GameStop Corp.
Form 10-K
March 30, 2011

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

Form 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 29, 2011

OR

o **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	**20-2733559**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
625 Westport Parkway Grapevine, Texas	**76051**
(Address of principal executive offices)	*(Zip Code)*

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

Securities registered pursuant to Section 12(b) of the Act:

(Title of Class)	**(Name of Exchange on Which Registered)**
Class A Common Stock, $.001 par value per share	New York Stock Exchange
Rights to Purchase Series A Junior Participating Preferred Stock, $.001 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No þ

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 þ No o

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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 þ Accelerated Filer o Non-accelerated Filer o Smaller reporting company o
(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 o No þ

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant was approximately $3,015,000,000, based upon the closing market price of $20.05 per share of Class A Common Stock on the New York Stock Exchange as of July 30, 2010.

Number of shares of $.001 par value Class A Common Stock outstanding as of March 23, 2011: 140,700,393

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement of the registrant to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, for the 2011 Annual Meeting of Stockholders are incorporated by reference into Part III.

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PART I

Item 1. *Business*

General

GameStop Corp. (together with its predecessor companies, GameStop, we, us, our, or the Company) is the world
largest multichannel retailer of video game products and PC entertainment software. We sell new and used video game hardware, video game software and accessories, as well as PC entertainment software and other merchandise. As of January 29, 2011, we operated 6,670 stores in the United States, Australia, Canada and Europe, primarily under the names GameStop, EB Games and Micromania. We also operate electronic commerce Web sites under the names www.gamestop.com, www.ebgames.com.au, www.gamestop.ca, www.gamestop.it, www.gamestop.es, www.gamestop.ie, www.gamestop.de and www.micromania.fr. In addition, we publish *Game Informer* magazine, the industry s largest multi-platform video game magazine in the United States based on circulation, with approximately 5.7 million subscribers, and operate the online video gaming Web site www.kongregate.com.

In the fiscal year ended January 29, 2011, we operated our business in the following segments: United States, Canada, Australia and Europe. Of our 6,670 stores, 4,536 stores are included in the United States segment and 345, 405 and 1,384 stores are included in the Canadian, Australian and European segments, respectively. Each of the segments consists primarily of retail operations, with all stores engaged in the sale of new and used video game systems, software and accessories, which we refer to as video game products, and PC entertainment software and related accessories. Our used video game products provide a unique value proposition to our customers, and our purchasing of used video game products provides our customers with an opportunity to trade in their used video game products for store credits and apply those credits towards other merchandise, which in turn, increases sales. We also sell various types of products that relate to the digital category, including network point cards, prepaid digital and online timecards and digitally downloadable software. Our products are substantially the same regardless of geographic location, with the primary differences in merchandise carried being the timing of release of new products in the various segments, language translations and the timing of roll-outs of newly developed technology enabling the sale of new products, such as digital add-on content. Stores in all segments are similar in size at an average of approximately 1,400 square feet. Our corporate office and one of our distribution facilities are housed in a 518,000 square foot facility in Grapevine, Texas.

The Company began operations in November 1996. In February 2002, GameStop completed an initial public offering of its Class A common stock. In October 2005, GameStop acquired the operations of Electronics Boutique Holdings Corp. (EB), a 2,300-store video game retailer in the U.S. and 12 other countries, by merging its existing operations with EB under GameStop Corp. (the EB merger).

On November 17, 2008, GameStop France SAS, a wholly-owned subsidiary of the Company, completed the acquisition of substantially all of the outstanding capital stock of SFMI Micromania SAS (Micromania) for $580.4 million, net of cash acquired (the Micromania acquisition). Micromania is a leading retailer of video and computer games in France with 379 locations, 328 of which were operating at the date of acquisition. The Company s operating results for the 52 weeks ended January 29, 2011 (fiscal 2010) and January 30, 2010 (fiscal 2009) include Micromania s results; whereas, the Company s operating results for the 52 weeks ended January 31, 2009 (fiscal 2008) include only 11 weeks of Micromania s results.

Disclosure Regarding Forward-looking Statements

This report on Form 10-K 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 (the Securities Act), 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

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results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These factors include, but are not limited to:

- 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 the electronic game industry, the retail industry and the banking and financial services market;
- 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;
- our ability to attract and retain qualified personnel;
- our ability to effectively integrate 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 risks involved with our international operations; and
- other factors described in this 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, will, should, see
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-K. In light of these risks and uncertainties, the forward-looking events and circumstances contained in this Form 10-K may not occur, causing actual results to differ materially from those anticipated or implied by our forward-looking statements.

Industry Background

Based upon estimates compiled by various market research firms, management estimates that the combined market for video game products and PC entertainment software exceeded $36 billion in 2010 in the parts of the world in which we operate. According to NPD Group, Inc., a market research firm (the NPD Group), the electronic game industry was an approximately $18.5 billion market in the United States in 2010, the majority of which was attributable to video game products, excluding sales of used video game products. International Development Group, a market research firm (IDG), estimates that retail sales of video game hardware and software and PC entertainment software totaled approximately $14.3 billion in Europe in 2010. The NPD Group has reported that video game retail sales in Canada were approximately $1.7 billion in 2010. According to the independent market research firm GfK Group, the Australian market for video game products was approximately $1.7 billion in 2010.

Based on internal estimates compiled from a variety of third-party sources, which estimate portions of the digital video game market, the North American market for digital mobile, social, console and PC games was approximately $6 billion in 2010 and the market is expected to grow to approximately $12 billion by 2015.

New Video Game Products. The Entertainment Software Association (ESA) estimates that 65% of all American households play video or computer games. We expect the following trends to result in increased sales of video game products:

Hardware Platform Technology Evolution. Video game hardware has evolved significantly from the early products launched in the 1980s. The processing speed of video game hardware has increased with each generation of hardware to high speed processors in today s gaming systems, such as the Sony PlayStation 3, the Nintendo Wii and Microsoft Xbox 360, which all launched between 2005 and 2007. In addition, portable handheld video game devices have evolved from the 8-bit Nintendo Game Boy to the 128-bit Nintendo DSi XL, which was introduced in 2010 and the Sony PlayStation Portable (the PSP), which was introduced in 2005. Technological developments in chip processing speed, data storage and viewing capabilities have provided significant improvements in advanced graphics, including 3-D viewing, and audio quality, which allow software developers to create more advanced games, encourage existing players to upgrade their hardware platforms and attract new video game players to purchase an initial system. As general computer technology advances, we expect video game technology to make similar advances.

Today s Gaming Systems Provide Multiple Capabilities Beyond Gaming. Most current hardware platforms, including the Sony PlayStation 3 and Microsoft Xbox 360, have the potential to serve as multi-purpose entertainment centers by providing DVD and music playback, movie streaming and interaction with other home entertainment products. The Nintendo Wii also allows for movie streaming. In addition, the Sony PlayStation 3 and PSP, the Nintendo DSi, DSi XL and Wii and Microsoft Xbox 360 all provide internet connectivity and the Sony PlayStation 3 plays Blu-ray discs.

Backward Compatibility. The Sony PlayStation 3, the Nintendo DS and Wii and Microsoft Xbox 360 are, to some extent, backward compatible, meaning that titles produced for the earlier version of the hardware platform may be used on the new hardware platform. We believe that during the initial launch phase of next-generation platforms, backward compatibility results in more stable industry growth because the decrease in consumer demand for products associated with existing hardware platforms that typically precedes the release of next-generation hardware platforms is diminished.

Introduction of Next-Generation Hardware Platforms Drives Software Demand. Sales of video game software generally increase as next-generation platforms mature and gain wider acceptance. Historically, when a new platform is released, a limited number of compatible game titles are immediately available, but the selection grows rapidly as manufacturers and third-party publishers develop and release game titles for that new platform.

Broadening Demographic Appeal. While the typical electronic game enthusiast is male between the ages of 14 and 49, the electronic game industry is broadening its appeal. More females are playing electronic video games, in part due to the development of video game products that appeal to them. According to ESA, approximately 40% of all electronic game players are female. ESA also states the average game player is 34 years old and the average age of the most frequent game purchaser is 40; however, the video game market also includes approximately 26% of Americans over the age of 50. In addition, the availability of used video game products for sale has enabled a lower-economic demographic, that may not have been able to afford the considerably more expensive new video game products, to participate in the video game industry.

Used Video Game Products. As the installed base of video game hardware platforms has increased and new hardware platforms are introduced, a considerable market for used video game hardware and software has developed. Based on reports published by the NPD Group, we believe that, as of December 2010, the installed base of video game hardware systems in the United States, based on original sales, totaled over 249 million units of handheld and console video game systems. Of the total installed base, 141 million were comprised of the current generation of video game platforms as follows: 15.4 million Sony PlayStation 3 units, 34.2 million Nintendo Wii units, 25.4 million Microsoft Xbox 360 units, 19 million Sony PSP units and 47.3 million Nintendo DS units. The

remainder of the installed base consists of legacy video game platforms, including Sony PlayStation 2, Microsoft Xbox, Nintendo s GameCube and Game Boy Advance. According to IDG, the installed base of hardware systems as of December 2010 in Europe is approximately 153 million units. Of the total European installed base, 114 million were comprised of the current generation of video game platforms as follows: 14.7 million Sony PlayStation 3 units, 24.9 million Nintendo Wii units, 13.7 million Microsoft Xbox 360 units, 14.8 million Sony PSP units and 46 million Nintendo DS units. Hardware manufacturers and third-party software publishers have produced a wide variety of software titles for each of these hardware platforms. Based on internal Company estimates, we believe that the installed base of video game software units in the United States currently exceeds 1.98 billion units. As the substantial installed base of video game hardware and software continues to expand, there is a growing demand for used video game products.

PC Entertainment Software. PC entertainment software is generally played on multimedia PCs featuring fast processors, expanded memories, and enhanced graphics and audio capabilities.

Casual Gaming. The casual game market has grown rapidly over the last few years. Casual games are generally defined as simple, easy-to-use, free or very low-priced games played through the internet in Web browsers, on dedicated gaming Web sites or on mobile phones or other mobile devices. Casual games cost less to develop and distribute than a traditional console video game and are often supported by in-game advertising or user-purchased premium content. The typical casual gamer is predominantly female and older than a traditional console video game player.

Business and Growth Strategy

Our goal is to continue to be the world s largest multichannel retailer of new and used video game products and PC entertainment software and provide the best video game content to our customers anytime, anywhere and on any device. We plan to strengthen that position by executing the following strategies:

Continuing to Execute our Proven Strategies. We intend to continue to execute our proven strategies, including:

Increase Comparable Store Sales. We plan to increase our comparable store sales by increasing market share by increasing awareness of the GameStop brand and membership in our loyalty program, expanding our sales of used video game products and capitalizing on the growth in demand.

