



**Oppenheimer  
11<sup>th</sup> Annual Consumer Conference  
Presentation**



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# Safe Harbor

Today's presentation contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, the outlook for fiscal 2011, future financial and operating results, projected store openings, the company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of GameStop's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. GameStop undertakes no obligation to publicly update or revise any forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the inability to obtain sufficient quantities of product to meet consumer demand, including console hardware and accessories; the timing of release of video game titles for next generation consoles; the risks associated with expanded international operations and the integration of acquisitions; the impact of increased competition and changing technology in the video game industry, including browser and mobile games and alternative methods of distribution; and economic, regulatory and other events, including litigation, that could reduce or impact consumer demand or affect the company's business. Additional factors that could cause GameStop's results to differ materially from those described in the forward-looking statements can be found in GameStop's Annual Report on Form 10-K for the fiscal year ended January 29, 2011 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov> or <http://investor.gamestop.com>.

# Our Strategy

- ➔ Maximize Brick & Mortar Stores
- ➔ Reposition the Pre-Owned Business
- ➔ Own the Customer
- ➔ Digital Growth
- ➔ Disciplined Capital Allocation

## Brick & Mortar

- ➔ New stores have strong returns and flexible leases
- ➔ Sales transfer process maximizes contribution and is unique in retail
- ➔ PowerUp Rewards will be a market share driver and customer acquisition engine
- ➔ International – Focus on performing markets, rationalize smaller markets

# Sales Transfer Process

- ➔ Store closure reduces fixed component of costs
- ➔ Conservative sales transfers can drive significant profit contribution by leveraging the fixed cost of the receiving store
- ➔ 40-60% sales transfer from a closing store can yield 20-30% increases in profit contribution of the combined stores
- ➔ Sales transfer is enhanced through incentives and marketing via PowerUp Rewards

