Employees."* Hibbett has elected to continue to account for its stock-based plans under APB No. 25, as well as to provide disclosure of stock-based compensation as outlined in SFAS No. 123, as amended by SFAS No. 148. No compensation expense has been recognized related to its stock-based plans. SFAS No. 123 requires disclosure of pro forma net income, earnings per share ("EPS") and other information as if the fair value method of accounting for stock options and other equity instruments described in SFAS No. 123 had been adopted. All pro forma disclosures include the effects of all options granted by the Company.

In December 2004, the FASB issued SFAS No. 123R, *"Share-Based Payment,"* a revision of SFAS No. 123. As a result, the pro forma disclosures previously permitted under SFAS No. 123 will no longer be an alternative to financial statement recognition. The Company is required to adopt SFAS No. 123R in the third quarter of fiscal 2006. See "Recent Accounting Standards."

At January 29, 2005, the Company had three active stock-based plans: the Amended and Restated 1996 Stock Option Plan, the Employee Stock Purchase Plan and the Stock Plan for Outside Directors.

The Company uses the Black-Scholes option pricing model to estimate the fair value at the date of grant of stock options granted under its stock option plans and stock purchase rights associated with the Employee Stock Purchase Plan. A summary of the assumptions used for stock option grants and stock purchase right grants follows:

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004	February 1, 2003
Stock option plans:			
Dividend yield	**0.0%**	0.0%	0.0%
Expected volatility[1]	**48.7% to 54.5%**	54.7% to 57.0%	57.6%
Risk free interest rate[2]	**3.0% to 3.9%**	2.9% to 3.2%	4.0% to 5.1%
Expected lives	**7 years**	7 years	7 years
Employee Stock Purchase Plan:			
Dividend yield	**0.0%**	0.0%	0.0%
Expected volatility[1]	**49.2% to 53.2%**	55.0% to 57.0%	58.0%
Risk free interest rate[2]	**2.9% to 3.8%**	2.4% to 3.4%	3.7% to 5.4%
Expected lives	**.25 years**	.25 years	.25 years

[1] Volatility is estimated as of date of grant or purchase date and is calculated on 4 years as the Company believes that period of time captures the relative volatility of its stock.

[2] Risk free interest rate is based on the U.S. Treasury rate with maturities approximating the expected lives of the options. The rate is determined as of the date of grant or purchase date.

A reconciliation of net income, as reported in the consolidated statements of operations, to pro forma net income including compensation expense for its stock-based plans as calculated in accordance with the provisions of SFAS No. 123, as amended by SFAS No. 148, as well as a comparison of as reported in the consolidated statements of operations and pro forma basic and diluted EPS follows (in thousands, except per share information):

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Net income – as reported	**$25,147**	$19,642	$14,234
Add: Stock-based employee compensation expense, included in the determination of net income, net of tax	**–**	–	–
Deduct: Stock-based employee compensation expense, determined under the fair value based method for all awards, net of tax	**(1,759)**	(1,251)	(983)
Net income – pro forma	**$23,388**	$18,391	$13,251
Basic earnings per share – as reported	**$ 1.08**	$ 0.85	$ 0.63
Basic earnings per share – pro forma	**$ 1.01**	$ 0.80	$ 0.59
Diluted earnings per share – as reported	**$ 1.06**	$ 0.83	$ 0.62
Diluted earnings per share – pro forma	**$ 1.00**	$ 0.78	$ 0.58

The effects on pro forma net income and pro forma EPS of the estimated stock-based compensation expense, net of tax, calculated using the fair value of stock options and stock purchase rights in accordance with the Black-Scholes options pricing model for fiscal 2005, fiscal 2004 and fiscal 2003 are not necessarily representative of the effects of the Company's results of operations in the future. In addition, the compensation expense estimates utilize an option pricing model developed for traded options with relatively short lives. Hibbett stock option grants typically have a life of up to ten years and are not transferable. Therefore, the actual fair value of a stock option grant may be different from the Company's estimates. The Company believes that its estimates incorporate all relevant information and represent a reasonable approximation in light of the difficulties involved in valuing non-traded stock options.