Increase GameStop Brand Awareness and Loyalty Membership. Substantially all of GameStop s U.S. and European stores are operated under the GameStop name, with the exception of the Micromania stores acquired in France. In 2007, GameStop introduced its new brand tagline Power to the Players and launched a television, radio and newspaper advertising campaign to increase awareness of the GameStop brand. Building the GameStop brand has enabled us to leverage brand awareness and to capture advertising and marketing efficiencies. Our branding strategy is further supported by the GameStop PowerUp Rewards loyalty program and our Web sites. The PowerUp Rewards loyalty program was launched in 2010 and offers our customers the ability to sign-up for a free or paid membership that offers points earned on purchases which can be redeemed for discounts or merchandise. Through PowerUp Rewards, our customers have access to unique, video-game related rewards unavailable through any other retailer. The program s paid membership also includes a subscription to *Game Informer* magazine, additional discounts on used merchandise in our stores and additional credit on trade-ins of used games. Our Web sites allow our customers to buy games online, reserve or pick-up merchandise in our stores and to learn about the latest video game products and PC entertainment software and their availability in our stores. We intend to increase customer awareness of the GameStop brand. In connection with our brand-building efforts, in each of the last three fiscal years, we increased the amount of media advertising in targeted markets. In the

52 weeks ending January 28, 2012 (fiscal 2011), we plan to continue to aggressively promote the GameStop PowerUp Rewards loyalty program and increase brand awareness over a broader demographic area in order to promote our unique buying experience in-store for new and used hardware and software, trade-ins of used video game products and to leverage our Web sites at www.gamestop.com, www.ebgames.com.au, www.gamestop.ca, www.gamestop.it, www.gamestop.es,

www.gamestop.ie, www.gamestop.de and www.micromania.fr and the online video gaming Web site www.kongregate.com.

Increase Sales of Used Video Game Products. We believe we are the largest retailer of used video game products in the world and carry the broadest selection of used video game products for both current and previous generation platforms, giving us a unique advantage in the video game retail industry. The opportunity to trade in and purchase used video game products offers our customers a unique value proposition generally unavailable at most mass merchants, toy stores and consumer electronics retailers. We obtain most of our used video game products from trade-ins made in our stores by our customers. We will continue to expand the selection and availability of used video game products in our stores. Used video game products generate significantly higher gross margins than new video game products. Our strategy consists of increasing consumer awareness of the benefits of trading in and buying used video game products at our stores through increased marketing activities and the use of both broad and targeted marketing to our PowerUp Rewards members. We expect the continued sale of new platform technology and software to drive trade-ins of previous generation products, as well as trade-ins of next generation platform products, thereby expanding the supply of used video game products.

Capitalize on Growth in Demand. While sales of new video game hardware decreased from fiscal 2009 to fiscal 2010, our customer base has expanded. Our sales of new video game software and used video game products grew by approximately 6% and 3%, respectively, in fiscal 2010 primarily due to new store growth and the expansion of the hardware platform customer base. In addition, our other product sales increased 10% in fiscal 2010 primarily due to the strong sell-through of new PC entertainment software and the growth of online game card sales. Our sales of new video game software and used video game products grew by approximately 1% and 18%, respectively, in fiscal 2009 primarily due to new store growth, the acquisition of Micromania and the acceptance of used video game products internationally.

Store Opening/Closing Strategy. The Company has an analysis-driven approach to store opening and closing decisions. We intend to continue to open new stores in targeted markets where we do not currently have a presence and can take market-share from an uncontested competitor. Likewise, we will be aggressive in the analysis of our existing store base to determine optimal levels of profitability and close stores where profitability goals are not being met or where we can attempt to transfer sales to other nearby existing stores and increase overall profits. We opened 359 new stores and closed 139 stores in fiscal 2010. We opened 388 new stores and closed 145 stores in fiscal 2009. We opened 674 new stores and closed 59 stores in fiscal 2008 and acquired 328 stores in France. On average, our new stores opened in the past three fiscal years have had a return of original investment of less than two years. We plan to open approximately 300 new stores and close approximately 200 stores in fiscal 2011. Our primary growth vehicles will be the expansion of our strip center store base in the United States and the expansion of our international store base. Our strategy within the U.S., Canada and Australia is to open strip center stores in targeted markets where we do not currently have a presence and close stores where we can improve profitability either by transferring sales to other nearby stores or vacating a location. Our strategy in Europe is to continue expansion in locations with a demonstrated track record of successful new store openings and increasing returns on invested capital. We analyze each market relative to target population and other demographic indices, real estate availability, competitive factors and past operating history, if available. In some cases, these new stores may adversely impact sales at existing stores, but our goal is to minimize the impact.

Expand our Digital Growth Strategy to Protect and Expand our Market Leadership Position. We expect that future growth in the video game industry will 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 Xbox Live, PlayStation and Nintendo network point cards, as well as prepaid digital and online timecards

and digitally downloadable software. We operate an online video game platform called Kongregate.com which we acquired in August 2010. We continue to make significant investments in e-commerce, digital delivery systems, online video game aggregation, digital kiosks and in-store and Web site functionality to enable our customers to access digital content and eliminate friction in 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 video game industry and in the digital aggregation and distribution category.

Targeting a Broad Audience of Game Players. We have created store and online environments targeting a broad audience, including the electronic game enthusiast, the casual gamer and the seasonal gift giver. Our stores focus on the electronic game enthusiast who demands the latest merchandise featuring the hottest technology immediately on the day of release and the value-oriented customer who wants a wide selection of value-priced used video game products. Our stores offer the opportunity to trade in used video game products in exchange for store credits applicable to future purchases, which, in turn, drives more sales. Our online properties, including e-commerce sites and Kongregate.com, continue to evolve to meet the needs of consumers looking to research or buy traditional boxed product video games, download the latest PC games or play browser and casual games on their PCs or Android mobile devices.

Enhancing our Image as a Destination Location. Our stores and e-commerce sites serve as destination locations for game players and gift givers due to our broad selection of products, compelling PowerUp Rewards loyalty programs, game-oriented environment and unique pricing proposition. We offer all major video game platforms, provide a broad assortment of video game products and offer a larger and more current selection of merchandise than other retailers. In our stores, we provide a high level of customer service by hiring game enthusiasts and providing them with ongoing sales training, as well as training in the latest technical and functional elements of our products and services, making them the most knowledgeable associates in the video game retail market. Our stores are equipped with several video game sampling areas, which provide our customers with the opportunity to play games before purchase, as well as equipment to play video game clips.

Kongregate.com serves as a destination for gamers seeking the latest in online game play with over 35,000 games from over 8,000 developers in a social environment in which gamers can connect with their friends and compare achievements. Many of the favorite Kongregate games are available through the Kongregate app in the Android marketplace for use on Android mobile devices.

Consistently Achieving High New Release Market Share. We employ a variety of rapid-response distribution methods in our efforts to be the first-to-market and consistently in stock for new video game products and PC entertainment software. This highly efficient distribution network is essential, as a significant portion of a new title s sales will be generated in the first few days and weeks following its release. As the world s largest retailer of video game products and PC entertainment software with a proven capability to distribute new releases to our customers quickly, we believe that we regularly receive a large allocation of popular new video game products and PC entertainment software. On a daily basis, we actively monitor sales trends, customer reservations and store manager feedback to ensure a high in-stock position for each store. To assist our customers in obtaining immediate access to new releases, we offer our customers the opportunity to pre-order products in our stores or through our Web sites prior to their release.

Investing in our Information Systems and Distribution Capabilities. We employ sophisticated and fully-integrated inventory management, store-level point of sale and financial systems and state-of-the-art distribution facilities. These systems enable us to maximize the efficiency of the flow of over 4,500 SKUs, improve store efficiency, optimize store in-stock positions and carry a broad selection of inventory. Our proprietary inventory management systems enable us to maximize sales of new release titles and avoid markdowns as titles mature and utilize electronic point-of-sale equipment that provides corporate and regional headquarters with daily information regarding store-level sales and available inventory levels to automatically generate replenishment shipments to each store at least twice a week. In addition, our highly-customized inventory management systems allow us to actively manage the pricing and product availability of our used video game products across our store base and to reallocate our inventory as necessary. Our systems enable each store to carry a merchandise assortment uniquely tailored to its own sales mix and customer

needs. Our ability to react quickly to consumer purchasing trends has resulted in a target mix of inventory, reduced shipping and handling costs for overstocks and reduced our need to discount products.

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Operating Segments

We identified our four operating segments based on a combination of geographic areas, the methods with which we analyze performance and how we divide management responsibility. Segment results for the United States include retail operations in the 50 states, the District of Columbia, Guam and Puerto Rico, the electronic commerce Web site www.gamestop.com, *Game Informer* magazine, and the online video gaming Web sites www.kongregate.com and www.joltonline.com. Segment results for Canada include retail and e-commerce operations in stores throughout Canada and segment results for Australia include retail and e-commerce operations in Australia and New Zealand. Segment results for Europe include retail and e-commerce operations in 13 European countries.

Our U.S. segment is supported by distribution centers in Texas and Kentucky, and further supported by the use of third-party distribution centers for new release titles. We distribute merchandise to our Canadian segment from distribution centers in Ontario. We have a distribution center near Brisbane, Australia which supports our Australian operations and a small distribution facility in New Zealand which supports the stores in New Zealand. European segment operations are supported by six regionally-located distribution centers.

All of our segments purchase products from many of the same vendors, including Sony Corporation (Sony) and Electronic Arts. Products from certain other vendors such as Microsoft and Nintendo are obtained either directly from the manufacturer or publisher or through distributors depending upon the particular market in which we operate.

Additional information, including financial information, regarding our operating segments can be found in Management s Discussion and Analysis of Financial Condition and Results of Operations elsewhere in this Annual Report on Form 10-K and in Note 17 of Notes to Consolidated Financial Statements.

Merchandise

Substantially all of our revenues are derived from the sale of tangible products; however, we also sell downloadable software and subscription, time and points cards which do not involve physical product. Our product offerings consist of new and used video game products, PC entertainment software, and related products, such as video game accessories and strategy guides. Our in-store inventory generally consists of a constantly changing selection of over 4,500 SKUs. We have buying groups in each of our segments that negotiate terms, discounts and cooperative advertising allowances for the stores in their respective geographic areas. We use customer requests and feedback, advance orders, industry magazines and product reviews to determine which new releases are expected to be hits. Advance orders are tracked at individual stores to distribute titles and capture demand effectively. This merchandise management is essential because a significant portion of a game s sales are usually generated in the first days and weeks following its release.

