

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED AUGUST 3, 2013
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_

COMMISSION FILE NO. 1-32637

**GameStop Corp.**

*(Exact name of registrant as specified in its Charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**625 Westport Parkway,  
Grapevine, Texas**

*(Address of principal executive offices)*

**20-2733559**

*(I.R.S. Employer Identification No.)*

**76051**

*(Zip Code)*

**Registrant's telephone number, including area code:**  
**(817) 424-2000**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of \$.001 par value Class A Common Stock outstanding as of September 4, 2013: 116,896,851

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## PART I — FINANCIAL INFORMATION

ITEM 1. *Financial Statements*

**GAMESTOP CORP.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

	August 3, 2013	July 28, 2012	February 2, 2013
	(In millions, except per share data) (Unaudited)		
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 199.5	\$ 138.7	\$ 635.8
Receivables, net	55.7	40.2	73.6
Merchandise inventories, net	1,004.4	980.2	1,171.3
Deferred income taxes – current	55.2	43.3	61.7
Prepaid taxes	50.9	61.5	—
Prepaid expenses	96.2	88.4	61.2
Other current assets	2.6	27.1	7.3
Total current assets	<u>1,464.5</u>	<u>1,379.4</u>	<u>2,010.9</u>
Property and equipment:			
Land	20.7	22.1	22.5
Buildings and leasehold improvements	594.3	594.5	606.4
Fixtures and equipment	939.2	889.7	926.0
Total property and equipment	<u>1,554.2</u>	<u>1,506.3</u>	<u>1,554.9</u>
Less accumulated depreciation and amortization	<u>1,074.8</u>	<u>976.9</u>	<u>1,030.1</u>
Net property and equipment	479.4	529.4	524.8
Goodwill	1,365.1	1,981.8	1,383.1
Other intangible assets, net	144.4	189.5	153.4
Other noncurrent assets	57.0	51.7	61.4
Total noncurrent assets	<u>2,045.9</u>	<u>2,752.4</u>	<u>2,122.7</u>
Total assets	<u>\$ 3,510.4</u>	<u>\$ 4,131.8</u>	<u>\$ 4,133.6</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>			
Current liabilities:			
Accounts payable	\$ 356.8	\$ 462.1	\$ 870.9
Accrued liabilities	843.1	721.2	741.0
Income taxes payable	—	—	103.4
Revolver debt outstanding	50.0	—	—
Total current liabilities	<u>1,249.9</u>	<u>1,183.3</u>	<u>1,715.3</u>
Deferred income taxes	27.3	60.9	31.5
Other long-term liabilities	76.5	98.3	100.5
Total long-term liabilities	<u>103.8</u>	<u>159.2</u>	<u>132.0</u>
Total liabilities	<u>1,353.7</u>	<u>1,342.5</u>	<u>1,847.3</u>
Commitments and contingencies (Note 7)			
Stockholders' equity:			
Preferred stock — authorized 5.0 shares; no shares issued or outstanding	—	—	—
Class A common stock — \$.001 par value; authorized 300.0 shares; 127.1, 134.5 and 128.2 shares issued, 117.1, 124.5 and 118.2 shares outstanding, respectively	0.1	0.1	0.1
Additional paid-in-capital	286.3	479.1	348.3
Accumulated other comprehensive income	98.3	111.4	164.4
Retained earnings	<u>1,772.0</u>	<u>2,198.7</u>	<u>1,773.5</u>
Total stockholders' equity	<u>2,156.7</u>	<u>2,789.3</u>	<u>2,286.3</u>
Total liabilities and stockholders' equity	<u>\$ 3,510.4</u>	<u>\$ 4,131.8</u>	<u>\$ 4,133.6</u>

See accompanying notes to condensed consolidated financial statements.

**GAMESTOP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	(In millions, except per share data) (Unaudited)			
Net sales	\$ 1,383.7	\$ 1,550.2	\$ 3,249.0	\$ 3,552.4
Cost of sales	902.3	1,030.9	2,189.3	2,433.2
Gross profit	481.4	519.3	1,059.7	1,119.2
Selling, general and administrative expenses	421.6	440.9	870.8	881.3
Depreciation and amortization	41.0	43.9	82.9	88.4
Operating earnings	18.8	34.5	106.0	149.5
Interest income	(0.1)	(0.2)	(0.2)	(0.4)
Interest expense	1.4	1.1	2.4	1.7
Earnings before income tax expense	17.5	33.6	103.8	148.2
Income tax expense	7.0	12.6	38.7	54.8
Consolidated net income	10.5	21.0	65.1	93.4
Net loss attributable to noncontrolling interests	—	—	—	0.1
Consolidated net income attributable to GameStop Corp.	\$ 10.5	\$ 21.0	\$ 65.1	\$ 93.5
Basic net income per common share attributable to GameStop Corp.	\$ 0.09	\$ 0.16	\$ 0.55	\$ 0.71
Diluted net income per common share attributable to GameStop Corp.	\$ 0.09	\$ 0.16	\$ 0.55	\$ 0.71
Dividends per common share	\$ 0.275	\$ 0.15	\$ 0.55	\$ 0.30
Weighted average shares of common stock outstanding — basic	117.9	128.7	118.1	131.3
Weighted average shares of common stock outstanding — diluted	119.2	129.1	119.3	132.0

See accompanying notes to condensed consolidated financial statements.

**GAMESTOP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>August 3, 2013</u>	<u>July 28, 2012</u>	<u>August 3, 2013</u>	<u>July 28, 2012</u>
	(In millions) (Unaudited)			
Consolidated net income	\$ 10.5	\$ 21.0	\$ 65.1	\$ 93.4
Other comprehensive income:				
Foreign currency translation adjustment	<u>(48.0)</u>	<u>(59.0)</u>	<u>(66.1)</u>	<u>(58.4)</u>
Total comprehensive income (loss)	(37.5)	(38.0)	(1.0)	35.0
Comprehensive loss attributable to noncontrolling interests	—	—	—	0.2
Comprehensive income (loss) attributable to GameStop Corp.	<u>\$ (37.5)</u>	<u>\$ (38.0)</u>	<u>\$ (1.0)</u>	<u>\$ 35.2</u>

See accompanying notes to condensed consolidated financial statements.

**GAMESTOP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
	Shares	Common Stock				
	(In millions) (Unaudited)					
Balance at February 2, 2013	118.2	\$ 0.1	\$ 348.3	\$ 164.4	\$ 1,773.5	\$ 2,286.3
Net income for the 26 weeks ended August 3, 2013	—	—	—	—	65.1	65.1
Foreign currency translation	—	—	—	(66.1)	—	(66.1)
Dividends <sup>1</sup>	—	—	—	—	(66.6)	(66.6)
Stock-based compensation	—	—	11.5	—	—	11.5
Purchase of treasury stock	(3.4)	—	(114.4)	—	—	(114.4)
Exercise of stock options and issuance of shares upon vesting of restricted stock grants (including tax benefit of \$1.6)	2.3	—	40.9	—	—	40.9
Balance at August 3, 2013	<u>117.1</u>	<u>\$ 0.1</u>	<u>\$ 286.3</u>	<u>\$ 98.3</u>	<u>\$ 1,772.0</u>	<u>\$ 2,156.7</u>

1 Dividends declared per common share were \$0.55 in the 26 weeks ended August 3, 2013.

	GameStop Corp. Stockholders						
	Class A Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
Shares	Common Stock						
	(In millions) (Unaudited)						
Balance at January 28, 2012	136.8	\$ 0.1	\$ 726.6	\$ 169.7	\$ 2,145.7	\$ (1.9)	\$ 3,040.2
Purchase of subsidiary shares from noncontrolling interest	—	—	(2.1)	—	—	2.1	—
Comprehensive income:							
Net income (loss) for the 26 weeks ended July 28, 2012	—	—	—	—	93.5	(0.1)	93.4
Foreign currency translation	—	—	—	(58.3)	—	(0.1)	(58.4)
Dividends <sup>2</sup>	—	—	—	—	(40.5)	—	(40.5)
Stock-based compensation	—	—	10.4	—	—	—	10.4
Purchase of treasury stock	(13.0)	—	(257.9)	—	—	—	(257.9)
Exercise of stock options and issuance of shares upon vesting of restricted stock grants (including tax benefit of \$0.4)	0.7	—	2.1	—	—	—	2.1
Balance at July 28, 2012	<u>124.5</u>	<u>\$ 0.1</u>	<u>\$ 479.1</u>	<u>\$ 111.4</u>	<u>\$ 2,198.7</u>	<u>\$ —</u>	<u>\$ 2,789.3</u>

2 Dividends declared per common share were \$0.30 in the 26 weeks ended July 28, 2012.

See accompanying notes to condensed consolidated financial statements.

**GAMESTOP CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<u>26 Weeks Ended</u>	
	<u>August 3,</u>	<u>July 28,</u>
	<u>2013</u>	<u>2012</u>
	<u>(In millions)</u>	
	<u>(Unaudited)</u>	
Cash flows from operating activities:		
Consolidated net income	\$ 65.1	\$ 93.4
Adjustments to reconcile net income to net cash flows used in operating activities:		
Depreciation and amortization (including amounts in cost of sales)	84.2	89.6
Stock-based compensation expense	11.5	10.4
Deferred income taxes	1.0	(3.4)
Loss on disposal of property and equipment	3.4	2.0
Other, net	(2.5)	0.2
Changes in other long-term liabilities	(22.4)	(6.7)
Changes in operating assets and liabilities, net:		
Receivables, net	16.9	23.5
Merchandise inventories	142.2	133.6
Prepaid expenses and other current assets	(31.8)	(20.9)
Prepaid income taxes and accrued income taxes payable	(152.9)	(145.2)
Accounts payable and accrued liabilities	(389.3)	(350.3)
Net cash flows used in operating activities	<u>(274.6)</u>	<u>(173.8)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(47.3)	(53.6)
Acquisitions, net of cash acquired	—	(1.5)
Other	1.4	(2.1)
Net cash flows used in investing activities	<u>(45.9)</u>	<u>(57.2)</u>
Cash flows from financing activities:		
Purchase of treasury shares	(114.4)	(246.6)
Dividends paid	(66.2)	(40.3)
Borrowings from the revolver	130.0	36.0
Repayments of revolver borrowings	(80.0)	(36.0)
Issuance of shares relating to stock options	39.3	1.6
Excess tax benefits realized from exercise of stock-based awards	3.1	0.4
Net cash flows used in financing activities	<u>(88.2)</u>	<u>(284.9)</u>
Exchange rate effect on cash and cash equivalents	<u>(27.6)</u>	<u>(0.4)</u>
Net decrease in cash and cash equivalents	(436.3)	(516.3)
Cash and cash equivalents at beginning of period	<u>635.8</u>	<u>655.0</u>
Cash and cash equivalents at end of period	<u>\$ 199.5</u>	<u>\$ 138.7</u>

See accompanying notes to condensed consolidated financial statements.

**GAMESTOP CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Summary of Significant Accounting Policies**

***Basis of Presentation***

GameStop Corp. (together with its predecessor companies, “GameStop,” “we,” “us,” “our,” or the “Company”), a Delaware corporation, is the world’s largest multichannel video game retailer. We sell new and pre-owned video game hardware, physical and digital video game software, accessories, as well as PC entertainment software, new and pre-owned mobile and consumer electronics products and other merchandise. The unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements included herein reflect all adjustments (consisting only of normal, recurring adjustments) which are, in our opinion, necessary for a fair presentation of the information for the periods presented. These unaudited condensed consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and the instructions to Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all disclosures required under GAAP for complete consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with our annual report on Form 10-K for the 53 weeks ended February 2, 2013 (“fiscal 2012”). The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. Changes in the estimates and assumptions used by us could have a significant impact on our financial results. Actual results could differ from those estimates.

Due to the seasonal nature of the business, the results of operations for the 26 weeks ended August 3, 2013 are not indicative of the results to be expected for the 52 weeks ending February 1, 2014 (“fiscal 2013”).

***Restricted Cash***

Restricted cash of \$10.4 million, \$12.0 million and \$13.4 million as of August 3, 2013, July 28, 2012 and February 2, 2013, respectively, consists primarily of bank deposits serving as collateral for bank guarantees issued on behalf of our foreign subsidiaries and is included in other noncurrent assets in our condensed consolidated balance sheets.

***Recently Issued Accounting Standards***

In July 2013, accounting standards update (“ASU”) 2013-11 “*Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*” was issued requiring an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as either a reduction to a deferred tax asset or separately as a liability depending on the existence, availability and/or use of an operating loss carry forward, a similar tax loss, or a tax credit carry forward. This ASU will be effective for us beginning the first quarter of 2014. We do not expect that this ASU will have an impact on our condensed consolidated financial statements as we currently do not have any unrecognized tax benefits in the same jurisdictions in which we have tax loss or credit carryovers.



**GAMESTOP CORP.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

In March 2013, ASU 2013-05 “*Foreign Currency Matters (Topic 830)*” was issued providing guidance with respect to the release of cumulative translation adjustments into net income when a parent company sells either a part or all of an investment in a foreign entity. The ASU requires the release of cumulative translation adjustments when a company no longer holds a controlling financial interest in a foreign subsidiary or a group of assets that constitutes a business within a foreign entity. This ASU will be effective for us beginning the first quarter of 2014. We are evaluating the effect of this ASU, but do not expect it to have a significant impact on our condensed consolidated financial statements.

In February 2013, ASU 2013-02 “*Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*” was issued regarding disclosure of amounts reclassified out of accumulated other comprehensive income by component. An entity is required to present either on the face of the statement of operations or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts not reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This ASU was effective for our annual and interim periods beginning in fiscal 2013. The ASU had no effect on our condensed consolidated financial statements.

**2. Accounting for Stock-Based Compensation**

The following is a summary of the stock-based awards granted during the periods indicated:

	26 Weeks Ended August 3, 2013		26 Weeks Ended July 28, 2012	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
	(In thousands, except per share data)			
Stock options – time-vested	457	\$ 7.10	—	—
Restricted stock awards – time-vested	916	\$ 24.82	784	\$ 23.66
Restricted stock awards – performance-based	262	\$ 24.82	626	\$ 23.66
Total stock-based awards	1,635		1,410	

For stock options granted, we record stock-based compensation expense in earnings based on the grant-date fair value. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model. This valuation model requires the use of subjective assumptions, including expected option life, expected volatility, expected dividend yield and expected employee forfeiture rate. We use historical data to estimate the option life, dividend yield and the employee forfeiture rate, and use historical volatility when estimating the stock price volatility. The following assumptions were used with respect to the stock options granted:

	26 Weeks Ended August 3, 2013
Volatility	46.4%
Risk-free interest rate	1.0%
Expected life (years)	5.6
Expected dividend yield	4.3%

**GAMESTOP CORP.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Total stock-based compensation recognized in selling, general and administrative expenses was as follows for the periods indicated:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	(In millions)			
Stock-based compensation expense	\$ 6.0	\$ 5.5	\$ 11.5	\$ 10.4

As of August 3, 2013, the unrecognized compensation expense related to the unvested portion of our stock-based awards was \$44.9 million, which is expected to be recognized over a weighted average period of 2.2 years. The total intrinsic value of options exercised during the 13 weeks ended August 3, 2013 and July 28, 2012 was \$10.5 million and \$0.7 million, respectively. The total intrinsic value of options exercised during the 26 weeks ended August 3, 2013 and July 28, 2012 was \$21.1 million and \$1.1 million, respectively.