Beginning in the third quarter of fiscal 2006, the Company will include the expense associated with share-based payments in its consolidated statements of operations.

Fair Value of Financial Instruments

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

Earnings Per Share

Basic 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		
	January 29, 2005	January 31, 2004	February 1, 2003
Weighted average shares outstanding:			
Basic	**23,237,121**	23,014,449	22,579,529
Diluted effect of stock options	**556,454**	583,610	455,989
Diluted	**23,793,575**	23,598,059	23,035,518

For the 52 weeks ended January 29, 2005, January 31, 2004, and February 1, 2003, the anti-dilutive options appropriately excluded from the computation were 45 shares, 12,971 shares and 1,805 shares, respectively.

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. Impairment is assessed considering the estimated undiscounted cash flows over the asset's remaining life. If estimated cash flows are insufficient to recover the investment, an impairment loss is recognized based on a comparison of the cost of the asset to fair value less any costs of disposition.

Recent Accounting Pronouncements

In December 2003, the FASB issued Interpretation No. 46 (revised 2003), *"Consolidation of Variable Interest Entities,"* (FIN 46R), which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaces Interpretation 46, *"Consolidation of Variable Interest Entities,"* which was issued in January 2003. The Company was required to apply FIN 46R to variable interests in variable interest entities ("VIEs") created after December 31, 2003. For variable interests in VIEs created before January 1, 2004, the Interpretation was applied beginning on January 1, 2005. For any VIEs that must be consolidated under FIN 46R that were created before January 1, 2004, the assets, liabilities and non-controlling interests of the VIE initially would be measured at their carrying amounts with any difference between the net amount added to the balance sheet and any previously recognized interest being recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46R first applies may be used to measure the assets, liabilities and non-controlling interest of the VIE. There was no impact to the Company's consolidated financial statements upon adoption.

SFAS No. 150, *"Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,"* was issued in May 2003. This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Statement also includes required disclosures for financial instruments within its scope. For the Company, the Statement was effective for instruments entered into or modified after May 31, 2003 and otherwise was effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatorily redeemable financial instruments. For certain mandatorily redeemable financial instruments, the Statement will be effective for the Company on January 31, 2005. The effective date has been deferred indefinitely for certain other types of mandatorily redeemable financial instruments. The Company currently does not have any financial instruments that are within the scope of this Statement.

In November 2004, the FASB issued SFAS No. 151, *"Inventory Costs."* SFAS No. 151 amends the guidance in Accounting Research Bulletin No. 43, *"Inventory Pricing,"* to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage). SFAS No. 151 requires that those items be recognized as current period charges and that the allocation of fixed production overheads to the cost of converting work in process to finished goods be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The adoption of this statement is not expected to have a material impact on the Company's consolidated financial statements.

In December 2004, the FASB issued SFAS No. 123R, *"Share-Based Payment,"* a revision of FASB issued SFAS No. 123, *"Accounting for Stock-Based Compensation."* SFAS No. 123R requires the measurement of all stock-based payments to employees, including grants of employee stock options and stock purchase rights granted pursuant to certain employee stock purchase plans, using a fair-value based method and the recording of such expense in our consolidated statements of operations. The accounting provisions of SFAS No. 123R are effective for reporting periods beginning after June 15, 2005. Accordingly, we are required to adopt SFAS No. 123R in the third quarter of fiscal 2006. The pro forma disclosures previously permitted under SFAS No. 123 will no longer be an alternative to recognition in the financial statements. See "Stock-Based Compensation" in Note 1 to Consolidated Financial Statements. The Company is currently reviewing the applicability of SFAS No. 123R on its operations and its potential impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, *"Exchanges of Nonmonetary Assets: an Amendment of APB Opinion No. 29."* The amendments made by SFAS No. 153 are based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The amendments also eliminate the narrow exception for nonmonetary exchanges of similar productive assets and replaces it with a broader exception for exchanges of nonmonetary assets that do not have commercial substance. SFAS No. 153 is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005.