Video Game Hardware. We offer the video game platforms of all major manufacturers, including the Sony PlayStation 2 and 3 and PSP, Microsoft Xbox 360 and Kinect, the Nintendo DSi, DSi XL and Wii. We also offer extended service agreements on video game hardware and software. In support of our strategy to be the destination location for electronic game players, we aggressively promote the sale of video game platforms. Video game hardware sales are generally driven by the introduction of new platform technology and the reduction in price points as platforms mature. Due to our strong relationships with the manufacturers of these platforms, we often receive disproportionately large allocations of new release hardware products, which is an important component of our strategy to be the destination of choice for electronic game players. We believe that selling video game hardware increases store traffic and promotes customer loyalty, leading to increased sales of video game software and accessories, which have higher gross margins than video game hardware.

Video Game Software. We purchase new video game software from the leading manufacturers, including Sony, Nintendo and Microsoft, as well as over 50 third-party game publishers, such as Electronic Arts and Activision. We are one of the largest customers of video game titles sold by these publishers. We generally carry over 1,000 SKUs of new video game software at any given time across a variety of genres, including Sports, Action, Strategy, Adventure/Role Playing and Simulation. In 2010, we began selling digitally downloadable add-on content developed by publishers for existing games.

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Used Video Game Products. We believe we are the largest retailer of used video games in the world. We provide our customers with an opportunity to trade in their used video game products in our stores in exchange for store credits which can be applied towards the purchase of other products, primarily new merchandise. We have the largest selection (approximately 3,000 SKUs) of used video game titles which have an average price of $16 as compared to an average price of $42 for new video game titles and which generate significantly higher gross margins than new video game products. Our trade-in program provides our customers with a unique value proposition which is generally unavailable at mass merchants, toy stores and consumer electronics retailers. This program provides us with an inventory of used video game products which we resell to our more value-oriented customers. In addition, our highly-customized inventory management system allows us to actively manage the pricing and product availability of our used video game products across our store base and to reallocate our inventory as necessary. Our trade-in program also allows us to be one of the only suppliers of previous generation platforms and related video games. We also operate refurbishment centers in the U.S., Canada, Australia and Europe where defective video game products can be tested, repaired, relabeled, repackaged and redistributed back to our stores.

PC Entertainment and Other Software. We purchase PC entertainment software from over 20 publishers, including Electronic Arts, Microsoft and Activision. We offer PC entertainment software across a variety of genres, including Sports, Action, Strategy, Adventure/Role Playing and Simulation.

Downloadable Content and Subscription, Time and Points Cards. The proliferation of online game play through Microsoft Xbox Live, the PlayStation Network and online PC gaming sites has led to consumer demand for subscription, time and points cards (which we call digital currency) and digitally downloadable content for existing video games. We sell a wide variety of digital currency and we have developed technology to sell downloadable content in our stores and on our U.S. Web site. We believe we are the leading retailer for the sale of digital currency and downloadable content for Xbox Live and the PlayStation Network.

Accessories and Other Products. Video game accessories consist primarily of controllers, memory cards and other add-ons and, since September 2010, the Sony Move motion controller. We also carry strategy guides, magazines and trading cards. We carry over 300 SKUs of accessories and other products. In general, this category has higher margins than new video game and PC entertainment products.

Store Operations

As of January 29, 2011, we operated 6,670 stores, primarily under the names GameStop, EB Games and Micromania. We design our stores to provide an electronic gaming atmosphere with an engaging and visually captivating layout. Our stores are typically equipped with several video game sampling areas, which provide our customers the opportunity to play games before purchase, as well as equipment to play video game clips. We use store configuration, in-store signage and product demonstrations to produce marketing opportunities both for our vendors and for us.

Our stores average approximately 1,400 square feet and carry a balanced mix of new and used video game products and PC entertainment software. Our stores are generally located in high-traffic power strip centers, local neighborhood strip centers, high-traffic shopping malls and pedestrian areas, primarily in major metropolitan areas. These locations provide easy access and high frequency of visits and, in the case of strip centers and high-traffic pedestrian stores, high visibility. We target strip centers that are conveniently located, have a mass merchant or supermarket anchor tenant and have a high volume of customers.

Site Selection and Locations

Site Selection. Site selections for new stores are made after an extensive review of demographic data and other information relating to market potential, competitor access and visibility, compatible nearby tenants, accessible

parking, location visibility, lease terms and the location of our other stores. Most of our stores are located in highly visible locations within malls and strip centers. In each of our geographic segments, we have a dedicated staff of real estate personnel experienced in selecting store locations.

Locations. The table below sets forth the number of our stores located in the U.S., Canada, Europe and Australia as of January 29, 2011:

United States	Number of Stores
Alabama	78
Alaska	7
Arizona	89
Arkansas	32
California	481
Colorado	66
Connecticut	61
Delaware	18
District of Columbia	3
Florida	312
Georgia	142
Guam	3
Hawaii	24
Idaho	14
Illinois	196
Indiana	94
Iowa	34
Kansas	37
Kentucky	70
Louisiana	74
Maine	13
Maryland	110
Massachusetts	105
Michigan	125
Minnesota	58
Mississippi	44
Missouri	73
Montana	9
Nebraska	21
Nevada	43
New Hampshire	27
New Jersey	163
New Mexico	27
New York	260
North Carolina	143
North Dakota	7
Ohio	194
Oklahoma	49
Oregon	36
Pennsylvania	216
Puerto Rico	45
Rhode Island	15

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United States	Number of Stores
South Carolina	75
South Dakota	5
Tennessee	96
Texas	381
Utah	27
Vermont	5
Virginia	151
Washington	82
West Virginia	31
Wisconsin	58
Wyoming	7
Sub-total for United States	4,536

International	Number of Stores
Canada	345
Australia	365
New Zealand	40
Sub-total for Australia	405
Austria	24
Denmark	44
Finland	17
France	379
Germany	205
Ireland	50
Italy	371
Norway	53
Portugal	13
Spain	140
Sweden	63
Switzerland	18
United Kingdom	7
Sub-total for Europe	1,384
Sub-total for International	2,134
Total stores	6,670

Game Informer

We publish *Game Informer* magazine, a monthly video game magazine featuring reviews of new title releases, tips and secrets about existing games and news regarding current developments in the electronic game industry. Versions of the magazine are sold through subscription, digitally and through displays in our stores throughout most of the world. *Game Informer* is the fifth largest consumer publication in the U.S. and for its January 2011 issue, the magazine had approximately 5.7 million paid subscriptions. *Game Informer* is now provided to PowerUp Rewards loyalty card members as a key feature of each paid PowerUp Rewards membership. *Game Informer* revenues are

also generated through the sale of advertising space. We also operate the Web site www.gameinformer.com, which is the premier destination for moment-by-moment news, features and reviews related to video gaming. English version results from *Game Informer* operations are included in the United States segment where the majority of subscriptions and sales are generated. Other international version results from *Game Informer* operations are included in the segment in which the sales are generated.

E-Commerce

We operate several electronic commerce Web sites in various countries, including www.gamestop.com, www.ebgames.com.au, www.gamestop.ca, www.gamestop.it, www.gamestop.es, www.gamestop.ie, www.gamestop.de and www.micromania.fr, that allow our customers to buy video game products and other merchandise online and, in some cases, allow customers to reserve merchandise and then pick it up in stores. The sites also offer customers information and content about available games, release dates for upcoming games, and access to store information, such as location and product availability. E-commerce results are included in the geographic segment where the sales originate.

Kongregate

In August 2010, we purchased Kongregate Inc., the operator of online video gaming site www.kongregate.com, which offers free-to-play video games to over 13 million unique visitors per month. Kongregate earns revenues from in-game advertising and offering game players the opportunity to advance their game play with in-game transactions (called micro-transactions). Kongregate has a proprietary virtual currency called Kreds which can be purchased and then used to pay for in-game transactions. Over 8,000 developers have used the software development kits created by Kongregate to integrate over 35,000 games into the Kongregate.com environment.

Advertising

Our stores are primarily located in high traffic, high visibility areas of regional shopping malls, strip centers and pedestrian shopping areas. Given the high foot traffic drawn past the stores themselves, we use in-store marketing efforts such as window displays and coming soon signs to attract customers, as well as to promote used video game products. Inside the stores, we feature selected products through the use of vendor displays, coming soon or preview videos, signs, catalogs, point-of-purchase materials and end-cap displays. These advertising efforts are designed to increase the initial sales of new titles upon their release.

On a global basis, we receive cooperative advertising and market development funds from manufacturers, distributors, software publishers and accessory suppliers to promote their respective products. Generally, vendors agree to purchase advertising space in one of our advertising vehicles. Once we run the advertising, the vendor pays to us an agreed amount.

In fiscal 2010, we launched our new PowerUp Rewards loyalty program in the United States which gives our customers the ability to sign-up for a free or paid membership that offers points earned on purchases in our stores, on our U.S. Web site and on Kongregate.com, which can be redeemed for discounts or merchandise. The program s paid tier also includes a subscription to *Game Informer* magazine, additional discounts on selected merchandise and additional credit on trade-ins in our stores. This program is designed to incent our customers to shop more often at our stores and to allow us to market directly to our customers based on their individual tastes and preferences. Our PowerUp Rewards program provides members with the opportunity to earn one-of-a-kind video game related rewards not available through any other retailer. Vendors also participate in this program to increase the sales of their individual products.

In the last several years, as part of our brand-building efforts and targeted growth strategies, we expanded our advertising and promotional activities in certain targeted markets at certain key times of the year. In addition, we expanded our use of television and radio advertising in certain markets to promote brand awareness and store openings. We expect our investment in advertising, including PowerUp Rewards, to increase as we continue to expand our membership base and build our brand.

Information Management

Our operating strategy involves providing a broad merchandise selection to our customers as quickly and as cost-effectively as possible. We use our inventory management systems to maximize the efficiency of the flow of products to our stores, enhance store efficiency and optimize store in-stock and overall investment in inventory.

Distribution. We operate distribution facilities in various locations throughout the world, with each location strategically located to support the operations in a particular country or region. In order to enhance our first-to- market distribution network, we also utilize the services of several off-site, third-party operated distribution centers that pick up products from our suppliers, repackage the products for each of our stores and ship those products to our stores by package carriers. Our ability to rapidly process incoming shipments of new release titles at our facilities and third-party facilities and deliver those shipments to all of our stores, either that day or by the next morning, enables us to meet peak demand and replenish stores. Inventory is shipped to each store at least twice a week, or daily, if necessary, in order to keep stores in supply of products. Our distribution facilities also typically support refurbishment of used products to be redistributed to our stores.