**3. Computation of Net Income Per Common Share**

A reconciliation of shares used in calculating basic and diluted net income per common share is as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	(In millions, except per share data)			
Consolidated net income attributable to GameStop Corp.	\$ 10.5	\$ 21.0	\$ 65.1	\$ 93.5
Weighted average common shares outstanding	117.9	128.7	118.1	131.3
Dilutive effect of options and restricted shares on common stock(1)	1.3	0.4	1.2	0.7
Common shares and dilutive potential common shares	119.2	129.1	119.3	132.0
Net income per common share:				
Basic	\$ 0.09	\$ 0.16	\$ 0.55	\$ 0.71
Diluted	\$ 0.09	\$ 0.16	\$ 0.55	\$ 0.71

(1) Excludes 1.6 million, 5.5 million, 1.8 million and 3.9 million share-based awards for the 13 weeks ended August 3, 2013, the 13 weeks ended July 28, 2012, the 26 weeks ended August 3, 2013 and the 26 weeks ended July 28, 2012, respectively, because their effects were antidilutive.

**4. Fair Value Measurements and Financial Instruments*****Recurring Fair Value Measurements and Derivative Financial Instruments***

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting guidance applies to our forward exchange contracts, foreign currency options and cross-currency swaps (together, the "Foreign Currency Contracts"), Company-owned life insurance policies with a cash surrender value and certain nonqualified deferred compensation liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition.

**GAMESTOP CORP.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Fair value accounting guidance requires disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability reflecting our assumptions about pricing by market participants.

We value our Foreign Currency Contracts, Company-owned life insurance policies with cash surrender values and certain nonqualified deferred compensation liabilities based on Level 2 inputs using quotations provided by major market news services, such as Bloomberg, and industry-standard models that consider various assumptions, including quoted forward prices, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic measures. When appropriate, valuations are adjusted to reflect credit considerations, generally based on available market evidence.

The following table provides the fair value of our assets and liabilities measured at fair value on a recurring basis and recorded on our condensed consolidated balance sheets (in millions):

	<u>August 3, 2013</u>	<u>July 28, 2012</u>	<u>February 2, 2013</u>
<b>Assets</b>			
Foreign Currency Contracts			
Other current assets	\$ 2.6	\$27.1	\$ 7.3
Other noncurrent assets	0.3	6.0	0.9
Company-owned life insurance(1)	<u>5.4</u>	<u>3.2</u>	<u>3.5</u>
Total assets	<u>8.3</u>	<u>36.3</u>	<u>11.7</u>
<b>Liabilities</b>			
Foreign Currency Contracts			
Accrued liabilities	12.8	1.7	9.1
Other long-term liabilities	8.0	—	4.4
Nonqualified deferred compensation(2)	<u>1.0</u>	<u>0.9</u>	<u>0.9</u>
Total liabilities	<u>\$ 21.8</u>	<u>\$ 2.6</u>	<u>\$ 14.4</u>

(1) Recognized in other non-current assets in our condensed consolidated balance sheets.

(2) Recognized in accrued liabilities in our condensed consolidated balance sheets.

We use Foreign Currency Contracts to manage currency risk primarily related to intercompany loans denominated in non-functional currencies and certain foreign currency assets and liabilities. These Foreign Currency Contracts are not designated as hedges and, therefore, changes in the fair values of these derivatives are recognized in earnings, thereby offsetting the current earnings effect of the re-measurement of related intercompany loans and foreign currency assets and liabilities. The total gross notional value of derivatives related to our Foreign Currency Contracts was \$692.3 million and \$576.4 million as of August 3, 2013 and July 28, 2012, respectively. The total net notional value of derivatives related to our Foreign Currency Contracts was \$60.5 million and \$91.5 million as of August 3, 2013 and July 28, 2012, respectively.

**GAMESTOP CORP.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Activity related to the trading of derivative instruments and the offsetting impact of related intercompany loans and foreign currency assets and liabilities recognized in selling, general and administrative expense is as follows (in millions):

	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>August 3, 2013</u>	<u>July 28, 2012</u>	<u>August 3, 2013</u>	<u>July 28, 2012</u>
Gains (losses) on the changes in fair value of derivative instruments	\$ (19.7)	\$ 18.7	\$ (10.3)	\$ 16.9
Gains (losses) on the re-measurement of related intercompany loans and foreign currency assets and liabilities	22.2	(20.5)	13.4	(18.0)
Total, net	<u>\$ 2.5</u>	<u>\$ (1.8)</u>	<u>\$ 3.1</u>	<u>\$ (1.1)</u>

We do not use derivative financial instruments for trading or speculative purposes. We are exposed to counterparty credit risk on all of our derivative financial instruments and cash equivalent investments. We manage counterparty risk according to the guidelines and controls established under our comprehensive risk management and investment policies. We continuously monitor our counterparty credit risk and utilize a number of different counterparties to minimize our exposure to potential defaults. We do not require collateral under derivative or investment agreements.

***Nonrecurring Fair Value Measurements***

In addition to assets and liabilities that are recorded at fair value on a recurring basis, we record certain assets and liabilities at fair value on a nonrecurring basis as required by GAAP. Generally, assets are recorded at fair value on a nonrecurring basis as a result of impairment charges. We did not record any impairment charges related to assets measured at fair value on a nonrecurring basis during the 26 weeks ended August 3, 2013 or July 28, 2012.

***Other Fair Value Disclosures***

The carrying value of our cash equivalents, receivables, net, accounts payable and revolver debt outstanding approximates the fair value due to their short maturities.

**5. Debt**

On January 4, 2011, we entered into a \$400 million credit agreement (the "Revolver"), which amended and restated, in its entirety, our prior credit agreement entered into in October 2005 (the "Credit Agreement"). The Revolver provides for a five-year, \$400 million asset-based facility, including a \$50 million letter of credit sublimit, secured by substantially all of the Company's and its domestic subsidiaries' assets. We have the ability to increase the facility, which matures in January 2016, by \$150 million under certain circumstances. The extension of the Revolver to 2016 reduces our exposure to potential tightening or other adverse changes in the credit markets.

The availability under the Revolver is limited to a borrowing base which allows us to borrow up to 90% of the appraisal value of the inventory, in each case plus 90% of eligible credit card receivables, net of certain reserves. Letters of credit reduce the amount available to borrow by their face value. Our ability to pay cash dividends, redeem options and repurchase shares is generally permitted, except under certain circumstances, including if Revolver excess availability is less than 20%, or is projected to be within 12 months after such

**GAMESTOP CORP.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

payment. In addition, if Revolver usage is projected to be equal to or greater than 25% of total commitments during the prospective 12-month period, we are subject to meeting a fixed charge coverage ratio of 1.1:1.0 prior to making such payments. In the event that excess availability under the Revolver is at any time less than the greater of (1) \$40.0 million or (2) 12.5% of the lesser of the total commitment or the borrowing base, we will be subject to a fixed charge coverage ratio covenant of 1.1:1.0.

The Revolver places certain restrictions on us and our subsidiaries, including limitations on asset sales, additional liens, investments, loans, guarantees, acquisitions and the incurrence of additional indebtedness. Absent consent from our lenders, we may not incur more than \$750 million of additional unsecured indebtedness to be limited to \$250 million in general unsecured obligations and \$500 million in unsecured obligations to finance acquisitions valued at \$500 million or more.

The per annum interest rate under the Revolver is variable and is calculated by applying a margin (1) for prime rate loans of 1.25% to 1.50% above the highest of (a) the prime rate of the administrative agent, (b) the federal funds effective rate plus 0.50% or (c) the London Interbank Offered (“LIBO”) rate for a 30-day interest period as determined on such day plus 1.00%, and (2) for LIBO rate loans of 2.25% to 2.50% above the LIBO rate. The applicable margin is determined quarterly as a function of our average daily excess availability under the facility. In addition, we are required to pay a commitment fee of 0.375% or 0.50%, depending on facility usage, for any unused portion of the total commitment under the Revolver. As of August 3, 2013, the applicable margin was 1.25% for prime rate loans and 2.25% for LIBO rate loans, while the required commitment fee was 0.50% for the unused portion of the Revolver.

The Revolver provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, any material representation or warranty made by us or the borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting us or our subsidiaries, defaults relating to certain other indebtedness, imposition of certain judgments and mergers or the liquidation of the Company or certain of its subsidiaries. During the 26 weeks ended August 3, 2013, we borrowed \$130.0 million under the Revolver and repaid \$80.0 million, leaving an outstanding balance of \$50.0 million as of August 3, 2013. During the 26 weeks ended July 28, 2012, we borrowed and repaid \$36.0 million under the Revolver. Average borrowings under the Revolver for the 13 weeks and 26 weeks ended August 3, 2013 were \$44.2 million and \$22.1 million, respectively. Our average interest rates on those outstanding borrowings for the 13 weeks and 26 weeks ended August 3, 2013 were 2.9% for both periods. As of August 3, 2013, total availability under the Revolver was \$253.3 million, there was \$50.0 million of borrowings outstanding and standby letters of credit outstanding totaled \$9.0 million. We are currently in compliance with the requirements of the Revolver.

In September 2007, our Luxembourg subsidiary entered into a discretionary \$20.0 million Uncommitted Line of Credit (the “Line of Credit”) with Bank of America. There is no term associated with the Line of Credit and Bank of America may withdraw the facility at any time without notice. The Line of Credit is available to our foreign subsidiaries for use primarily as a bank overdraft facility for short-term liquidity needs and for the issuance of bank guarantees and letters of credit to support operations. As of August 3, 2013, there were no cash overdrafts outstanding under the Line of Credit and bank guarantees outstanding totaled \$4.6 million.

**6. Income Taxes**

We file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Internal Revenue Service (“IRS”) is currently examining our U.S. income tax returns for the fiscal years ended on January 28, 2012, January 29, 2011, January 30, 2010 and January 31, 2009. We do not anticipate any adjustments that would result in a material impact on our condensed consolidated financial statements as a result of these audits.

**GAMESTOP CORP.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

We accrue for the effects of uncertain tax positions and the related potential penalties and interest. Our recorded liability for unrecognized tax benefits decreased by \$8.5 million during the 13 weeks ended August 3, 2013 and by \$17.9 million during the 26 weeks ended August 3, 2013. The decrease in the liability for unrecognized tax benefits was primarily the result of payments made to settle certain U.S. federal income tax items and did not have a material impact on our income tax provision. There were no material adjustments to our recorded liability for unrecognized tax benefits during the 13 and 26 weeks ended July 28, 2012. It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain of our unrecognized tax positions could significantly increase or decrease during the next 12 months. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

The income tax provisions for the 13 weeks and 26 weeks ended August 3, 2013 and July 28, 2012 are based upon management's estimate of our annualized effective tax rate.

**7. Commitments and Contingencies**

In the ordinary course of business, we are, from time to time, subject to various legal proceedings, including matters involving wage and hour employee class actions and consumer class actions. We may enter into discussions regarding settlement of these and other types of lawsuits, and may enter into settlement agreements, if we believe settlement is in the best interest of our stockholders. We do not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material effect on our financial condition, results of operations or liquidity.

**8. Significant Products**

The following table sets forth net sales (in millions) by significant product category for the periods indicated:

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2013		July 28, 2012		August 3, 2013		July 28, 2012	
	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total
<b>Net Sales:</b>								
New video game hardware	\$ 147.8	10.7%	\$ 183.3	11.8%	\$ 389.6	12.0%	\$ 531.8	15.0%
New video game software	429.8	31.1%	473.8	30.6%	1,133.0	34.9%	1,204.9	33.9%
Pre-owned video game products	528.7	38.2%	562.3	36.3%	1,101.3	33.9%	1,181.4	33.3%
Other	277.4	20.0%	330.8	21.3%	625.1	19.2%	634.3	17.8%
Total	<u>\$1,383.7</u>	<u>100.0%</u>	<u>\$1,550.2</u>	<u>100.0%</u>	<u>\$3,249.0</u>	<u>100.0%</u>	<u>\$3,552.4</u>	<u>100.0%</u>

**GAMESTOP CORP.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

The following table sets forth gross profit (in millions) and gross profit percentages by significant product category for the periods indicated:

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2013		July 28, 2012		August 3, 2013		July 28, 2012	
	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent
<b>Gross Profit:</b>								
New video game hardware	\$ 15.5	10.5%	\$ 16.4	8.9%	\$ 35.7	9.2%	\$ 39.3	7.4%
New video game software	98.9	23.0%	107.7	22.7%	247.1	21.8%	257.7	21.4%
Pre-owned video game products	250.6	47.4%	269.5	47.9%	521.4	47.3%	573.8	48.6%
Other	116.4	42.0%	125.7	38.0%	255.5	40.9%	248.4	39.2%
Total	<u>\$ 481.4</u>	34.8%	<u>\$ 519.3</u>	33.5%	<u>\$ 1,059.7</u>	32.6%	<u>\$ 1,119.2</u>	31.5%

**9. Segment Information**

We operate our business in the following segments: United States, Canada, Australia and Europe. Segment results for the United States include retail operations in 50 states, the District of Columbia, Guam and Puerto Rico, the electronic commerce Web site [www.gamestop.com](http://www.gamestop.com), *Game Informer* magazine, the online video gaming Web site [www.kongregate.com](http://www.kongregate.com), a digital PC game distribution platform available at [www.gamestop.com/pgames](http://www.gamestop.com/pgames), the streaming technology company Spawn Labs, and an online consumer electronics marketplace available at [www.buymytronics.com](http://www.buymytronics.com). Segment results for Canada include retail and e-commerce operations in Canada and segment results for Australia include retail and e-commerce operations in Australia and New Zealand. Segment results for Europe include retail operations in 11 European countries and e-commerce operations in six countries. We measure segment profit using operating earnings, which is defined as income from continuing operations before intercompany royalty fees, net interest expense and income taxes. There has been no material change in total assets by segment since February 2, 2013. Transactions between reportable segments consist primarily of royalties, management fees, intersegment loans and related interest. Information on segments appears in the following tables.