In March 2005, the FASB issued Interpretation No. 47, *"Accounting for Conditional Asset Retirement Obligations,"* that requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. This Interpretation is effective for fiscal years ending after December 15, 2005. Accordingly, The Company is required to adopt FIN 47 in its fiscal year ended January 28, 2006. The Company is currently reviewing the applicability of FIN 47 on its operations and its potential impact on its consolidated financial statements.

2. RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

Following disclosure by several restaurant companies and other retailers in fiscal 2005 and in connection with performing it fiscal 2005 year-end reporting control processes, the Company performed a comprehensive review of its lease accounting practices. Historically, the Company recorded rent expense on a straight-line basis over the initial non-cancelable lease term commencing upon location opening. The Company has concluded that any build-out period should also be included in its determination of straight-line rent expense. Additionally, the Company reassessed the depreciable lives of leasehold improvements to be the shorter of their estimated useful lives or the initial non-cancelable lease term at the inception of the lease. The Company also concluded that landlord allowances for normal tenant improvements, which had previously been recorded as a reduction to related leasehold improvements, should be reflected as deferred rent and amortized over the lease term, including the build-out period, as a reduction to rent expense rather than depreciation.

The Company evaluated the materiality of these corrections on its financial statements and concluded that the incremental impact of these corrections is not material to any quarterly or annual period; however, the cumulative effect of these corrections is material to the fourth quarter of fiscal 2005. As a result, the Company has recorded the cumulative effect as of the beginning of fiscal year 2003 and has restated previously issued consolidated financial statements for the fiscal years ended January 31, 2004 and February 1, 2003 to recognize the impact of including the build-out period in our straight line rent expense, recording depreciation on leasehold improvements over the shorter of their estimated useful lives or the initial, non-cancelable lease term and to classify landlord allowances for normal tenant improvements as deferred rent and amortize them over the lease term as a reduction to rent expense rather than depreciation.

The after tax cumulative effect of the restatement through fiscal year ended February 2, 2002, of $1.2 million was recorded as a reduction to the Company's beginning retained earnings balance at February 3, 2002, as reflected in its consolidated statements of stockholders' investment. The cumulative effect of the restatement through fiscal 2004 increased property and equipment by $4.4 million, increased deferred rent liability by $8.2 million and increased deferred income taxes by $1.4 million. Expenses related to store occupancy and pre-opening costs for fiscal 2004 and fiscal 2003 decreased by $1.6 million and $1.3 million, respectively, while depreciation expenses for the same fiscal periods increased by $2.4 million and $1.9 million, respectively. As a result of the restatements, operating profit for fiscal 2004 and fiscal 2003 decreased by $1.1 million and $0.8 million, respectively, as did income before the provision for income taxes. Net income decreased by $0.7 million in fiscal 2004 and $0.5 million in fiscal 2003.

The restatement did not impact the Company's previously reported net increase in cash and cash equivalents, revenues or compliance with revolving line of credit covenants.

The following table shows the impact of these changes on the consolidated balance sheet and the consolidated statement of operations for the fiscal year ended January 31, 2004 (in thousands, except per share information):

