

GME | CHANGING THE GAME

2016 Bank of America Merrill Lynch
Leveraged Finance Conference

GameStop
POWER TO THE PLAYERS

EBGAMES

KONGREGATE

 **gameinformer**

MICROMANIA

simply mac

 **springmobile**

THINK3E0

Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, the outlook for the fourth quarter and fiscal 2016, future financial and operating results and projections, projected store openings, timing and terms of potential acquisitions, the company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of GameStop's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. GameStop undertakes no obligation to publicly update or revise any forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the inability to obtain sufficient quantities of product to meet consumer demand, including console hardware and accessories; the timing of release and consumer demand for new and pre-owned video game titles; our ability to continue to expand, and successfully open and operate new stores for, our collectibles and tech brands businesses; risks associated with achievement of anticipated financial and operating results from acquisitions; our ability to sustain and grow our console digital video game sales; the risks associated with international operations, wireless industry partnerships and operations and the completion and integration of acquisitions; increased competition and changing technology in the video game industry, including browser and mobile games and digital distribution of console games, and the impact of that competition and those changes on physical video game sales; and economic, regulatory and other events, including litigation, that could reduce or impact consumer demand or affect the company's business. Additional factors that could cause GameStop's results to differ materially from those described in the forward-looking statements can be found in GameStop's Annual Report on Form 10-K, as amended, for the fiscal year ended Jan. 30, 2016 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov> or <http://investor.GameStop.com>.

GME is a Global Specialty Retailer

We're a global family of specialty retail brands that makes the most popular technologies affordable and simple

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VIDEO GAMES

No. 1 Market Share in 13 Countries

\$13 Billion Addressable US Market



GameStop
POWERUP
REWARDS

49 Million Members Worldwide

gameinformer

2016: \$8B

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DIGITAL/MOBILE GAMING

\$1 Billion Digital Business

\$8 Billion Addressable US Market



Downloadable Content



KONGREGATE
Top 10 Mobile Publisher

GAMETRUST

2016: >\$1B

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TECHNOLOGY BRANDS

\$200+ Billion Addressable US Market



- The Largest And Fastest Growing AT&T Wireless Retailer
- AT&T National Dealer

simply mac
Apple Specialist

- Largest Apple Authorized Reseller

2016: ≈\$.85B

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COLLECTIBLES

\$11 Billion Addressable US Market



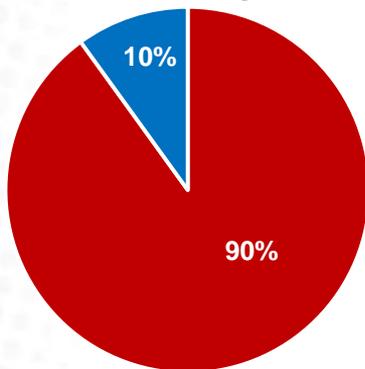
THINKGEEK
JOIN IN. GEEK OUT.



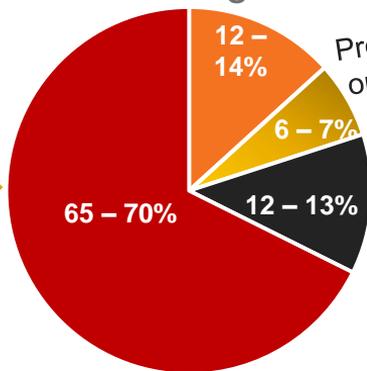
2016: ≈\$.5B

Four Year Roadmap

2010 Total Operating Earnings



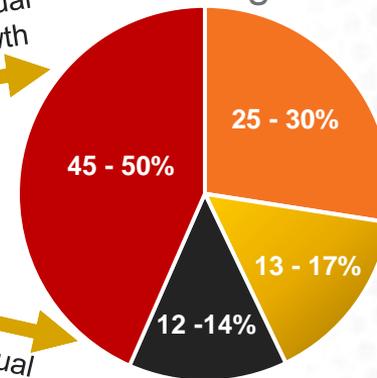
2016E Total Operating Earnings



Project +3% to +5% annual operating earnings growth

Current implied annual growth of -6%

2019E Total Operating Earnings



■ Non-Physical Video Games

■ Physical Video Games
■ Digital

■ Technology Brands
■ Collectibles

Goal: 50%+ of earnings from businesses beyond physical games by 2019

GameStop Transferable Competencies

Deep Real Estate Knowledge	<ul style="list-style-type: none"> Landlord relationships Portfolio management Rapid growth experience
Store Ops Management/ Omni-channel	<ul style="list-style-type: none"> Hiring & Training Multi-unit management
Customer Loyalty Program	<ul style="list-style-type: none"> PowerUp Rewards 50mm members worldwide
Buy – Sell – Trade Model	<ul style="list-style-type: none"> Sophisticated inventory management Large scale refurbishment Secondhand dealer compliance Provides unique customer value
Capital Deployment	<ul style="list-style-type: none"> Ability to deploy capital in ways that increase shareholder value

