DICKS SPORTING GOODS INC
Form 424B3
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the Securities Act of 1933, as amended
Registration No. 333-114749

PROSPECTUS
$255,085,000
Senior Convertible Notes Due 2024 and
Shares of Common Stock Issuable Upon Conversion of the Notes

Holders of our Senior Convertible Notes due 2024 named in this prospectus or in prospectus amendments or supplements may offer for sale the notes and the shares of our common stock into which the notes are convertible at any time at market prices prevailing at the time of sale or at privately negotiated prices. The selling securityholders may sell the notes or the common stock directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. We will not receive any of the proceeds from the sale of the notes or the shares of common stock issuable upon conversion of the notes by any of the selling securityholders.

The notes were offered by us at an issue price of $676.25 per note (67.625% of the principal amount at maturity). Interest on the notes at the rate of 1.6061% per year on the principal amount at maturity (equivalent to a rate of 2.375% per year of the issue price) is payable semiannually in arrears in cash on February 18 and August 18 of each year, beginning August 18, 2004 until February 18, 2009. After that date, we will not pay cash interest on the notes prior to maturity. Instead, on February 18, 2024, the maturity date of the notes, a holder will receive $1,000 per note. The original issue discount for non-tax purposes will accrue daily at a rate of 2.625% per year beginning on February 18, 2009 on a semiannual bond equivalent basis using a 360-day year composed of twelve 30-day months. The notes will be senior unsecured obligations and will rank equally with future senior unsecured indebtedness, if any. In addition, the notes will be effectively subordinated to any existing or future secured indebtedness, as to the assets securing such indebtedness as well as all indebtedness and other liabilities, including trade payables, of our subsidiaries.

Holders may convert their notes into 17.2022 shares of our common stock, subject to adjustment, only (1) if the sale price of our common stock reaches, or the trading price of the notes falls below, specified thresholds, (2) if the notes are called for redemption, or (3) if specified corporate transactions have occurred. Upon a conversion, in lieu of some or all of the common stock into which the note surrendered otherwise would be converted, a holder will receive an amount in cash equal to the lesser of (i) the issue price of the note surrendered, plus the accrued original issue discount for non-tax purposes on the conversion date, or (ii) the product of (1) the number of shares of common stock into which the note surrendered otherwise would be converted, times (2) the average sale price of a share of common stock as of the conversion date. In addition, we may elect to deliver cash or a combination of cash and common stock in lieu of any remaining common stock deliverable upon conversion.

Holders may require us to purchase for cash all or a portion of their notes on February 18, 2009 at a price of $676.25 per note, on February 18, 2014 at a price of $770.44 per note and on February 18, 2019 at a price of $877.75 per note, in each case plus accrued cash interest, if any. In addition, if we experience a change in control, each holder may require us to purchase for cash all or a portion of such holder s notes at a price equal to the sum of the issue price plus accrued original issue discount for non-tax purposes and accrued cash interest, if any, to the date of purchase.

As of the date of this prospectus, the notes and the shares of common stock issuable upon conversion of the notes are eligible for trading in the Private Offerings, Resales and Trading through Automated Linkages (PORTAL) system of the National Association of Securities Dealers, Inc. Our common stock currently trades on the New York Stock Exchange under the symbol DKS. On September 26, 2005, the last reported sale price of our common stock on the NYSE was $31.25 per share.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our common stock or the notes involves a high degree of risk. Please carefully consider the Risk Factors beginning on page 6 of this prospectus.

The date of this prospectus is October 4, 2005.

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In connection with this offering, no person is authorized to give any information or to make any representations not contained or incorporated by reference in this prospectus. If information is given or representations are made, you may not rely on that information or representations as having been authorized by us. This prospectus is neither an offer to sell nor a solicitation of an offer to buy any securities other than those registered by this prospectus, nor is it an offer to sell or a solicitation of an offer to buy securities where an offer or solicitation would be unlawful. You may not imply from the delivery of this prospectus, nor from any sale made under this prospectus, that our affairs are unchanged since the date of this prospectus or that the information contained in this prospectus is correct as of any time after the date of this prospectus. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies.

We are not making any representation to any purchaser of the notes regarding the legality of an investment in the notes by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes and the common stock into which it may be converted.

Special Note Regarding Forward-Looking Statements

This prospectus contains forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). These forward-looking statements are subject to a number of risks and uncertainties and are subject to change based on various important factors, many of which may be beyond our control. Accordingly, our future performance and financial results may differ materially from those expressed or implied in any such forward-looking statements. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. You can identify these statements as those that may predict, forecast, indicate or imply future results, performance or advancements and by forward-looking words such as *believe, anticipate, expect, estimate, predict, intend, plan, project, will, will be, will continue, will result, could, may, might or any variations of such words or other words with similar meanings.* Forward-looking statements address, among other things, our expectations, our growth strategies, including our plans to open new stores, our efforts to increase profit margins and return on invested capital, plans to grow our private label business, projections of our future profitability, results of operations, capital expenditures or our financial condition or other forward-looking information and includes

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statements about revenues, earnings, spending, margins, liquidity, store openings and operations, inventory, exclusive branded products, our actions, plans or strategies.

The factors set forth under Risk Factors in this prospectus, risks and uncertainties associated with assimilating acquired companies, and the factors set forth under the caption Risks and Uncertainties in our Form 10-K for the year ended January 29, 2005 filed with the SEC, among others, in some cases have affected and in the future could affect our financial performance and actual results and could cause actual results for 2005 and beyond to differ materially from those expressed or implied in any forward-looking statements included in this prospectus or otherwise made by our management.

In addition, we operate in a highly competitive and rapidly changing environment; therefore, new risk factors can arise, and it is not possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on our business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. We do not assume any obligation and do not intend to update any forward-looking statements.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the notes over our common stock. You should read the entire prospectus carefully, including Risk Factors and our audited financial statements and the notes to those financial statements, which are incorporated by reference in this prospectus.

