

Retail
April 29, 2009

Cabela's Inc. **(CAB - \$12.27)**
1Q:09 Earnings Preview, Raise Estimate **BUY**

Financial Summary

| Rev(mil) | 2008A | 2009E | 2010E |
|----------|---------|----------|----------|
| Mar | \$536 | \$531E | \$531E |
| Jun | \$526 | \$520E | \$539E |
| Sep | \$612 | \$627E | \$637E |
| Dec | \$879 | \$853E | \$879E |
| FY | \$2,553 | \$2,531E | \$2,587E |
| P/Sales | 0.3x | 0.3x | 0.3x |

| EPS | 2008A | 2009E | 2010E |
|-----|--------|---------|---------|
| Mar | \$0.15 | \$0.06E | \$0.06E |
| Jun | \$0.11 | \$0.06E | \$0.12E |
| Sep | \$0.14 | \$0.19E | \$0.21E |
| Dec | \$0.74 | \$0.79E | \$0.77E |
| FY | \$1.14 | \$1.10E | \$1.18E |
| P/E | 10.8x | 11.2x | 10.4x |

| | |
|----------------------|----------------|
| Price: | \$12.27 |
| 52-Week Range: | \$16.25-\$4.18 |
| Target: | \$13.00 |
| Rating: | BUY |
| Shares Outstanding: | 66.9 mil |
| Mkt. Capitalization: | \$821 mil |
| Ave. Volume: | 718,000 |
| Instit. Ownership: | 59% |
| BV / Share: | \$13.61 |
| Debt / Tot. Cap.: | 29% |
| Est. LT EPS Growth: | 8% |

Company Description

Cabela's Inc. is the world's largest direct marketer and retailer of hunting, fishing, camping and related outdoor merchandise. Founded in 1961, Cabela's publishes and delivers over 130 million retail catalogs annually and operates 29 large retail stores in the U.S. and Canada. Additionally, CAB operates World's Foremost Bank, through which it issues and manages the Cabela's CLUB Visa card and other loyalty rewards programs. The company's headquarters are in Sidney, Nebraska.

Key Points:

- We increased our estimate for retail revenue due to expectations of high gun sales.
- We now expect 1Q:09 EPS of \$0.06, up from \$0.05.
- CAB performed well in 1Q:09, in our view, given the difficult operating environment.
- CAB reports 1Q:09 results after the market close on April 30.
- We reiterate our BUY rating and \$13 price target.

| | 1Q:08 Actual | 1Q:09 Estimate | YOY Change | Consensus |
|------------------|--------------|----------------|------------|-----------|
| Total Revenue | \$535,539 | \$531,467 | -0.8% | \$528,690 |
| Operating Income | \$21,086 | \$10,399 | -50.7% | \$10,130 |
| Net Income | \$9,956 | \$3,919 | -60.6% | \$4,450 |
| Diluted EPS | \$0.15 | \$0.06 | -61.0% | \$0.07 |

We raised our estimates slightly due to expected higher gun sales. We raised our 1Q:09 same-store sales estimate to 2.1%, from 1.9%, as we think CAB benefitted from high nationwide demand for guns and ammunition. Background checks to purchase firearms were up approximately 27% year over year and many retailers faced shortages of ammunition due to high demand. We believe this trend benefits CAB as hunting equipment has historically comprised over one-third of merchandise revenue. We now project 1Q:09 revenue of \$531.5 million, compared to our prior estimate of \$530.8 million. We note that while firearm sales are typically lower margin transactions, due to the marginal revenue, we raised our EPS estimate to \$0.06, from \$0.05. We remain concerned about the difficult operating environment, despite signs that consumer spending may be increasing. Additionally, we think CAB's 1Q:09 results may have been negatively affected by some competitors closing stores and liquidating inventories.