We distribute products to our U.S. stores through a 362,000 square foot distribution center in Grapevine, Texas and a 260,000 square foot distribution center in Louisville, Kentucky. We currently use the center in Louisville, Kentucky to support our first-to-market distribution efforts, while our Grapevine, Texas facility supports efforts to replenish stores. The state-of-the-art facilities in both U.S. locations are designed to effectively control and minimize inventory levels. Technologically-advanced conveyor systems and flow-through racks control costs and improve speed of fulfillment in both facilities. The technology used in the distribution centers allows for high-volume receiving, distributions to stores and returns to vendors.

We distribute merchandise to our Canadian segment from two distribution centers in Brampton, Ontario. We have a distribution center near Brisbane, Australia which supports our Australian operations and a small distribution facility in New Zealand which supports the stores in New Zealand. European segment operations are supported by six regionally-located distribution centers in Milan, Italy; Memmingen, Germany; Arlov, Sweden; Valencia, Spain; Dublin, Ireland; and Paris, France. We continue to invest in state-of-the-art facilities in our distribution centers as the distribution volume, number of stores supported and returns on such investments permit.

Digital Distribution. We have developed proprietary technology to work in conjunction with both Microsoft and Sony to enable us to sell digitally distributed game content in our stores, through our in-store kiosks and on our e-commerce sites. The downloadable content typically available today consists of add-on content developed by publishers for existing games.

Management Information Systems. Our proprietary inventory management systems and point-of-sale technology show daily sales and in-store stock by title by store. Our systems use this data to automatically generate replenishment shipments to each store from our distribution centers, enabling each store to carry a merchandise assortment uniquely tailored to its own sales mix and rate of sale. Our call lists and reservation system also provide our buying staff with information to determine order size and inventory management for store-by-store inventory allocation. We constantly review and edit our merchandise categories with the objective of ensuring that inventory is up-to-date and meets customer needs.

To support most of our operations, we use a large-scale, Intel-based computing environment with a state-of-the-art storage area network and a wired and wireless corporate network installed at our U.S. and regional headquarters, and a secure, virtual private network to access and provide services to computing assets located in our stores, distribution centers and satellite offices and to our mobile workforce. This strategy has proven to minimize initial outlay of capital while allowing for flexibility and growth as operations expand. To support certain of our international operations, we

use a mid-range, scalable computing environment and a state-of-the-art storage area network. Computing assets and our mobile workforce around the globe access this environment via a secure, virtual private network. Regional communication links exist to each of our distribution centers and offices in international locations with connectivity to our U.S. data center as required by our international, distributed applications.

Our in-store point-of-sale system enables us to efficiently manage in-store transactions. This proprietary point-of-sale system has been enhanced to facilitate trade-in transactions, including automatic look-up of trade-in prices and printing of machine-readable bar codes to facilitate in-store restocking of used video games. In addition,

our central database of all used video game products allows us to actively manage the pricing and product availability of our used video game products across our store base and reallocate our used video game products as necessary.

Field Management and Staff

Each of our stores employs, on average, one manager, one assistant manager and between two and ten sales associates, many of whom are part-time employees. Each store manager is responsible for managing their personnel and the economic performance of their store. We have cultivated a work environment that attracts employees who are actively interested in electronic games. We seek to hire and retain employees who know and enjoy working with our products so that they are better able to assist customers. To encourage them to sell the full range of our products and to maximize our profitability, we provide our employees with targeted incentive programs to drive overall sales and sales of higher margin products. In certain locations, we also provide certain employees with the opportunity to take home and try new video games, which enables them to better discuss those games with our customers. In addition, employees are casually dressed to encourage customer access and increase the game-oriented focus of the stores.

Our stores communicate with our corporate offices daily via e-mail. This e-mail allows for better tracking of trends in upcoming titles, competitor strategies and in-stock inventory positions. In addition, this communication allows title selection in each store to be continuously updated and tailored to reflect the tastes and buying patterns of the store s local market. These communications also give field management access to relevant inventory levels and loss prevention information. We have invested in significant management training programs for our store managers and our district managers to enhance their business management skills. We also sponsor annual store managers conferences at which we operate an intense educational training program to provide our employees with information about the video game products that will be released by publishers in the holiday season. All video game software publishers are invited to attend the conferences.

GameStop s U.S. store operations are managed by a centrally-located senior vice president of stores, four vice presidents of stores and 31 regional store operations directors. The regions are further divided into districts, each with a district manager covering an average of 15 stores. In total, there are approximately 308 districts. Our international operations are managed by a senior executive, with stores in Europe managed by two senior vice presidents, one vice president and managing directors in each region and our stores in Australia and Canada each managed by a vice president. We also employ regional loss prevention managers who assist the stores in implementing security measures to prevent theft of our products.

Customer Service

Our store personnel provide value-added services to each customer, such as maintaining lists of regular customers and reserving new releases for customers with a down payment to ensure product availability. In addition, our store personnel readily provide product reviews to ensure customers are making informed purchasing decisions and inform customers of available resources, including *Game Informer* and our e-commerce sites, to increase a customer s enjoyment of the product upon purchase.

Vendors

We purchase substantially all of our new products worldwide from approximately 75 manufacturers and software publishers and several distributors. Purchases from the top ten vendors accounted for approximately 82% of our new product purchases in fiscal 2010. Only Microsoft, Nintendo, Sony, Activision and Electronic Arts (which accounted for 18%, 16%, 16%, 12%, and 10%, respectively) individually accounted for more than 10% of our new product purchases during fiscal 2010. We have established price protections and return privileges with our primary vendors in order to reduce our risk of inventory obsolescence. In addition, we have few purchase contracts with trade vendors and

generally conduct business on an order-by-order basis, a practice that is typical throughout the industry. We believe that maintaining and strengthening our long-term relationships with our vendors is essential to our operations and continued expansion. We believe that we have very good relationships with our vendors.

Competition

The electronic game industry is intensely competitive and subject to rapid changes in consumer preferences and frequent new product introductions. We compete with mass merchants and regional chains; computer product and consumer electronics stores; other video game and PC software specialty stores; toy retail chains; mail-order businesses; catalogs; direct sales by software publishers; and online retailers and game rental companies. In addition, video games are available for sale and rental from many video stores. Video game products are also distributed through other methods such as digital delivery. We also compete with sellers of used video game products. Additionally, we compete with other forms of entertainment activities, including casual and mobile games, movies, television, theater, sporting events and family entertainment centers.

In the U.S., we compete with Wal-Mart Stores, Inc. (Wal-Mart); Target Corporation (Target); and Best Buy Co., Inc. (Best Buy). Competitors in Europe include Game Group plc (Game Group) and its subsidiaries, which operate in the United Kingdom, Ireland, Scandinavia, France, Spain and Portugal, and Media Markt and Carrefour, which operate throughout Europe, and other regional hypermarket chains. Competitors in Canada include Wal-Mart, Best Buy and its subsidiary Future Shop. In Australia, competitors include Game Group, K-Mart, Target and JB HiFi stores.

Seasonality

Our business, like that of many retailers, is seasonal, with the major portion of our sales and operating profit realized during the fourth fiscal quarter, which includes the holiday selling season. During fiscal 2010, we generated approximately 39% of our sales and approximately 57% of our operating earnings during the fourth quarter. During fiscal 2009, we generated approximately 39% of our sales and approximately 55% of our operating earnings during the fourth quarter.

Trademarks

We have a number of trademarks and servicemarks, including GameStop, Game Informer, EB Games, Electronics Boutique, Kongregate, Power to the Players, and PowerUp Rewards, which have been registered by us with the United States Patent and Trademark Office. For many of our trademarks and servicemarks, including Micromania , we also have registered or have registrations pending with the trademark authorities throughout the world. We maintain a policy of pursuing registration of our principal marks and opposing any infringement of our marks.

Employees

We have approximately 17,000 full-time salaried and hourly employees and between 31,000 and 51,000 part-time hourly employees worldwide, depending on the time of year. Fluctuation in the number of part-time hourly employees is due to the seasonality of our business. We believe that our relationship with our employees is excellent. Some of our international employees are covered by collective bargaining agreements, while none of our U.S. employees are represented by a labor union or are members of a collective bargaining unit.

Available Information

We make available on our corporate Web site (www.gamestopcorp.com), under Investor Relations SEC Filings, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports as soon as reasonably practicable after we electronically file or furnish such material with the Securities and Exchange Commission (SEC). You may read and copy this information or obtain copies of this information by mail from the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC s Public Reference Room in Washington, D.C. can

be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains reports, proxy statements and other information about issuers, like GameStop, who file electronically with the SEC. The address of that site is http://www.sec.gov. In addition to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, the Company s Code of Standards, Ethics and Conduct is available on our Web site under Investor Relations Corporate Governance and is available to our stockholders in

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print, free of charge, upon written request to the Company s Investor Relations Department at GameStop Corp., 625 Westport Parkway, Grapevine, Texas 76051.

Item 1A. *Risk Factors*

An investment in our Company involves a high degree of risk. You should carefully consider the risks below, together with the other information contained in this report, before you make an investment decision with respect to our Company. The risks described below are not the only ones facing our Company. Additional risks not presently known to us, or that we consider immaterial, may also impair our business operations. Any of the following risks could materially adversely affect our business, operating results or financial condition, and could cause a decline in the trading price of our common stock and the value of your investment.

Risks Related to Our Business

We depend upon our key personnel and they would be difficult to replace.

Our success depends upon our ability to attract, motivate and retain key management for our stores and skilled merchandising, marketing, financial and administrative personnel at our headquarters. We depend upon the continued services of our key executive officers: Daniel A. DeMatteo, our Executive Chairman; J. Paul Raines, our Chief Executive Officer; Tony D. Bartel, our President; Robert A. Lloyd, our Executive Vice President and Chief Financial Officer; and Michael Mauler, our Executive Vice President-International. The loss of services of any of our key personnel could have a negative impact on our business.

We depend upon the timely delivery of products.

We depend on major hardware manufacturers, primarily Sony, Nintendo and Microsoft, to deliver new and existing video game platforms and new innovations on a timely basis and in anticipated quantities. In addition, we depend on software publishers to introduce new and updated software titles. Any material delay in the introduction or delivery, or limited allocations, of hardware platforms or software titles could result in reduced sales in one or more fiscal quarters.

We depend upon third parties to develop products and software.

Our business depends upon the continued development of new and enhanced video game platforms and accessories, PC hardware and video game and PC entertainment software. Our business could suffer due to the failure of manufacturers to develop new or enhanced video game platforms, a decline in the continued technological development and use of multimedia PCs, or the failure of software publishers to develop popular game and entertainment titles for current or future generation video game systems or PC hardware.

Our ability to obtain favorable terms from our suppliers may impact our financial results.