Except as specifically noted herein, the terms Dick s, Dick s Sporting Goods, we, us and our mean Dick s Sporting Goods, Inc. and our subsidiaries, including American Sports Licensing, Inc. and Galyan s Trading Company, Inc. (Galyan s).

Dick s Sporting Goods

We are an authentic full-line sporting goods retailer offering a broad selection of sporting goods equipment, apparel and footwear in a specialty store environment. Each of our stores typically contains five specialty stores. We believe our store-within-a-store concept creates a unique shopping environment by combining the convenience, broad assortment and competitive prices of large format stores with the brand names, deep product selection and customer service of a specialty store. We believe this combination differentiates us from our competitors, positions us as a destination store for a wide range of sporting goods and appeals to a broad customer segment from the beginner to the sports enthusiast.

We were incorporated in 1948 in New York under the name Dick s Clothing and Sporting Goods, Inc. In November 1997, we reincorporated as a Delaware corporation, and in April 1999 we changed our name to Dick s Sporting Goods, Inc. Our executive offices are located at 300 Industry Drive, RIDC Park West, Pittsburgh, PA 15275, and our phone number is (724) 273-3400. Our website is located at www.dickssportinggoods.com. The information on our website does not constitute a part of this prospectus.

Recent Developments

On March 31, 2005 we announced that we completed our review of accounting for leases and tenant or construction allowances. We concluded that our lease accounting policy and accounting treatment of construction allowances was not consistent with generally accepted accounting standards. As a result, we restated the previously issued consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2004 and all years presented therein, and our Quarterly Reports on Form 10-Q filed for the first three quarters of fiscal 2004.

Assumptions That Apply To This Prospectus

In this prospectus our fiscal years ended on February 3, 2001, February 2, 2002, February 1, 2003, January 31, 2004 and January 29, 2005 are referred to as fiscal 2000, fiscal 2001, fiscal 2002, fiscal 2003 and fiscal 2004, respectively. The convention that is used in determining our fiscal year end was the Saturday nearest to the last day of January.

The information in this prospectus gives effect to the two-for-one stock split distributed on April 5, 2004 in the form of a stock dividend (in the amount of one share of common stock for every outstanding share of common stock and one share of Class B common stock for every share of Class B Common Stock held) to our stockholders of record on March 19, 2004.

The Offering

The following is a brief summary of certain terms of the notes. For a more complete description of the terms of the notes, see Description of Notes in this prospectus.

Notes offered	$255,085,000 million aggregate principal amount at maturity of senior convertible notes due 2024. Each note has a principal amount at maturity of $1,000 and was issued by us at a price of $676.25 per note (67.625% of the principal amount at maturity) on February 18, 2004.
Maturity	February 18, 2024.
Cash interest	1.6061% per year on the principal amount at maturity (equivalent to a rate of 2.375% per year of the issue price), payable semiannually in arrears in cash on February 18 and August 18 of each year, beginning August 18, 2004 until February 18, 2009.
Original issue discount	The notes were offered by us at an issue price significantly below the principal amount at maturity of the notes. As a result, the original issue discount, for non-tax purposes, will accrue daily at a rate of 2.625% per year beginning on February 18, 2009, calculated on a semiannual bond equivalent basis using a 360-day year comprised of twelve 30-day months.
Conversion rights	If the conditions for conversion are satisfied, for each $1,000 principal amount at maturity of notes surrendered for conversion you will receive 17.2022 shares of our common stock. We refer to this as the conversion rate.* The conversion rate may be adjusted upon the occurrence of the events described below. A holder will not receive some or all of these shares of common stock upon conversion to the extent that we make the cash payments to the holder described in this paragraph. Upon a conversion, a holder will receive an amount in cash equal to the lesser of (i) the accreted principal amount of the notes surrendered on the conversion date or (ii) the product of (1) the number of shares of common stock into which the note surrendered otherwise would be converted if no cash payment were made by us, times (2) the average sale price of a share of common stock. We will also determine the balance shares which are the number of shares of common stock into which the note surrendered otherwise would be converted if no cash payment were made by us reduced, but not below zero, by an amount equal to the accreted principal amount on the conversion date, divided by the average sale price of a share of common stock. If the number of balance shares is zero, a holder will not be entitled to any further payment of cash or shares upon conversion. If the number of balance shares is greater than zero, we will have the option to deliver cash or a combination of cash and shares of our common stock for the balance shares by electing for each full balance share for which we have chosen to deliver cash to pay cash in an amount equal to the average sale price of a share of our common stock. A holder of a note otherwise entitled to a fractional share will receive cash equal to the applicable portion of the closing price of our common stock on the trading day immediately preceding the conversion date.

* The conversion rate set forth of 17.2022 gives effect to the adjustment which occurred to the initial conversion rate of 8.6011 upon completion of our 2-for-1 stock split in the form of a stock dividend on April 5, 2004.

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The conversion rate may be adjusted for certain reasons, but will not be adjusted for accrued original issue discount or accrued cash interest. Upon conversion a holder will not receive any cash payment representing any accrued cash interest. Instead, accrued cash interest will be deemed paid upon payment of the conversion price in cash or a combination of cash and common stock.

At any time after May 1, 2004, holders may surrender notes for conversion, if, as of the last day of the preceding fiscal quarter, the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of such preceding fiscal quarter is more than 120% of the accreted conversion price per share of common stock on the last day of such preceding fiscal quarter for any one quarter. If the foregoing condition is satisfied, then the notes will thereafter be convertible at any time at the option of the holder, through maturity. The accreted conversion price per share as of any day will equal the sum of the issue price of the note plus the accrued original issue discount to that day, divided by the then applicable conversion rate.