We are encouraged by events that transpired in 1Q:09. In our view, positive developments in 1Q:09 will benefit 2009 and 2010 results. The introduction of the CLUB Visa Signature card in January will help boost spending and retain cardholders with high credit scores and larger than usual spending habits. The naming of Thomas Millner as CEO in March gives the company a renewed vigor. Some of CAB's competitors filed for bankruptcy and closed stores during 1Q:09. Additionally and perhaps most importantly, the \$500 million securitization of credit card receivables in April (not technically a 1Q:09 event, but still a positive development) showed strong demand for CAB's credit card portfolio.

Management will report 1Q:09 results after the market close on April 30 and will host a conference call on April 30 at 4:30 p.m. ET to discuss results. The call may be accessed at the company's website, www.cabelas.com.

Investment Recommendation:

Maintain BUY rating and \$13 price target. We are encouraged by what we think was a strong 1Q:09. We think CAB is the dominant player in the outdoor sporting goods sector and will continue to take market share from its competitors. We think the shares are undervalued trading at 11.2x our 2009 EPS estimate when CAB's sporting goods comps trade at over 19x this year's estimates. We derive our \$13 price target by applying a 12x multiple to our 2009 EPS estimate of \$1.10.

Cabela's Inc.
Income Statement

| | Fiscal Year | Mar-08 | Jun-08 | Sep-08 | Dec-08 | Fiscal Year | Mar-09 | Jun-09 | Sep-09 | Dec-09 | Fiscal Year | Mar-10 | Jun-10 | Sep-10 | Dec-10 | Fiscal Year |
|--|------------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|----------------|----------------|----------------|----------------|------------------|
| \$ in thousands except per share amounts | 2007 | Q1 | Q2 | Q3 | Q4 | 2008A | Q1 E | Q2 E | Q3 E | Q4 E | 2009E | Q1 E | Q2 E | Q3 E | Q4 E | 2010E |
| Retail | 1,043,442 | 254,375 | 273,624 | 327,974 | 429,523 | 1,285,496 | 266,997 | 284,695 | 352,901 | 401,567 | 1,306,160 | 265,904 | 300,832 | 363,158 | 435,694 | 1,365,588 |
| Direct | 1,130,553 | 236,536 | 207,016 | 241,228 | 410,379 | 1,095,159 | 225,182 | 197,907 | 234,474 | 409,969 | 1,067,532 | 224,056 | 196,324 | 230,957 | 399,719 | 1,051,056 |
| Merchandise revenue | 2,173,995 | 490,911 | 480,640 | 569,202 | 839,902 | 2,380,655 | 492,179 | 482,603 | 587,375 | 811,535 | 2,373,692 | 489,960 | 497,156 | 594,115 | 835,413 | 2,416,644 |
| % change | 13.9% | 16.2% | 19.1% | 14.0% | -1.0% | 9.5% | 0.3% | 0.4% | 3.2% | -3.4% | -0.3% | -0.5% | 3.0% | 1.1% | 2.9% | 1.8% |
| Financial services revenue | 159,335 | 40,708 | 38,253 | 41,896 | 38,114 | 158,971 | 37,487 | 35,134 | 38,637 | 40,008 | 151,267 | 39,224 | 40,241 | 41,590 | 41,862 | 162,916 |
| % change | 15.9% | 13.9% | -6.7% | -6.4% | 0.7% | -0.2% | -7.9% | -8.2% | -7.8% | 5.0% | -4.8% | 4.6% | 14.5% | 7.6% | 4.6% | 7.7% |
| Other revenue | 16,269 | 3,920 | 7,059 | 702 | 1,414 | 13,095 | 1,800 | 2,000 | 800 | 1,800 | 6,400 | 1,900 | 2,100 | 1,500 | 2,000 | 7,500 |