Net sales by segment were as follows (in millions):

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	United States	\$ 942.4	\$ 1,058.5	\$ 2,295.3
Canada	67.7	76.9	155.7	174.5
Australia	112.4	128.9	226.5	235.4
Europe	261.2	285.9	571.5	624.7
Total	<u>\$ 1,383.7</u>	<u>\$ 1,550.2</u>	<u>\$ 3,249.0</u>	<u>\$ 3,552.4</u>

**GAMESTOP CORP.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

Operating earnings (loss) by segment were as follows (in millions):

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
United States	\$ 43.4	\$ 40.6	\$ 136.2	\$ 155.7
Canada	(0.7)	0.4	1.8	2.9
Australia	1.1	3.7	2.6	2.3
Europe	(25.0)	(10.2)	(34.6)	(11.4)
Total operating earnings	18.8	34.5	106.0	149.5
Interest income	0.1	0.2	0.2	0.4
Interest expense	(1.4)	(1.1)	(2.4)	(1.7)
Earnings before income tax expense	<u>\$ 17.5</u>	<u>\$ 33.6</u>	<u>\$ 103.8</u>	<u>\$ 148.2</u>

**10. Supplemental Cash Flow Information**

	26 Weeks Ended	
	August 3, 2013	July 28, 2012
Cash paid (in millions) during the period for:		
Interest	\$ 1.2	\$ 1.1
Income taxes	<u>\$206.1</u>	<u>\$199.8</u>

**11. Subsequent Events*****Dividend***

On August 20, 2013, our Board of Directors approved a quarterly cash dividend to our stockholders of \$0.275 per share of Class A Common Stock payable on September 19, 2013 to stockholders of record at the close of business on September 3, 2013. Future dividends will be subject to approval by our Board of Directors.

***Share Repurchase***

As of September 4, 2013, we have purchased an additional 0.3 million shares of our Class A Common Stock for an average price per share of \$50.27 since August 3, 2013.



## **ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion should be read in conjunction with the information contained in our condensed consolidated financial statements, including the notes thereto. Statements regarding future economic performance, management's plans and objectives, and any statements concerning assumptions related to the foregoing contained in Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements. See our Annual Report on Form 10-K for the fiscal year ended February 2, 2013 filed with the Securities and Exchange Commission (the "SEC") on April 3, 2013 (the "Form 10-K"), including the factors disclosed under "Item 1A. Risk Factors," as well as "Disclosure Regarding Forward-looking Statements" and "Item 1A. Risks Factors" below, for certain factors which may cause actual results to vary materially from these forward-looking statements.*

### **General**

GameStop Corp. (together with its predecessor companies, "GameStop," "we," "us," "our," or the "Company") is the world's largest multichannel video game retailer. We sell new and pre-owned video game hardware, physical and digital video game software, accessories, as well as PC entertainment software, new and pre-owned mobile and consumer electronics products and other merchandise primarily through our GameStop, EB Games and Micromania stores. As of August 3, 2013, we operated 6,505 stores in the United States, Australia, Canada and Europe. We also operate electronic commerce Web sites including [www.gamestop.com](http://www.gamestop.com), [www.ebgames.com.au](http://www.ebgames.com.au), [www.ebgames.co.nz](http://www.ebgames.co.nz), [www.gamestop.ca](http://www.gamestop.ca), [www.gamestop.it](http://www.gamestop.it), [www.gamestop.es](http://www.gamestop.es), [www.gamestop.ie](http://www.gamestop.ie), [www.gamestop.de](http://www.gamestop.de), [www.gamestop.co.uk](http://www.gamestop.co.uk) and [www.micromania.fr](http://www.micromania.fr). The network also includes: [www.kongregate.com](http://www.kongregate.com), a leading browser-based game site; *Game Informer* magazine, the leading multi-platform video game publication; Spawn Labs, a streaming technology company; a digital PC distribution platform available at [www.gamestop.com/pcgames](http://www.gamestop.com/pcgames); iOS and Android mobile applications; and an online consumer electronics marketplace available at [www.buymytronics.com](http://www.buymytronics.com).

Our fiscal year is composed of 52 or 53 weeks ending on the Saturday closest to January 31. The fiscal year ending February 1, 2014 ("fiscal 2013") consists of 52 weeks and the fiscal year ended February 2, 2013 ("fiscal 2012") consisted of 53 weeks.

Growth in the electronic game industry is generally driven by the introduction of new technology. Gaming consoles are typically launched in cycles as technological developments in both chip processing speeds and data storage provide significant improvements in advanced graphics, audio quality and other entertainment capabilities beyond video gaming. The current generation of consoles (the Sony PlayStation 3, the Microsoft Xbox 360 and the Nintendo Wii) was introduced between 2005 and 2007. The Nintendo 3DS was introduced in March 2011 and the Sony PlayStation Vita was introduced in February 2012. A new console cycle is developing as Nintendo launched the Wii U in November 2012 as the next generation of the Wii and Sony and Microsoft have announced their next generation of consoles with the PlayStation 4 and Xbox One, respectively. These new consoles are expected to come to market by the holiday period of 2013. Typically, following the introduction of new video game platforms, sales of new video game hardware increase as a percentage of total sales in the first full year following introduction. As video game platforms mature, the sales mix attributable to complementary video game software and accessories, which generate higher gross margins, generally increases in the subsequent years. The net effect is generally a decline in gross margin percentage in the first full year following new platform releases and an increase in gross margin percentage in the years subsequent to the first full year following the launch period. The planned launches of the next-generation Sony PlayStation 4 and Microsoft Xbox One by the holiday period of 2013 are anticipated to reduce our overall gross margin percentage in the fourth quarter of fiscal 2013. Unit sales of maturing video game platforms are typically also driven by manufacturer-funded retail price reductions, further driving sales of related software and accessories. Historically, new hardware consoles are typically introduced every four to five years. However, the current generation of hardware consoles is now over six years old and consumer demand is declining. We have seen declines in new hardware and software sales in fiscal 2012 and fiscal 2013 before the next-generation product launches due to the age of the current console cycle. The introduction of new consoles or further price cuts on the current generation of consoles could partially offset these sales declines.

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We expect that future growth in the electronic game industry will also be driven by the sale of video games delivered in digital form and the expansion of other forms of gaming. We currently sell various types of products that relate to the digital category, including digitally downloadable content, Xbox LIVE, PlayStation and Nintendo network points cards, as well as prepaid digital and online timecards. We expect our sales of digital products to continue to increase in the second half of fiscal 2013. We have made significant investments in e-commerce and in-store and Web site functionality to enable our customers to access digital content easily and facilitate the digital sales and delivery process. We plan to continue to invest in these types of processes and channels to grow our digital sales base and enhance our market leadership position in the electronic game industry and in the digital aggregation and distribution category. In addition, we intend to continue to invest in customer loyalty programs designed to attract and retain customers.

In fiscal 2011, we also launched our mobile business and began selling an assortment of tablets and accessories. We currently sell tablets and accessories in all of our stores in the United States and in a majority of stores in our international markets. We also sell and accept trades of pre-owned mobile devices in our stores.

### Critical Accounting Policies

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and do not include all disclosures required under GAAP for complete financial statements. Preparation of these statements requires management to make judgments and estimates. Some accounting policies have a significant impact on amounts reported in these financial statements. For a summary of significant accounting policies and the means by which we develop estimates thereon, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Form 10-K.

### Consolidated Results of Operations

The following table sets forth certain statement of operations items as a percentage of net sales for the periods indicated:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
<b>Statement of Operations Data:</b>				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.2	66.5	67.4	68.5
Gross profit	34.8	33.5	32.6	31.5
Selling, general and administrative expenses	30.5	28.4	26.8	24.8
Depreciation and amortization	2.9	2.8	2.5	2.5
Operating earnings	1.4	2.3	3.3	4.2
Interest expense, net	0.1	0.1	0.1	—
Earnings before income tax expense	1.3	2.2	3.2	4.2
Income tax expense	0.5	0.8	1.2	1.6
Consolidated net income	0.8	1.4	2.0	2.6
Consolidated net income attributable to GameStop Corp.	0.8%	1.4%	2.0%	2.6%

We include purchasing, receiving and distribution costs in selling, general and administrative expenses, rather than in cost of sales, in the statement of operations. We include processing fees associated with purchases

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made by credit cards in cost of sales, rather than selling, general and administrative expenses, in the statement of operations. As a result of these classifications, our gross margins are not comparable to those retailers that include purchasing, receiving and distribution costs in cost of sales and include processing fees associated with purchases made by credit cards in selling, general and administrative expenses. The net effect of these classifications as a percentage of net sales has not historically been material.

The following table sets forth net sales (in millions) and percentage of total net sales by significant product category for the periods indicated:

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2013		July 28, 2012		August 3, 2013		July 28, 2012	
	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total
<b>Net Sales:</b>								
New video game hardware	\$ 147.8	10.7%	\$ 183.3	11.8%	\$ 389.6	12.0%	\$ 531.8	15.0%
New video game software	429.8	31.1%	473.8	30.6%	1,133.0	34.9%	1,204.9	33.9%
Pre-owned video game products	528.7	38.2%	562.3	36.3%	1,101.3	33.9%	1,181.4	33.3%
Other <sup>(1)</sup>	277.4	20.0%	330.8	21.3%	625.1	19.2%	634.3	17.8%
<b>Total</b>	<b>\$1,383.7</b>	<b>100.0%</b>	<b>\$1,550.2</b>	<b>100.0%</b>	<b>\$3,249.0</b>	<b>100.0%</b>	<b>\$3,552.4</b>	<b>100.0%</b>

(1) Other products include PC entertainment and other software, digital products and currency, mobile products, including tablets and refurbished mobile devices, accessories and revenues associated with *Game Informer* magazine and our PowerUp Rewards and other loyalty programs.

The following table sets forth gross profit (in millions) and gross profit percentages by significant product category for the periods indicated:

	13 Weeks Ended				26 Weeks Ended			
	August 3, 2013		July 28, 2012		August 3, 2013		July 28, 2012	
	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent
<b>Gross Profit:</b>								
New video game hardware	\$ 15.5	10.5%	\$ 16.4	8.9%	\$ 35.7	9.2%	\$ 39.3	7.4%
New video game software	98.9	23.0%	107.7	22.7%	247.1	21.8%	257.7	21.4%
Pre-owned video game products	250.6	47.4%	269.5	47.9%	521.4	47.3%	573.8	48.6%
Other	116.4	42.0%	125.7	38.0%	255.5	40.9%	248.4	39.2%
<b>Total</b>	<b>\$ 481.4</b>	<b>34.8%</b>	<b>\$ 519.3</b>	<b>33.5%</b>	<b>\$1,059.7</b>	<b>32.6%</b>	<b>\$1,119.2</b>	<b>31.5%</b>

**13 weeks ended August 3, 2013 compared with the 13 weeks ended July 28, 2012**

**Net Sales**

Net sales decreased by \$166.5 million, or 10.7%, from \$1,550.2 million in the 13 weeks ended July 28, 2012 to \$1,383.7 million in the 13 weeks ended August 3, 2013. The decrease in net sales was primarily attributable to a decrease in comparable store sales of 10.7% for the second quarter of fiscal 2013 offset slightly by changes related to foreign exchange rates, which had the effect of increasing net sales by \$2.0 million when compared to the second quarter of fiscal 2012. The decrease in comparable store sales was primarily due to a decrease in sales across all categories related to the late stages of the current console cycle. Refer to the note to the Selected

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Financial Data table in “Item 6. Selected Financial Data” in our Form 10-K for a discussion of the calculation of comparable store sales.

New video game hardware sales decreased \$35.5 million, or 19.4%, from \$183.3 million in the 13 weeks ended July 28, 2012 to \$147.8 million in the 13 weeks ended August 3, 2013. The decrease in new video game hardware sales is primarily due to a decrease in hardware unit sell-through related to being in the late stages of the current console cycle. The new video game hardware sales declines were offset partially by sales of the Nintendo Wii U which launched in the fourth quarter of fiscal 2012.

New video game software sales decreased \$44.0 million, or 9.3%, from \$473.8 million in the 13 weeks ended July 28, 2012 to \$429.8 million in the 13 weeks ended August 3, 2013, primarily due to a reduced number of new title releases in the second quarter of fiscal 2013 as compared to the prior year quarter coupled with a reduction in consumer demand due to the late stages of the current console cycle.

Pre-owned video game product sales decreased by \$33.6 million, or 6.0%, from \$562.3 million in the 13 weeks ended July 28, 2012 to \$528.7 million in the 13 weeks ended August 3, 2013. The decrease in pre-owned video game product sales was primarily due to a decrease in store traffic related to lower video game demand due to the late stages of the current console cycle.

Other product sales decreased \$53.4 million, or 16.1%, from \$330.8 million in the 13 weeks ended July 28, 2012 to \$277.4 million in the 13 weeks ended August 3, 2013. The decrease in other product sales was primarily due to decreases in accessories sales associated with hardware sales declines and lower PC entertainment software sales due to the launch of *Diablo III* in the prior year comparable quarter, partially offset by increases in sales of mobile and digital products as we continue to focus on expanding these lines of business.

As a percentage of net sales, new video game hardware sales and other product sales decreased and new video game software sales and pre-owned video game product sales increased in the 13 weeks ended August 3, 2013 compared to the 13 weeks ended July 28, 2012. The change in the mix of sales was primarily due to the decreases in new video game hardware sales and other product sales discussed above.

#### **Cost of Sales**

Cost of sales decreased by \$128.6 million, or 12.5%, from \$1,030.9 million in the 13 weeks ended July 28, 2012 to \$902.3 million in the 13 weeks ended August 3, 2013 as a result of the decrease in sales discussed above and the changes in gross profit discussed below.

#### **Gross Profit**

Gross profit decreased by \$37.9 million, or 7.3%, from \$519.3 million in the 13 weeks ended July 28, 2012 to \$481.4 million in the 13 weeks ended August 3, 2013. Gross profit as a percentage of net sales increased from 33.5% in the 13 weeks ended July 28, 2012 to 34.8% in the 13 weeks ended August 3, 2013. The gross profit percentage increase was primarily due to a shift in sales from new hardware to pre-owned and an increase in sales of our mobile and digital products.

Gross profit as a percentage of sales on new video game hardware increased from 8.9% in the 13 weeks ended July 28, 2012 to 10.5% in the 13 weeks ended August 3, 2013, primarily due to an increase in the attachment rate of product replacement plan sales on new hardware units when compared to the prior year. Gross profit as a percentage of sales on new video game software increased slightly from 22.7% in the 13 weeks ended July 28, 2012 to 23.0% in the 13 weeks ended August 3, 2013. Gross profit as a percentage of sales on pre-owned video game products decreased from 47.9% in the 13 weeks ended July 28, 2012 to 47.4% in the 13 weeks ended August 3, 2013 due to an increase in promotional activities when compared to the prior year. Gross profit as a percentage of sales on other product sales increased from 38.0% in the 13 weeks ended July 28, 2012 to 42.0% in the 13 weeks ended August 3, 2013 primarily due to the high mix of PC entertainment sales in the prior year

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comparable quarter due to the launch of *Diablo III* in that quarter. New PC entertainment software has a lower gross profit percentage than accessories, mobile or digital sales.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses decreased by \$19.3 million, or 4.4%, from \$440.9 million in the 13 weeks ended July 28, 2012 to \$421.6 million in the 13 weeks ended August 3, 2013. This decrease was primarily due to cost control activities as a result of the decline in sales at the end of the current console cycle and lower store count. This was partially offset by changes in foreign exchange rates which had the effect of increasing expenses by \$1.4 million when compared to the second quarter of fiscal 2012. Selling, general and administrative expenses as a percentage of net sales increased from 28.4% in the 13 weeks ended July 28, 2012 to 30.5% in the 13 weeks ended August 3, 2013. The increase in selling, general and administrative expenses as a percentage of net sales was primarily due to deleveraging of fixed costs as a result of the decrease in comparable store sales during the second quarter of fiscal 2013. Included in selling, general and administrative expenses is \$6.0 million and \$5.4 million in stock-based compensation expense for the 13-week periods ended August 3, 2013 and July 28, 2012, respectively.