Our financial results depend significantly upon the business terms we can obtain from our suppliers, including competitive prices, unsold product return policies, advertising and market development allowances, freight charges and payment terms. We purchase substantially all of our products directly from manufacturers, software publishers and, in some cases, distributors. Our largest vendors worldwide are Microsoft, Nintendo, Sony, Activision and Electronic Arts, which accounted for 18%, 16%, 16%, 12% and 10%, respectively, of our new product purchases in fiscal 2010. If our suppliers do not provide us with favorable business terms, we may not be able to offer products to our customers at competitive prices.

If our vendors fail to provide marketing and merchandising support at historical levels, our sales and earnings could be negatively impacted.

The manufacturers of video game hardware and software and PC entertainment software have typically provided retailers with significant marketing and merchandising support for their products. As part of this support, we receive cooperative advertising and market development payments from these vendors. These cooperative advertising and market development payments enable us to actively promote and merchandise the products we sell

and drive sales at our stores and on our Web sites. We cannot assure you that vendors will continue to provide this support at historical levels. If they fail to do so, our sales and earnings could be negatively impacted.

The electronic game industry is cyclical, which could cause significant fluctuation in our earnings.

The electronic game industry has been cyclical in nature in response to the introduction and maturation of new technology. Following the introduction of new video game platforms, sales of these platforms and related software and accessories generally increase due to initial demand, while sales of older platforms and related products generally decrease as customers migrate toward the new platforms. New video game platforms have historically been introduced approximately every five years. The current generation of video game consoles were introduced in 2005 and 2006. In 2010, Microsoft introduced the Kinect, a motion sensing accessory for the Xbox 360, and Sony introduced the Move, a motion control accessory for the PlayStation 3. These accessories are designed to take advantage of the processing power in the current platforms and are believed to extend the current video game hardware cycle beyond the historical five-year length. If these new motion accessories fail to appeal to consumers or if video game platform manufacturers fail to develop new hardware platforms, our sales of video game products could decline.

Pressure from our competitors may force us to reduce our prices or increase spending, which could decrease our profitability.

The electronic game industry is intensely competitive and subject to rapid changes in consumer preferences and frequent new product introductions. We compete with mass merchants and regional chains, including Wal-Mart and Target; computer product and consumer electronics stores, including Best Buy; other U.S. and international video game and PC software specialty stores located in malls and other locations, such as Game Group, Carrefour and Media Markt; toy retail chains; mail-order businesses; catalogs; direct sales by software publishers; and online retailers and game rental companies. Some of our competitors have longer operating histories and may have greater financial resources than we do. In addition, video game products and content are increasingly being digitally distributed and other methods may emerge in the future. We also compete with other sellers of used video game products. Additionally, we compete with other forms of entertainment activities, including browser, social and mobile games, movies, television, theater, sporting events and family entertainment centers. If we lose customers to our competitors, or if we reduce our prices or increase our spending to maintain our customers, we may be less profitable.

International events could delay or prevent the delivery of products to our suppliers.

Our suppliers rely on foreign sources, primarily in Asia, to manufacture a portion of the products we purchase from them. As a result, any event causing a disruption of imports, including natural disasters or the imposition of import restrictions or trade restrictions in the form of tariffs or quotas, could increase the cost and reduce the supply of products available to us, which could lower our sales and profitability.

Our international operations expose us to numerous risks.

We have international retail operations in Australia, Canada and Europe. Because release schedules for hardware and software introduction in these markets often differ from release schedules in the United States, the timing of increases and decreases in foreign sales may differ from the timing of increases and decreases in domestic sales. We are also subject to a number of other factors that may affect our current or future international operations. These include:

- economic downturns;

- currency exchange rate fluctuations;

international incidents;

natural disasters;

government instability; and

competitors entering our current and potential markets.

There may be possible changes in our global tax rate.

As a result of our operations in many foreign countries, our global tax rate is derived from a combination of applicable tax rates in the various jurisdictions in which we operate. Depending upon the sources of our income, any agreements we may have with taxing authorities in various jurisdictions and the tax filing positions we take in various jurisdictions, our overall tax rate may be higher than other companies or higher than our tax rates have been in the past. We base our estimate of an annual effective tax rate at any given point in time on a calculated mix of the tax rates applicable to our Company and to estimates of the amount of income to be derived in any given jurisdiction. A change in the mix of our business from year to year and from country to country, changes in rules related to accounting for income taxes, changes in tax laws in any of the multiple jurisdictions in which we operate or adverse outcomes from the tax audits that regularly are in process in any jurisdiction in which we operate could result in an unfavorable change in our overall tax rate, which could have a material adverse effect on our business and results of our operations.

If we are unable to renew or enter into new leases on favorable terms, our revenue growth may decline.

All of our retail stores are located in leased premises. If the cost of leasing existing stores increases, we cannot assure you that we will be able to maintain our existing store locations as leases expire. In addition, we may not be able to enter into new leases on favorable terms or at all, or we may not be able to locate suitable alternative sites or additional sites for new store expansion in a timely manner. Our revenues and earnings may decline if we fail to maintain existing store locations, enter into new leases, locate alternative sites or find additional sites for new store expansion.

Restrictions on our ability to take trade-ins of and sell used video game products could negatively affect our financial condition and results of operations.

Our financial results depend on our ability to take trade-ins of, and sell, used video game products within our stores. Actions by manufacturers or publishers of video game products or governmental authorities to limit our ability to take trade-ins or sell used video game products could have a negative impact on our sales and earnings.

If we fail to keep pace with changing industry technology, we will be at a competitive disadvantage.

The interactive entertainment industry is characterized by swiftly changing technology, evolving industry standards, frequent new and enhanced product introductions and product obsolescence. These characteristics require us to respond quickly to technological changes and to understand their impact on our customers preferences. If we fail to keep pace with these changes, our business may suffer.

Technological advances in the delivery and types of video games and PC entertainment software, as well as changes in consumer behavior related to these new technologies, could lower our sales.

While it is currently only possible to download a limited amount of video game content to the next generation video game systems and downloading is constrained by bandwidth capacity, this technology is becoming more prevalent. If advances in technology continue to expand our customers ability to access and download the current format of video games, PC entertainment software and incremental content for their games through these and other sources, our customers may no longer choose to purchase video games or PC entertainment software in our stores or reduce their purchases in favor of other forms of game delivery. As a result, sales and earnings could decline. While the Company is currently pursuing various strategies to integrate these new delivery methods and competing content into the Company s business model, including hiring employees with experience in digital gaming and making investments in

and acquisitions of digital gaming and technology-based companies, we can provide no assurances that these strategies will be successful or profitable.

An adverse trend in sales during the holiday selling season could impact our financial results.

Our business, like that of many retailers, is seasonal, with the major portion of our sales and operating profit realized during the fourth fiscal quarter, which includes the holiday selling season. During fiscal 2010, we generated approximately 39% of our sales and approximately 57% of our operating earnings during the fourth quarter. Any

adverse trend in sales during the holiday selling season could lower our results of operations for the fourth quarter and the entire fiscal year.

Our results of operations may fluctuate from quarter to quarter, which could affect our business, financial condition and results of operations.

Our results of operations may fluctuate from quarter to quarter depending upon several factors, some of which are beyond our control. These factors include:

- the timing and allocations of new product releases;
- the timing of new store openings;
- shifts in the timing of certain promotions;
- the effect of changes in tax rates in the jurisdictions in which we operate;
- the mix of earnings in the countries in which we operate; and
- changes in foreign currency exchange rates.

These and other factors could affect our business, financial condition and results of operations, and this makes the prediction of our financial results on a quarterly basis difficult. Also, it is possible that our quarterly financial results may be below the expectations of public market analysts.

Failure to effectively manage our new store openings could lower our sales and profitability.

Our growth strategy depends in part upon opening new stores and operating them profitably. We opened 359 stores in fiscal 2010 and expect to open approximately 300 new stores in fiscal 2011. Our ability to open new stores and operate them profitably depends upon a number of factors, some of which may be beyond our control. These factors include:

- the ability to identify new store locations, negotiate suitable leases and build out the stores in a timely and cost efficient manner;
- the ability to hire and train skilled associates;
- the ability to integrate new stores into our existing operations; and
- the ability to increase sales at new store locations.

Our growth will also depend on our ability to process increased merchandise volume resulting from new store openings through our inventory management systems and distribution facilities in a timely manner. If we fail to manage new store openings in a timely and cost efficient manner, our growth may decrease.

Failure to execute our strategy to close stores and transfer customers and sales to nearby stores.

Our strategy includes closing stores which are not meeting our performance hurdles or stores at the end of their lease terms and transferring sales to other nearby GameStop locations. We believe that we can ultimately increase

profitability by successfully transferring customers and sales to other stores by marketing directly to the PowerUp Rewards members who have shopped in the stores which we plan to close. If we are unsuccessful in marketing to customers of the stores which we plan to close or in transferring sales to nearby stores, our sales and profitability could be adversely affected.

If our management information systems fail to perform or are inadequate, our ability to manage our business could be disrupted.

We rely on computerized inventory and management systems to coordinate and manage the activities in our distribution centers, as well as to communicate distribution information to the off-site, third-party operated distribution centers with which we work. The third-party distribution centers pick up products from our suppliers, repackage the products for each of our stores and ship those products to our stores by package carriers. We use

inventory replenishment systems to track sales and inventory. Our ability to rapidly process incoming shipments of new release titles and deliver them to all of our stores, either that day or by the next morning, enables us to meet peak demand and replenish stores at least twice a week, to keep our stores in stock at optimum levels and to move inventory efficiently. If our inventory or management information systems fail to adequately perform these functions, our business could be adversely affected. In addition, if operations in any of our distribution centers were to shut down or be disrupted for a prolonged period of time or if these centers were unable to accommodate the continued store growth in a particular region, our business could suffer.

We have made and may make investments and acquisitions which could negatively impact our business if we fail to successfully complete and integrate them.

To enhance our efforts to grow and compete, we have made and continue to make investments and acquisitions. These activities include investments in and acquisitions of digital, browser, social and mobile gaming and technology-based companies as the delivery methods for video games continues to evolve. Our plans to pursue future transactions are subject to our ability to identify potential candidates and negotiate favorable terms for these transactions. Accordingly, we cannot assure you that future investments or acquisitions will be completed. In addition, to facilitate future transactions, we may take actions that could dilute the equity interests of our stockholders, increase our debt or cause us to assume contingent liabilities, all of which may have a detrimental effect on the price of our common stock. Finally, if any acquisitions are not successfully integrated with our business, our ongoing operations could be adversely affected. Integration of digital, browser, social and mobile gaming and technology-based companies may be particularly challenging to us as these companies are outside of our historical operating expertise.

We may not compete effectively as browser, mobile and social gaming becomes more popular.