	As Previously Reported	Adjustments	As Restated
Consolidated Balance Sheet			
Equipment	$ 22,590	$ 218	$ 22,808
Furniture and fixtures	13,376	208	13,584
Leasehold improvements	19,721	12,154	31,875
Property and equipment	56,297	12,580	68,877
Accumulated depreciation	30,124	8,188	38,312
Total property and equipment	26,173	4,392	30,565
Deferred income taxes	–	805	805
Total non-current assets	130	805	935
Total assets	$168,562	$ 5,197	$173,759
Deferred rent, short-term	$1,726	$ 1,148	$ 2,874
Total current liabilities	45,069	1,148	46,217
Deferred rent, long-term	–	7,102	7,102
Total non-current liabilities	603	6,499	7,102
Retained earnings	57,303	(2,450)	54,853
Total stockholders' investment	122,890	(2,450)	120,440
Total liabilities and stockholders' investment	$168,562	$ 5,197	$173,759
Consolidated Statement of Operations			
Cost of goods sold, including warehouse, distribution and store occupancy costs	$218,565	$ (1,627)	$216,938
Gross profit	102,399	1,627	104,026
Store operating, selling and administrative expenses	63,194	320	63,514
Depreciation and amortization	7,267	2,419	9,686
Operating income	31,938	(1,112)	30,826
Income before provision for income taxes	32,044	(1,112)	30,932
Provision for income taxes	11,696	(406)	11,290
Net income	$ 20,348	$ (706)	$ 19,642
Basic earnings per share	$ 0.88	$ (0.03)	$ 0.85
Diluted earnings per share	$ 0.86	$ (0.03)	$ 0.83
Consolidated Statement of Cash Flows			
Net cash provided by operating activities	$ 33,816	$ 3,663	$ 37,479
Net cash used in investing activities	$ (7,551)	$ (3,663)	$ (11,214)

The following table shows the impact of these changes on the consolidated balance sheet and the consolidated statement of operations for fiscal year ended February 1, 2003 (in thousands, except per share information):

	As Previously Reported	Adjustments	As Restated
Consolidated Balance Sheet			
Equipment	$ 20,549	$ 121	$ 20,670
Furniture and fixtures	12,531	142	12,673
Leasehold improvements	18,681	8,654	27,335
Property and equipment	52,868	8,917	61,785
Accumulated depreciation	26,663	5,769	32,432
Total property and equipment	26,205	3,148	29,353
Deferred income taxes	60	1,001	1,061
Total non-current assets	184	1,001	1,185
Total assets	$129,580	$ 4,149	$133,729
Deferred rent, short-term	$ 1,565	$ 755	$ 2,320
Total current liabilities	32,230	755	32,985
Deferred rent, long-term	–	5,137	5,137
Total non-current liabilities	–	5,137	5,137
Retained earnings	36,954	(1,743)	35,211
Total stockholders' investment	97,350	(1,744)	95,606
Total liabilities and stockholders' investment	$129,580	$ 4,149	$133,729
Consolidated Statement of Operations			
Cost of goods sold, including warehouse, distribution and store occupancy costs	$193,383	$ (1,301)	$192,082
Gross profit	85,804	1,301	87,105
Store operating, selling and administrative expenses	55,529	219	55,748
Depreciation and amortization	6,866	1,861	8,727
Operating income	23,409	(779)	22,630
Income before provision for income taxes	23,195	(779)	22,416
Provision for income taxes	8,466	(284)	8,182
Net income	$ 14,729	$ (495)	$ 14,234
Basic earnings per share	$ 0.65	$ (0.02)	$ 0.63
Diluted earnings per share	$ 0.64	$ (0.02)	$ 0.62
Consolidated Statement of Cash Flows			
Net cash provided by operating activities	$ 18,203	$ 1,682	$ 19,885
Net cash used in investing activities	$ (6,108)	$ (1,682)	$ (7,790)

3. LONG-TERM DEBT

The Company has an unsecured revolving credit facility, which will expire November 5, 2005. The facility allows borrowings up to $25.0 million at a rate of LIBOR plus 80 basis points or prime at our election. As of January 29, 2005, the Company had no borrowings outstanding under this facility. Under the provisions of this facility, the Company pays a commitment fee of $10,000 annually and can draw down on the line of credit when its main operating account balance falls below $100,000.