**Depreciation and Amortization**

Depreciation and amortization expense decreased \$2.9 million, or 6.6%, from \$43.9 million in the 13 weeks ended July 28, 2012 to \$41.0 million in the 13 weeks ended August 3, 2013. This decrease was primarily due to a decrease in capital expenditures in recent years when compared to prior years, which included significant investments in our loyalty and digital initiatives, as well as a decrease in new store openings and investments in management information systems.

**Interest Income and Expense**

Interest income from the investment of excess cash balances decreased slightly from \$0.2 million in the 13 weeks ended July 28, 2012 to \$0.1 million in the 13 weeks ended August 3, 2013. Interest expense increased slightly from \$1.1 million in the 13 weeks ended July 28, 2012 to \$1.4 million in the 13 weeks ended August 3, 2013.

**Income Tax**

Income tax expense was \$7.0 million, or 40.0% of earnings before income tax expense, for the 13 weeks ended August 3, 2013 compared to \$12.6 million, or 37.5% of earnings before income tax expense, for the 13 weeks ended July 28, 2012 and was based upon an estimate of our annualized effective tax rate. The higher effective tax rate for the second quarter of fiscal 2013 was a result of the earnings mix in the foreign countries where we operate against overall lower earnings before income taxes.

**Operating Earnings and Net Income**

The factors described above led to a decrease in operating earnings of \$15.7 million from \$34.5 million in the 13 weeks ended July 28, 2012 to \$18.8 million in the 13 weeks ended August 3, 2013, and a decrease in consolidated net income of \$10.5 million from \$21.0 million in the 13 weeks ended July 28, 2012 to \$10.5 million in the 13 weeks ended August 3, 2013.

***26 weeks ended August 3, 2013 compared with the 26 weeks ended July 28, 2012***

**Net Sales**

Net sales decreased by \$303.4 million, or 8.5%, from \$3,552.4 million in the 26 weeks ended July 28, 2012 to \$3,249.0 million in the 26 weeks ended August 3, 2013. The decrease in net sales was primarily attributable to a decrease in comparable store sales of 8.4% for the 26 weeks ended August 3, 2013 when compared to the 26 weeks ended July 28, 2012 and changes related to foreign exchange rates, which had the effect of decreasing sales by \$4.1 million for the 26 weeks ended August 3, 2013 when compared to the 26 weeks ended July 28, 2012. The decrease in comparable store sales was primarily due to a decrease in sales across all categories related to the late stages of the current console cycle.

New video game hardware sales decreased \$142.2 million, or 26.7%, from \$531.8 million in the 26 weeks ended July 28, 2012 to \$389.6 million in the 26 weeks ended August 3, 2013. The decrease in new video game hardware sales is primarily due to a decrease in hardware unit sell-through related to being in the late stages of the current console cycle and higher sales of the Sony PlayStation Vita in the first half of fiscal 2012 due to its launch in the first quarter of that year. These sales declines were offset partially by sales of the Nintendo Wii U which launched in the fourth quarter of fiscal 2012.

New video game software sales decreased \$71.9 million, or 6.0%, from \$1,204.9 million in the 26 weeks ended July 28, 2012 to \$1,133.0 million in the 26 weeks ended August 3, 2013, primarily due to declines in sales of catalog software (software beyond its initial launch period) due to the late stages of the console cycle, partially offset by stronger sales of new release video game titles in the 26 weeks ended August 3, 2013 when compared to the 26 weeks ended July 28, 2012.

Pre-owned video game product sales decreased \$80.1 million, or 6.8%, from \$1,181.4 million in the 26 weeks ended July 28, 2012 to \$1,101.3 million in the 26 weeks ended August 3, 2013. The decrease in pre-owned video game product sales was primarily due to a decrease in store traffic related to lower video game demand due to the late stages of the current console cycle.

Other product sales decreased by \$9.2 million, or 1.5%, from \$634.3 million in the 26 weeks ended July 28, 2012 to \$625.1 million in the 26 weeks ended August 3, 2013. The slight decrease in other product sales was primarily due to decreases in accessories sales associated with hardware sales declines and lower PC entertainment software sales due to the launch of *Diablo III* in the prior year second quarter, almost entirely offset by increases in sales of mobile and digital products as we continue to focus on expanding these lines of business.

As a percentage of net sales, new video game software sales, pre-owned video game product sales and other product sales increased and new video game hardware sales decreased in the 26 weeks ended August 3, 2013 compared to the 26 weeks ended July 28, 2012. The change in the mix of sales was primarily due to the decreases in new video game hardware sales as discussed above.

**Cost of Sales**

Cost of sales decreased by \$243.9 million, or 10.0%, from \$2,433.2 million in the 26 weeks ended July 28, 2012 to \$2,189.3 million in the 26 weeks ended August 3, 2013, primarily as a result of the decrease in sales discussed above and the changes in gross profit discussed below.

**Gross Profit**

Gross profit decreased by \$59.5 million, or 5.3%, from \$1,119.2 million in the 26 weeks ended July 28, 2012 to \$1,059.7 million in the 26 weeks ended August 3, 2013. Gross profit as a percentage of net sales increased from 31.5% in the 26 weeks ended July 28, 2012 to 32.6% in the 26 weeks ended August 3, 2013. The gross profit percentage increase was primarily due to the change in sales mix driven by the decrease in new video

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game hardware sales as a percentage of total net sales and the increase in gross profit as a percentage of sales on new video game hardware products and other video game products. Gross profit as a percentage of sales on new video game hardware increased from 7.4% in the 26 weeks ended July 28, 2012 to 9.2% in the 26 weeks ended August 3, 2013 primarily due to an increase in the attachment rate of product replacement plan sales on new hardware units when compared to the prior year. Gross profit as a percentage of sales on new video game software increased slightly from 21.4% in the 26 weeks ended July 28, 2012 to 21.8% in the 26 weeks ended August 3, 2013. Gross profit as a percentage of sales on pre-owned video game products decreased from 48.6% in the 26 weeks ended July 28, 2012 to 47.3% in the 26 weeks ended August 3, 2013 primarily due to an increase in promotional activities when compared to the prior year. Gross profit as a percentage of sales on other product sales increased from 39.2% in the 26 weeks ended July 28, 2012 to 40.9% in the 26 weeks ended August 3, 2013 primarily due to the increase in mobile and digital sales and a decrease in sales of PC entertainment software in the second quarter of 2013 when compared to the second quarter of 2012. New PC entertainment software has a lower gross profit percentage than accessories, mobile or digital sales.

#### **Selling, General and Administrative Expenses**

Selling, general and administrative expenses decreased by \$10.5 million, or 1.2%, from \$881.3 million in the 26 weeks ended July 28, 2012 to \$870.8 million in the 26 weeks ended August 3, 2013. This decrease was primarily due to cost control activities as a result of the decline in sales at the end of the current console cycle and lower store count. Selling, general and administrative expenses as a percentage of net sales increased from 24.8% in the 26 weeks ended July 28, 2012 to 26.8% in the 26 weeks ended August 3, 2013. The increase in selling, general and administrative expenses as a percentage of net sales was primarily due to deleveraging of fixed costs as a result of the decrease in comparable store sales. Included in selling, general and administrative expenses is \$11.5 million and \$10.4 million in stock-based compensation expense for the 26 weeks ended August 3, 2013 and July 28, 2012, respectively.

#### **Depreciation and Amortization**

Depreciation and amortization expense decreased \$5.5 million, or 6.2%, from \$88.4 million in the 26 weeks ended July 28, 2012 to \$82.9 million in the 26 weeks ended August 3, 2013. This decrease was primarily due to a decrease in capital expenditures in recent years when compared to prior years, which included significant investments in our loyalty and digital initiatives, as well as a decrease in new store openings and investments in management information systems.

#### **Interest Income and Expense**

Interest income from the investment of excess cash balances decreased slightly from \$0.4 million in the 26 weeks ended July 28, 2012 to \$0.2 million in the 26 weeks ended August 3, 2013. Interest expense increased from \$1.7 million in the 26 weeks ended July 28, 2012 to \$2.4 million in the 26 weeks ended August 3, 2013.

#### **Income Tax**

Income tax expense was \$38.7 million, or 37.3% of earnings before income tax expense, for the 26 weeks ended August 3, 2013 compared to \$54.8 million, or 37.0% of earnings before income tax expense, for the 26 weeks ended July 28, 2012 and was based upon an estimate of our annualized effective tax rate.

#### **Operating Earnings and Net Income**

The factors described above led to a decrease in operating earnings of \$43.5 million from \$149.5 million in the 26 weeks ended July 28, 2012 to \$106.0 million in the 26 weeks ended August 3, 2013, and a decrease in consolidated net income of \$28.3 million from \$93.4 million in the 26 weeks ended July 28, 2012 to \$65.1 million in the 26 weeks ended August 3, 2013.

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### Noncontrolling Interests

The \$0.1 million net loss attributable to noncontrolling interests for the 26 weeks ended July 28, 2012 represents the portion of the minority interest stockholders' net loss of our non-wholly owned subsidiaries included in our consolidated net income. The remaining noncontrolling interests were purchased during the second quarter of fiscal 2012.

### Segment Performance

We operate our business in the following segments: United States, Australia, Canada and Europe. The following tables provide a summary of our net sales and operating earnings (loss) by reportable segment:

Net sales by operating segment are as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	(In millions)			
United States	\$ 942.4	\$ 1,058.5	\$ 2,295.3	\$ 2,517.8
Canada	67.7	76.9	155.7	174.5
Australia	112.4	128.9	226.5	235.4
Europe	261.2	285.9	571.5	624.7
Total	<u>\$ 1,383.7</u>	<u>\$ 1,550.2</u>	<u>\$ 3,249.0</u>	<u>\$ 3,552.4</u>

Operating earnings (loss) by segment are as follows:

	13 Weeks Ended		26 Weeks Ended	
	August 3, 2013	July 28, 2012	August 3, 2013	July 28, 2012
	(In millions)			
United States	\$ 43.4	\$ 40.6	\$ 136.2	\$ 155.7
Canada	(0.7)	0.4	1.8	2.9
Australia	1.1	3.7	2.6	2.3
Europe	(25.0)	(10.2)	(34.6)	(11.4)
Total	<u>\$ 18.8</u>	<u>\$ 34.5</u>	<u>\$ 106.0</u>	<u>\$ 149.5</u>

### United States

Segment results for the United States include retail operations in all 50 states, the District of Columbia, Puerto Rico and Guam, the electronic commerce Web site [www.gamestop.com](http://www.gamestop.com), *Game Informer* magazine, [www.kongregate.com](http://www.kongregate.com), a digital PC game distribution platform available at [www.gamestop.com/pcgames](http://www.gamestop.com/pcgames), Spawn Labs and an online consumer electronics marketplace available at [www.buymytronics.com](http://www.buymytronics.com). As of August 3, 2013, the United States segment included 4,290 GameStop stores, compared to 4,448 stores on July 28, 2012.

Net sales for the 13 weeks ended August 3, 2013 decreased \$116.1 million, or 11.0%, compared to the 13 weeks ended July 28, 2012 due primarily to a 10.2% decrease in comparable store sales. The decrease in comparable store sales was primarily due to a decrease in sales across all categories due to the late stages of the current console cycle. The decrease in new video game hardware sales is primarily due to a decrease in hardware unit sell-through related to being in the late stages of the current console cycle and higher sales of the Sony PlayStation Vita which launched in the first quarter of fiscal 2012. These sales declines were partially offset by the sales of the Nintendo Wii U which launched in the fourth quarter of fiscal 2012. The decrease in new video



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game software sales in the second quarter of fiscal 2013 is primarily due to a reduction in new software title launches as compared to the second quarter of fiscal 2012 coupled with declining consumer demand due to the late stages of the console cycle. The decrease in pre-owned video game product sales in the second quarter of fiscal 2013 was primarily due to a decrease in store traffic related to lower video game demand due to the late stages of the current console cycle. The decrease in other product sales in the second quarter of fiscal 2013 was primarily due to decreases in sales of accessories and lower sales of PC entertainment software as compared to the second quarter of fiscal 2012 due to the launch of *Diablo III*, offset partially by increases in sales of mobile and digital products.

Net sales for the 26 weeks ended August 3, 2013 decreased \$222.5 million, or 8.8%, compared to the 26 weeks ended July 28, 2012 due primarily to a 8.2% decrease in comparable store sales. The decrease in comparable store sales was primarily due to a decrease in sales across all categories. The decrease in new video game hardware sales is primarily due to a decrease in hardware unit sell-through related to being in the late stages of the current console cycle and higher sales of the Sony PlayStation Vita which launched in the first quarter of fiscal 2012. The decrease in new video game software sales is primarily due to declines in sales of catalog software due to the late stages of the current console cycle in the 26 weeks ended August 3, 2013 when compared to the 26 weeks ended July 28, 2012. The decrease in pre-owned video game product sales is due primarily to a decrease in store traffic related to the lack of new release video game titles in the 26 weeks ended August 3, 2013 when compared to the 26 weeks ended July 28, 2012 and lower hardware demand due to the late stages of the current console cycle. The decrease in other product sales is due primarily to decreases in sales of accessories and lower sales of PC entertainment software as compared to the second quarter of fiscal 2012 due to the launch of *Diablo III*, almost entirely offset by increases in sales of mobile and digital products.

Segment operating earnings for the 13 weeks ended August 3, 2013 increased by \$2.8 million compared to the 13 weeks ended July 28, 2012, driven primarily by cost control and a higher product margin. Segment operating income decreased \$19.5 million for the 26 weeks ended August 3, 2013 compared to the 26 weeks ended July 28, 2012, driven primarily by the decrease in comparable store sales.

### **Canada**

Segment results for Canada include retail operations in Canada and their e-commerce site. As of August 3, 2013, the Canadian segment had 334 stores compared to 341 stores as of July 28, 2012. Net sales in the Canadian segment in the 13 and 26 weeks ended August 3, 2013 decreased 12.0% and 10.8%, respectively, compared to the 13 and 26 weeks ended July 28, 2012. The decrease in net sales was primarily due to a decrease in comparable store sales of 8.7% and 7.3%, respectively, and the impact of changes in exchange rates, which had the effect of decreasing sales by \$1.0 million and \$3.0 million, respectively, in the 13 and 26 weeks ended August 3, 2013 when compared to the same periods in fiscal 2012. Excluding the impact of changes in exchange rates, net sales in the Canadian segment decreased by 10.7% and 9.1% in the 13 and 26 weeks ended August 3, 2013, respectively, compared to the same periods in fiscal 2012. The decrease in comparable store sales was primarily due to a decrease in store traffic related to lower video game demand due to the late stages of the current console cycle and a decrease in sales of PC entertainment software due primarily to the release of *Diablo III* in the second quarter of fiscal 2012.