GameStop	Digital	Tech Brands	Collectibles
✓		✓	✓
✓		✓	✓
✓	✓	✓	✓
✓	✓	✓	✓
✓	✓	✓	✓

Technology Brands



America's Largest Wireless Dealer



- Largest AT&T Authorized Retailer with >1,400 stores
- Complementary to AT&T corporate stores
- Long-term exclusive agreement with AT&T



- Prepaid wireless dealer with 70 stores
- Aggressive growth concept for Cricket
- Long-term dealer agreement with Cricket



America's Largest Apple Specialist



- Largest Apple premier partner with 72 stores
- Complementary to Apple corporate stores
- Long-term dealer agreement with Apple

Technology Brands Acquisition Dollars

Technology Brands	Acquisition Dollars Spent
2013	\$77.4
2014	\$89.7
2015	\$141.5
2016 YTD	\$440.2
Cumulative Total	\$750.0

Technology Brands is expected to deliver operating earnings of \$200 million by 2019

Primary Sources of Revenue



**Selling Products
at Retail**

35% – 65%

Margin Rate

**Selling New Service /
Additional Lines, etc.**

65% – 100%

Margin Rate

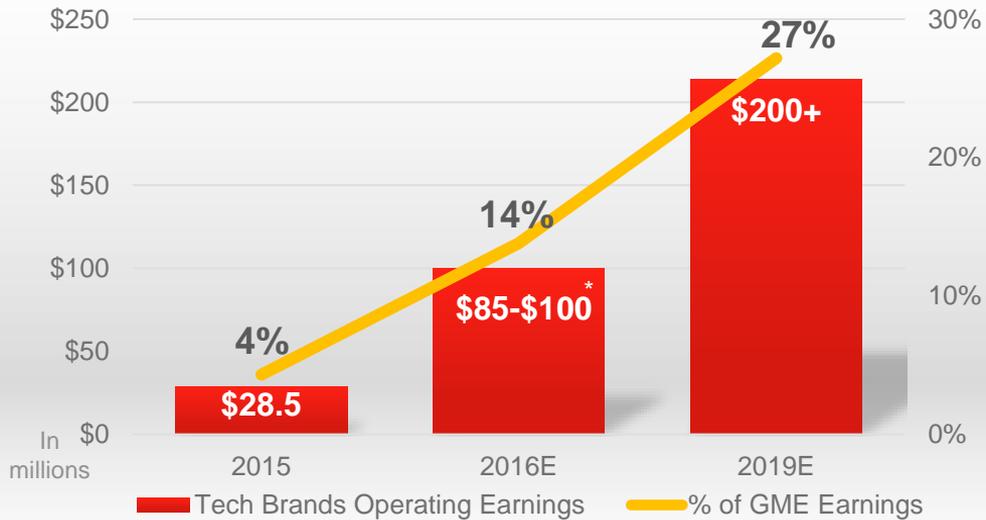
Receiving SMF
(Subscriber Management Fees)
Based on New Customer
Subscriptions

100%

Margin Rate

2019E Tech Brands Operating Earnings Roadmap

How will GME reach 2019 Tech Brands Operating Earnings of \$200M?