The following table sets forth a summary of key information for the credit facility as of the periods indicated:

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004	February 1, 2003
Average amount of borrowings outstanding	**$ 297,000**	$ 978,000	$ 5,227,000
Maximum balance outstanding	**$ 435,000**	$ 3,943,000	$11,823,000
Weighted average interest rate	**2.63%**	1.95%	2.75%

The average amount of borrowings outstanding is averaged using only the total number of days the Company had borrowings against its facility. For fiscal 2005, the Company had utilized its credit facility for a total of three days for an average borrowing of $297,000.

The Company's revolving credit facility contains certain restrictive covenants common to such agreements. The Company was in compliance with respect to its covenants at January 29, 2005.

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 1% to 100% of their compensation subject to certain yearly dollar limitations 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. For fiscal 2005, the Company matched 75% of contributions made to the plan by the employees up to 6% of the employee’s compensation. Contribution expense amounts for fiscal years 2005, 2004 and 2003 were approximately $462,000, $366,000 and $404,000, respectively.

5. RELATED PARTY TRANSACTIONS

The Company's former largest stockholder, The SK Equity Fund, L.P. and SK Investment Fund, L.P., diluted their holdings in the Company with a public offering on May 1, 2003, and the subsequent exercise of the underwriters' over allotment option on May 13, 2003. Prior to this date, The SK Equity Fund, L.P. and SK Investment Fund, L.P., provided financial advisory services to the Company. Such services included, but were not necessarily limited to, advice and assistance concerning any and all aspects of the operation, planning and financing of the Company. There were no management fees associated with this arrangement in fiscal 2005. Management fee expense under this arrangement was approximately $50,000 in fiscal 2004 and $200,000 in fiscal 2003.

The Company leases one store under a sublease arrangement from Books-A-Million, Inc., of which Clyde B. Anderson, a director of Hibbett, is a stockholder. This sublease agreement expires in June 2008. Minimum lease payments were $191,000 in fiscal 2005, fiscal 2004 and fiscal 2003. Future minimum lease payments under this non-cancelable sublease aggregate approximately $652,000.

6. INCOME TAXES

A summary of the components of the provision (benefit) for income taxes is as follows (in thousands):

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Federal:			
Current	**$ 13,556**	$ 10,442	$ 6,536
Deferred	**(161)**	(12)	999
	13,395	10,430	7,535
State:			
Current	**1,239**	776	468
Deferred	**116**	84	179
	1,355	860	647
	$ 14,750	$ 11,290	$ 8,182

A reconciliation of the statutory federal income tax rate as a percentage of income tax rate as a percentage of income before income taxes follows:

	For the Fiscal Years Ended		
	January 29, 2005	January 31, 2004 (as restated)	February 1, 2003 (as restated)
Tax provision computed at the federal statutory rate	**35.00%**	35.00%	35.00%
Effect of state income taxes, net of federal benefits	**2.21%**	1.81%	1.88%
Other	**(0.24%)**	(0.30%)	(0.38%)
	36.97%	36.51%	36.50%

In fiscal 2004, the Company settled favorably an examination with state taxing authorities. A tax contingency liability had been provided in previous years. As a result of the settlement, state tax expense was reduced by approximately $700,000 in fiscal 2004.

Temporary differences that create deferred taxes are detailed below (in thousands):

	January 29, 2005		January 31, 2004 (as restated)	
	Current	**Non-current**	Current	Non-current
Rent	**$ –**	**$5,247**	$ –	$3,011
Depreciation	**–**	**(3,563)**	–	(2,206)
Inventory	**79**	**–**	349	–
Accruals	**66**	**–**	710	–
Other	**4**	**–**	(76)	–
Deferred taxes	**$ 149**	**$1,684**	$ 983	$ 805

The Company has not recorded a valuation allowance for deferred taxes as realization is considered more likely than not based on the amount of income taxes paid in prior years.