Segment operating earnings for both the 13 and 26 weeks ended August 3, 2013 decreased by \$1.1 million, compared to the 13 and 26 weeks ended July 28, 2012, due primarily to a decrease in gross profit due to lower sales for the 13 and 26 weeks ended August 3, 2013 when compared to the prior year periods.

### **Australia**

Segment results for Australia include retail operations and e-commerce sites in Australia and New Zealand. As of August 3, 2013, the Australian segment included 414 stores, compared to 416 stores as of July 28, 2012. Net sales for the 13 and 26 weeks ended August 3, 2013 decreased 12.8% and 3.8%, respectively, compared to the 13 and 26 weeks ended July 28, 2012. The decrease in net sales for the 13 weeks ended August 3, 2013 was

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primarily due to a decrease in comparable store sales of 6.5%, and the impact of changes in exchange rates, which had the effect of decreasing sales by \$7.3 million when compared to the same period in fiscal 2012. The decrease in comparable store sales in the second quarter of fiscal 2013 was primarily due to a decrease in store traffic related to lower video game demand due to the late stages of the current console cycle and a decrease in sales of PC entertainment software due primarily to the release of *Diablo III* in the second quarter of fiscal 2012. The decrease in net sales for the 26 weeks ended August 3, 2013 was attributable to the impact of exchange rates, which had the effect of decreasing sales by \$9.2 million when compared to the same period in fiscal 2012. Excluding the impact of changes in exchange rates, net sales in the Australian segment decreased by 7.1% and increased by 0.1% in the 13 and 26 weeks ended August 3, 2013, respectively, compared to the same periods in fiscal 2012.

Segment operating income in the 13 and 26 weeks ended August 3, 2013 decreased by \$2.6 million and increased by \$0.3 million, respectively, when compared to the 13 and 26 weeks ended July 28, 2012. The decrease in segment operating income for the 13 weeks ended August 3, 2013 when compared to the same period of the prior year is primarily due to a decrease in gross margin due to lower sales for the 13 weeks ended August 3, 2013. Segment operating income for the 26 weeks ended August 3, 2013 was relatively flat when compared to the same period in fiscal 2012.

### ***Europe***

Segment results for Europe include retail store operations in 11 European countries and e-commerce sites in six countries. As of August 3, 2013, the European segment included 1,467 stores compared to 1,423 stores as of July 28, 2012. For the 13 and 26 weeks ended August 3, 2013, European net sales decreased 8.6% and 8.5%, respectively, compared to the 13 and 26 weeks ended July 28, 2012. Excluding the impact of changes in exchange rates, net sales in the European segment decreased 12.2% and 9.8%, respectively, in the 13 and 26 weeks ended August 3, 2013 when compared to the prior year periods. This decrease in sales is primarily due to a decrease in comparable store sales of 14.5% and 12.5%, respectively, in the 13 and 26 weeks ended August 3, 2013. The decrease in sales at comparable stores was primarily due to weak consumer traffic and a slow-down in hardware unit sell-through as a result of being in the late stages of the current console cycle, and a decrease in sales of PC entertainment software due primarily to the release of *Diablo III* in the second quarter of fiscal 2012.

The segment operating loss in Europe in the 13 and 26 weeks ended August 3, 2013 compared to the operating loss in the 13 and 26 weeks ended July 28, 2012 increased by \$14.8 million and \$23.2 million, respectively. The increase in the operating loss for the 13 and 26 weeks ended August 3, 2013 compared to the 13 and 26 weeks ended July 28, 2012 is primarily due to the decrease in comparable store sales discussed above. The operating loss also included the unfavorable impact of changes in exchange rates, which had the effect of increasing the operating loss by \$0.7 million and \$0.5 million, respectively for the 13 and 26 weeks ended August 3, 2013.

### **Seasonality**

Our business, like that of many retailers, is seasonal, with the major portion of the net sales and operating profit realized during the fourth fiscal quarter which includes the holiday selling season.

### **Liquidity and Capital Resources**

#### ***Cash Flows***

During the 26 weeks ended August 3, 2013, cash used in operations was \$274.6 million, compared to cash used in operations of \$173.8 million during the 26 weeks ended July 28, 2012. The increase in cash used in operations of \$100.8 million was primarily due to an increase in cash used in operations for working capital which increased \$55.6 million from \$359.3 million in the 26 weeks ended July 28, 2012 to \$414.9 million in the 26 weeks ended August 3, 2013. The increase in cash used in operations for working capital was due primarily to

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the change in cash related to accounts payable and accrued liabilities and the change in the payment of income taxes from year to year. The increase in cash used related to accounts payable and accrued liabilities for the 26 weeks ended August 3, 2013 compared to the 26 weeks ended July 28, 2012 was primarily due to changes in the timing of trade payable payments. Our business is highly seasonal, with a disproportionate amount of sales and purchases occurring in the fourth quarter of each year. During the first 26 weeks of each fiscal year, we have traditionally had a significant use of cash associated with the pay down of accounts payable from year-end. Due to the late stages of the current console cycle, we have decreased purchases of new products and our inventory mix is shifting towards more pre-owned products, including pre-owned mobile products that do not have offsetting accounts payable. These factors also negatively impacted our accounts payable leverage during the quarter. Cash used in operations was also impacted by a \$15.7 million increase in cash used for other long-term liabilities. This increase is primarily a result of a \$17.9 million payment made to settle certain U.S. federal income tax items. Additionally, the increase in cash used in operations was also attributed to a \$29.5 million decrease in net income adjusted for noncash items.

Cash used in investing activities was \$45.9 million and \$57.2 million during the 26 weeks ended August 3, 2013 and July 28, 2012, respectively. During the 26 weeks ended August 3, 2013, \$47.3 million of cash was used primarily to invest in information systems, invest in digital initiatives and open new stores and remodel existing stores in the U.S. and internationally. During the 26 weeks ended July 28, 2012, \$53.6 million of cash was used primarily to invest in information systems, invest in digital initiatives and open new stores and remodel existing stores in the U.S. and internationally.

Cash used in financing activities was \$88.2 million and \$284.9 million for the 26 weeks ended August 3, 2013 and July 28, 2012, respectively. The cash used in financing activities for the 26 weeks ended August 3, 2013 was primarily due to the purchase of \$114.4 million of treasury shares and the payment of dividends on our Class A Common Stock of \$66.2 million, offset partially by the cash received from net Revolver (as defined below) borrowings of \$50 million and the issuance of shares associated with stock option exercises of \$39.3 million. The cash used in financing activities for the 26 weeks ended July 28, 2012 was primarily due to the purchase of \$246.6 million of treasury shares and the payment of dividends on our Class A Common Stock of \$40.3 million. In addition, we borrowed and repaid \$36.0 million against our Revolver during the 26 weeks ended July 28, 2012.

### ***Sources of Liquidity***

We utilize cash generated from operations and have funds available to us under our revolving credit facility to cover seasonal fluctuations in cash flows and to support our various growth initiatives. Our cash and cash equivalents are carried at cost and consist primarily of time deposits with highly rated commercial banks.

On January 4, 2011, we entered into a \$400 million credit agreement (the “Revolver”), which amended and restated, in its entirety, our prior credit agreement entered into in October 2005 (the “Credit Agreement”). The Revolver provides for a five-year, \$400 million asset-based facility, including a \$50 million letter of credit sublimit, secured by substantially all of the Company’s and its domestic subsidiaries’ assets. We have the ability to increase the facility, which matures in January 2016, by \$150 million under certain circumstances. The extension of the Revolver to 2016 reduces our exposure to potential tightening or other adverse changes in the credit markets.

The availability under the Revolver is limited to a borrowing base which allows us to borrow up to 90% of the appraisal value of the inventory, in each case plus 90% of eligible credit card receivables, net of certain reserves. Letters of credit reduce the amount available to borrow by their face value. Our ability to pay cash dividends, redeem options and repurchase shares is generally permitted, except under certain circumstances, including if Revolver excess availability is less than 20%, or is projected to be within 12 months after such payment. In addition, if Revolver usage is projected to be equal to or greater than 25% of total commitments during the prospective 12-month period, we are subject to meeting a fixed charge coverage ratio of 1.1:1.0 prior to making such payments. In the event that excess availability under the Revolver is at any time less than the

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greater of (1) \$40.0 million or (2) 12.5% of the lesser of the total commitment or the borrowing base, we will be subject to a fixed charge coverage ratio covenant of 1.1:1.0.

The Revolver places certain restrictions on us and our subsidiaries, including limitations on asset sales, additional liens, investments, loans, guarantees, acquisitions and the incurrence of additional indebtedness. Absent consent from our lenders, we may not incur more than \$750 million of additional unsecured indebtedness to be limited to \$250 million in general unsecured obligations and \$500 million in unsecured obligations to finance acquisitions valued at \$500 million or more. The per annum interest rate under the Revolver is variable and is calculated by applying a margin (1) for prime rate loans of 1.25% to 1.50% above the highest of (a) the prime rate of the administrative agent, (b) the federal funds effective rate plus 0.50% or (c) the London Interbank Offered (“LIBO”) rate for a 30-day interest period as determined on such day plus 1.00%, and (2) for LIBO rate loans of 2.25% to 2.50% above the LIBO rate. The applicable margin is determined quarterly as a function of our average daily excess availability under the facility. In addition, we are required to pay a commitment fee of 0.375% or 0.50%, depending on facility usage, for any unused portion of the total commitment under the Revolver. As of August 3, 2013, the applicable margin was 1.25% for prime rate loans and 2.25% for LIBO rate loans, while the required commitment fee was 0.50% for the unused portion of the Revolver.

The Revolver provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, any material representation or warranty made by us or the borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting us or our subsidiaries, defaults relating to certain other indebtedness, imposition of certain judgments and mergers or the liquidation of the Company or certain of its subsidiaries. As of August 3, 2013, total availability under the Revolver was \$253.3 million, there was \$50.0 million of borrowings outstanding under the Revolver and standby letters of credit outstanding totaled \$9.0 million. During the 26 weeks ended July 28, 2012, we borrowed and repaid \$36.0 million under the Revolver. Average borrowings under the Revolver for the 13 weeks and 26 weeks ended August 3, 2013 were \$44.2 million and \$22.1 million, respectively. Our average interest rate on those borrowings for the 13 weeks and 26 weeks ended August 3, 2013 was 2.9% for both periods. We are currently in compliance with the requirements of the Revolver.

In September 2007, our Luxembourg subsidiary entered into a discretionary \$20.0 million Uncommitted Line of Credit (the “Line of Credit”) with Bank of America. There is no term associated with the Line of Credit and Bank of America may withdraw the facility at any time without notice. The Line of Credit is available to our foreign subsidiaries for use primarily as a bank overdraft facility for short-term liquidity needs and for the issuance of bank guarantees and letters of credit to support operations. As of August 3, 2013, there were no cash overdrafts outstanding under the Line of Credit and bank guarantees outstanding totaled \$4.6 million.

### *Uses of Capital*

Our future capital requirements will depend on the number of new stores we open and the timing of those openings within a given fiscal year, as well as the investments we will make in e-commerce, digital and other strategic initiatives. We opened 72 stores in the 26 weeks ended August 3, 2013 and we expect to open approximately 115 stores in fiscal 2013, including the 44 stores acquired in France during the first quarter. Capital expenditures for fiscal 2013 are projected to be approximately \$135 million, to be used primarily to fund continued digital initiatives, new store openings, store remodels and invest in distribution and information systems in support of operations.

Since 2010, our Board of Directors has from time to time authorized the repurchase of our common stock. Our current authorization, made in November 2012, allows us to repurchase up to \$500 million of shares. During the 26 weeks ended August 3, 2013, we repurchased 3.4 million shares for an average price per share of \$33.58, leaving \$310.9 million available under the November 2012 authorization. As of September 4, 2013, we have purchased an additional 0.3 million shares of our Class A Common Stock for an average price per share of \$50.27 since August 3, 2013, leaving \$296.9 million available under this authorization. The amounts, timing and

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prices of share repurchases that are effected under the Company's share repurchase programs, pursuant to such authorizations, are directed by our senior management.

During the first quarter of fiscal 2012, our Board of Directors approved the initiation of a quarterly cash dividend to our stockholders of Class A Common Stock. During the 26 week periods ended August 3, 2013 and July 28, 2012, we paid \$66.2 million and \$40.3 million, respectively, in dividends. During the first and second quarters of fiscal 2012, we declared cash dividends of \$0.15 per share for each quarter. During the first and second quarters of fiscal 2013, we declared cash dividends of \$0.275 per share for each quarter. Our Board of Directors approved a quarterly cash dividend to our stockholders of \$0.275 per Class A common share payable on September 19, 2013 to stockholders of record at the close of business on September 3, 2013. Future dividends will be subject to approval by our Board of Directors.

Based on our current operating plans, we believe that available cash balances, cash generated from our operating activities and funds available under the Revolver will be sufficient to fund our operations, digital initiatives, store openings and remodeling activities and corporate capital expenditure programs, including the payment of dividends declared by the Board of Directors, for at least the next 12 months.

#### **Recent Accounting Pronouncements**

In July 2013, accounting standards update ("ASU") 2013-11 *"Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists"* was issued requiring an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as either a reduction to a deferred tax asset or separately as a liability depending on the existence, availability and/or use of an operating loss carry forward, a similar tax loss, or a tax credit carry forward. This ASU will be effective for us beginning the first quarter of 2014. We do not expect that this ASU will have an impact on our consolidated financial statements as we currently do not have any unrecognized tax benefits in the same jurisdictions in which we have tax loss or credit carryovers.

In March 2013, ASU 2013-05 *"Foreign Currency Matters (Topic 830)"* was issued providing guidance with respect to the release of cumulative translation adjustments into net income when a parent company sells either a part or all of an investment in a foreign entity. The ASU requires the release of cumulative translation adjustments when a company no longer holds a controlling financial interest in a foreign subsidiary or a group of assets that constitutes a business within a foreign entity. This ASU will be effective for us beginning the first quarter of 2014. We are evaluating the effect of this ASU, but do not expect it to have a significant impact on our condensed consolidated financial statements.

In February 2013, ASU 2013-02 *"Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income"* was issued regarding disclosure of amounts reclassified out of accumulated other comprehensive income by component. An entity is required to present either on the face of the statement of operations or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts not reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This ASU was effective for our annual and interim periods beginning in fiscal 2013. The ASU had no effect on our condensed consolidated financial statements.