| % change | -6.0% | 5.4% | 4.4% | -75.6% | -51.4% | -19.5% | -54.1% | -71.7% | 14.0% | 27.3% | -51.1% | 5.6% | 5.0% | 87.5% | 11.1% | 17.2% |
| Total revenue | 2,349,599 | 535,539 | 525,952 | 611,800 | 879,430 | 2,552,721 | 531,467 | 519,737 | 626,812 | 853,344 | 2,531,359 | 531,084 | 539,497 | 637,205 | 879,275 | 2,587,061 |
| % change | 13.9% | 15.9% | 16.6% | 11.9% | -1.1% | 8.6% | -0.8% | -1.2% | 2.5% | -3.0% | -0.8% | -0.1% | 3.8% | 1.7% | 3.0% | 2.2% |
| Cost of sales: | | | | | | | | | | | | | | | | |
| Merchandise | 1,378,386 | 313,802 | 316,386 | 376,057 | 533,969 | 1,540,214 | 323,362 | 315,622 | 387,374 | 514,513 | 1,540,871 | 323,374 | 327,129 | 395,086 | 538,841 | 1,584,430 |
| % of merchandise sales | 63.4% | 63.9% | 65.8% | 66.1% | 63.6% | 64.7% | 65.7% | 65.4% | 66.0% | 63.4% | 64.9% | 66.0% | 65.8% | 66.5% | 64.5% | 65.6% |
| Total cost of sales | 1,378,386 | 313,802 | 316,386 | 376,057 | 533,969 | 1,540,214 | 323,362 | 315,622 | 387,374 | 514,513 | 1,540,871 | 323,374 | 327,129 | 395,086 | 538,841 | 1,584,430 |
| Gross Profit | 971,213 | 221,737 | 209,566 | 235,743 | 345,461 | 1,012,507 | 208,105 | 204,114 | 239,438 | 338,830 | 990,488 | 207,710 | 212,368 | 242,118 | 340,434 | 1,002,630 |
| Selling, distribution and administrative | 820,121 | 200,651 | 194,714 | 214,898 | 261,205 | 871,468 | 197,706 | 191,783 | 214,370 | 250,883 | 854,741 | 196,501 | 194,219 | 214,738 | 253,231 | 858,689 |
| % of revenue | 34.9% | 37.5% | 37.0% | 35.1% | 29.7% | 34.1% | 37.2% | 36.9% | 34.2% | 29.4% | 33.8% | 37.0% | 36.0% | 33.7% | 28.8% | 33.2% |
| Operating income | 151,092 | 21,086 | 14,852 | 20,845 | 84,256 | 141,039 | 10,399 | 12,332 | 25,069 | 87,947 | 135,747 | 11,209 | 18,149 | 27,380 | 87,203 | 143,941 |
| Interest income (expense) | (18,778) | (7,141) | (7,748) | (7,510) | (7,259) | (29,658) | (5,900) | (7,100) | (6,950) | (6,000) | (25,950) | (6,000) | (6,500) | (6,450) | (6,000) | (24,950) |
| Other income, net | 6,913 | 1,859 | 1,755 | 1,616 | 1,624 | 6,854 | 1,625 | 1,600 | 1,600 | 1,590 | 6,415 | 1,625 | 1,680 | 1,695 | 1,675 | 6,675 |
| Income before income taxes | 139,227 | 15,804 | 8,859 | 14,951 | 78,621 | 118,235 | 6,124 | 6,832 | 19,719 | 83,537 | 116,212 | 6,834 | 13,329 | 22,625 | 82,878 | 125,666 |
| Income tax expense | 51,348 | 5,848 | 1,580 | 5,229 | 29,174 | 41,831 | 2,205 | 2,459 | 7,099 | 30,073 | 41,836 | 2,494 | 4,865 | 8,258 | 30,250 | 45,868 |
| Tax rate % | 36.9% | 37.0% | 17.8% | 35.0% | 37.1% | 35.4% | 36.0% | 36.0% | 36.0% | 36.0% | 36.0% | 36.5% | 36.5% | 36.5% | 36.5% | 36.5% |
| Net income | 87,879 | 9,956 | 7,279 | 9,722 | 49,447 | 76,404 | 3,919 | 4,372 | 12,620 | 53,464 | 74,375 | 4,340 | 8,464 | 14,367 | 52,627 | 79,798 |
| EPS | 1.31 | 0.15 | 0.11 | 0.14 | 0.74 | 1.14 | 0.06 | 0.06 | 0.19 | 0.79 | 1.10 | 0.06 | 0.12 | 0.21 | 0.77 | 1.18 |
| EPS growth rate | 1.5% | 40.5% | -35.1% | -26.5% | -12.3% | -12.9% | -61.0% | -40.3% | 29.2% | 7.2% | -2.9% | 10.0% | 92.3% | 12.8% | -2.4% | 6.5% |
| Diluted shares | 67,276 | 66,576 | 66,853 | 67,051 | 66,934 | 67,159 | 67,150 | 67,290 | 67,350 | 67,500 | 67,323 | 67,600 | 67,750 | 67,950 | 68,100 | 67,850 |