# Global Store Base

**United States Store Base: 4,434**

**European Store Base: 1,385**

Italy 377

Ireland 58

France 383

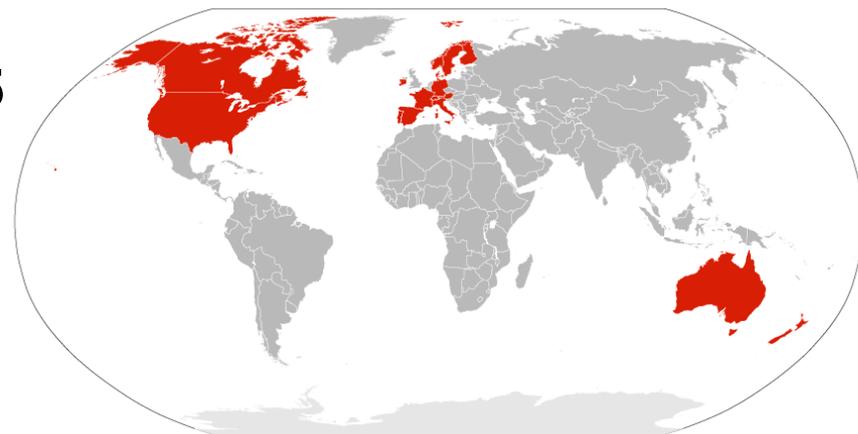
Germany 205

Spain 130

Nordic 176

**Canadian Store Base: 346**

**Australian Store Base: 408**



**Total Stores:**

**6,573**

# Pre-Owned Business

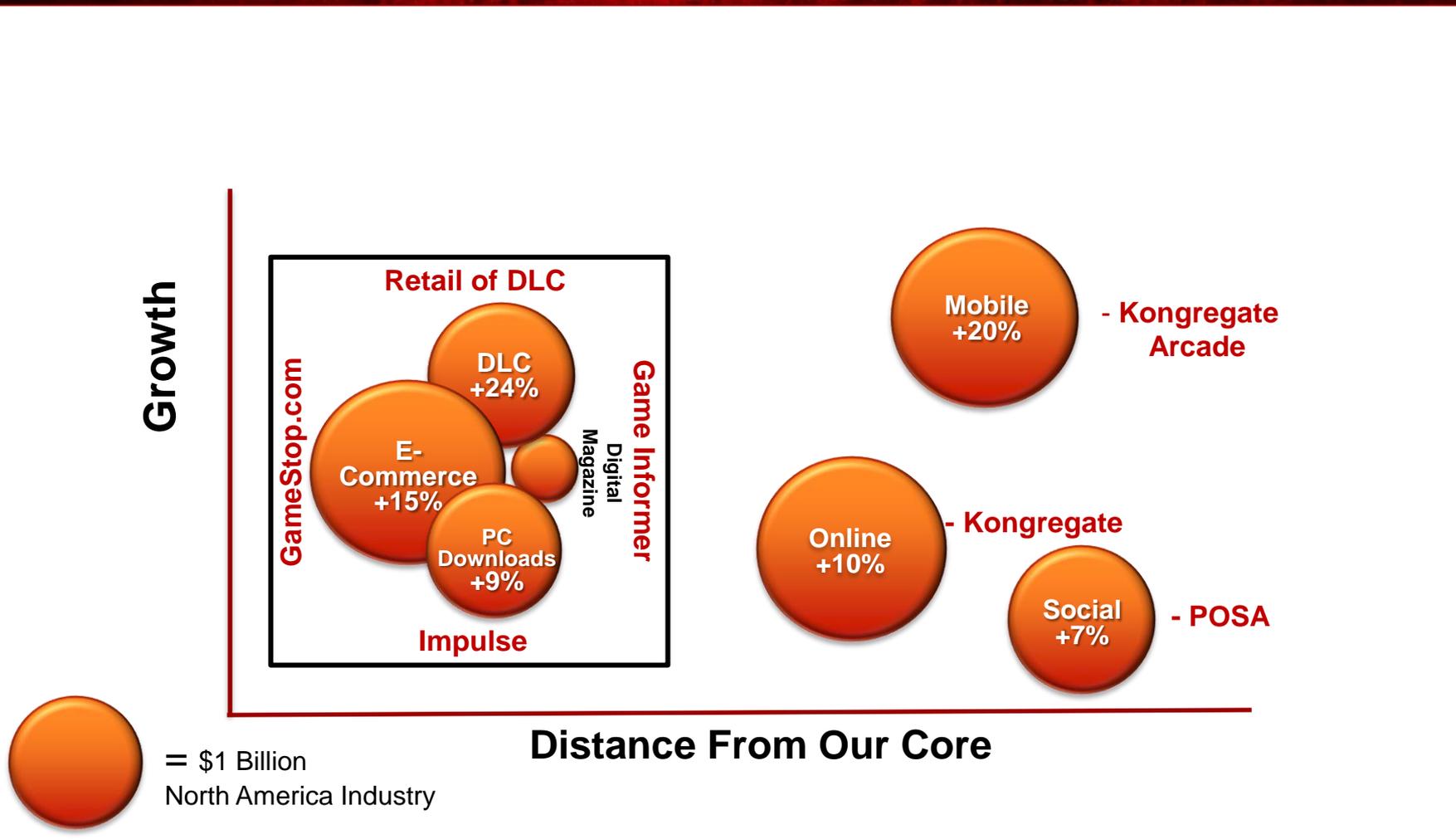
- ➔ Organizational restructuring to provide focus
- ➔ In-store space and visual merchandising
- ➔ Store level assortment
- ➔ Value and awareness
- ➔ PowerUp Rewards marketing

# PowerUp Rewards Loyalty Program™

- ➔ High velocity implementation began May 2010
- ➔ 10 million members added since October and growing to 12M-15M by year end
- ➔ PowerUp Rewards and the customer data asset are the bridge to new businesses and market share growth
- ➔ **Spend more:** PUR members average >3x the \$ spend of non-members
- ➔ **Engage more:** >100mm games now trackable in game libraries



# The Digital Universe



# Spawn

- ➔ Spawn provides an immersive gaming experience anytime, anywhere and on any device



- ➔ Benefit provided to PowerUp Rewards members
- ➔ Allows for maximum mobility of the gaming experience

**Pro-publisher**



- ➔ Extends physical games purchased at GameStop or GameStop.com
- ➔ “Try Before You Buy” model