#### **Disclosure Regarding Forward-looking Statements**

This report on Form 10-Q and other oral and written statements made by the Company to the public contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The forward-looking statements involve a number of risks and uncertainties. A number of factors could cause our actual results, performance, achievements or industry results to be materially different from any future results, performance or

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achievements expressed or implied by these forward-looking statements. These factors include, but are not limited to:

- the introduction of next-generation consoles, the features of such consoles, including any restrictions or conditions that may adversely affect our pre-owned business or the ability to play prior generation video games on such consoles, and the impact on demand for existing products;
- our reliance on suppliers and vendors for sufficient quantities of their products and for new product releases;
- general economic conditions in the U.S. and internationally and specifically, economic conditions affecting Europe, the electronic game industry and the retail industry;
- alternate sources of distribution of video game software and content;
- alternate means to play video games;
- the competitive environment in the electronic game industry;
- the growth of mobile, social and browser gaming;
- our ability to open and operate new stores and to efficiently close underperforming stores;
- our ability to attract and retain qualified personnel;
- our ability to effectively integrate and operate acquired companies, including digital gaming and technology-based companies that are outside of the Company's historical operating expertise;
- the impact and costs of litigation and regulatory compliance;
- unanticipated litigation results, including third-party litigation;
- the amounts, timing and prices of any share repurchases made by the Company under its share repurchase programs;
- the risks involved with our international operations, including continued efforts to consolidate back-office support and close under-performing stores; and
- other factors described in the Form 10-K, including those set forth under the caption "Item 1A. Risk Factors."

In some cases, forward-looking statements can be identified by the use of terms such as "anticipates," "believes," "continues," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "pro forma," "seeks," "should," "will" or similar expressions. These statements are only predictions based on current expectations and assumptions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this Form 10-Q. In light of these risks and uncertainties, the forward-looking events and circumstances contained in this Form 10-Q may not occur, causing actual results to differ materially from those anticipated or implied by our forward-looking statements.

**ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

**Interest Rate Exposure**

Our Revolver's per annum interest rate is variable and is based on one of (i) the U.S. prime rate, (ii) the LIBO rate or (iii) the U.S. federal funds rate. We do not use derivative financial instruments to hedge interest rate exposure. We limit our interest rate risk by investing our excess cash balances in short-term, highly-liquid instruments with a maturity of one year or less. We do not expect any material losses from our invested cash balances, and we believe that our interest rate exposure is modest.

**Foreign Currency Risk**

We use forward exchange contracts, foreign currency options and cross-currency swaps (together, the "Foreign Currency Contracts") to manage currency risk primarily related to intercompany loans denominated in non-functional currencies and certain foreign currency assets and liabilities. The Foreign Currency Contracts are not designated as hedges and, therefore, changes in the fair values of these derivatives are recognized in earnings, thereby offsetting the current earnings effect of the re-measurement of related intercompany loans and foreign currency assets and liabilities. For the 13 and 26 weeks ended August 3, 2013, we recognized losses of \$19.7 million and \$10.3 million, respectively, in selling, general and administrative expenses related to the trading of derivative instruments. These losses were offset by gains related to the re-measurement of intercompany loans and foreign currency assets and liabilities of \$22.2 million and \$13.4 million, respectively. The aggregate fair value of the Foreign Currency Contracts as of August 3, 2013 was a net liability of \$17.9 million as measured by observable inputs obtained from Bloomberg and industry-standard models that consider various assumptions, including quoted forward prices, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic measures. A hypothetical strengthening or weakening of 10% in the foreign exchange rates underlying the Foreign Currency Contracts from the market rate as of August 3, 2013 would result in a gain or loss in value of the forwards, options and swaps of \$9.2 million.

We do not use derivative financial instruments for trading or speculative purposes. We are exposed to counterparty credit risk on all of our derivative financial instruments and cash equivalent investments. We manage counterparty risk according to the guidelines and controls established under comprehensive risk management and investment policies. We continuously monitor our counterparty credit risk and utilize a number of different counterparties to minimize our exposure to potential defaults. We do not require collateral under derivative or investment agreements.

**ITEM 4. Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company's management conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) at the reasonable assurance level. Based on this evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and that the Company's disclosure controls and procedures are effective at the reasonable assurance level. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

(b) Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the Company's most recently completed fiscal

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quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II — OTHER INFORMATION**

**ITEM 1. Legal Proceedings**

In the ordinary course of the Company's business, the Company is, from time to time, subject to various legal proceedings, including matters involving wage and hour employee class actions and consumer class actions. The Company may enter into discussions regarding settlement of these and other types of lawsuits, and may enter into settlement agreements, if we believe settlement is in the best interest of the Company's stockholders. Management does not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material effect on the Company's financial condition, results of operations or liquidity.

**ITEM 1A. Risk Factors**

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in "Item 1A. Risk Factors" in our Form 10-K for the fiscal year ended February 2, 2013 filed with the SEC on April 3, 2013. These risks could materially and adversely affect our business, financial condition and results of operations. The risks described in our Form 10-K have not changed materially other than as set forth below:

***The introduction of next-generation consoles could negatively impact the demand for existing products or our pre-owned business.***

The introduction of next-generation consoles, the features of such consoles, including any restrictions or conditions that may adversely affect our pre-owned business or the ability to play prior generation video games on such consoles, and the impact on demand for existing products could have a negative impact on our sales and earnings.

These are not the only risks we face. Our operations could also be affected by additional factors that are not presently known to us or by factors that we currently consider immaterial to our business.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds**

Purchases of our equity securities during the fiscal quarter ended August 3, 2013 were as follows:

**ISSUER PURCHASES OF EQUITY SECURITIES**

	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
				(In millions of dollars)
May 5 through June 1, 2013	—	\$ —	—	\$ 399.8
June 2 through July 6, 2013	2,000,600	\$ 35.97	2,000,600	\$ 327.8
July 7 through August 3, 2013	389,200	\$ 43.58	389,200	\$ 310.9
Total	<u>2,389,800</u>	\$ 37.21	<u>2,389,800</u>	

(1) In November 2012, our Board of Directors authorized \$500 million to be used for share repurchases. The authorization has no expiration date.



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**ITEM 6. Exhibits**

Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Third Amended and Restated Certificate of Incorporation.
3.2	Third Amended and Restated Bylaws.
10.1	Amended and Restated 2011 Incentive Plan.(1)
10.2	Executive Employment Agreement, dated as of May 10, 2013, between GameStop Corp. and Daniel A. DeMatteo.(2)
10.3	Executive Employment Agreement, dated as of May 10, 2013, between GameStop Corp. and J. Paul Raines.(2)
10.4	Executive Employment Agreement, dated as of May 10, 2013, between GameStop Corp. and Tony D. Bartel.(2)
10.5	Executive Employment Agreement, dated as of May 10, 2013, between GameStop Corp. and Robert A. Lloyd.(2)
10.6	Executive Employment Agreement, dated as of May 10, 2013, between GameStop Corp. and Michael K. Mauler.(2)
16.1	Letter of BDO USA LLP, dated July 18, 2013, to the Securities and Exchange Commission regarding statements included in the Current Report on Form 8-K filed with the Securities and Exchange Commission on July 19, 2013.(3)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

- (1) Incorporated by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on June 27, 2013.
- (2) Incorporated by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 13, 2013.
- (3) Incorporated by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on July 19, 2013.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GAMESTOP CORP.

By: /s/ ROBERT A. LLOYD

ROBERT A. LLOYD

*Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)*

Date: September 11, 2013

GAMESTOP CORP.

By: /s/ TROY W. CRAWFORD

TROY W. CRAWFORD

*Senior Vice President and Chief Accounting Officer  
(Principal Accounting Officer)*

Date: September 11, 2013

**GAMESTOP CORP.**  
**EXHIBIT INDEX**

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(2)	Incorporated by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on May 13, 2013.
(3)	Incorporated by reference to the Registrant's Form 8-K filed with the Securities and Exchange Commission on July 19, 2013.

**THIRD**  
**AMENDED AND RESTATED**  
**CERTIFICATE OF INCORPORATION**  
**OF**  
**GAMESTOP CORP.**

GameStop Corp., a corporation organized and existing under the laws of the State of Delaware, pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented (the “GCL”), hereby certifies as follows:

1. The name of this corporation is GameStop Corp. At the time of incorporation GameStop Corp. was known as GSC Holdings Corp. The original Certificate of Incorporation was filed on April 13, 2005 and was amended and restated on June 27, 2005.

2. This Third Amended and Restated Certificate of Incorporation restates and integrates and further amends the Second Amended and Restated Certificate of Incorporation to read in its entirety as follows:

“**FIRST**: The name of the corporation is GameStop Corp.(the “Corporation”).

**SECOND**: The registered office of the Corporation is to be located at 1209 Orange Street, City of Wilmington, County of New Castle, State of Delaware. The name of its registered agent at that address is The Corporation Trust Company.

**THIRD**: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the GCL.

**FOURTH**: (a) Authorized Capital Stock. The total number of shares of stock that the Corporation shall have authority to issue is 305,000,000 of which (i) 300,000,000 shares shall be shares of Class A Common Stock, par value \$.001 per share (the “Class A Common Stock” or “Common Stock”), and (ii) 5,000,000 shares shall be shares of Preferred Stock, par value \$.001 per share (the “Preferred Stock”), issuable in one or more series as hereinafter provided. The number of authorized shares of any class or classes of capital stock of the Corporation may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Corporation entitled to vote generally in the election of directors (“Voting Stock”) irrespective of the provisions of Section 242(b)(2) of the GCL or any corresponding provision hereinafter enacted. Effective upon the filing of the Second Amended and Restated Certificate of Incorporation, each share of the Company’s Class B Common Stock, par value \$.001 per share (the “Class B”).

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Common Stock”), outstanding immediately prior thereto shall thereupon automatically be converted into one share of Class A Common Stock (and outstanding certificates that had theretofore represented shares of Class B Common Stock shall thereupon represent the number of shares of Class A Common Stock they have been converted into despite the absence of any indication thereon to that effect).

(b) Class A Common Stock.

(i) Voting Rights.

(A) The holders of shares of Class A Common Stock shall be entitled to one vote in person or by proxy for each share of Class A Common Stock standing in such holder’s name on the transfer books of the Corporation in connection with the election of directors and all other matters submitted to a vote of stockholders.

(B) All rights to vote and all power (including, without limitation, thereto, the right to elect directors) shall be vested exclusively in the holders of Class A Common Stock, except as expressly provided in this Third Amended and Restated Certificate of Incorporation, in a Certificate of Designation with respect to any Preferred Stock or as otherwise expressly required by applicable law.

(C) No stockholder shall be entitled to exercise any right of cumulative voting.

(ii) Dividends and Distributions. Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Certificate of Incorporation, holders of Class A Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in all such dividends and other distributions.

(iii) Liquidation Rights. In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Class A Common Stock. For purposes of this paragraph (b)(iii), the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(iv) No Preemptive Rights. No stockholder of the Corporation shall have any preemptive or preferential right, nor be entitled as such as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of the Corporation of any class or series, whether now or hereafter authorized, and whether issued for money or for consideration other than money, or of any issue of securities convertible into stock of the Corporation.

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(v) No Redemption Rights. No stockholder of the Corporation shall have any right to have the shares of Common Stock held by such holder redeemed by the Corporation.

(c) Series A Preferred Stock. A series of Preferred Stock of the Corporation hereby is created, and the designation and amount thereof, and the voting powers, preferences and relative, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, are as follows:

(i) Designation, Par Value and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "Series A Preferred"), the shares of such series shall be with par value of \$.001 per share, and the number of shares constituting such series shall be 500,000; provided, however, that, if more than a total of 500,000 shares of Series A Preferred shall be issuable upon the exercise of Rights (the "Rights") issued pursuant to the Rights Agreement, dated as of June 27, 2005, between the Corporation and The Bank of New York, as Rights Agent (as amended from time to time) (the "Rights Agreement"), the Board of Directors, pursuant to the General Corporation Law of the State of Delaware, shall direct by resolution or resolutions that a certificate be properly executed, acknowledged and filed providing for the total number of shares of Series A Preferred authorized to be issued to be increased (to the extent that the Certificate of Incorporation then permits) to the largest number of whole shares (rounded up to the nearest whole number) issuable upon exercise of the Rights.

(ii) Dividends and Distributions.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Preferred with respect to dividends, the holders of shares of Series A Preferred, in preference to the holders of Class A Common Stock and any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the 30th day of each of April, July, October and January in each year (or, in each case, if not a date on which the Corporation is open for business, the next succeeding business day) or such earlier date in any such month on which dividends on the Common Stock are payable (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$1.00 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred. In the event the Corporation shall at any time after June 27, 2005 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Preferred were entitled immediately prior to such event

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under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$1.00 per share on the Series A Preferred shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Preferred, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

(iii) Voting Rights. The holders of shares of Series A Preferred shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred shall entitle the holder thereof to 10,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Preferred were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of votes entitled to be cast by the holders of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of votes entitled to be cast by the holders of shares of Common Stock that were outstanding immediately prior to such event.

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(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (1) If at any time dividends on any Series A Preferred shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Preferred then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Preferred) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(2) During any default period, such voting right of the holders of Series A Preferred may be exercised initially at a special meeting called pursuant to subparagraph (3) of this paragraph (iii)(C) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Preferred.

(3) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board, any Vice Chairman, the Chief Executive Officer, the President, the Chief Operating Officer, any Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this subparagraph (C)(3) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than



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20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this subparagraph (C)(3), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(4) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in subparagraph (C)(2) of this paragraph (iii)) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this subparagraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(5) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the Certificate of Incorporation or By-laws of the Corporation (the "By-laws") irrespective of any increase made pursuant to the provisions of subparagraph (C)(2) of this paragraph (iii) (such number being subject, however to change thereafter in any manner provided by law or in the Certificate of Incorporation or By-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Preferred shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

(iv) Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred as provided in paragraph (i) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred outstanding shall have been paid in full, the Corporation shall not:

(1) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred;

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(2) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred, except dividends paid ratably on the Series A Preferred and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(3) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred; or

(4) purchase or otherwise acquire for consideration any shares of Series A Preferred, or any shares of stock ranking on a parity with the Series A Preferred, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (A) of this paragraph (iv), purchase or otherwise acquire such shares at such time and in such manner.

(v) Reacquired Shares. Any shares of Series A Preferred purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(vi) Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred unless, prior thereto, the holders of shares of Series A Preferred shall have received \$1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the “Series A Liquidation Preference”). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the

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holders of shares of Series A Preferred unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the “Common Adjustment”) equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 1,000 (as appropriately adjusted as set forth in subparagraph (c) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the “Adjustment Number”). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Preferred and Common Stock, respectively, holders of Series A Preferred and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Preferred, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(vii) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Preferred shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

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(viii) No Redemption. The shares of Series A Preferred shall not be redeemable.

(ix) Ranking. The Series A Preferred shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

(x) Amendment. The Third Amended and Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Preferred, voting separately as a class.

(xi) Fractional Shares. Series A Preferred may be issued in fractions of a share which shall entitle the holder, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Preferred.

(d) Preferred Stock.