Holders may surrender notes for conversion during the five business day period after any five consecutive trading-day period in which the trading price per note for each day of that period was less than 98% of the product of the closing sale price of our common stock and the conversion rate on each such day; provided that if on the day prior to any conversion pursuant to the trading price condition the closing sale price of our common stock is greater than the accreted conversion price but less than or equal to 120% of the conversion price, then holders will receive upon conversion, in lieu of shares of common stock based on the conversion rate, cash equal to the issue price, plus accrued original issue discount and accrued cash interest, if any, to the conversion date.

Notes or portions of notes in integral multiples of $1,000 principal amount at maturity called for redemption may be surrendered for conversion until the close of business on the second business day prior to the redemption date. In addition, if we make a significant distribution to our stockholders or if we are a party to certain consolidations, mergers or share exchanges, notes may be surrendered for conversion, as provided in Description of Notes Conversion Rights.

Redemption of notes at our option

We may redeem for cash all or a portion of the notes at any time on or after February 18, 2009, at redemption prices equal to the sum of the issue price, accrued original issue discount and accrued cash interest, if any, to the applicable redemption date. See Description of Notes Redemption of Notes at Our Option.

Purchase of the notes by Dick s Sporting Goods at the option of the holder

Holders may require us to purchase all or a portion of their notes on each of the following dates at the following prices, plus accrued cash interest, if any, to the purchase date:

On February 18, 2009 at a price of $676.25 per note;

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	On February 18, 2014 at a price of $770.44 per note; and
	On February 18, 2019 at a price of $877.75 per note.
	We may only pay the purchase price in cash and not in common stock.
Change in control	Upon a change in control of our company, the holders may require us to purchase for cash all or a portion of their notes at a price equal to the sum of the issue price, accrued original issue discount and accrued cash interest, if any, to the date of purchase.
Ranking	The notes will be senior unsecured obligations and will rank equal in right of payment to all of our other unsecured indebtedness. The notes will be effectively subordinated to any existing or future secured indebtedness, as to the assets securing such indebtedness and to any indebtedness of our subsidiaries, including Galyan s and its subsidiaries.
	As of July 30, 2005, we had an aggregate of $293.7 million of senior indebtedness outstanding of which $172.5 million constituted the aggregate accreted principal amount of the notes and $121.2 million consisted of borrowings under our senior secured revolving credit facility to finance the acquisition price and related costs of our Galyan s acquisition and our subsidiary had no indebtedness outstanding (other than its guaranty of the senior secured revolving credit facility).
Use of proceeds	We will not receive any of the proceeds from the sale by the selling securityholders of the notes or the shares of common stock underlying the notes.
Registration rights	We have agreed to keep this shelf registration statement effective until the earlier of (1) the sale pursuant to the shelf registration statement of all the notes and the shares of the common stock issuable upon conversion of the notes and (2) the expiration of the holding period applicable to such securities held by persons who are not affiliates of Dick s Sporting Goods under Rule 144(k) under the Securities Act, or any successor provision, subject to certain permitted exceptions. We will be required to pay liquidated damages to the holders of the notes if we fail to comply with certain of our obligations under the registration rights agreement. See Description of Notes Registration Rights.
DTC eligibility	The notes have been issued in fully registered book-entry form and are represented by one or more permanent global notes without coupons. A global note has been deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (DTC) in New York, New York. Beneficial interests in global notes are shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, and your interest in any global note may not be exchanged for certificated notes, except in limited circumstances described herein. See Description of Notes Global Notes; Book Entry; Form.

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Trading	The notes are currently eligible for trading in the PORTAL market. However, notes sold using this prospectus may no longer be eligible for trading in the PORTAL market.
NYSE symbol for our common stock	Our common stock is listed on the New York Stock Exchange under the symbol DKS.
Risk factors	See Risk Factors beginning on page 6 of this prospectus and other information in this prospectus for a discussion of factors you should consider carefully before deciding to invest in the notes.

RISK FACTORS

An investment in the notes and the underlying common stock involves significant risks. In addition to reviewing other information in this prospectus, you should carefully consider the following factors before deciding to purchase the notes or the shares of common stock underlying the notes. The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may impair our business operations. If any of the following risks including those associated with assimilating acquired companies, actually occur, our business, results of operations and financial condition could be materially adversely affected and you might lose all of part of your investment.

Risks Related to Our Business

Intense competition in the sporting goods industry could limit our growth and reduce our profitability.

The market for sporting goods retailers is highly fragmented and intensely competitive. Our current and prospective competitors include many large companies that have substantially greater market presence, name recognition, and financial, marketing and other resources than us. We compete directly or indirectly with the following categories of companies:

- large format sporting goods stores;
- traditional sporting goods stores and chains;
- specialty sporting goods shops and pro shops;
- mass merchandisers, warehouse clubs, discount stores and department stores; and
- catalog and Internet-based retailers.

Pressure from our competitors could require us to reduce our prices or increase our spending for advertising and promotion. Increased competition in markets in which we have stores or the adoption by competitors of innovative store formats, aggressive pricing strategies and retail sale methods, such as the Internet, could cause us to lose market share and could have a material adverse effect on our business, financial condition and results of operations.

Lack of available retail store sites on terms acceptable to us, rising real estate prices and other costs and risks relating to new store openings could severely limit our growth opportunities.

Our strategy includes opening stores in new and existing markets. We must successfully choose store sites, execute favorable real estate transactions on terms that are acceptable to us, hire competent personnel and effectively open and operate these new stores. Our plans to increase the number of our retail stores will depend in part on the availability of existing retail stores or store sites. We cannot assure you that stores or sites will be available to us for purchase or lease, or that they will be available on terms acceptable to us. If additional retail store sites are unavailable on acceptable terms, we may not be able to carry out a significant part of our growth strategy. Rising real estate costs and acquisition, construction and development costs could also inhibit our ability to grow. If we fail to locate desirable sites, obtain lease rights to these sites on terms acceptable to us, hire adequate personnel and open and effectively operate these new stores, our financial performance could be adversely affected.