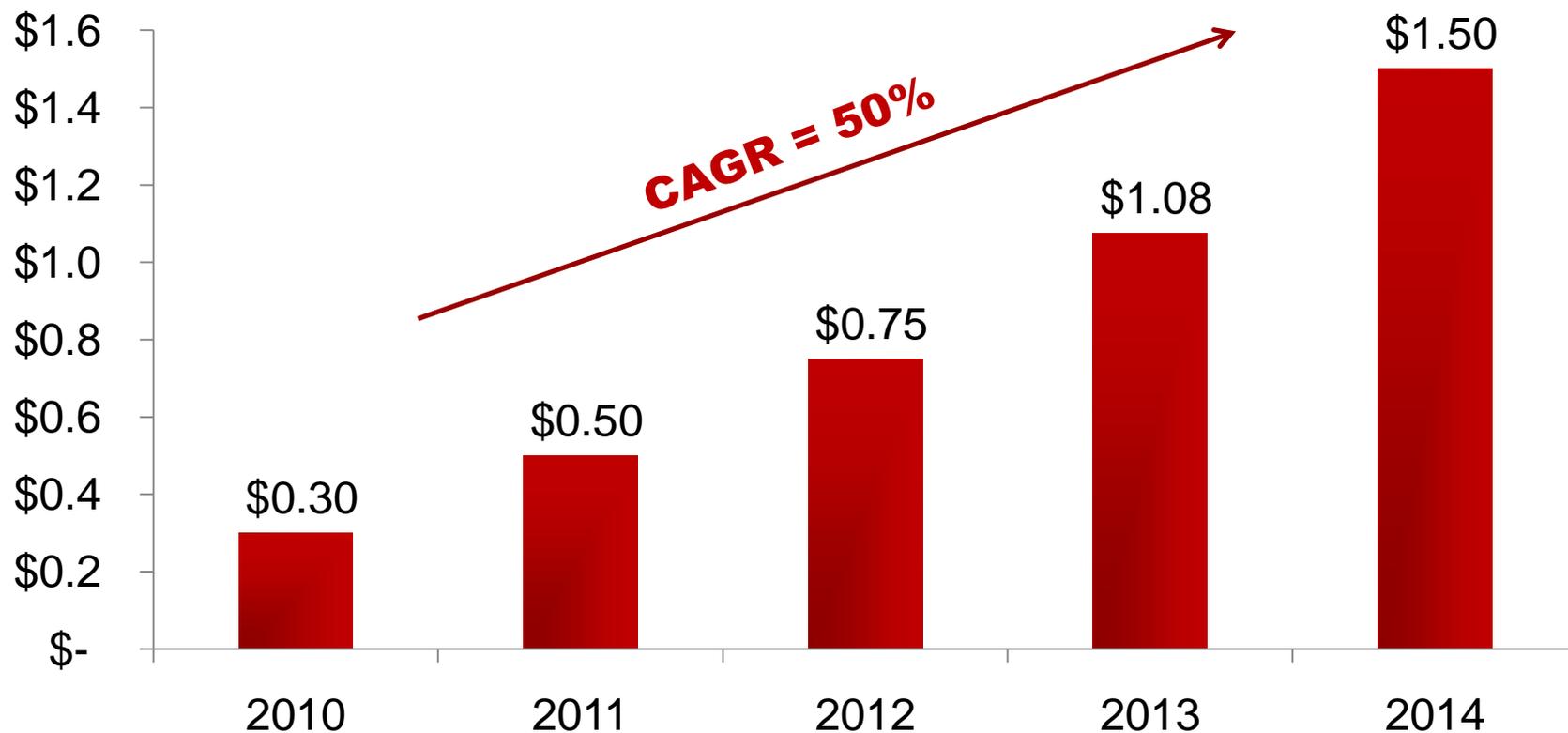
**Flexibility**



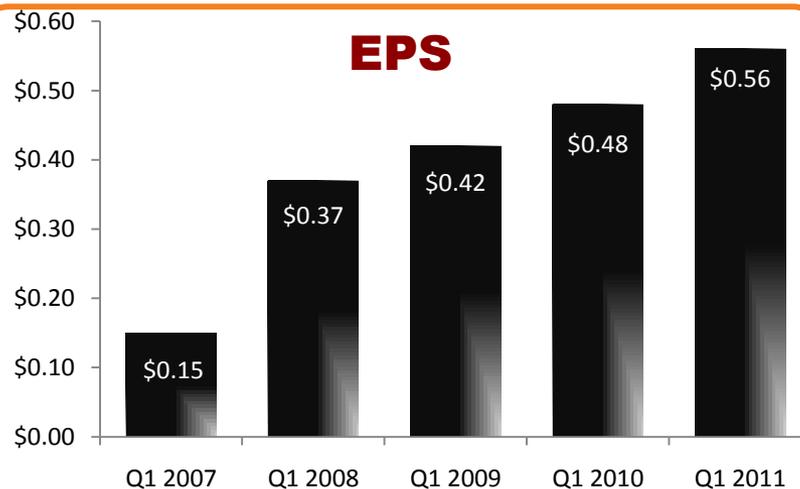
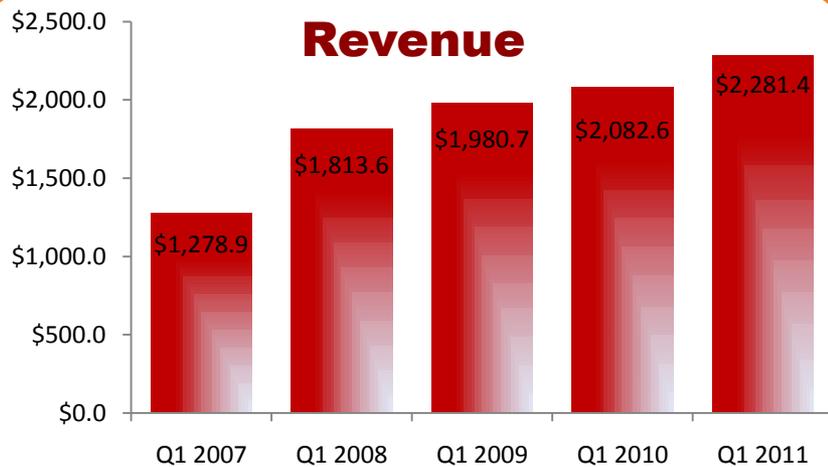
- ➔ Capability to stream 1,000s of games with no porting required