Store count:	2015	2016E	2019E
	1,036	1,500 – 1,600	1,900 – 2,000

Maturation of stores

Acquisition of mature stores

Elimination of acquisition costs

New product offerings

DIRECTV
Digital Life
Connected Car

*Includes the recent AT&T acquisitions

Video Game Growth

The category was flat, but GameStop grew 14%

U.S. Physical Video Game Sales

Industry

GameStop

\$13,254

\$13,136

+0%

2012

2015

\$524M
+14%

\$3,807

\$4,331

2012

2015

+4
SHARE
POINTS

In millions

PowerUp Rewards – A Core Strategic Asset



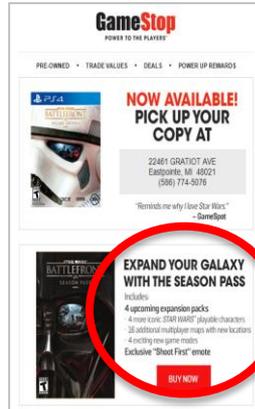
U.S. Penetration	1 in 5	% of Sales	71%
Sales		Profits	

GameStop
POWERUP
REWARDS™

Personalized Offers



DLC Targeting



Trade Generation



Collectibles Marketing



Omni-channel is Growing the Business



>60% of our transactions now involve BOTH GameStop online and a physical store

Video Games: Digital

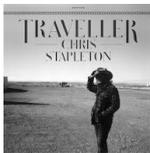
GameStop Digital has Quickly Grown to \$1 Billion

Our digital growth is inline with the top 4 publishers



Video Games: Digital

Digital Sales Penetration of Other Forms of Media

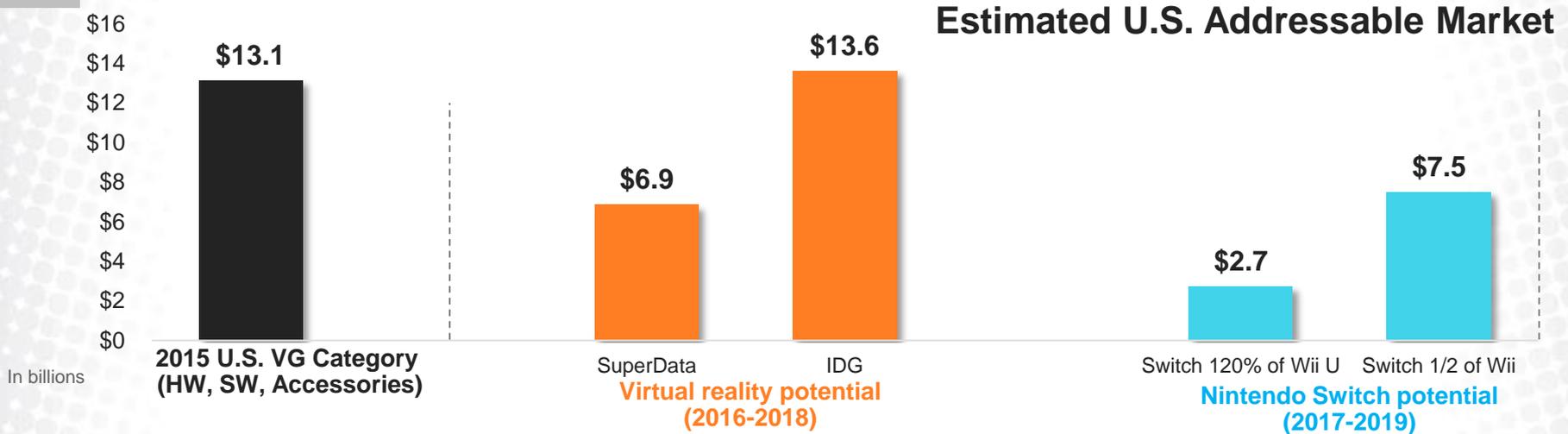
	 PS4/Xbox One Video Game	 E-Book	 Album	 Movie
Digital Penetration	25%	25-30%	~50%*	40-45%
Average Retail	\$59.99	\$9.00	\$9.99	\$9.99 to \$14.99
Residual Value	\$20	\$0	\$0	\$0
Average Download Speed	11 hours @ 10 mbps	2 seconds @ 10 mbps	10-15 seconds @ 10 mbps	One hour @ 10 mbps
Average Size	40 GB	< 1 MB	4 MB	3 to 4.5 GB

Gaming Barriers:

- Residual value
- File size
- Download speed / limits

Books, Music and Movies are all <50% digital, despite small file sizes and no residual value