In addition, our expansion in new and existing markets may present competitive, distribution and merchandising challenges that differ from our current challenges, including competition among our stores, diminished novelty of our store design and concept, added strain on our distribution center, additional information to be processed by our management information systems and diversion of management attention from operations, such as the control of inventory levels in our existing stores, to the opening of new stores and markets. New stores in new markets, where we are less familiar with the target customer and less well-known, may face different or additional risks and increased costs compared to stores operated in existing markets, or new stores in existing markets. Expansion into new markets could also bring us into direct competition with retailers with whom we have no past experience as direct competitors. To the extent that we become increasingly reliant on entry into new markets in order to grow, we may face additional risks and our net income could suffer. To the extent that we are not able to meet these new challenges, our sales could decrease and our operating costs could increase.

There also can be no assurance that our new stores will generate sales levels necessary to achieve store-level profitability or profitability comparable to that of existing stores. New stores also may face greater competition and have lower anticipated sales volumes relative to previously opened stores during their comparable years of operation. We may not be able to advertise cost-effectively in new or smaller markets in which we have less store density, which could slow sales growth at such stores. We also cannot guarantee that we will be able to obtain and distribute adequate product supplies to our stores or maintain adequate warehousing and distribution capability at acceptable costs.

If we are unable to predict or react to changes in consumer demand, we may lose customers and our sales may decline.

Our success depends in part on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences regarding sporting goods. Our products must appeal to a broad range of consumers whose preferences cannot be predicted with certainty and are subject to change. We often make commitments to purchase products from our vendors several months in advance of the proposed delivery. If we misjudge the market for our merchandise our sales may decline significantly. We may overstock unpopular products and be forced to take significant inventory markdowns or miss opportunities for other products, both of which could have a negative impact on our profitability. Conversely, shortages of items that prove popular could reduce our net sales. In addition, a major shift in consumer demand away from sporting goods or sport apparel could also have a material adverse effect on our business, results of operations and financial condition.

We may be subject to product liability claims and our insurance may not be sufficient to cover damages related to those claims.

We may be subject to lawsuits resulting from injuries associated with the use of sporting goods equipment that we sell. In addition, although we do not sell hand guns, assault weapons or automatic firearms, we do sell hunting rifles which are products that are associated with an increased risk of injury and related lawsuits. We may also be subject to lawsuits relating to the design, manufacture or distribution of our private label products. We may incur losses relating to these claims or the defense of these claims. We may also incur losses due to lawsuits relating to our performance of background checks on hunting rifle purchasers as mandated by state and federal law or the improper use of hunting rifles sold by us, including lawsuits by municipalities or other organizations attempting to recover costs from hunting rifle manufacturers and retailers relating to the misuse of hunting rifles. In addition, in the future there may be increased federal, state or local regulation, including taxation, of the sale of hunting rifles in our current markets as well as future markets in which we may operate. Commencement of these lawsuits against us or the establishment of new regulations could reduce our sales and decrease our profitability. There is a risk that claims or liabilities will exceed our insurance coverage. In addition, we may be unable to retain adequate liability insurance in the future. Although we have entered into product liability indemnity agreements with many of our vendors, we cannot assure you that we will be able to collect payments sufficient to offset product liability losses or in the case of our private label products, collect anything at all. In addition, we are subject to regulation by the Consumer Product Safety Commission and similar state regulatory agencies. If we fail to comply with government and industry safety standards, we may be subject to claims, lawsuits, fines and adverse publicity that could have a material adverse effect on our business, results of operations and financial condition.

If our suppliers, distributors or manufacturers do not provide us with sufficient quantities of products, our sales and profitability will suffer.

We purchase merchandise from nearly 1,400 vendors. In fiscal 2004, purchases from Nike represented approximately 11% of our merchandise purchases. Although in fiscal 2004, purchases from no other vendor represented more than 10% of our total purchases, our dependence on our principal suppliers involves risk. If

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there is a disruption in supply from a principal supplier or distributor, we may be unable to obtain the merchandise that we desire to sell and that consumers desire to purchase. Moreover, many of our suppliers provide us with incentives, such as return privileges, volume purchasing allowances and cooperative advertising. A decline or discontinuation of these incentives could reduce our profits.

We believe that a significant portion of the products that we purchase, including those purchased from domestic suppliers, is manufactured abroad in countries such as China, Taiwan and South Korea. In addition, we believe most, if not all, of our private label merchandise is manufactured abroad. Foreign imports subject us to the risks of changes in import duties, quotas, loss of most favored nation or MFN status with the United States for a particular foreign country, work stoppages, delays in shipment, freight cost increases and economic uncertainties (including the United States imposing antidumping or countervailing duty orders, safeguards, remedies or compensation and retaliation due to illegal foreign trade practices). If any of these or other factors were to cause a disruption of trade from the countries in which the suppliers of our vendors are located, our inventory levels may be reduced or the cost of our products may increase. In addition, to the extent that any foreign manufacturers from whom we purchase products directly or indirectly utilize labor and other practices that vary from those commonly accepted in the United States, we could be hurt by any resulting negative publicity or, in come cases, face potential liability. To date, we have not experienced any difficulties of this nature.

Historically, instability in the political and economic environments of the countries in which we or our vendors obtain our products has not had a material adverse effect on our operations. However, we cannot predict the effect that future changes in economic or political conditions in such foreign countries may have on our operations. In the event of disruptions or delays in supply due to economic or political conditions in foreign countries, such disruptions or delays could adversely affect our results of operations unless and until alternative supply arrangements could be made. In addition, merchandise purchased from alternative sources may be of lesser quality or more expensive than the merchandise we currently purchase abroad.

Countries from which our vendors obtain these new products may, from time to time, impose new or adjust prevailing quotas or other restrictions on exported products, and the United States may impose new duties, quotas and other restrictions on imported products. The United States Congress periodically considers other restrictions on the importation of products obtained by us and our vendors. The cost of such products may increase for us if applicable duties are raised, or import quotas with respect to such products are imposed or made more restrictive.