(i) Authorization. Subject to the voting and approval procedures set forth in the By-laws, the Board of Directors is hereby expressly granted authority to authorize from time to time in accordance with law the issuance of the remaining 4,500,000 shares of Preferred Stock, one or more series of Preferred Stock and with respect to any such series to fix by resolution or resolutions the numbers, powers, designations, preferences and relative, participating, optional or other special rights of such series and the qualifications, limitations or restrictions thereof, including but without limiting the generality of the foregoing, the following:

(A) entitling the holders thereof to cumulative, non-cumulative or partially cumulative dividends, or to no dividends;

(B) entitling the holders thereof to receive dividends payable on a parity with, junior to, or in preference to, the dividends payable on any other class or series of capital stock of the Corporation;

(C) entitling the holders thereof to rights upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon any other distribution of the assets of, the Corporation, on a parity with, junior to or in preference to, the rights of any other class or series of capital stock of the Corporation;

(D) providing for the conversion, at the option of the holder or of the Corporation or both, of the shares of Preferred Stock into shares of any other class or classes of capital stock of the Corporation or of any series of the same or any other class or classes or into property of the Corporation or into the securities or properties of any other corporation or person, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine, or providing for no conversion;

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(E) providing for the redemption, in whole or in part, of the shares of Preferred Stock at the option of the Corporation or the holder thereof, in cash, bonds or other property, at such price or prices (which amount may vary under different conditions and at different redemption dates), within such period or periods, and under such conditions as the Board of Directors shall so provide, including provisions for the creation of a sinking fund for the redemption thereof, or providing for no redemption;

(F) lacking voting rights or having limited voting rights or enjoying general, special or multiple voting rights;

(G) specifying the number of shares constituting that series and the distinctive designation and stated value of that series;

(H) specifying the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of any other class or classes of stock of the Corporation ranking junior to the shares of such series either as to dividends or upon liquidation, dissolution or winding-up;

(I) specifying the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issuance of any additional stock (including additional shares of such series or of any other series or of any other class) ranking on a parity with or prior to the shares of such series as to dividends or distributions of assets upon liquidation, dissolution or winding-up; and

(J) providing for any other power, preference and relative, participating, optional or other rights or terms, and the qualifications, limitations or restrictions thereof, as shall not be inconsistent with applicable law, this paragraph (d)(J) or any resolution of the Board of Directors pursuant hereto.

All shares of any one series of Preferred Stock shall be identical in all respects with the other shares of such series, except that shares of any one series of Preferred Stock issued at different times may differ as to the dates from which dividends thereon shall be cumulative. The Board of Directors may change the powers, designation, preferences, rights, qualifications, limitations and restrictions of, and number of shares in, any series of Preferred Stock as to which no shares are issued and outstanding.

(ii) Dividends. Dividends on outstanding shares of Preferred Stock shall be paid or declared and set apart for payment before any dividends shall be paid or declared and set apart for payment on the Common Stock with respect to the same dividend period.

(iii) Liquidation Rights. If upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets available for distribution to holders of shares of Preferred Stock of all series shall be insufficient to pay such holders the full preferential amount to which they are entitled, then such assets shall be distributed in accordance with the respective priorities and preferential amounts (including unpaid cumulative dividends, if any, and interest thereon, if any) payable with respect thereto, and among shares of any series of Preferred Stock, ratably among the shares of such series.

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**FIFTH:** (a) Election of Directors. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors initially consisting of three directors, the exact number of directors to be not less than three nor more than fifteen as determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors. At the annual meetings of stockholders held in 2014 and 2015, the directors standing for election shall be elected for a term expiring at the annual meetings of stockholders held in 2015 and 2016, respectively. Beginning with the annual meeting of stockholders held in 2016, the entire Board of Directors shall be elected annually at each annual meeting of stockholders. The directors shall hold office until their respective successors are elected and qualify, subject, however, to prior death, resignation or removal from office. Any vacancy on the Board of Directors may be filled by a majority of the directors then in office, even if less than a quorum, or by a sole remaining director or by stockholders if such vacancy was caused by the action of stockholders (in which event such vacancy may not be filled by the directors or a majority thereof).

Any director elected to fill a vacancy not resulting from an increase in the number of directors shall have the same remaining term as that of his predecessor.

(b) Vacancies in the Board. Except as expressly provided in a Certificate of Designation with respect to any Preferred Stock, newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, or by stockholders if such vacancy was caused by the removal of a director by the action of stockholders (in which event such vacancy may not be filled by the directors or a majority thereof). Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been duly elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(c) Removal of Directors. Subject to the rights of the holders of any class or series of Preferred Stock to elect additional directors under specified circumstances, any director may be removed from office only for cause upon the affirmative vote of holders of at least 80% of the voting power of the then outstanding Voting Stock, voting as a single class. A director may not be removed by the stockholders at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is removal of the director.

(d) Amendment to this Article FIFTH. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with this Article FIFTH.

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**SIXTH:** (a) (1) Except as otherwise provided by law or this Certificate of Incorporation, and subject to any rights of holders of Preferred Stock, the provisions of this Certificate of Incorporation shall not be modified, revised, altered or amended, repealed or rescinded in whole or in part, without the approval of the holders of at least a majority of the voting power of the then outstanding Voting Stock, voting together as a single class; provided, however, that with respect to any proposed amendment of this Third Amended and Restated Certificate of Incorporation which would alter or change the powers, preferences or special rights of the shares of Common Stock so as to affect them adversely, the approval of a majority of the votes entitled to be cast by the holders of the shares affected by the proposed amendment, voting separately as a class, shall be obtained in addition to the approval of the holders of at least a majority (or such higher percentage as required by law or this Certificate of Incorporation) of the voting power of the then outstanding Voting Stock, voting together as a single class as hereinbefore provided.

(2) Every reference in this Certificate of Incorporation to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Voting Stock or Common Stock shall refer to such majority or other proportion of the votes to which such shares of Voting Stock or Common Stock are entitled.

(b) The Board of Directors is expressly empowered to adopt, amend or repeal the By-laws of the Corporation. Any adoption, amendment or repeal of the By-laws of the Corporation by the Board of Directors shall require the approval of a majority of the entire Board of Directors. The stockholders shall also have power to adopt, amend or repeal the By-laws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the By-laws of the Corporation.

(c) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with this Article SIXTH.

**SEVENTH:** (a) Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

(b) Except as otherwise required by law, a special meeting of the stockholders of the Corporation may be called at any time by the Chairman of the Board or the Chief Executive Officer or by the Board pursuant to a resolution adopted by a majority of the then authorized number of directors. Except as expressly provided in the immediately preceding sentence, any power of stockholders to call a special meeting is specifically denied. Any special meeting of the stockholders shall be held on such date, at such time and at such place within or without the State of Delaware as the Board of Directors or the officer calling the meeting may designate. At a special meeting of the stockholders, no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

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(c) No business other than that stated in the notice shall be transacted at any special meeting of stockholders.

(d) Advance notice of the proposal of business by stockholders shall be given in the manner provided in the By-laws of the Corporation, as amended and in effect from time to time.

(e) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of at least 80% of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, repeal or adopt any provision inconsistent with this Article Seventh.

**EIGHTH:** The Corporation elects not to be governed by Section 203 of the Delaware General Corporation Law.

**NINTH:** Unless and except to the extent that the By-laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

**TENTH:** The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, provided that such action is approved in the manner, and otherwise complies with the requirements, set forth in this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

**ELEVENTH:** A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the GCL; or (iv) for any transaction from which the director derived an improper personal benefit. If the GCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended. Any repeal or modification of this provision shall be prospective only and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

**TWELFTH:** The Corporation, to the fullest extent permitted by Section 145 of the GCL, as the same may be amended and supplemented, may indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person."



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3. This Third Amended and Restated Certificate of Incorporation has been duly adopted by the Board of Directors of the Corporation and consented to in writing and authorized by the holders of all of the issued and outstanding stock entitled to vote thereon.

4. This Third Amended and Restated Certificate of Incorporation was duly adopted in accordance with the applicable provisions of Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

THIRD AMENDED AND RESTATED  
BY-LAWS  
OF  
GAMESTOP CORP.  
ARTICLE I.  
OFFICES

SECTION 1. Registered Office. The registered office of GameStop Corp. (the “Corporation”) within the State of Delaware shall be established and maintained at the location of the registered agent of the Corporation.

SECTION 2. Other Offices. The Corporation may also have an office or offices and keep the books and records of the Corporation, except as otherwise may be required by law, in such other place or places, either within or without the State of Delaware, as the Board of Directors of the Corporation (the “Board”) may from time to time determine or the business of the Corporation may require.

ARTICLE II.  
MEETINGS OF STOCKHOLDERS

SECTION 1. Place of Meetings. All meetings of holders of shares of capital stock of the Corporation shall be held at the office of the Corporation in the State of Delaware or at such other place, within or without the State of Delaware, as may from time to time be fixed by the Board or specified or fixed in the respective notices or waivers of notice thereof.

SECTION 2. Annual Meetings. An annual meeting of stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting (an “Annual Meeting”) shall be held at such place, on such date, and at such time as the Board shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders or, if no such meeting has been held, the date of incorporation.

SECTION 3. Special Meetings. Except as otherwise required by law, a special meeting of the stockholders of the Corporation may be called at any time by the Chairman of the Board or the Chief Executive Officer or by the Board pursuant to a resolution adopted by a majority of the then authorized number of directors. Any special meeting of the stockholders shall be held on such date, at such time and at such place within or without the State of Delaware as the Board of Directors or the officer calling the meeting may designate. At a special meeting of the stockholders, no business shall be transacted and no corporate action shall be taken other than that stated in the notice of the meeting.

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SECTION 4. Notice of Meetings. Except as otherwise may be required by law, notice of each meeting of stockholders, whether an Annual Meeting or a special meeting, shall be in writing, shall state the purpose or purposes of the meeting, the place, date and hour of the meeting and, unless it is an Annual Meeting, shall indicate that the notice is being issued by or at the direction of the person or persons calling the meeting, and a copy thereof shall be delivered or sent by mail, not less than 10 or more than 60 days before the date of said meeting, to each stockholder entitled to vote at such meeting. If mailed, such notice shall be directed to such stockholder at his address as it appears on the stock records of the Corporation, unless he shall have filed with the Secretary of the Corporation a written request that notices to him be mailed to some other address in which case it shall be directed to him at such other address. Notice of an adjourned meeting need not be given if the time and place to which the meeting is to be adjourned was announced at the meeting at which the adjournment was taken, unless (i) the adjournment is for more than 30 days, or (ii) the Board shall fix a new record date for such adjourned meeting after the adjournment.

SECTION 5. Quorum. At each meeting of stockholders of the Corporation, the holders of shares having a majority of the voting power of the capital stock of the Corporation issued and outstanding and entitled to vote thereat shall be present or represented by proxy to constitute a quorum for the transaction of business, except as otherwise provided by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

SECTION 6. Adjournments. In the absence of a quorum at any meeting of stockholders or any adjournment or adjournments thereof, the Chairman of the Board or holders of shares having a majority of the voting power of the capital stock present or represented by proxy at the meeting may adjourn the meeting from time to time until a quorum shall be present or represented by proxy. At any such adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the meeting as originally called if a quorum had been present or represented by proxy thereat.

SECTION 7. Order of Business. (a) At any Annual Meeting, only such business shall be conducted as shall have been brought before the Annual Meeting (i) by or at the direction of the Board, or (ii) by any stockholder who complies with the procedures set forth in this Section 7.

(b) For business properly to be brought before an Annual Meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 30 days nor more than 60 days prior to the Annual Meeting: provided, however, that in the event that less than 40 days' notice or prior public disclosure of the date of the Annual Meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the date of the Annual

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Meeting was mailed or such public disclosure was made. To be in proper written form, a stockholder's notice to the Secretary shall set forth in writing as to each matter the stockholder proposes to bring before the Annual Meeting: (i) a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting; (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business; (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; and (iv) any material interest of the stockholder in such business. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at an Annual Meeting except in accordance with the procedures set forth in this Section 7. The chairman of an Annual Meeting shall, if the facts warrant, determine and declare to the Annual Meeting that business was not properly brought before the Annual Meeting in accordance with the provisions of this Section 7 and, if he should so determine, he shall so declare to the Annual Meeting and any such business not properly brought before the Annual Meeting shall not be transacted.

SECTION 8. Proxies and Voting. Unless otherwise required by law, the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") or these By-Laws, any question brought before any meeting of stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the votes of shares of capital stock represented and entitled to vote thereat, voting as a single class. The term "Certificate of Incorporation" as used in these By-Laws includes any Certificate of Designation filed by the Corporation with respect to any series of preferred stock of the Corporation. Every reference in these By-Laws to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of capital stock shall refer to such majority or other proportion of the votes to which such shares of capital stock are entitled as provided in the Certificate of Incorporation. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. All voting, including on the election of directors but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefore by a stockholder entitled to vote or by his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting.

SECTION 9. Inspectors. For each election of directors by the stockholders and in any other case in which it shall be advisable, in the opinion of the Board, that the voting upon any matter shall be conducted by inspectors of election, the Board shall appoint an inspector or inspectors of election. If, for any such election of directors or the voting upon any such other matter, any inspector appointed by the Board shall be unwilling or unable to serve, or if the Board shall fail to appoint inspectors, the chairman of the meeting shall appoint the necessary inspector or inspectors. The inspector(s) so appointed, before entering upon the discharge of their duties, shall be sworn faithfully to execute the duties of inspectors with strict impartiality,

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and according to the best of their ability, and the oath so taken shall be subscribed by them. Such inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each of the shares represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting or any stockholder entitled to vote thereat, the inspectors shall make a report in writing of any challenge, question or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of election of directors. Inspectors need not be stockholders.

SECTION 10. Consent of Stockholders in Lieu of Meeting. Any action required to be taken at any Annual Meeting or special meeting of stockholders of the Corporation, or any action which may be taken at any Annual Meeting or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

### ARTICLE III.

#### DIRECTORS

SECTION 1. Powers. The business of the Corporation shall be managed under the direction of the Board. The Board may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

- (1) To declare dividends from time to time in accordance with law;
- (2) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;
- (3) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

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(4) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

(5) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

(6) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

(7) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and

(8) To adopt from time to time regulations, not inconsistent with these By-laws, for the management of the Corporation's business and affairs.

SECTION 2. Terms and Vacancies The authorized number of directors of the Corporation shall be fixed in accordance with the Certificate of Incorporation. At the annual meetings of stockholders held in 2014 and 2015, the directors standing for election shall be elected for a term expiring at the annual meetings of stockholders held in 2015 and 2016, respectively. Beginning with the annual meeting of stockholders held in 2016, the entire Board of Directors shall be elected annually at each annual meeting of stockholders, as provided in the Certificate of Incorporation. No decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

SECTION 3. Nominations of Directors; Election. (a) Nominations for the election of directors may be made by the Board or a committee appointed by the Board, or by any stockholder of the Corporation entitled to vote generally in the election of directors who complies with the procedures set forth in this Section 3. Directors shall be at least 21 years of age. Directors need not be stockholders.