Cabela's Inc.
Balance Sheet

| | Fiscal Year 2006 | Mar-07 Q1 | Jun-07 Q2 | Sep-07 Q3 | Fiscal Year 2007 | Mar-08 Q1 | Jun-08 Q2 | Sep-08 Q3 | Fiscal Year 2008A | Fiscal Year 2009E | Fiscal Year 2010E |
|---|---------------------|------------------|------------------|------------------|---------------------|------------------|------------------|------------------|----------------------|----------------------|----------------------|
| Current assets: | | | | | | | | | | | |
| Cash | 172,903 | 51,985 | 80,229 | 103,114 | 131,182 | 78,085 | 88,125 | 207,282 | 410,104 | 633,744 | 796,542 |
| Accounts Receivables | 37,812 | 36,541 | 31,154 | 30,657 | 46,857 | 56,713 | 49,652 | 31,269 | 45,788 | 47,000 | 49,000 |
| Credit Card Loans | 152,683 | 130,056 | 133,050 | 172,299 | 191,893 | 175,254 | 184,024 | 134,891 | 167,226 | 170,000 | 172,000 |
| Inventory | 484,414 | 505,337 | 523,925 | 669,544 | 608,159 | 620,925 | 630,830 | 649,155 | 517,657 | 510,000 | 525,000 |
| Prepaid expenses and deferred catalog costs | 106,409 | 131,654 | 148,836 | 142,700 | 116,297 | 139,924 | 142,985 | 156,376 | 133,439 | 130,000 | 130,000 |
| Total current assets | 954,221 | 855,573 | 917,194 | 1,118,314 | 1,094,388 | 1,070,901 | 1,095,616 | 1,178,973 | 1,274,214 | 1,490,744 | 1,672,542 |
| Property and equipment, net | 600,065 | 637,111 | 733,594 | 862,554 | 904,052 | 900,280 | 916,558 | 905,961 | 881,080 | 865,000 | 871,000 |
| Intangible assets | | | | | | | | | | | |
| Land held for sale or development | 20,947 | 21,078 | 19,192 | 34,186 | 34,802 | 34,811 | 33,312 | 36,539 | 39,318 | 35,000 | 38,000 |
| Retained interests in securitized loans | 39,033 | 35,334 | 40,091 | 46,378 | 51,777 | 36,864 | 38,390 | 43,170 | 61,605 | 60,000 | 60,000 |
| Marketable securities | 117,360 | 117,008 | 81,829 | 80,687 | 98,035 | 106,314 | 101,316 | 101,583 | 112,585 | 121,000 | 115,000 |
| Other | 19,604 | 18,678 | 18,799 | 22,655 | 29,776 | 30,685 | 32,356 | 32,260 | 27,264 | 34,000 | 35,000 |
| Total other assets | 196,944 | 192,098 | 159,911 | 183,906 | 214,390 | 208,674 | 205,374 | 213,552 | 240,772 | 250,000 | 248,000 |
| Total assets | 1,751,230 | 1,684,782 | 1,810,699 | 2,164,774 | 2,212,830 | 2,179,855 | 2,217,548 | 2,298,486 | 2,396,066 | 2,605,744 | 2,791,542 |
| Current liabilities: | | | | | | | | | | | |
| Accounts payable | 239,285 | 221,166 | 229,736 | 311,195 | 281,391 | 190,328 | 169,483 | 210,208 | 189,766 | 193,000 | 205,000 |