Gaming continues to evolve. Recently, the popularity of browser, mobile and social gaming has increased greatly and this popularity is expected to continue to grow. Browser, mobile and social gaming is accessed through hardware other than the consoles we sell. If we are unable to respond to this growth in popularity of browser, mobile and social games and transition our business to take advantage of these new forms of gaming, our financial position and results of operations could suffer. While the Company has been and is currently pursuing various strategies to integrate these new forms of gaming into the Company s business model, we can provide no assurances that these strategies will be successful or profitable.

Litigation and litigation results could negatively impact our future financial condition and results of operations.

In the ordinary course of our business, the Company is, from time to time, subject to various litigation and legal proceedings. In the future, the costs or results of such legal proceedings, individually or in the aggregate, could have a negative impact on the Company s results of operations or financial condition.

Legislative actions may cause our general and administrative expenses or income tax expense to increase and impact our future financial condition and results of operations.

In order to comply with laws adopted by the U.S. government or other regulatory bodies, we may be required to increase our expenditures and hire additional personnel and additional outside legal, accounting and advisory services, all of which may cause our general and administrative costs or income tax expenses to increase. Changes in the accounting rules could materially increase the expenses that we report under U.S. generally accepted accounting principles (GAAP) and adversely affect our operating results.

Risks Relating to Our Indebtedness

To service our indebtedness, we will require a significant amount of cash, the availability of which depends on many factors beyond our control.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. These factors include:

- our reliance on suppliers and vendors for sufficient quantities of their products and new product releases and our ability to obtain favorable terms from these suppliers and vendors;
- economic conditions affecting the electronic game industry, the retail industry and the banking and financial services industry;
- the outlook of the credit markets toward the video game business;
- the highly competitive environment in the electronic game industry and the resulting pressure from our competitors potentially forcing us to reduce our prices or increase spending;
- our ability to open and operate new stores;
- our ability to attract and retain qualified personnel; and
- our dependence upon software publishers to develop popular game and entertainment titles for video game systems and PCs.

If our financial condition or operating results materially deteriorate, our relations with our creditors, including holders of our senior notes, the lenders under our senior credit facility and our suppliers, may be materially and adversely impacted.

We have debt that could adversely impact cash availability for growth and operations and may increase our vulnerability to general adverse economic and industry conditions.

As of January 29, 2011, we had approximately $249.0 million of indebtedness. Our debt service obligations with respect to this indebtedness could have an adverse impact on our earnings and cash flows for as long as the indebtedness is outstanding.

Our indebtedness could have important consequences, including the following:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired;
- we may use a portion of our cash flow from operations to make debt service payments on the senior notes and our senior credit facility, which will reduce the funds available to us for other purposes such as potential acquisitions and capital expenditures;
- we may have a higher level of indebtedness than some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in planning for, or responding to, changing conditions in our industry,

including increased competition; and

we may be more vulnerable to general economic downturns and adverse developments in our business.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness, including the senior notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our senior credit facility and the indenture governing the senior notes restrict our ability to dispose of assets and use the proceeds from such dispositions. We may not be able to consummate those dispositions, dispose of our assets at prices that we believe are fair or use the proceeds from asset sales to make payments on the notes and these proceeds may not be adequate to meet any debt service obligations then due.

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Because of our floating rate credit facility, we may be adversely affected by interest rate changes.

Our financial position may be affected by fluctuations in interest rates, as our senior credit facility is subject to floating interest rates.

Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. If we were to borrow against our senior credit facility, a significant increase in interest rates could have an adverse effect on our financial position and results of operations.

Our operations are substantially restricted by the indenture governing the senior notes and the terms of our senior credit facility.

The indenture for the senior notes imposes, and the terms of any future debt may impose, significant operating and financial restrictions on us. These restrictions, among other things, limit the ability of the issuers of the senior notes and of GameStop s restricted subsidiaries to:

- incur, assume or permit to exist additional indebtedness or guaranty obligations;
- incur liens or agree to negative pledges in other agreements;
- engage in sale and leaseback transactions;
- make loans and investments;
- declare dividends, make payments or redeem or repurchase capital stock;
- engage in mergers, acquisitions and other business combinations;
- prepay, redeem or purchase certain indebtedness;
- amend or otherwise alter the terms of our organizational documents and our indebtedness, including the senior notes;
- sell assets; and
- engage in transactions with affiliates.

We cannot assure you that these covenants will not adversely affect our ability to finance our future operations or capital needs or to pursue available business opportunities.

The senior credit facility contains various restrictive covenants prohibiting us, in certain circumstances, from, among other things, prepaying, redeeming or purchasing certain indebtedness.

Despite current anticipated indebtedness levels and restrictive covenants, we may incur additional indebtedness in the future.

Despite our current level of indebtedness, we may be able to incur substantial additional indebtedness in the future, including additional secured indebtedness. Although the terms of the indenture governing the senior notes and our

senior credit facility restrict the issuers of the senior notes and GameStop s restricted subsidiaries from incurring additional indebtedness, these restrictions are subject to important exceptions and qualifications. If we incur additional indebtedness, the risks that we now face as a result of our leverage could intensify.

Item 1B. ***Unresolved Staff Comments***

None.

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Item 2. *Properties*

All of our stores are leased. Store leases typically provide for an initial lease term of three to ten years, plus renewal options. This arrangement gives us the flexibility to pursue extension or relocation opportunities that arise from changing market conditions. We believe that, as current leases expire, we will be able to obtain either renewals at present locations, leases for equivalent locations in the same area, or be able to close the stores with expiring leases and transfer enough of the sales to other nearby stores to improve, if not at least maintain, profitability.

The terms of the store leases for the 6,670 leased stores open as of January 29, 2011 expire as follows:

Lease Terms to Expire During	Number of Stores
(12 Months Ending on or About January 31)	
Expired and in negotiations	31
2012	1,341
2013	1,872
2014	1,384
2015	816
2016 and later	1,226
	6,670

At January 29, 2011, the Company owned or leased office and distribution facilities, with lease expiration dates ranging from 2011 to 2019 and an average remaining lease life of approximately four years, in the following locations:

Location	Square Footage	Owned or Leased	Use
United States			
Grapevine, Texas, USA	518,000	Owned	Distribution and administration
Grapevine, Texas, USA	182,000	Owned	Manufacturing and distribution
Louisville, Kentucky, USA	260,000	Leased	Distribution
Minneapolis, Minnesota, USA	15,000	Leased	Administration
West Chester, Pennsylvania, USA	6,100	Leased	Administration
Canada			
Brampton, Ontario, Canada	119,000	Owned	Distribution and administration
Brampton, Ontario, Canada	59,000	Leased	Distribution and administration
Australia			
Pinkenba, Queensland, Australia	70,000	Owned	Distribution and administration
Auckland, New Zealand	13,000	Leased	Distribution
Europe			
Arlov, Sweden	80,000	Owned	Distribution and administration
Milan, Italy	120,000	Owned	Distribution and administration
Memmingen, Germany	67,000	Owned	Distribution and administration

Valencia, Spain	22,000	Leased	Distribution
Valencia, Spain	15,000	Leased	Administration
Dublin, Ireland	24,000	Leased	Distribution and administration
Paris, France	54,000	Leased	Distribution
Sophia Antipolis, France	17,000	Leased	Administration

In addition, we are constructing a 161,000 square foot distribution and administration building in Eagle Farm, Queensland, Australia, estimated to be completed in fiscal 2011.

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Item 3. ***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. 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 shareholders. Management does not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material adverse effect on the Company s financial condition, results of operations or liquidity.

Item 4. ***[Removed and Reserved]***

PART II

Item 5. ***Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Price Range of Common Stock

The Company s Class A common stock is traded on the New York Stock Exchange (NYSE) under the symbol GME.

The following table sets forth, for the periods indicated, the high and low sales prices of the Class A common stock on the NYSE Composite Tape:

	Fiscal 2010	
	High	Low
Fourth Quarter	$ 23.23	$ 19.16
Third Quarter	$ 21.49	$ 17.70
Second Quarter	$ 25.31	$ 17.96
First Quarter	$ 25.75	$ 17.12

	Fiscal 2009	
	High	Low
Fourth Quarter	$ 26.05	$ 19.42
Third Quarter	$ 28.62	$ 22.04
Second Quarter	$ 30.29	$ 20.02
First Quarter	$ 32.82	$ 21.81

Approximate Number of Holders of Common Equity

As of March 2, 2011, there were approximately 1,509 record holders of the Company s Class A common stock, par value $.001 per share.

Dividends

The Company has never declared or paid any dividends on its common stock. We may consider in the future the advisability of paying dividends. However, our payment of dividends is and will continue to be restricted by or subject to, among other limitations, applicable provisions of federal and state laws, our earnings and various business considerations, including our financial condition, results of operations, cash flow, the level of our capital expenditures, our future business prospects, our status as a holding company and such other matters that our Board of Directors deems relevant. In addition, the terms of the indenture governing the senior notes restrict, and the terms of the senior credit facility may restrict, our ability to pay dividends. See Liquidity and Capital Resources included in Management s Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K.

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Issuer Purchases of Equity Securities

Purchases by the Company of its equity securities during the fourth quarter of the fiscal year ended January 29, 2011 were as follows:

Period	(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(1) (In millions of dollars)
October 31 through November 27, 2010		$		$ 250.6
November 28 through January 1, 2011		$		$ 250.6
January 2 through January 29, 2011	5,403,900	$ 20.77	5,403,900	$ 138.4
Total	5,403,900	$ 20.77	5,403,900	

(1) In September 2010, our Board of Directors approved a $300 million share repurchase program under which we purchased $161.6 million of treasury shares. On February 4, 2011, our Board of Directors replaced the $300 million share repurchase plan with a new plan authorizing $500 million to be used for share repurchases and/or retirement of the Company s senior notes due 2012. The $500 million plan occurred subsequent to our fiscal year end and is not included in the above chart.

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GameStop Stock Comparative Performance Graph

The following graph compares the cumulative total stockholder return on our Class A common stock for the period commencing January 27, 2006 through January 28, 2011 (the last trading date of fiscal 2010) with the cumulative total return on the Standard & Poor s 500 Stock Index (the S&P 500) and the Dow Jones Retailers, Other Specialty Industry Group Index (the Dow Jones Specialty Retailers Index) over the same period. Total return values were calculated based on cumulative total return assuming (i) the investment of $100 in our Class A common stock, the S&P 500 and the Dow Jones Specialty Retailers Index on January 27, 2006 and (ii) reinvestment of dividends. The Class A common stock reflects a two-for-one stock split on March 16, 2007.

The following stock performance graph and related information shall not be deemed soliciting material or filed with the SEC, nor should such information be incorporated by reference into any future filings under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate it by reference in such filing.