Problems with our new information system software could disrupt our operations and negatively impact our financial results and materially adversely affect our business operations.

We implemented a new information system including a suite of applications that includes JDA Merchandising and Arthur Allocation. The phased implementation began during the third fiscal quarter of 2003 and was completed during fiscal 2004. This new system, if not functioning properly, could disrupt our ability to track, record and analyze the merchandise that we sell and cause disruptions of operations, including, among others, an inability to process shipments of goods, process financial information or credit card transactions, deliver products or engage in similar normal business activities, particularly if there are any unforeseen interruptions after implementation. Although we believe that we have taken and will continue to take prudent measures in planning, testing and transitioning to the new system, any material disruption, malfunctions or other similar problems in or with the new system could negatively impact our financial results and materially adversely affect our business operations.

We rely on two distribution centers along with a smaller return facility, and if there is a natural disaster or other serious disruption at these facilities, we may lose merchandise and be unable to effectively deliver it to our stores.

We expanded our distribution center in Smithton, Pennsylvania from 388,000 to 601,000 square feet in the fourth quarter of 2004, and operate a 364,000 square foot distribution center in Plainfield, Indiana. We also operate a 75,000 square foot return center in Conklin, New York. Any natural disaster or other serious disruption to these facilities due to fire, tornado or any other cause would damage a significant portion of our inventory, could impair our ability to adequately stock our stores and process returns of products to vendors and could negatively affect our sales and profitability. Our growth could cause us to seek alternative facilities. Such expansion of the current facility or alternatives could affect us in ways we cannot predict.

Our business is seasonal and our annual results are highly dependent on the success of our fourth quarter sales.

Our business is highly seasonal in nature. Our highest sales and operating income historically occur during the fourth fiscal quarter, which is due, in part, to the holiday selling season and, in part, to our strong sales of cold weather sporting goods and apparel. The fourth quarter generated approximately 37% of our net sales and approximately 61% of our net income for fiscal 2004. Any decrease in our fourth quarter sales, whether because of a slow holiday selling season, unseasonable weather conditions, or otherwise, could have a material adverse effect on our business, financial condition and operating results for the entire fiscal year.

Our business is dependent on the general economic conditions in our markets.

In general, our sales depend on discretionary spending by our customers. A deterioration of current economic conditions or an economic downturn in any of our major markets or in general could result in declines in sales and impair our growth. General economic conditions and other factors that affect discretionary spending in the regions in which we operate are beyond our control and are affected by:

- interest rates and inflation;
- the impact of an economic recession;
- the impact of natural disasters;
- consumer credit availability;
- consumer debt levels;
- consumer confidence in the economy;
- tax rates and tax policy;
- unemployment trends; and
- other matters that influence consumer confidence and spending.

Increasing volatility in financial markets may cause some of the above factors to change with an even greater degree of frequency and magnitude.

Because our stores are concentrated in the eastern half of the United States, we are subject to regional risks.

Most of our stores are located in the eastern half of the United States. Because of this, we are subject to regional risks, such as the regional economy, weather conditions, increasing costs of electricity, oil and natural gas, natural disasters, as well as government regulations specific to the states in which we operate. If the region were to suffer an economic downturn or other adverse regional event, our net sales and profitability could suffer.

Our results of operations may be harmed by unseasonably warm winter weather conditions. Many of our stores are located in geographic areas that experience seasonably cold weather. We sell a significant amount of winter merchandise. Abnormally warm weather conditions could reduce our sales of these items and hurt our profitability. Additionally, abnormally wet or cold weather in the spring or summer months could reduce our sales of golf or other merchandise and hurt our profitability.

The terms of our senior secured revolving credit facility impose operating and financial restrictions on us, which may impair our ability to respond to changing business and economic conditions. This impairment could have a significant adverse impact on our business.

Our current senior secured revolving credit facility contains provisions which restrict our ability to, among other things, incur additional indebtedness, issue additional shares of capital stock in certain circumstances, make particular types of investments, incur liens, pay dividends, redeem capital stock, consummate mergers and consolidations, enter into transactions with affiliates or make substantial asset sales. In addition, our obligations under the senior secured revolving credit facility are secured by interests in substantially all of our personal property excluding store and distribution center equipment and fixtures. In the event of our insolvency, liquidation, dissolution or reorganization, the lenders under our senior secured revolving credit facility would be entitled to payment in full from our assets before distributions, if any, were made to our stockholders.

If we are unable to generate sufficient cash flows from operations in the future, we may have to refinance all or a portion of our debt and/or obtain additional financing. We cannot assure you that refinancing or additional financing on favorable terms could be obtained or that we will be able to operate at a profit.

We may pursue strategic acquisitions, which could have an adverse impact on our business.

We may from time to time acquire complementary companies or businesses. Acquisitions may result in difficulties in assimilating acquired companies, and may result in the diversion of our capital and our management s attention from other business issues and opportunities. We may not be able to successfully integrate operations that we acquire, including their personnel, financial systems, distribution, operations and general store operating procedures. If we fail to successfully integrate acquisitions, our business could suffer. In addition, the integration of any acquired business, and their financial results, into ours may adversely affect our operating results. We currently do not have any agreements with respect to any such acquisitions.

Our ability to expand our business will be dependent upon the availability of adequate capital.

The rate of our expansion will also depend on the availability of adequate capital, which in turn will depend in large part on cash flow generated by our business and the availability of equity and debt capital. We cannot assure you that we will be able to obtain equity or debt capital on acceptable terms or at all. Our current senior secured revolving credit facility contains provisions which restrict our ability to incur additional indebtedness, to raise capital through the issuance of equity or make substantial asset sales which might otherwise be used to finance our expansion. Our obligations under the senior secured revolving credit facility are secured by interests in substantially all of our personal property excluding store and distribution center equipment and fixtures, which may further limit our access to certain capital markets or lending sources. Moreover, the actual availability under our credit facility is limited to the lesser of 70% of our eligible inventory or 85% of our inventory s liquidation value, in each case net of specified reserves and less any letters of credit outstanding, and opportunities for increased cash flows from reduced inventories would be partially offset by reduced availability through our senior secured revolving credit facility. As a result, we cannot assure you that we will be able to finance our current plans for the opening of new retail stores.