| Accrued expenses | 133,399 | 84,325 | 91,956 | 111,413 | 139,510 | 88,627 | 93,134 | 104,229 | 123,296 | 120,000 | 120,000 |
| Gift certificates and credit cards reward point | 144,210 | 132,992 | 137,775 | 141,030 | 184,257 | 169,006 | 170,280 | 168,194 | 184,834 | 190,000 | 195,000 |
| Time deposits | 33,401 | 29,748 | 19,500 | 25,044 | 49,219 | 65,494 | 83,979 | 122,261 | 178,817 | 280,000 | 350,000 |
| Current maturities of long-term debt | 26,803 | 26,689 | 26,738 | 26,760 | 26,785 | 26,564 | 26,701 | 26,579 | 695 | 10,000 | 15,000 |
| Income taxes payable | 17,267 | 0 | 0 | 0 | 34,341 | 4,468 | 0 | 0 | 11,689 | 12,000 | 15,000 |
| Deferred income taxes | 17,978 | 15,508 | 17,863 | 21,774 | 15,601 | 15,568 | 13,157 | 13,496 | 11,707 | 12,000 | 13,000 |
| Total current liabilities | 618,834 | 528,930 | 583,183 | 727,674 | 831,104 | 560,055 | 556,734 | 644,967 | 700,804 | 817,000 | 913,000 |
| Long-term debt, net of current | 284,579 | 287,556 | 344,349 | 523,306 | 376,600 | 599,802 | 606,810 | 560,908 | 379,336 | 335,031 | 260,031 |
| Long-term time deposits | 68,795 | 71,094 | 65,694 | 72,594 | 111,372 | 118,071 | 117,603 | 142,928 | 307,382 | 350,000 | 400,000 |
| Deferred income taxes | 30,440 | 29,316 | 29,560 | 32,004 | 31,113 | 31,063 | 26,667 | 26,993 | 38,707 | 39,000 | 39,000 |
| Other long-term liabilities | 14,724 | 25,039 | 32,895 | 38,803 | 34,082 | 32,059 | 57,243 | 56,648 | 56,132 | 58,000 | 58,000 |
| Total liabilities | 1,017,372 | 941,935 | 1,055,681 | 1,394,381 | 1,384,271 | 1,341,050 | 1,365,057 | 1,432,444 | 1,482,361 | 1,599,031 | 1,670,031 |
| Shareholders' equity: | | | | | | | | | | | |
| Common stock | 654 | 657 | 658 | 658 | 659 | 660 | 665 | 667 | 668 | 675 | 682 |
| Additional paid-in capital | 247,741 | 251,571 | 253,373 | 255,350 | 257,351 | 260,047 | 266,755 | 269,804 | 271,958 | 284,987 | 317,980 |
| Retained earnings | 485,148 | 490,535 | 501,799 | 515,031 | 571,272 | 581,228 | 588,507 | 598,229 | 647,676 | 722,051 | 801,849 |
| Accumulated deficit | 315 | 84 | (812) | (646) | (723) | (3,130) | (3,436) | (2,658) | (6,597) | (1,000) | 1,000 |
| Total shareholders' equity | 733,858 | 742,847 | 755,018 | 770,393 | 828,559 | 838,805 | 852,491 | 866,042 | 913,705 | 1,006,713 | 1,121,511 |
| Total liabilities and shareholders' equity | 1,751,230 | 1,684,782 | 1,810,699 | 2,164,774 | 2,212,830 | 2,179,855 | 2,217,548 | 2,298,486 | 2,396,066 | 2,605,744 | 2,791,542 |