7. STOCK OPTION AND STOCK PURCHASE PLANS

Stock Option Plans

The Company maintains 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 2,998,910 shares of common stock. Options granted vest over a five-year period and expire on the tenth anniversary of the date of grant.

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

	For the Fiscal Years Ended					
	January 29, 2005		January 31, 2004		February 1, 2003	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	**999,850**	**$ 8.87**	1,210,285	$ 7.33	1,293,684	$ 6.28
Granted	**232,875**	**22.69**	298,911	11.11	309,768	9.83
Exercised	**(213,975)**	**7.56**	(501,426)	6.50	(331,641)	5.17
Forfeited	**(11,509)**	**14.99**	(7,920)	9.69	(61,526)	7.67
Outstanding at end of year	**1,007,241**	**$12.27**	999,850	$ 8.87	1,210,285	$ 7.33
Exercisable at end of year	**224,954**	**$ 7.99**	157,323	$ 7.48	392,073	$ 6.36
Weighted average fair value of options granted		**$14.74**		$ 7.41		$ 6.83

The following table summarizes information about stock options outstanding at January 29, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding at January 29, 2005	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Options Exercisable at January 29, 2005	Weighted Average Exercise Price
$ 1.81 to $ 4.74	93,665	4.35	$ 4.37	42,697	$ 4.02
$ 5.26 to $ 8.29	41,928	4.33	$ 6.01	37,203	$ 5.90
$ 8.85 to $ 9.82	374,120	6.60	$ 9.42	111,110	$ 9.27
$10.21 to $11.11	269,078	8.12	$11.10	33,944	$11.09
$18.41 to $25.71	228,450	9.07	$22.69	–	–

The tax benefit associated with the exercise of stock options is credited to paid-in capital and amounted to approximately $1,569,000 in fiscal 2005, $1,510,000 in fiscal 2004 and $706,000 in fiscal 2003.

Other Plans

The Company maintains an Employee Stock Purchase Plan and an Outside Director Stock Plan and has reserved 253,125 shares and 393,750 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.

During fiscal 2005, the Company granted 7,500 options (in August 2004) under the Outside Director Stock Plan at an exercise price of $18.41 (market value at date of grant) and 20,435 options (in January 2005) at an exercise price of $24.67 (market value at date of grant) for total options granted under the Plan of 27,935 for fiscal 2005. During fiscal 2004, the Company granted a total of 35,169 options under the Outside Director Stock Plan at an exercise price of $20.73 (market value at date of grant, adjusted for applicable stock splits). During fiscal 2003, the Company granted 33,750 options on January 31, 2003, under the Outside Director Stock Plan at an exercise price of $9.51 (market value at date of grant, adjusted for applicable stock splits) and 16,875 options on June 5, 2002, at an exercise price of $11.55 (market value at date of grant, adjusted for applicable stock splits). Director 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 January 29, 2005, 111,065 shares have been issued and 142,060 shares are reserved for future purchase.

8. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases the premises for its retail sporting goods stores under non-cancelable operating leases having initial or remaining terms of more than one year. Many of its leases contain scheduled increases in annual rent payments and the majority of its leases also require it to pay maintenance, insurance and real estate taxes. Additionally, certain of its leases include provisions for the payment of additional rent based on a percentage of sales over an established minimum.

The Company also leases certain computer hardware, office equipment and transportation equipment under non-cancelable operating leases having initial or remaining terms of more than one year.