The loss of our key executives, especially Edward W. Stack, our Chairman of the Board and Chief Executive Officer, could have a material adverse effect on our business due to the loss of their experience and industry relationships.

Our success depends on the continued services of our senior management, particularly Edward W. Stack, our Chairman of the Board and Chief Executive Officer. If we were to lose any key senior executive, our business could be materially adversely affected.

Our business depends on our ability to meet our labor needs.

Our success depends on hiring and retaining quality managers and sales associates in our stores. We plan to expand our employee base to manage our anticipated growth. Competition for personnel, particularly for employees with retail expertise, is intense. Additionally, our ability to maintain consistency in the quality of customer service in our stores is critical to our success. Also, many of our store-level employees are in entry-level or part-time positions that historically have high rates of turnover. We are also dependent on the employees who staff our distribution and return centers, many of whom are skilled. We may be unable to meet our labor needs and control our costs due to external factors such as unemployment levels, minimum wage legislation and wage inflation. Although none of our employees are currently covered under collective bargaining agreements, we cannot guarantee that our employees will not elect to be represented by labor unions in the future. If we are unable to hire and retain sales associates capable of providing a high level of customer service, our business could be materially adversely affected.

Terrorist attacks or acts of war may seriously harm our business.

Among the chief uncertainties facing our nation and world, and as a result our business, is the instability and conflict in the Middle East. Obviously, no one can predict with certainty what the overall economic impact will be as a result of this. Clearly, events or series of events in the Middle East or elsewhere could have a very serious adverse impact.

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could significantly impact our net sales, costs and expenses, and financial condition. The potential for future terrorist attacks, the national and international responses to terrorist attacks, and other acts of war or hostility may cause greater uncertainty and cause our business to suffer in ways that we currently cannot predict. Our geographic focus in the eastern United States may make us more vulnerable to such uncertainties than other comparable retailers who may not have a similar geographic focus.

Risks Related to The Notes

We may experience significant fluctuations in our stock price, which may significantly affect the trading price of the notes.

Fluctuations in the trading price of our common stock will affect the trading price of the notes. The stock market in general, and the market for shares of retail companies in particular, have from time to time experienced extreme price fluctuations. Often, these changes may have been unrelated to the operating performance of the affected companies. In addition, factors such as competition, our new store openings, general regional and national economic conditions, consumer trends and preferences, changes in other tenants in shopping centers we are in, new product introductions and changes in our product mix, timing and effectiveness of promotional events and lack of new product introductions to spur growth in the sale of various kinds of sports equipment and weather may have a significant effect on the market price of our common stock. Factors that could cause fluctuation in the stock price may include, among other things:

- actual or anticipated variations in quarterly operating results;
- changes in financial estimates by securities analysts;
- our inability to meet or exceed securities analysts estimates or expectations;
- conditions or trends in our industry;
- changes in the market valuations of other retail companies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- capital commitments;
- additions or departures of key personnel; and

sales of common stock.

Many of these factors are beyond our control. These factors may cause the market price of our common stock to decline, regardless of our operating performance. In addition, the notes have a number of features, including conditions to conversion, which, if not met, could result in a holder receiving less than the value of the common stock into which a note is otherwise convertible. These features could adversely affect the value and the trading prices of the notes.

The notes are effectively subordinated to our secured debt to the extent of the assets securing such indebtedness.

The notes are senior unsecured obligations of ours and will rank equally in right of payment to all of our existing unsecured obligations and senior in right of payment to any future subordinated indebtedness of ours. Amounts borrowed under our existing senior secured revolving credit facility are secured by all or substantially all of our personal property (excluding store and distribution center equipment and fixtures) and our cash. We may also in the future obtain other sources of debt financing which may be secured by certain or all of our assets. Accordingly, while the notes will rank equally in right of payment with amounts borrowed under the senior secured revolving credit facility, the notes will be effectively subordinated to the amounts outstanding under the senior secured revolving credit facility (or other future obligations that are secured) to the extent of the value of the assets that secure the amounts borrowed, which effectively means the notes are subordinated to our senior secured revolving credit facility and any secured obligations incurred by us in the future. The current senior secured revolving credit facility provides for borrowings in an aggregate outstanding amount of up to $350 million, including up to $75 million in the form of letters of credit. In the event of a default under the senior secured revolving credit facility or other future loan obligation (as a result of failing to make a payment, comply with any covenant, committing a cross-default or otherwise), the lenders under the senior secured revolving credit facility (or future lenders) could have a secured right to foreclose on their collateral, and, if exercised, our financial condition and the value of the notes could be materially adversely affected.

In addition, the notes are not guaranteed by our subsidiary or by Galyan s and its subsidiaries and will not be guaranteed by any of our future subsidiaries. Accordingly, the notes will be structurally subordinated to all debt of our subsidiaries, and creditors, including trade creditors of our subsidiaries, will have access to the assets of our subsidiaries before holders of the notes. Also, our senior secured revolving credit facility is guaranteed by our existing and future subsidiaries, including Galyan s and its subsidiaries.

The senior secured revolving credit facility contains covenants that, among other things, limit our ability to incur additional indebtedness (other than the notes and in other limited circumstances), dispose of certain assets, incur liens, make capital expenditures, make certain investments or acquisitions and otherwise restrict corporate activities. The senior secured revolving credit facility may obligate us to comply with certain financial ratios and tests, under which we are required to achieve certain financial and operating results. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these covenants would result in a default under the senior secured revolving credit facility. In the event of any such default, depending on the actions taken by the lenders under the senior secured revolving credit facility, we could be prohibited from making payments on the notes. In addition, the lenders could elect to declare that all amounts borrowed under the senior secured revolving credit facility, together with accrued interest, become due and payable. Any future refinancing of the senior secured revolving credit facility is likely to contain similar restrictive covenants. See Description of Our Other Indebtedness. Also, our senior secured revolving credit facility prohibits us from redeeming the notes at our option so long as a default or an event of default exists under that facility.