Cabela's Inc.
Statement of Cash Flows

| | Fiscal Year 2007 | Mar-08 Q1 | Jun-08 Q2A | Sep-08 Q3 | Dec-08 Q4 | Fiscal Year 2008A | Fiscal Year 2009E | Fiscal Year 2010E |
|---|---------------------|------------------|-----------------|-----------------|----------------|----------------------|----------------------|----------------------|
| Cash flows from operating activities: | | | | | | | | |
| Net income | 87,879 | 9,956 | 7,279 | 9,722 | 49,447 | 76,404 | 74,375 | 79,798 |
| Adjustments to net income: | | | | | | | | |
| Depreciation and amortization | 59,863 | 17,747 | 16,095 | 14,344 | 16,487 | 64,673 | 65,000 | 65,000 |
| Stock option compensation expense | 4,944 | 1,420 | 1,652 | 2,181 | 1,282 | 6,535 | 5,500 | 6,500 |
| Deferred income taxes | (1,077) | (3,178) | (2,175) | 158 | 12,123 | 6,928 | 293 | 0 |
| Other | (167) | (2,147) | (268) | 396 | (1,231) | (3,250) | (1,200) | (1,500) |
| Changes in operating assets and liabilities: | | | | | | | | |
| Accounts receivable | (8,425) | (10,510) | 6,130 | 17,561 | (10,548) | 2,633 | (1,212) | (2,000) |
| Origination of credit card loans held for sale | (42,186) | 15,908 | (11,265) | 48,814 | (32,500) | 20,957 | (2,774) | (2,000) |
| Retained interests | (11,244) | 8,913 | (1,526) | (4,780) | (17,185) | (14,578) | 1,605 | 0 |
| Inventories | (119,051) | (12,766) | (9,905) | (18,324) | 131,497 | 90,502 | 7,657 | (15,000) |
| Prepaid expenses and deferred catalog costs | (10,964) | (20,964) | 224 | (12,563) | 20,786 | (12,517) | 3,439 | 0 |
| Land held for sale or development | (10,379) | (9) | 1,499 | (12) | (4) | 1,474 | (4,318) | 3,000 |
| Accounts payable | 9,756 | (132,738) | 4,996 | 56,780 | (12,895) | (83,857) | 3,234 | 12,000 |
| Gift certificates and credit card reward points | 39,789 | (15,251) | 1,274 | (2,086) | 16,639 | 576 | 5,166 | 5,000 |
| Income taxes payable | 17,164 | (29,888) | (7,038) | (1,110) | 14,474 | (23,562) | 311 | 3,000 |
| Other long-term liabilities | 15,926 | 2,467 | 20,694 | (596) | (515) | 22,050 | 1,868 | 0 |
| Net cash provided by operating activities | 31,828 | (171,040) | 27,666 | 110,485 | 187,857 | 154,968 | 158,944 | 153,798 |
| Cash flows from investing activities: | | | | | | | | |
| Capital expenditures | (335,644) | (49,698) | (41,781) | (12,608) | 12,923 | (91,164) | (38,000) | (47,000) |
| Purchases of economic development bonds | (36,223) | 0 | 0 | 0 | (18,525) | (18,525) | (9,000) | (3,000) |
| Retirement and maturities of marketable securities | 45,427 | 128 | 4,610 | 1,155 | (2,488) | 3,405 | 1,000 | 8,000 |
| Change in credit card loans receivable | 1,228 | 481 | 2,199 | (12) | (218) | 2,450 | 2,000 | 2,000 |
| Change in cash reserves for retained interests | 0 | 6,000 | 0 | 0 | (6,000) | 0 | (1,605) | 0 |
| Acquisition of net assets | (9,277) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from disposition of property and equipment | 3,931 | 0 | 0 | 0 | 27 | 27 | 0 | 0 |
| Other, net | (935) | (1,437) | (2,137) | 767 | 8,403 | 5,596 | 1,500 | (1,000) |
| Net cash used in investing activities | (331,493) | (44,526) | (37,109) | (10,698) | (5,878) | (98,211) | (44,105) | (41,000) |
| Cash flows from financing activities: | | | | | | | | |
| Advances on lines of credit | 510,939 | 262,600 | 215,874 | 155,857 | 143,804 | 778,135 | 700,000 | 750,000 |
| Payments on lines of credit | (454,757) | (92,135) | (215,357) | (182,214) | (326,004) | (815,710) | (740,000) | (820,000) |
| Changes in federal funds purchased | 93,509 | (100,000) | 0 | 0 | 0 | (100,000) | 0 | 0 |
| Change in unrepresented checks net of bank balance | 11,340 | 7,012 | (4,118) | 6,519 | 7,464 | 16,877 | 0 | 0 |
| Proceeds from issuance of long-term debt | 60,800 | 61,200 | 0 | 0 | 0 | 61,200 | 60,000 | 60,000 |
| Payments on long-term debt | (27,008) | (548) | (530) | (25,448) | (26,348) | (52,874) | (55,000) | (60,000) |
| Change in time deposits, net | 58,395 | 22,974 | 18,017 | 63,607 | 221,010 | 325,608 | 143,801 | 120,000 |
| Excess tax benefits from exercise of stock options | 748 | 118 | 194 | 77 | 821 | 1,210 | 0 | 0 |
| Proceeds from exercise of employee stock options | 3,978 | 1,248 | 5,403 | 972 | 96 | 7,719 | 0 | 0 |
| Net cash provided by financing activities | 257,944 | 162,469 | 19,483 | 19,370 | 20,843 | 222,165 | 108,801 | 50,000 |
| Beginning cash | 172,903 | 131,182 | 78,085 | 88,125 | 207,282 | 131,182 | 410,104 | 633,744 |
| Change in cash | (41,721) | (53,097) | 10,040 | 119,157 | 202,822 | 278,922 | 223,640 | 162,798 |
| Ending cash | 131,182 | 78,085 | 88,125 | 207,282 | 410,104 | 410,104 | 633,744 | 796,542 |
| Free cash flow | (303,816) | (220,738) | (14,115) | 97,877 | 200,780 | 63,804 | 120,944 | 106,798 |
| FCF per share | (\$4.52) | (\$3.32) | (\$0.21) | \$1.46 | \$3.00 | \$0.95 | \$1.80 | \$1.57 |

