

During Fiscal 2016, Hibbett Sports continued to make progress with a number of key strategies that will strengthen our business over the long term and better position us to capitalize on significant opportunities ahead. Our core strategic pillars of convenience, brands and service continued to serve us very well as we grew our store base during the year to reach even more customers in the small markets we serve. Expanding our store base will remain a key component of our growth in the future, and we are excited to take this strategy to the next level with the ongoing development of a full omni-channel capability. Our store base will ultimately play a key role in our omni-channel strategy, and we feel we are still in the early stages of realizing the chain's full potential. Just as in a marathon, where success depends on planning, training and endurance, we are pleased by the way Hibbett Sports competed this past year and are encouraged by the Company's pace for the future.

Our sales performance in Fiscal 2016 was driven by broad-based strength in our footwear business, as we continued to offer the latest styles and technology that drive consumer demand. Our apparel business was weaker, however, and we see this as a significant opportunity as we enter Fiscal 2017. Overall, we experienced weaker-than-expected sales for the year and a related deleveraging impact on margins and expenses. Net sales for Fiscal 2016 rose 3% to \$943.1 million, while comparable store sales for the year declined 0.4%. Earnings per diluted share for Fiscal 2016 increased 2% to \$2.92. Looking forward, we are encouraged by the significant

progress we are making on our assortments and in-stock position, and feel we are well positioned to capitalize on these improvements in Fiscal 2017.

Hibbett Sports again ended the year with a strong balance sheet, highlighted by \$32.3 million of available cash and cash equivalents. Additionally, at year's end, we had no bank debt outstanding and had full availability under our \$80.0 million unsecured credit facilities. This financial strength continues to support our store expansion program, the investments in major initiatives, and a robust share buyback plan. During Fiscal 2016, we repurchased 2.2 million shares of our common stock for approximately \$91 million, which helped drive our earnings per share growth. Late in the year, our Board of Directors approved a new stock repurchase authorization of \$300 million, and the entire authorization was available for future stock repurchases as of January 30, 2016.

A central and successful aspect of our business model continues to be our small-box strategy, which is based on stores of approximately 5,000 square feet. It allows us to focus on a limited, but more profitable selection and provides us with increased agility to expand to smaller towns that big-box competitors find unworkable or impractical. Even as some markets become viable for larger sporting goods stores, we have remained successful in counterbalancing that impact with even more small-town stores, as we continue to deliver greater convenience, excellent customer service, and a more premium product focus.

In terms of physical expansion, Fiscal 2016 was historic in many respects. In May, we opened our 1,000th store.

We also entered two new states during the year, New York and New Jersey, on the way to opening a total of 71

new stores for the year. Finally, we expanded 16 high-performing stores and closed 15 under-performing stores

for net growth of 56 stores for the year. As a result, our chain stood at a total of 1,044 stores at year's end,

spanning 33 states.

Looking ahead, we expect to assume a slightly more conservative posture regarding site selection and expansion,

and as a result, we are targeting the opening of approximately 40 to 50 net new stores during Fiscal 2017 – or

more depending on the opportunities that come our way. Our primary goal is to ensure that we are opening

good, quality stores that can execute well on our strategies. We still feel very confident that we can expand to

more than 1,500 stores over time.

As mentioned at the outset, we are pleased with the progress being made with many of our key initiatives.

Foremost among these is our omni-channel initiative, which throughout the year came increasingly in focus as

greater visibility on requirements, components and timelines

emerged. Phase one of this initiative, which is expected to be operational in the third quarter of Fiscal 2017, will

be the rollout of our new point-of-sale system. This will provide inventory visibility across the chain, and will

facilitate store- to-store transfers in order to complete a customer sale.

This phase will also include a new customer relationship management capability, which will allow us to more

effectively communicate and market to our database of more than five million MVP loyalty members. Phase

two, which will allow us to use our chain-wide inventory for a store-to-home shipping capability, is expected to

be in pilot by the end of Fiscal 2017. Phase three, which is expected to launch in the back half of Fiscal 2018,

will enable digital commerce and, once implemented, will be fully integrated with our brick-and-mortar stores to

provide a seamless omni-channel experience for our customers.

Moving forward with this initiative, we recently announced that Bill Quinn has joined the Company as Vice

President of Digital Commerce. Bill has approximately 20 years of diverse work experience including digital,

marketing, merchandising, sales, customer service, and process improvement. In addition, he brings more than

11 years of experience in growing omni-channel businesses across a wide variety of industries and platforms.

As a brand, Hibbett Sports continues to focus on a refined and premium offering of footwear, apparel and

equipment that meets the needs of our customers. We salute our vendor partners, like Nike, Under Armour,

Adidas and others, who continue to support us in our efforts to bring premium products, backed by convenient

locations and unmatched customer service, to more than a thousand communities across most of the United

States. At Hibbett Sports, we don't just proclaim a corporate slogan, "A Constant State of Game," we live it

every day, as do the more than 8,000 employees in our stores, wholesale and logistics facility, and store support

center. Their success drives our success.

On behalf of the Board of Directors, management and our employees, please know that your continued support

and investment with us are greatly appreciated.

Sincerely,

Jeffry O. Rosenthal

Chief Executive Officer and President