# Digital Sales Forecast

## Total Digital Receipts (in billions)

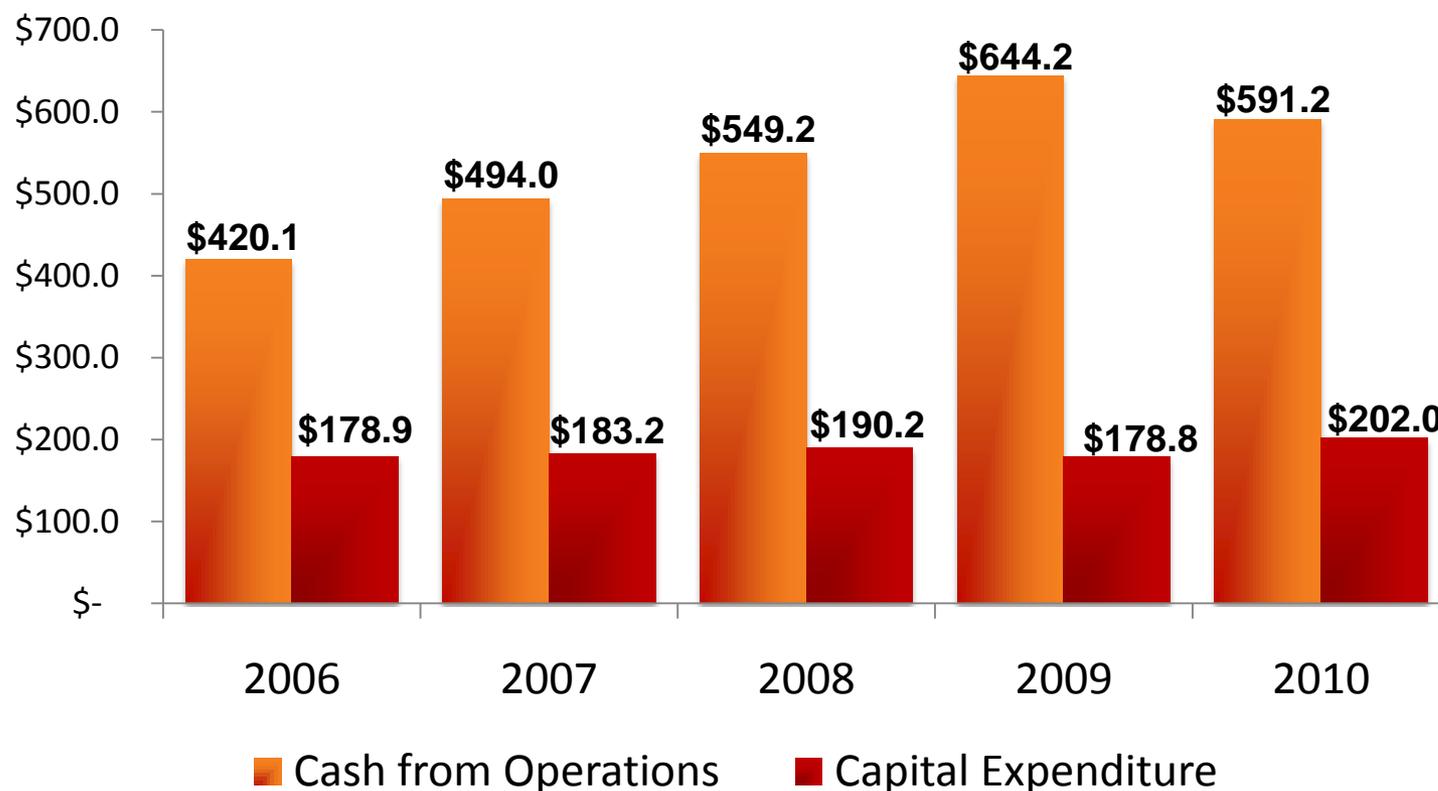


# Q1 Financial Results



# Operating Cash Flow

**GameStop has prudently spent while generating significant cash over the last five years**

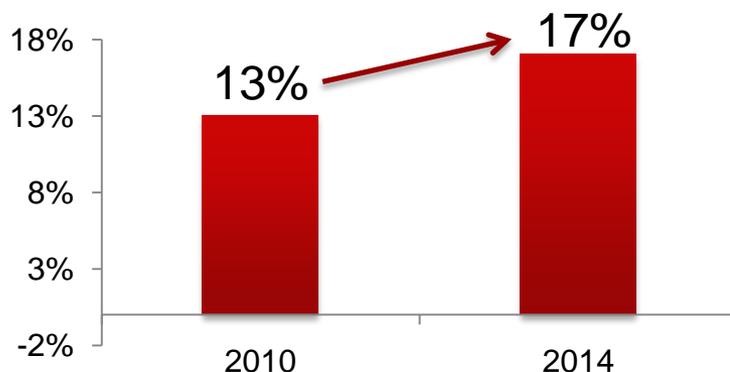


# Capital Allocation

- ➔ \$579M of shares bought back in 18 months
- ➔ \$200M of debt retirement in 2010
- ➔ \$500M authorization on February 4<sup>th</sup> for debt and share buyback
- ➔ \$430M estimated free cash flow in 2011, up 10%

# Capital Discipline

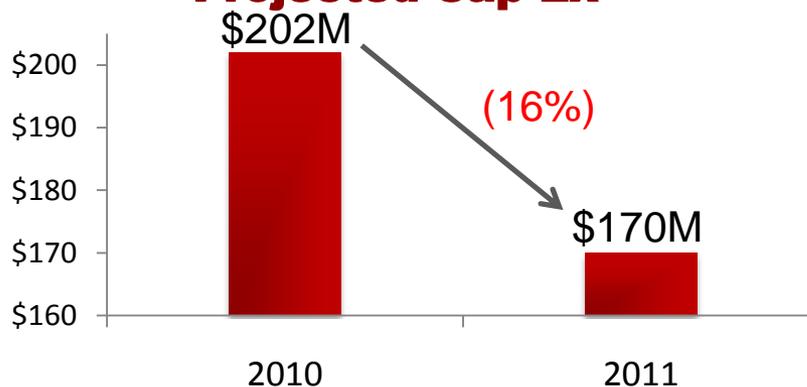
## Return on Invested Capital Goal



## ROIC Goal Achieved By:

- Earnings Growth
- Debt Retirement
- Stock Buyback

## 2010 Actual Cap-Ex vs. 2011 Projected Cap-Ex



## Expect Continued Focus On:

- Increasing earnings growth in the future
- Rational capital allocation
- Driving shareholder returns

# Future EPS Growth

## **EPS growth in the future is achievable through the following means:**

- ➔ Continued growth of PowerUp Rewards program
- ➔ Market share gains
- ➔ Zero net store growth in U.S. and transferring sales from closing stores
- ➔ Same store sales growth
- ➔ Continued progress on multichannel strategies and growth of digital revenue streams

## **And finally,**

- ➔ Utilization of free cash flow (share repurchases, debt reduction, etc.)

# Financial Roadmap

Category	2010	Roadmap to 2014	2014E
Sales	\$9,474	6+% CAGR	\$12,000 - \$12,300
Digital Sales	\$300	50% CAGR	\$1,500
PowerUp Members	50% of volume		70+% of volume
Operating Earnings	\$663	6+% CAGR	\$825-\$865
Net Earnings	\$408	7+% CAGR	\$525-\$550
Cash Flow from Operations	\$591	6+% CAGR	\$730-\$770
Free Cash Flow	\$389	10+% CAGR	\$560-\$600

**GameStop**<sup>®</sup>

**power to the players**<sup>®</sup>