Analyst Certification

I, **Mark E. Smith**, certify that the views expressed in this research report accurately reflect my personal views about the subject company and its securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation related to the specific recommendations expressed in this report.

Important Disclosures:

The analyst or a member of his/her household **does not** hold a long or short position, options, warrants, rights or futures of this security in their personal account(s).

As of the end of the month preceding the date of publication of this report, Feltl and Company **did not** beneficially own 1% or more of any class of common equity securities of the subject company.

There **is not** any actual material conflict of interest that either the analyst or Feltl and Company is aware of.

The analyst **has not** received any compensation for any investment banking business with this company in the past twelve months and **does not** expect to receive any in the next three months.

Feltl and Company **has not** been engaged for investment banking services with the subject company during the past twelve months and **does not** anticipate receiving compensation for such services in the next three months.

Feltl and Company **has not** served as a broker, either as agent or principal, buying back stock for the subject company's account as part of the company's authorized stock buy-back program in the last twelve months.

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Feltl and Company Rating System: Feltl and Company utilizes a four tier rating system for potential total returns over the next 12 months.

Strong Buy: The stock is expected to have total return potential of at least 30%. Catalysts exist to generate higher valuations, and positions should be initiated at current levels.

Buy: The stock is expected to have total return potential of at least 15%. Near term catalysts may not exist and the common stock needs further time to develop. Investors requiring time to build positions may consider current levels attractive.

Hold: The stock is expected to have total return potential of less than 15%. Fundamental events are not present to make it either a Buy or a Sell. The stock is an acceptable longer-term holding.

Sell: Expect a negative total return. Current positions may be used as a source of funds.