	1/27/2006	2/2/2007	2/1/2008	1/30/2009	1/29/2010	1/28/2011
GME	100.00	137.71	268.37	126.62	101.02	107.20
S&P 500 Index	100.00	112.83	108.70	64.33	83.65	99.43
Dow Jones Specialty Retailers Index	100.00	109.20	98.44	61.69	89.16	118.48

Item 6. *Selected Financial Data*

The following table sets forth our selected consolidated financial and operating data for the periods and at the dates indicated. Our fiscal year is composed of 52 or 53 weeks ending on the Saturday closest to January 31. The fiscal year ended February 3, 2007 consisted of 53 weeks and the fiscal years ended January 29, 2011, January 30, 2010, January 31, 2009 and February 2, 2008 consisted of 52 weeks. The Statement of Operations Data for the fiscal years ended January 29, 2011, January 30, 2010 and January 31, 2009 and the Balance Sheet Data as of January 29, 2011 and January 30, 2010 are derived from, and are qualified by reference to, our audited financial statements which are included elsewhere in this Form 10-K. The Statement of Operations Data for fiscal years ended February 2, 2008 and February 3, 2007 and the Balance Sheet Data as of January 31, 2009, February 2, 2008 and February 3, 2007 are derived from our audited financial statements which are not included elsewhere in this Form 10-K.

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Our selected financial data set forth below should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this Form 10-K.

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009	52 Weeks Ended February 2, 2008	53 Weeks Ended February 3, 2007
	(In millions, except per share data and statistical data)				
Statement of Operations Data:					
Sales	$ 9,473.7	$ 9,078.0	$ 8,805.9	$ 7,094.0	$ 5,318.9
Cost of sales	6,936.1	6,643.3	6,535.8	5,280.3	3,847.5
Gross profit	2,537.6	2,434.7	2,270.1	1,813.7	1,471.4
Selling, general and administrative expenses	1,700.3	1,635.1	1,445.4	1,182.0	1,021.1
Depreciation and amortization	174.7	162.6	145.0	130.3	109.8
Merger-related expenses(1)			4.6		6.8
Operating earnings	662.6	637.0	675.1	501.4	333.7
Interest expense (income), net	35.2	43.2	38.8	47.7	73.3
Debt extinguishment expense	6.0	5.3	2.3	12.6	6.1
Earnings before income tax expense	621.4	588.5	634.0	441.1	254.3
Income tax expense	214.6	212.8	235.7	152.8	96.0
Consolidated net income	406.8	375.7	398.3	288.3	158.3
Net loss attributable to noncontrolling interests	1.2	1.6			
Consolidated net income attributable to GameStop	$ 408.0	$ 377.3	$ 398.3	$ 288.3	$ 158.3
Basic net income per common share(2)	$ 2.69	$ 2.29	$ 2.44	$ 1.82	$ 1.06
Diluted net income per common share(2)	$ 2.65	$ 2.25	$ 2.38	$ 1.75	$ 1.00
Weighted average shares outstanding basic(2)	151.6	164.5	163.2	158.2	149.9
Weighted average shares outstanding diluted(2)	154.0	167.9	167.7	164.8	158.3
Store Operating Data:					
Number of stores by segment					

United States	4,536	4,429	4,331	4,061	3,799
Canada	345	337	325	287	267
Australia	405	388	350	280	219
Europe	1,384	1,296	1,201	636	493
Total	6,670	6,450	6,207	5,264	4,778
Comparable store sales increase (decrease)(3)	1.1%	(7.9)%	12.3%	24.7%	11.9%
Inventory turnover	5.1	5.2	5.8	6.0	5.2
Balance Sheet Data:					
Working capital	$ 407.0	$ 471.6	$ 255.3	$ 534.2	$ 353.3
Total assets	5,063.8	4,955.3	4,483.5	3,775.9	3,349.6
Total debt, net	249.0	447.3	545.7	574.5	855.5
Total liabilities	2,167.9	2,232.3	2,212.9	1,913.4	1,973.7
Total equity	2,895.9	2,723.0	2,270.6	1,862.4	1,375.9

(1) The Company s results of operations for fiscal 2008 and the 53 weeks ended February 3, 2007 (fiscal 2006) include expenses believed to be of a one-time or short-term nature associated with the Micromania acquisition

(fiscal 2008) and the EB merger (fiscal 2006), which included $4.6 million and $6.8 million, respectively, considered in operating earnings. In fiscal 2008, the $4.6 million included $3.5 million related to foreign currency losses on funds used to purchase Micromania. In fiscal 2006, the $6.8 million included $1.9 million in charges associated with assets of the Company considered to be impaired as a result of the EB merger and $4.9 million in costs associated with integrating the operations of GameStop and EB.

(2) Weighted average shares outstanding and earnings per common share have been adjusted to reflect the conversion of Class B common stock that was outstanding prior to its conversion into Class A common stock on a one-for-one basis on February 7, 2007 and a two-for-one stock split on March 16, 2007. The Company s Class B common stock was traded on the NYSE under the symbol GME.B until February 7, 2007.

(3) Stores are included in our comparable store sales base beginning in the 13th month of operation.

Item 7. ***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 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. Certain factors, which may cause actual results to vary materially from these forward-looking statements, accompany such statements or appear elsewhere in this Form 10-K, including the factors disclosed under Item 1A. Risk Factors.

General

GameStop Corp. (together with its predecessor companies, GameStop, we, us, our, or the Company) is the world largest multichannel retailer of video game products and PC entertainment software. We sell new and used video game hardware, video game software and accessories, PC entertainment software and other merchandise primarily through our GameStop, EB Games and Micromania stores. As of January 29, 2011, we operated 6,670 stores, in the United States, Australia, Canada and Europe, which are primarily located in major shopping malls and strip centers. We also operate electronic commerce Web sites www.gamestop.com, www.ebgames.com.au, www.gamestop.ca, www.gamestop.it, www.gamestop.es, www.gamestop.ie, www.gamestop.de and www.micromania.fr. In addition, we publish *Game Informer* magazine, the industry s largest multi-platform video game magazine in the United States based on circulation and operate the online video gaming Web site www.kongregate.com.

Our fiscal year is composed of 52 or 53 weeks ending on the Saturday closest to January 31. The fiscal years ended January 29, 2011 (fiscal 2010), January 30, 2010 (fiscal 2009) and January 31, 2009 (fiscal 2008) consisted of 52 weeks.

The Company began operations in November 1996. In February 2002, GameStop completed an initial public offering of its Class A common stock. In October 2005, GameStop acquired the operations of Electronics Boutique Holdings Corp. (EB), a 2,300-store video game retailer in the U.S. and 12 other countries, by merging its existing operations with EB under GameStop Corp. (the EB merger).

On November 17, 2008, GameStop France SAS, a wholly-owned subsidiary of the Company, completed the acquisition of substantially all of the outstanding capital stock of SFMI Micromania SAS (Micromania) for $580.4 million, net of cash acquired in the transaction. Micromania is the leading retailer of video and computer games in France with 379 locations, 328 of which were operating on the date of acquisition (the Micromania acquisition). The Company s operating results for fiscal 2010 and fiscal 2009 include Micromania s results and the Company s operating results for fiscal 2008 include 11 weeks of Micromania s results.

The acquisition of Micromania is an important part of the Company s European and overall growth strategy and gave the Company an immediate entrance into the second largest video game market in Europe. The amount the Company paid in excess of the fair value of the net assets acquired was primarily for (i) the expected future cash flows derived from the existing business and its infrastructure, (ii) the geographical benefits from adding stores in a new large, growing market without cannibalizing existing sales, (iii) expanding the Company s expertise in the

European video game market as a whole, and (iv) increasing the Company s impact on the European market, including increasing its purchasing power.

Growth in the video game industry is generally driven by the introduction of new technology. The current generation of hardware consoles (the Sony PlayStation 3, the Microsoft Xbox 360 and the Nintendo Wii) were introduced between 2005 and 2007. The Sony PlayStation Portable (the PSP) was introduced in 2005. The Nintendo DSi XL was introduced in early 2010. 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 margins in the first full year following new platform releases and an increase in gross margins in the years subsequent to the first full year following the launch period. 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. We expect that the installed base of the hardware platforms listed above and sales of related software and accessories will increase in the future.

Critical Accounting Policies

The Company believes that the following are its most significant accounting policies which are important in determining the reporting of transactions and events:

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management 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, management has made its 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 management could have significant impact on the Company s financial results. Actual results could differ from those estimates.

Revenue Recognition. Revenue from the sales of the Company s products is recognized at the time of sale and is stated net of sales discounts. The sales of used video game products are recorded at the retail price charged to the customer. Sales returns (which are not significant) are recognized at the time returns are made. Subscription and advertising revenues are recorded upon release of magazines for sale to consumers. Magazine subscription revenue is recognized on a straight-line basis over the subscription period. The revenue from the paid membership of the Company s PowerUp Rewards loyalty program is recognized over the one-year membership term. Revenue from the sales of product replacement plans is recognized on a straight-line basis over the coverage period. Gift cards sold to customers are recognized as a liability on the balance sheet until redeemed.

The Company sells a variety of digital products which generally allow consumers to download software or play games on the internet. Certain of these products do not require the Company to purchase inventory or take physical possession of, or take title to, inventory. When purchasing these products from the Company, consumers pay a retail price and the Company earns a commission based on a percentage of the retail sale as negotiated with the product publisher. The Company recognizes this commission as revenue on the sale of these digital products.

Stock-Based Compensation. The Company records share-based compensation expense in earnings based on the grant-date fair value of options or restricted stock granted. As of January 29, 2011, the unrecognized compensation expense related to the unvested portion of our stock options and restricted stock was $9.3 million and $14.8 million, respectively, which is expected to be recognized over a weighted average period of 1.7 and 1.7 years, respectively.

Note 1 of Notes to Consolidated Financial Statements provides additional information on stock-based compensation.

Merchandise Inventories. Our merchandise inventories are carried at the lower of cost or market generally using the average cost method. Under the average cost method, as new product is received from

vendors, its current cost is added to the existing cost of product on-hand and this amount is re-averaged over the cumulative units. Used video game products traded in by customers are recorded as inventory at the amount of the store credit given to the customer. In valuing inventory, management is required to make assumptions regarding the necessity of reserves required to value potentially obsolete or over-valued items at the lower of cost or market. Management considers quantities on hand, recent sales, potential price protections and returns to vendors, among other factors, when making these assumptions. Our ability to gauge these factors is dependent upon our ability to forecast customer demand and to provide a well-balanced merchandise assortment. Any inability to forecast customer demand properly could lead to increased costs associated with inventory markdowns. We also adjust inventory based on anticipated physical inventory losses or shrinkage. Physical inventory counts are taken on a regular basis to ensure the reported inventory is accurate. During interim periods, estimates of shrinkage are recorded based on historical losses in the context of current period circumstances.