(b) All nominations by stockholders shall be made pursuant to timely notice in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than 30 days nor more than 60 days prior to the meeting; provided, however, that in the event that less than 40 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. To be in proper written form, such stockholder's notice shall set forth in writing (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including, without limitation, such person's written consent to being a nominee and to serving as a director if elected; and (ii) as to the stockholder giving the notice,

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the (x) name and address, as they appear on the Corporation's books, of such stockholder and (y) the class and number of shares of the Corporation which are beneficially owned by such stockholder. At the request of the Board, any person nominated by the Board for election as a director shall furnish to the Secretary of the Corporation the information required to be set forth in a stockholder's notice of nomination which pertains to the nominee.

(c) At any meeting of stockholders for the election of one or more directors at which a quorum is present, each director shall be elected by vote of a majority of the votes cast with respect to the director, provided that if the number of nominees for director exceeds the number of directors to be elected, the directors shall be elected by the vote of a plurality of the votes cast by the stockholders entitled to vote at the election. For purposes of this Section 3(c), a majority of the votes cast means that the number of shares voted "for" a director exceeds the number of shares voted "against" that director. Votes cast shall not include (i) a share whose ballot is marked as "withheld", (ii) a share otherwise present at the meeting but for which there is an abstention, and (iii) a share otherwise present at the meeting as to which the shareholder gives no authority or direction. If a director then serving on the Board does not receive the required majority, the director shall tender his or her resignation to the Board. Within ninety (90) days after the date of the certification of election results, the Nominating and Corporate Governance Committee (the "Governance Committee") will make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken, and the Board will act on the tendered resignation, taking into account the Governance Committee's recommendation, and publicly disclose its decision and the rationale behind it. The Governance Committee in making its recommendation, and the Board in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders his or her resignation shall not participate in the recommendation of the Governance Committee or the decision of the Board with respect to such resignation. For the avoidance of doubt, if such resignation is accepted by the Board, the Board may fill such vacancy in accordance with the provisions of paragraph (c) of Article FIFTH of the Certificate of Incorporation.

SECTION 4. Place of Meetings. The Board may hold meetings, both regular and special, at the Corporation's office in the State of Delaware or at such other places in or outside of the State of Delaware, as the Board may from time to time determine or as shall be specified or fixed in the notice or waiver of notice of any such meeting.

SECTION 5. Regular Meetings. Regular meetings of the Board shall be held in accordance with a yearly meeting schedule as determined by the Board; or such meetings may be held on such other days and at such other times as the Board may from time to time determine.

SECTION 6. Special Meetings. Special meetings of the Board may be called by a majority of the directors then in office (rounded up to the nearest whole number) or by the Chairman of the Board and shall be held at such place, on such date, and at such time as they or he shall fix.

SECTION 7. Notice of Meetings. Notice of each special meeting of the Board stating the time, place and purposes thereof, shall be (i) mailed to each director not less than five days prior to the meeting, addressed to him at his residence or usual place of business, or (ii) shall be sent to him by facsimile, telex, cable or telegram so addressed, or shall be given personally or by telephone, on 24 hours' notice.

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SECTION 8. Quorum and Manner of Acting. The presence of at least a majority of the authorized number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Except where a different vote is required by these By-laws or otherwise, the act of a majority of the directors present at any meeting at which a quorum shall be present shall be the act of the Board. Any action required or permitted to be taken by the Board may be taken without a meeting if all the directors consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the directors shall be filed with the minutes of the proceedings of the Board. Any one or more directors may participate in any meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall be deemed to constitute presence in person at a meeting of the Board.

SECTION 9. Resignation. Any director may resign at any time by giving written notice to the Corporation; provided, however, that written notice to the Board, the Chairman of the Board, the President of the Corporation or the Secretary of the Corporation shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

SECTION 10. Compensation of Directors. The Board may provide for the payment to any of the directors of a specified amount for services as director or member of a committee of the Board, or of a specified amount for attendance at each regular or special Board meeting or committee meeting, or of both, and all directors shall be reimbursed for expenses of attendance at any such meeting; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

#### ARTICLE IV.

#### COMMITTEES OF THE BOARD

SECTION 1. Appointment and Powers of Executive Committee. The Board may, by resolution adopted by the affirmative vote of a majority of the authorized number of directors, designate an Executive Committee of the Board, which shall consist of such number of members as the Board shall determine. Except as provided by Delaware law, any committee so designated may exercise the power and authority of the Board to declare dividends, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law if the resolution that designates the committee or a supplemental resolution of the Board shall so provide. Except as provided by Delaware law, during the interval between the meetings of the Board, the Executive Committee shall possess



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and may exercise all the powers of the Board in the management and direction of all the business and affairs of the Corporation (except the matters hereinafter assigned to any other Committee of the Board), in such manner as the Executive Committee shall deem in the best interests of the Corporation in all cases in which specific directions shall not have been given by the Board. The Executive Committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of the Executive Committee shall constitute a quorum for the transaction of business by the committee and the act of a majority of the members of the committee present at a meeting at which a quorum shall be present shall be the act of the committee. Either the Chairman of the Board or the Chairman of the Executive Committee may call the meetings of the Executive Committee.

SECTION 2. Appointment and Powers of Audit Committee. The Board may, by resolution adopted by the affirmative vote of a majority of the authorized number of directors, designate an Audit Committee of the Board, which shall consist of such number of members as the Board shall determine. The Audit Committee shall (i) make recommendations to the Board as to the independent accountants to be appointed by the Board; (ii) review with the independent accountants the scope of their examinations; (iii) receive the reports of the independent accountants and meet with representatives of such accountants for the purpose of reviewing and considering questions relating to their examination and such reports; (iv) review, either directly or through the independent accountants, the internal accounting and auditing procedures of the Corporation; (v) review related party transactions and (vi) perform such other functions as may be assigned to it from time to time by the Board. The Audit Committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of business by the committee and the act of a majority of the members of the committee present at a meeting at which a quorum shall be present shall be the act of the committee.

SECTION 3. Compensation Committee; Other Committees. The Board may, by resolution adopted by the affirmative vote of a majority of the authorized number of directors, designate members of the Board to constitute a Compensation Committee and such other committees of the Board as the Board may determine. Such committees shall in each case consist of such number of directors as the Board may determine, and shall have and may exercise, to the extent permitted by law, such powers as the Board may delegate to them in the respective resolutions appointing them. Each such committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide. A majority of the members of any such committee shall constitute a quorum for the transaction of business by the committee and the act of a majority of the members of such committee present at a meeting at which a quorum shall be present shall be the act of the committee.

SECTION 4. Action by Consent; Participation by Telephone or Similar Equipment. Unless the Board shall otherwise provide, any action required or permitted to be taken by any committee may be taken without a meeting if all members of the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the committee shall be filed with the minutes of the proceedings of the committee. Unless the Board shall otherwise provide, any one or more members of any such committee may participate in any meeting of the committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting of the committee.

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SECTION 5. Changes in Committees; Resignations; Removals. The Board shall have power, by the affirmative vote of a majority of the authorized number of directors, at any time to change the members of, to fill vacancies in, and to discharge any committee of the Board. Any member of any such committee may resign at any time by giving notice to the Corporation; provided, however, that notice to the Board, the Chairman of the Board, the President of the Corporation, the chairman of such committee or the Secretary of the Corporation shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any member of any such committee may be removed at any time, either with or without cause, by the affirmative vote of a majority of the authorized number of directors at any meeting of the Board called for that purpose.

## ARTICLE V.

### OFFICERS

SECTION 1. Number and Qualification. The Corporation shall have such officers as may be necessary or desirable for the business of the Corporation. The officers of the Corporation shall consist of a Chairman of the Board, a Chief Executive Officer, a Chief Operating Officer, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may from time to time be appointed by the Board. Officers shall be elected by the Board, which shall consider that subject at its first meeting after every Annual Meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person. The failure to elect a Chairman of the Board, Chief Executive Officer, Chief Operating Officer, President, Vice President, Secretary or Treasurer shall not affect the existence of the Corporation.

SECTION 2. Chairman of the Board. The Chairman of the Board shall be responsible for implementing all orders and resolutions of the Board. The Chairman of the Board shall also be a director and shall preside at all meetings of the stockholders and directors at which he or she is present and shall have such other powers and duties as the Board or any other duly authorized committee shall from time to time designate.

SECTION 3. Chief Executive Officer. The Chief Executive Officer shall have general and active responsibility for the management of the business of the Corporation and shall perform such duties as are conferred upon him or her by these bylaws or as may from time to time be assigned to him or her by the Chairman of the Board or the Board. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and directors.

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SECTION 4. Chief Operating Officer. The Chief Operating Officer shall have general supervision and control over the day-to-day business and management of the corporation, subject to the control of the Chief Executive Officer and the Board of Directors, and shall see that all orders and resolutions of the Board are carried into effect.

SECTION 5. President. Subject to the provisions of these By-laws and to the direction of the Board, the President shall perform all duties and have all powers which are commonly incident to the office of President or which are delegated to him or her by the Board. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation. In the absence of the Chairman of the Board and Chief Executive Officer, the President shall preside at all meetings of the stockholders and directors.

SECTION 6. Vice President. Each Vice President shall have such powers and duties as may be delegated to him or her by the Board. One Vice President shall be designated by the Board to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

SECTION 7. Treasurer. The Treasurer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Treasurer shall also perform such other duties as the Board may from time to time prescribe.

SECTION 8. Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board. He or she shall have charge of the corporate books and shall perform such other duties as the Board may from time to time prescribe.

SECTION 9. Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

SECTION 10. Removal. Any officer of the Corporation may be removed at any time, with or without cause, by the Board.

SECTION 11. Resignations. Any officer may resign at any time by giving written notice to the Corporation; provided, however, that notice to the Board, Chairman of the Board, the President or the Secretary shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 12. Vacancies. Any vacancy among the officers, whether caused by death, resignation, removal or any other cause, shall be filled in the manner prescribed for election or appointment to such office.

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SECTION 13. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chairman of the Board or any officer of the Corporation authorized by the Chairman of the Board shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

SECTION 14. Bonds of Officers. If required by the Board, any officer of the Corporation shall give a bond for the faithful discharge of his duties in such amount and with such surety or sureties as the Board may require.

SECTION 15. Compensation. The salaries of the officers shall be fixed from time to time by the Board, unless and until the Board appoints a Compensation Committee.

SECTION 16. Officers of Operating Companies or Divisions. The Chairman of the Board shall have the power to appoint, remove and prescribe the terms of office, responsibilities, duties and salaries of, the officers of the operating companies or divisions, other than those who are officers of the Corporation.

## ARTICLE VI.

### CONTRACTS, CHECKS, LOANS, DEPOSITS, ETC.

SECTION 1. Contracts. The Board may authorize any officer or officers, agent or agents, in the name and on behalf of the Corporation, to enter into any contract or to execute and deliver any instrument, which authorization may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or for any amount.

SECTION 2. Checks, etc. All checks, drafts, bills of exchange or other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed in the name and on behalf of the Corporation in such manner as shall from time to time be authorized by the Board, which authorization may be general or confined to specific instances.

SECTION 3. Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board, which authorization may be general or confined to specific instances. All bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board shall authorize.

SECTION 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as may be selected by or in the manner designated by the Board. The Board or its designees may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of the Certificate of Incorporation or these By-laws, as they may deem advisable.

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ARTICLE VII.  
CAPITAL STOCK

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the Chairman of the Board, President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

SECTION 2. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, at the principal place of business of the Corporation.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

SECTION 3. Transfers of Stock. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 5 of Article VII of these By-laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

SECTION 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board adopts a resolution relating thereto.

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A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall be not more than ten (10) days after the date upon which the resolution fixing the record date is adopted. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board to fix a record date. The Board shall promptly, but in all events within 10 days after the date on which such a request is received, adopt a resolution fixing the record date (unless a record date has previously been fixed by the Board of Directors pursuant to the first sentence of this Section 4). If no record date has been fixed by the Board within 10 days after the date on which such request is received, and no prior action by the Board is required by the Delaware General Corporation Law, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by Article II, Section 10 hereof. If no record date has been fixed by the Board and prior action by the Board is required by the Delaware General Corporation Law with respect to the proposed action by written consent of the stockholders, the record date for determining stockholders entitled to consent to corporate action in writing shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

SECTION 5. Lost, Stolen or Destroyed Certificates. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board may establish concerning proof of such loss, theft or destruction and concerning the giving of satisfactory bond or bonds of indemnity.

SECTION 6. Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board may establish.

## ARTICLE VIII.

### NOTICES

SECTION 1. Notices. Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or with a recognized overnight delivery service or by sending such notice by prepaid telegram, mailgram or by facsimile transmission. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by overnight delivery service, or by telegram, mailgram or facsimile, shall be the time of the giving of the notice.

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SECTION 2. Waivers. A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE IX.

MISCELLANEOUS

SECTION 1. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

SECTION 2. Corporate Seal. The Board may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 3. Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 4. Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

SECTION 5. Time Periods. In applying any provision of these By-laws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an

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employee benefit plan (hereinafter, an “indemnitee”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article X with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of the Corporation.

SECTION 2. Right to Advancement of Expenses. The right to indemnification conferred in Section 1 of this Article X shall include the right to be paid by the Corporation the expenses (including attorneys’ fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter, an “advancement of expenses”); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an “undertaking”), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a “final adjudication”) that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article X shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee’s heirs, executors and administrators.

SECTION 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article X is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board, independent legal counsel, or its stockholders) to have made a



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determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article X or otherwise shall be on the Corporation.

SECTION 4. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or By-laws, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 6. Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article X with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

## ARTICLE XI.

### AMENDMENTS

The Board of Directors is expressly empowered to adopt, amend or repeal these By-laws. Any adoption, amendment or repeal of these By-laws by the Board of Directors shall require the approval of a majority of the entire Board of Directors. The stockholders shall also have power to adopt, amend or repeal these By-laws; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or the Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of these By-laws.

**CERTIFICATION PURSUANT TO  
17 CFR 240.13a-14(a)/15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, J. Paul Raines, certify that:

1. I have reviewed this report on Form 10-Q of GameStop Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ J. Paul Raines

J. Paul Raines  
*Chief Executive Officer*  
GameStop Corp.

September 11, 2013

**CERTIFICATION PURSUANT TO  
17 CFR 240.13a-14(a) /15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert A. Lloyd, certify that:

1. I have reviewed this report on Form 10-Q of GameStop Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

by: /s/ Robert A. Lloyd  
Robert A. Lloyd  
*Executive Vice President and Chief Financial Officer*  
*GameStop Corp.*

September 11, 2013

**CERTIFICATION PURSUANT TO  
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934  
AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of GameStop Corp. (the "Company") on Form 10-Q for the period ended August 3, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Paul Raines, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Paul Raines

J. Paul Raines  
Chief Executive Officer  
GameStop Corp.  
September 11, 2013

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO  
RULE 13a-14(b) UNDER THE SECURITIES EXCHANGE ACT OF 1934  
AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of GameStop Corp. (the "Company") on Form 10-Q for the period ended August 3, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert A. Lloyd, Executive Vice President and Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert A. Lloyd

Robert A. Lloyd  
Executive Vice President and Chief Financial Officer  
GameStop Corp.  
September 11, 2013

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