If a market for the notes is not maintained, the trading price of the notes could decline significantly.

Since the issuance of the notes, the initial purchasers have made a market in the notes. However, the initial purchasers are not obligated to make a market and may discontinue this market-making activity at any time without notice. As a result, we cannot provide any assurances that an active trading market will be maintained for the notes or that you will be able to sell your notes. In addition, the market-making activities of the initial purchasers will be subject to the limitations imposed by the Securities Act and the Securities Exchange Act, and may be limited during the effectiveness of a registration statement relating to the notes. We do not intend to apply for listing or quotation of the notes. See Description of Notes.

The notes may trade at a discount from their initial offering price. Future trading prices of the notes will depend on many factors, including prevailing interests rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Historically, the market for convertible debt has been subject to disruptions that have caused substantial fluctuations in the prices of the securities. Accordingly, you may be required to bear the financial risk of an investment in the notes for an indefinite period of time.

The notes are not protected by restrictive covenants.

The indenture governing the notes does not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness, the granting of security to other creditors, the movement of assets to subsidiaries which incur debt or the issuance or repurchase of securities by us or any of our subsidiaries. The indenture contains no covenants or other provisions to afford protection to holders of notes in the event of a change in control involving us, except to the extent described under Description of Notes.

We may not have the ability to purchase notes at the option of the holders or upon a change in control or to raise the funds necessary to finance the purchases.

On February 18, 2009, February 18, 2014 and February 18, 2019, holders of the notes may require us to purchase their notes. However, it is possible that we would not have sufficient funds at that time to make the required purchase of notes or would otherwise be prohibited under our senior secured revolving credit facility or other future debt instruments from making such payments in cash. We may only pay the purchase price in cash and not in shares of our common stock.

In addition, upon the occurrence of certain specific kinds of change in control events, holders may require us to purchase for cash all or any portion of their notes. However, it is possible that, upon a change in control, we may not have sufficient funds at that time to make the required purchase of notes, and we may be unable to raise the funds necessary. In addition, the issuance of our shares upon a conversion of notes could result in a default under our senior secured revolving credit facility to the extent that the issuance creates a change of control event under our credit facility. Such a default under the senior secured credit facility could in turn create a cross default under the notes.

The terms of our senior secured revolving credit facility and of any future indebtedness we incur may also restrict our ability to fund the purchase of notes upon a change in control or if we are otherwise required to purchase notes at the option of the holder. If such restrictions exist, we would have to seek the consent of the lenders or repay those borrowings. If we were unable to obtain the necessary consent or unable to repay those borrowings, we would be unable to purchase the notes and, as a result, would be in default under the notes.

You should consider the United States federal income tax consequences of owning the notes.

We believe, based on the advice of our tax advisors, that the notes will be treated as indebtedness for U.S. federal income tax purposes and will be subject to U.S. Treasury regulations governing debt instruments with original issue discount (which we refer to as the Original Issue Discount Regulations). Under the Original Issue Discount Regulations, whether or not you receive interest in any period, you will be required to include amounts in income and to accrue interest on a constant yield to maturity basis at a rate equal to the discount rate that, when used in computing the present value of all scheduled principal and interest payments, equals the issue price of the notes. We have determined this rate to be 2.559%, compounded semi-annually. It is likely that you will recognize taxable income in each year after 2008 under the Original Issue Discount Regulations significantly in excess of cash received while the notes are outstanding. To understand how this may affect you, you should seek advice from your own tax advisor prior to purchasing these notes. Please read Material United States Federal Income Tax Considerations in this prospectus.

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Risks Related to Our Common Stock

We are controlled by our Chief Executive Officer and his relatives, whose interests may differ from other stockholders.

We have two classes of common stock. The common stock has one vote per share and the Class B common stock has 10 votes per share. As of July 30, 2005, Mr. Edward W. Stack, our Chairman and Chief Executive Officer, and his relatives controlled approximately 79.4% of the combined voting power of our common stock and Class B common stock and would control the outcome of any corporate transaction or other matter submitted to the stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets. Mr. Stack and his relatives may also acquire additional shares of common stock upon the exercise of stock options. They will also have the power to prevent or cause a change in control. The interests of Mr. Stack and his relatives may differ from the interests of the other stockholders and they may take actions with which you disagree.

Our quarterly operating results may fluctuate substantially, which may adversely affect our business and the market price of our common stock.

Our net sales and results of operations have fluctuated in the past and may vary from quarter to quarter in the future. These fluctuations may adversely affect our business, financial condition and the market price of our common stock. A number of factors, many of which are outside our control, may cause variations in our quarterly net sales and operating results, including:

- changes in demand for the products that we offer in our stores;
- lockouts or strikes involving professional sports teams;
- retirement of sports superstars used in marketing various products;
- costs related to the closures of existing stores;
- litigation;
- pricing and other actions taken by our competitors;
- adverse weather conditions in our markets; and
- general economic conditions.

Our comparable store sales will fluctuate and may not be a meaningful indicator of future performance.

Changes in our comparable store sales results could affect the price of our common stock. A number of factors have historically affected, and will continue to affect, our comparable store sales results, including:

- competition;
- our new store openings;
- general regional and national economic conditions;
- actions taken by our competitors;
- consumer trends and preferences;
- changes in the other tenants in the shopping centers in which we are located;
- new product introductions and changes in our product mix;

timing and effectiveness of promotional events;

lack of new product introductions to spur growth in the sale of various kinds of sports equipment; and

weather.