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 will expire in December 2014. At January 29, 2005, the future minimum lease payments for leased properties and equipment, excluding maintenance, insurance and real estate taxes, for operating leases having a remaining term in excess of one year at such date were as follows (in thousands):

Fiscal 2006	$ 27,792
Fiscal 2007	24,434
Fiscal 2008	20,458
Fiscal 2009	15,898
Fiscal 2010	11,773
Thereafter	22,312
TOTAL	$122,667

Rental expense for all operating leases consisted of the following (in thousands):

	Fiscal Year Ended		
	January 29, 2005	January 31, 2004	February 1, 2003
Minimum rentals	**$ 24,086**	$ 20,066	$ 17,189
Contingent rentals	**1,230**	1,553	1,342
	$ 25,316	$ 21,619	$ 18,531

Most of the Company's retail store leases contain provisions that allow for early termination of the lease by either party if certain predetermined annual sales levels are not met. Generally, these provisions allow the lease to be terminated between the third and fifth year of the lease. Should the lease be terminated under these provisions, in some cases, the unamortized portion of any landlord allowances related to that property would be payable to the landlord.

Legal Proceedings and other Contingencies

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

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to its management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, the Company recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation, with the participation of its principal executive officer and principal financial officer, of the effectiveness of its disclosure controls and procedures as of January 29, 2005. Based on this evaluation and due to the material weakness in internal control over financial reporting described below in “Management’s Report on Internal Control Over Financial Reporting,” its principal executive officer and principal financial officer concluded that, as of January 29, 2005, its disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), were not effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Management’s Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, the Company carried out an evaluation of the effectiveness of its internal control over financial reporting as of January 29, 2005, based on the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

In performing this assessment, management concluded that the Company’s controls over the selection, monitoring and review of assumptions and factors affecting lease accounting practices were ineffective in ensuring that the related transactions were accounted for in accordance with generally accepted accounting priciples, and as a result, management determined that the Company’s financial statements for fiscal 2004 and fiscal 2003 were misstated. Specifically, amounts previously reported for annual rent expense and depreciation expense were understated. On March 9, 2005, the Company announced its decision to restate its financial statements as of and for the years ended January 31, 2004 and February 1, 2003, and for the previously issued interim financial information for fiscal year 2005 and fiscal year 2004 to reflect the aforementioned correction of errors in lease accounting.

Management evaluated the impact of the aforementioned deficiencies on the Company's assessment of internal control over financial reporting and concluded that the control deficiency that resulted in the incorrect lease accounting represented a material weakness in internal control over financial reporting as of January 29, 2005. As a result of this material weakness, management concluded that, as of January 29, 2005, the Company's internal control over financial reporting was not effective based on the criteria set forth in the COSO framework.

In accordance with the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 2, a material weakness in internal control over financial reporting is a control deficiency or combination of control deficiencies that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. PCAOB Auditing Standard No. 2 identifies a number of circumstances that, because of their likely significant negative effect on internal control over financial reporting, are to be regarded as at least significant deficiencies as well as strong indicators that a material weakness exists, including the restatement of previously issued financial statements to reflect the correction of a misstatement.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on management's assessment of the Company's internal control over financial reporting. This report appears below.

Changes in Internal Control Over Financial Reporting

In connection with its evaluation of the Company's internal control over financial reporting described above, management has determined that no change in internal control over financial reporting occurred during the fourth quarter of fiscal 2005 that materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Subsequent to January 29, 2005, and in response to the material weakness in internal control over financial reporting noted above, the Company has implemented additional review procedures over the selection and monitoring of appropriate assumptions and factors affecting its lease accounting practices. The Company has taken these steps which are intended to remediate the material weakness in internal control over financial reporting and the ineffectiveness of its disclosure controls and procedures.

Mickey Newsome
Chairman of the Board, President and Chief Executive Officer

Gary A. Smith
Vice President and Chief Financial Officer

April 14, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Hibbett Sporting Goods, Inc.:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting), that Hibbett Sporting Goods, Inc. and subsidiaries (the Company) did not maintain effective internal control over financial reporting as of January 29, 2005, because of the effect of the material weakness in internal controls over the selection, monitoring, and review of assumptions and factors affecting lease accounting practices, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management of the Company is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the internal control over financial reporting of the Company based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, cont.

not be prevented or detected. The following material weakness has been identified and included in management's assessment as of January 29, 2005: Management identified deficiencies in the Company's internal control over financial reporting regarding the selection, monitoring, and review of assumptions and factors affecting its lease accounting practices. As a result of these deficiencies in the Company's internal control, previously reported annual rent expense and depreciation was understated, resulting in the restatement of the consolidated financial statements as of and for the years ended January 31, 2004, and February 1, 2003, and for the previously issued interim financial information for fiscal 2005 and 2004.

We audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Hibbett Sporting Goods, Inc. and subsidiaries as of January 29, 2005, and January 31, 2004, and the related consolidated statements of operations, stockholders' investment, and cash flows for each of the years in the three-year period ended January 29, 2005. The aforementioned material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2005 consolidated financial statements, and this report does not affect our report dated April 13, 2005, which expressed an unqualified opinion on those financial statements. In our opinion, management's assessment that Hibbett Sporting Goods, Inc. and subsidiaries did not maintain effective internal control over financial reporting as of January 29, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of January 29, 2005, based on the criteria established in Internal Control – Integrated Framework issued by COSO.

KPMG LLP

Birmingham, Alabama
April 13, 2005

DIRECTORS AND OFFICERS

Board of Directors

Michael J. Newsome
Chairman of the Board,
President and Chief Executive Officer
Hibbett Sporting Goods, Inc.

Clyde B. Anderson
Chairman of the Board
Books-A-Million, Inc.

H. Ray Compton
Former Executive Vice President
Dollar Tree Stores, Inc.

Carl Kirkland
Chairman Emeritus
Kirkland's, Inc.

Ralph T. Parks
Former President and Chief
Executive Officer
FOOTACTION USA

Thomas A. Saunders, III
Partner
Saunders Karp & Megrue, L.P.

Alton E. Yother
Executive Vice President and Controller
AmSouth Bancorporation

Officers

Michael J. Newsome
Chairman of the Board,
President and Chief Executive Officer

Gary A. Smith
Vice President and Chief
Financial Officer

Cathy E. Pryor
Vice President of Store Operations

Jeffry O. Rosenthal
Vice President of Merchandising

CORPORATE INFORMATION

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(205) 912-7290 Fax
www.hibbett.com

Stock Transfer Agent and Registrar
SunTrust Bank
Corporate Trust Department
58 Edgewood Avenue
Atlanta, Georgia 30303
(800) 568-3476

Shareholders seeking information concerning stock transfers, change of address, and lost certificates should contact SunTrust directly.

Annual Report on Form 10-K
A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2005, as filed with the Securities and Exchange Commission, may be obtained without charge upon written request to the Company's Investor Relations department.

Annual Meeting
The 2005 Annual Meeting of Stockholders will be held at 10:00 A.M. Central Daylight Time on May 31, 2005, at The Harbert Center, 2019 Fourth Avenue North, Birmingham, Alabama.

Stock Market Information
The Company's common stock is traded on the NASDAQ National Market under the symbol HIBB. The following table sets forth, for the periods indicated, the high and low sales prices of shares of the common stock as reported by NASDAQ:

Fiscal 2005:	High	Low
Quarter ended May 1, 2004	$26.43	$21.07
Quarter ended July 31, 2004	$28.44	$16.80
Quarter ended October 30, 2004	$22.37	$16.12
Quarter ended January 29, 2005	$27.27	$21.61

Fiscal 2004:	High	Low
Quarter ended May 3, 2003	$12.64	$ 8.56
Quarter ended August 2, 2003	$16.50	$11.58
Quarter ended November 1, 2003	$19.33	$14.23
Quarter ended January 31, 2004	$22.33	$16.20

Independent Registered Public Accounting Firm
KPMG LLP
Birmingham, Alabama

General Counsel
Williams Mullen Hofheimer Nusbaum, P.C.
Norfolk, Virginia

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