Video Games: Opportunities for Growth



New Consoles

- Potential market sales of \$15 billion from launch through next 2 years



GME share @ 33%



\$5 billion of sales

VR

- Potential market sales of \$15 billion through 2019



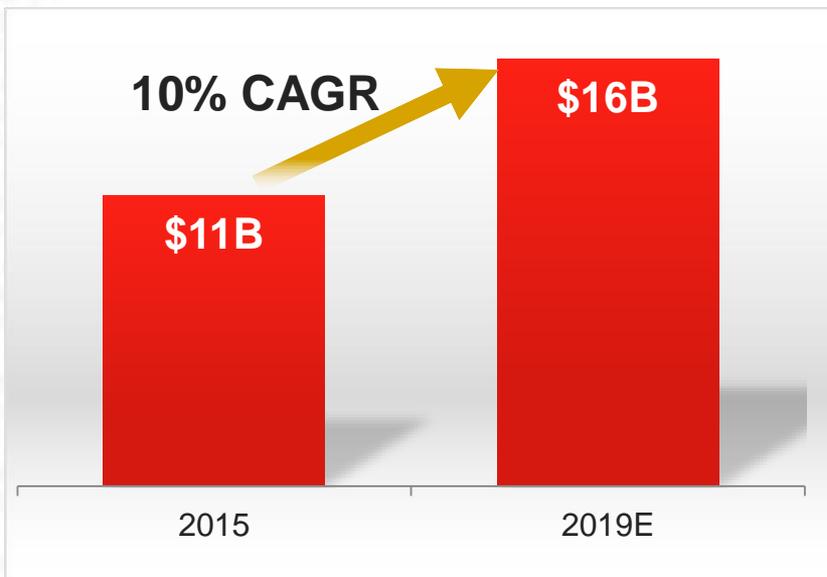
GME share @ 20%



\$3 billion of sales

Collectibles is a Large and Growing Category

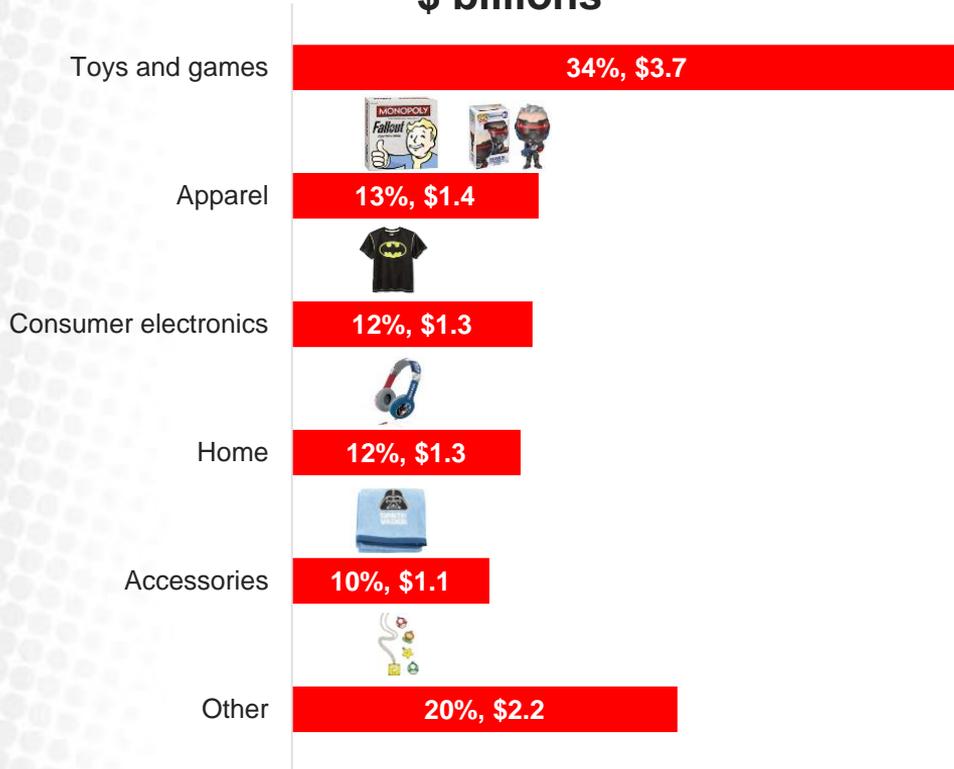
Narrowly defined, Collectibles is an \$11 Billion industry in the U.S., nearly as large as the physical video games category



Collectibles should exceed **\$16 BILLION** by 2019

Top Collectible Product Types

Top collectible product types in 2015 \$ billions



The top 15 properties represent 58% of category sales and have been in the market for an average of 37 years