Ratings Distribution for Feltl and Company

| Rating | | | ----- Investment Banking ----- | |
|--------|------------------|------------------|--------------------------------|----------------------------|
| | Number of Stocks | Percent of Total | Number of Stocks | Percent of Rating category |
| SB/Buy | 22 | 56% | 2 | 9% |
| Hold | 15 | 38% | 0 | 0% |
| Sell | 2 | 5% | 0 | 0% |
| | 39 | 100% | 2 | 5% |

The above represents our ratings distribution on the stocks in the Feltl and Company research universe, together with the number in (and percentage of) each category for which Feltl and Company provided investment-banking services in the previous twelve months.



| Date | Nature of Report | Rating | Price Target |
|----------|------------------------------------|--------|--------------|
| 03/12/09 | Initiation @ \$8.40 | Hold | \$9.00 |
| 04/15/09 | Upgrade to BUY, Raise Price Target | Buy | \$13.00 |
| | | | |
| | | | |
| | | | |

Feltl and Company **does not** make a market in the subject security at the date of publication of this report. As a market maker, Feltl and Company could act as principal or agent with respect to the purchase or sale of those securities.

Valuation and Price Target Methodology:

We derive our \$13.00 price target by applying a 12x multiple to our 2009 EPS estimate of \$1.10.

Risks to Achievement of Estimates and Price Target:

- Cabela's business may be impacted by consumers' discretionary spending and confidence. Macroeconomic factors such as increasing gasoline prices, unemployment and generally tough economic times may negatively impact consumers' retail spending. Changing consumer outdoor trends could also have a negative impact on sales.
- Severe weather may slow sales for CAB as this could have a negative impact on outdoor activities.
- Volatile commodity prices may affect earnings. Paper is a large component of catalog costs in the direct merchandise business.
- There is no guarantee that Cabela's stores will be successful in new markets. Cabela's has a small number of current units with only 29 stores. The company's acquisition of S.I.R in Canada may not produce similar results and growth in foreign markets may produce results below stores opened in the U.S.
- The retail business is extremely competitive and competition for customers through lower prices may negatively impact CAB's returns. Discounted prices at CAB's largest competitors may cause the company to lower prices to maintain its market share.
- CAB's banking subsidiary operates in a highly regulated industry. Loss of the company's charter, changes in capital requirements or any other regulatory changes could have a negative impact on results.
- CAB may experience limited availability of financing for the financial services business as experienced in late 2008 and 2009 with the freezing of the asset-backed lending market.
- The credit card business is likely to experience fluctuations in charge-offs due to bad debt. Consumers' inability to pay off credit card debts could impede results in the financial services business.
- The company is dependant on its vendors. Any disruption in the supply chain could have a negative impact on results. Geo-political disruptions could impact the supply chain as many of CAB's vendors operate in foreign markets.
- CAB's business is highly seasonal with high revenue and the majority of earnings in the fourth calendar quarter. If fourth quarter results were somehow impeded it could have a large impact on revenue and earnings.
- Readers should recognize that the risks noted here do not represent a comprehensive list of all risk factors or potential issues, nor all factors that may preclude achievement of our forecast or price target. Additional risk factors exist and are outlined in the Company's SEC filings

Other Disclosures:

The information contained in this report is based on sources considered to be reliable, but not guaranteed, to be accurate or complete. Any opinions or estimates expressed herein reflect a judgment made as of this date, and are subject to change without notice. This report has been prepared solely for informative purposes and is not a solicitation or an offer to buy or sell any security. The securities described may not be qualified for purchase in all jurisdictions. Because of individual requirements, advice regarding securities mentioned in this report should not be construed as suitable for all accounts. This report does not take into account the investment objectives, financial situation and needs of any particular client of Feltl and Company. Some securities mentioned herein relate to small speculative companies that may not be suitable for some accounts. Feltl and Company suggests that prior to acting on any of the recommendations herein, the recipient should consider whether such a recommendation is appropriate given their investment objectives and current financial circumstances. Past performance does not guarantee future results. Additional information is available upon request.

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