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We cannot assure you that comparable store sales will continue to increase at the rates achieved in our last fiscal year. Moreover, our comparable store sales may decline. Our comparable store sales may vary from quarter to quarter, and an unanticipated decline in revenues or comparable store sales may cause the price of our common stock to fluctuate significantly.

The market price of our common stock is likely to be highly volatile as the stock market in general has been highly volatile. Factors that could cause fluctuation in the stock price may include, among other things:

- actual or anticipated variations in quarterly operating results;
- changes in financial estimates by securities analysts;
- our inability to meet or exceed securities analysts estimates or expectations;
- conditions or trends in our industry;
- changes in the market valuations of other retail companies;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, divestitures, joint ventures or other strategic initiatives;
- capital commitments;
- additions or departures of key personnel; and
- sales of common stock.

Many of these factors are beyond our control. These factors may cause the market price of our common stock to decline, regardless of our operating performance.

Our anti-takeover provisions could prevent or delay a change in control of our company, even if such change of control would be beneficial to our stockholders.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our stockholders. These provisions include: authorizing the issuance of Class B common stock; classifying the board of directors such that only one-third of directors are elected each year; authorizing the issuance of blank check preferred stock that could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt; prohibiting the use of cumulative voting for the election of directors; limiting the ability of stockholders to call special meetings of stockholders; if our Class B common stock is no longer outstanding, prohibiting stockholder action by partial written consent and requiring all stockholder actions to be taken at a meeting of our stockholders or by unanimous written consent; and establishing advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

In addition, the Delaware General Corporation Law, to which we are subject, prohibits, except under specified circumstances, us from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who own at least 15% of our common stock.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the notes or shares of common stock underlying the notes by the selling holders.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	26 Weeks Ended July 30, 2005
Earnings						
Income (loss) from continuing operations before taxes	$ 26,191	$ 38,735	$ 63,562	$ 87,346	$ 114,841	$ 24,612
Fixed Charges	$ 32,151	$ 30,014	$ 30,914	$ 33,858	$ 55,512	$ 45,426
Accretion of redeemable preferred stock	$ (5,654)	$	$	$	$	$
	$ 52,688	$ 68,749	$ 94,476	$ 121,204	$ 170,353	$ 70,038

Fixed Charges

The Plan Administrator has analyzed any income tax assets and liabilities of the Plan and has concluded that as of December 31, 2013, there are no uncertain income tax positions taken or expected to be taken that would require recognition of a liability or asset, or disclosure in the financial statements. The Plan is subject to audits by taxing jurisdictions, however, there are currently no audits in progress for any tax periods. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2010.

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NOTE 5: PARTY-IN-INTEREST AND RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Fidelity, the Trustee, therefore these transactions qualify as party-in-interest.

In 2013, the Company incurred $554 (2012 - $173) of administrative expenses, as described in Note 1, on behalf of the Plan. The Company has not charged the Plan for these expenses.

At December 31, 2013, Plan investments included $119,594 (2012 – $98,781) of TransCanada common stock and $1,209 (2012 – $1,198) in a stock purchase account.

NOTE 6: SUBSEQUENT EVENTS

Subsequent events have been assessed up to the date the financial statements were available for issuance.

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TRANSCANADA 401(k) AND
SAVINGS IBEW 486 PLAN

EIN #: 98-0460263
PLAN #: 004

FORM 5500 SCHEDULE H, PART IV, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2013

(a)	(b) Identity of Issuer, Borrower, Lessor or Similar Party	(c) Description of Investment	(e) Current Value
	Baron Asset Fund Institutional	Mutual Fund	$1,232,034
*	Fidelity® Dividend Growth Fund	Mutual Fund	793,907
*	Fidelity® International Discovery Fund	Mutual Fund	714,914
*	Spartan® 500 Index Fund	Mutual Fund	558,536
	RS Partners Class Y	Mutual Fund	500,945
*	Fidelity® Equity - Income Fund - Class K	Mutual Fund	458,883
*	Fidelity® Retirement Money Market Portfolio	Mutual Fund	366,182
*	Fidelity Freedom K® 2035 Fund	Mutual Fund	293,043
*	Fidelity Freedom K®	Mutual Fund	268,288

	2015 Fund		
*	Fidelity Freedom K® 2030 Fund	Mutual Fund	207,584
	Mainstay Large Cap Growth Fund	Mutual Fund	201,755
*	Spartan® U.S. Bond Index Fund	Mutual Fund	189,886
	Artisan Mid Cap Value Fund	Mutual Fund	158,409
*	Fidelity Freedom K® 2020 Fund	Mutual Fund	154,651
*	Fidelity Freedom K® 2045 Fund	Mutual Fund	128,205
*	Fidelity Freedom K® 2040 Fund	Mutual Fund	99,307
*	Fidelity Freedom K® Income Fund	Mutual Fund	70,671
*	Fidelity Freedom K® 2025 Fund	Mutual Fund	65,595
*	Fidelity Freedom K® 2005 Fund	Mutual Fund	49,208
*	Fidelity Freedom K® 2050 Fund	Mutual Fund	35,030
	Vanguard Inflation Protected Securities Fund	Mutual Fund	22,565
*	Fidelity Freedom K® 2000 Fund	Mutual Fund	4,988
	Vanguard Total International Stock Index Fund	Mutual Fund	247
*	Spartan® Extended Market Index Fund	Mutual Fund	242

	Total Mutual Funds		6,575,075
*	TransCanada Corporation	Common Stock	$119,594
*	Fidelity Cash Reserves	Stock Purchase Account	1,209
*	Participant Loans	4.25% Interest rate maturing through 2018	123,975
	Total Investments		$6,819,853

* Represents a party-in-interest (Note 5).

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan), have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: June 26, 2014

TransCanada 401(k) and Savings IBEW 486 Plan

By: /s/ Jon A. Dobson
Jon A. Dobson
Member
TransCanada USA Investment Committee

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