12%, \$1.3



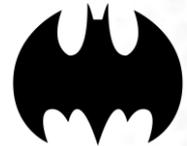
Accessories

10%, \$1.1



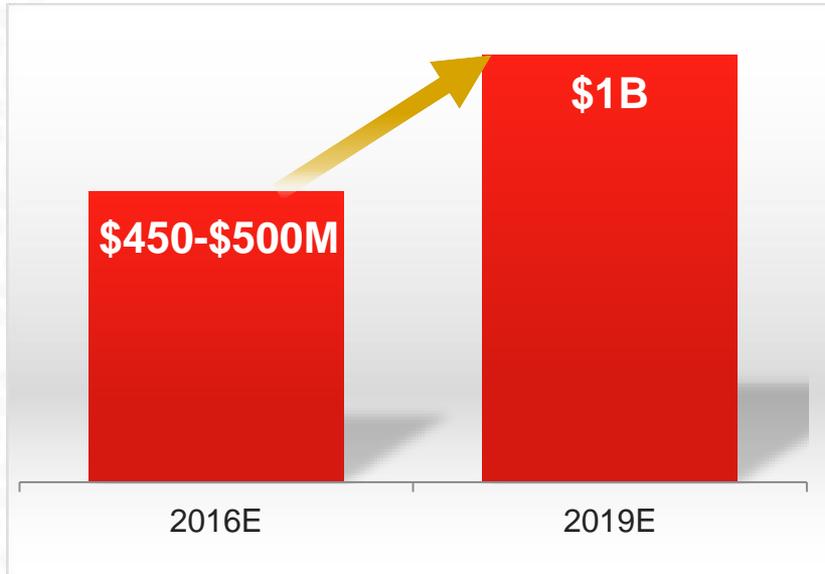
Other

20%, \$2.2



2019E Collectibles Revenue Roadmap

How will GME reach 2019E Collectibles revenue of \$1 Billion?



Expansion inside
GameStop stores



New Collectible
stores



Omni-channel
growth



Exclusive
offerings



Significant customer
overlap
with PUR Members



Licensing
expertise



2016 Projected Cash Flow Use

Sources



\$400+M of FCF
\$475M of debt

(a) \$560M Cash Flow from Operating Activities less \$160M Capital Expenditures
\$670M Cash Flow from Operating Activities less \$170M Capital Expenditures

2016E Uses of Cash

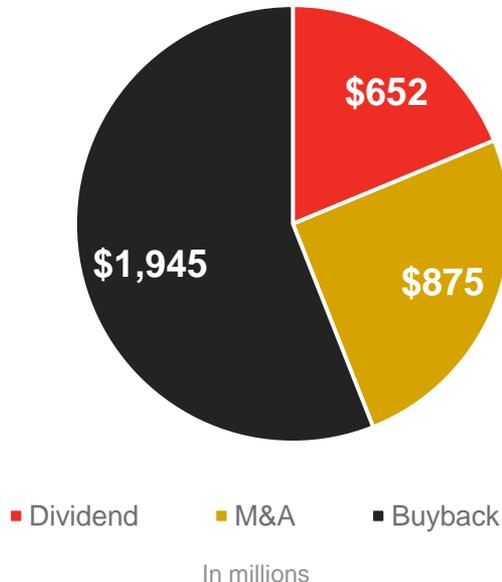


\$160 to \$170M of Capital Expenditures



Historical Cash Flow Use

GameStop has Deployed Over \$3 Billion of Capital Since 2010



Effective Allocation of Capital

- Consistent share buyback:
 - 43% reduction in outstanding shares from January 2010 through November 2016
- LTD average share repurchase price of \$25.68
- Initiated a dividend and have increased payout 4x
 - Current yield of 6.5%
 - Average 28% of FCF
- Growth through strategic, diversifying acquisitions and new concepts:
 - Tech Brands: (Spring Mobile, Simply Mac, Cricket)
 - 1,569 stores
 - Collectibles: (ThinkGeek, Zing)
 - 69 stores and ThinkGeek.com

Key Takeaways

We added a new \$1 Billion run rate business ***OUTSIDE*** our GameStop branded stores: **TECHNOLOGY BRANDS**

We added TWO \$1 BILLION CATEGORIES ***INSIDE*** our GameStop stores

- **Digital:** We have built a sustainable \$1 Billion business
- **Collectibles:** We are on our way to a \$1 Billion business

PHYSICAL VIDEO GAMING

is a solid business, and one with a long tail

GME

is a diversified and growing company