Property and Equipment. Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation on furniture, fixtures and equipment is computed using the straight-line method over estimated useful lives (ranging from two to eight years). Maintenance and repairs are expensed as incurred, while betterments and major remodeling costs are capitalized. Leasehold improvements are capitalized and amortized over the shorter of their estimated useful lives or the terms of the respective leases, including renewal options in which the exercise of the option is reasonably assured (generally ranging from three to ten years). Costs incurred to third parties in purchasing management information systems are capitalized and included in property and equipment. These costs are amortized over their estimated useful lives from the date the systems become operational. The Company periodically reviews its property and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or their depreciation or amortization periods should be accelerated. The Company assesses recoverability based on several factors, including management s intention with respect to its stores and those stores projected undiscounted cash flows. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds their fair value, as approximated by the present value of their projected cash flows. Write-downs incurred by the Company through January 29, 2011 have not been material.

Goodwill. Goodwill, aggregating $1,996.3 million, has been recorded as of January 29, 2011 related to various acquisitions. Goodwill represents the excess purchase price over tangible net assets and identifiable intangible assets acquired. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually. This test is completed at the beginning of the fourth quarter each fiscal year or when circumstances indicate the carrying value of the goodwill or other intangible assets might be impaired. Goodwill has been assigned to reporting units for the purpose of impairment testing. The Company has four business segments, the United States, Australia, Canada and Europe, which also define our reporting units based upon the similar economic characteristics of operations within each segment, including the nature of products, product distribution and the type of customer and separate management within those regions. The Company estimates fair value based on the discounted cash flows of each reporting unit. The Company uses a two-step process to measure goodwill impairment. If the fair value of the reporting unit is higher than its carrying value, then goodwill is not impaired. If the carrying value of the reporting unit is higher than the fair value, then the second test of goodwill impairment is needed. The second test compares the implied fair value of the reporting unit s goodwill with its carrying amount. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value, then an impairment loss is recognized in the amount of the excess. If the carrying value of an individual indefinite-life intangible asset exceeds its fair value, such individual indefinite-life intangible asset is written down by the amount of the excess. The Company completed its annual impairment test of goodwill on the first day of the fourth quarter of fiscal 2008, fiscal 2009 and fiscal 2010 and concluded that none of its goodwill was impaired. Note 8 of Notes to Consolidated Financial Statements provides additional information concerning goodwill.

The discounted cash flow method used to determine the fair value of reporting units requires management to make significant judgments based on the Company s projected sales and gross margin, annual business plans, future business

strategies and economic factors. Discount rates used in the analysis reflect the Company s weighted average cost of capital, current market rates and the risks associated with the projected

cash flows. The impairment testing process is subject to inherent uncertainties and subjectivity, particularly related to sales and gross margin which can be impacted by various factors including the items listed in Item 1A. Risk Factors. While the fair value is determined based on the best available information at the time of assessment, any changes in business or economic conditions could materially increase or decrease the fair value of the reporting unit s net assets and, accordingly, could materially increase or decrease any related impairment charge. Based on currently available information and forecasts of the Company s annual results, we do not anticipate recording any impairment of goodwill or other intangible assets in any of the Company s reporting units for the fiscal year ending January 28, 2012.

Other Intangible Assets and Other Noncurrent Assets. Other intangible assets consist primarily of tradenames, leasehold rights, advertising relationships and amounts attributed to favorable leasehold interests recorded primarily as a result of the Micromania acquisition and the EB merger. We record intangible assets apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are amortized over the period in which they are expected to contribute directly to cash flows.

Tradenames which were recorded as a result of acquisitions, primarily Micromania, are considered indefinite life intangible assets as they are expected to contribute to cash flows indefinitely and are not subject to amortization, but they are subject to annual impairment testing. Leasehold rights which were recorded as a result of the Micromania acquisition represent the value of rights of tenancy under commercial property leases for properties located in France. Rights pertaining to individual leases can be sold by us to a new tenant or recovered by us from the landlord if the exercise of the automatic right of renewal is refused. Leasehold rights are amortized on a straight-line basis over the expected lease term not to exceed 20 years with no residual value. Favorable leasehold interests represent the value of the contractual monthly rental payments that are less than the current market rent at stores acquired as part of the Micromania acquisition or the EB merger. Favorable leasehold interests are amortized on a straight-line basis over their remaining lease term with no expected residual value. For additional information related to the Company s intangible assets, see Note 8 of Notes to Consolidated Financial Statements.

Other non-current assets are made up of deposits and deferred financing fees. The deferred financing fees are associated with the Company s revolving credit facility and the senior notes issued in October 2005 in connection with the financing of the EB merger. The deferred financing fees are being amortized over five and seven years to match the terms of the revolving credit facility and the senior notes, respectively.

Cash Consideration Received from Vendors. The Company and its vendors participate in cooperative advertising programs and other vendor marketing programs in which the vendors provide the Company with cash consideration in exchange for marketing and advertising the vendors products. Our accounting for cooperative advertising arrangements and other vendor marketing programs results in a portion of the consideration received from our vendors reducing the product costs in inventory. The consideration serving as a reduction in inventory is recognized in cost of sales as inventory is sold. The amount of vendor allowances recorded as a reduction of inventory is determined by calculating the ratio of vendor allowances in excess of specific, incremental and identifiable advertising and promotional costs to merchandise purchases. The Company then applies this ratio to the value of inventory in determining the amount of vendor reimbursements recorded as a reduction to inventory reflected on the balance sheet. Because of the variability in the timing of our advertising and marketing programs throughout the year, the Company uses significant estimates in determining the amount of vendor allowances recorded as a reduction of inventory in interim periods, including estimates of full year vendor allowances, specific, incremental and identifiable advertising and promotional costs, merchandise purchases and value of inventory. Estimates of full year vendor allowances and the value of inventory are dependent upon estimates of full year merchandise purchases. Determining the amount of vendor allowances recorded as a reduction of inventory at the end of the fiscal year no longer requires the use of estimates as all vendor allowances, specific, incremental and identifiable advertising and promotional costs, merchandise purchases and value of inventory are known.

Although management considers its advertising and marketing programs to be effective, we do not believe that we would be able to incur the same level of advertising expenditures if the vendors decreased or

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discontinued their allowances. In addition, management believes that the Company s revenues would be adversely affected if its vendors decreased or discontinued their allowances, but management is unable to quantify the impact.

Lease Accounting. The Company s method of accounting for rent expense (and related deferred rent liability) and leasehold improvements funded by landlord incentives for allowances under operating leases (tenant improvement allowances) is in conformance with GAAP. For leases that contain predetermined fixed escalations of the minimum rent, we recognize the related rent expense on a straight-line basis and include the impact of escalating rents for periods in which we are reasonably assured of exercising lease options and we include in the lease term any period during which the Company is not obligated to pay rent while the store is being constructed, or rent holiday.

Income Taxes. The Company accounts for income taxes utilizing an asset and liability approach, and deferred taxes are determined based on the estimated future tax effect of differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. As a result of our operations in many foreign countries, our global tax rate is derived from a combination of applicable tax rates in the various jurisdictions in which we operate. We base our estimate of an annual effective tax rate at any given point in time on a calculated mix of the tax rates applicable to our Company and to estimates of the amount of income to be derived in any given jurisdiction. We file our tax returns based on our understanding of the appropriate tax rules and regulations. However, complexities in the tax rules and our operations, as well as positions taken publicly by the taxing authorities, may lead us to conclude that accruals for uncertain tax positions are required. In accordance with GAAP, we maintain accruals for uncertain tax positions until examination of the tax year is completed by the taxing authority, available review periods expire or additional facts and circumstances cause us to change our assessment of the appropriate accrual amount.

Consolidated Results of Operations

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

	52 Weeks Ended January 29, 2011	**52 Weeks Ended January 30, 2010**	**52 Weeks Ended January 31, 2009**
Statement of Operations Data:			
Sales	100.0%	100.0%	100.0%
Cost of sales	73.2	73.2	74.2
Gross profit	26.8	26.8	25.8
Selling, general and administrative expenses	18.0	18.0	16.4
Depreciation and amortization	1.8	1.8	1.6
Merger-related expenses			0.1
Operating earnings	7.0	7.0	7.7
Interest expense, net	0.4	0.4	0.5
Debt extinguishment expense		0.1	
Earnings before income taxes	6.6	6.5	7.2
Income tax expense	2.3	2.4	2.7
Consolidated net income	4.3	4.1	4.5

Net loss attributable to noncontrolling interests		0.1	
Consolidated net income attributable to GameStop	4.3%	4.2%	4.5%

The Company includes purchasing, receiving and distribution costs in selling, general and administrative expenses, rather than cost of sales, in the statement of operations. The Company includes processing fees associated

with purchases made by check and 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 check and credit cards in selling, general and administrative expenses. The net effect of these classifications as a percentage of sales has not historically been material.

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

	52 Weeks Ended January 29, 2011		52 Weeks Ended January 30, 2010		52 Weeks Ended January 31, 2009	
	Sales	**Percent of Total**	**Sales**	**Percent of Total**	**Sales**	**Percent of Total**
Sales:						
New video game hardware	$ 1,720.0	18.1%	$ 1,756.5	19.3%	$ 1,860.2	21.1%
New video game software	3,968.7	41.9%	3,730.9	41.1%	3,685.0	41.9%
Used video game products	2,469.8	26.1%	2,394.1	26.4%	2,026.6	23.0%
Other	1,315.2	13.9%	1,196.5	13.2%	1,234.1	14.0%
Total	$ 9,473.7	100.0%	$ 9,078.0	100.0%	$ 8,805.9	100.0%

Other products include PC entertainment and other software, digital products and currency, accessories and magazines.

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

	52 Weeks Ended January 29, 2011		52 Weeks Ended January 30, 2010		52 Weeks Ended January 31, 2009	
	Gross Profit	**Gross Profit Percent**	**Gross Profit**	**Gross Profit Percent**	**Gross Profit**	**Gross Profit Percent**
Gross Profit:						
New video game hardware	$ 124.9	7.3%	$ 113.5	6.5%	$ 112.6	6.1%
New video game software	819.6	20.7%	795.0	21.3%	768.4	20.9%
Used video game products	1,140.5	46.2%	1,121.2	46.8%	974.5	48.1%
Other	452.6	34.4%	405.0	33.8%	414.6	33.6%
Total	$ 2,537.6	26.8%	$ 2,434.7	26.8%	$ 2,270.1	25.8%

Fiscal 2010 Compared to Fiscal 2009

Sales increased $395.7 million, or 4.4%, to $9,473.7 million in the 52 weeks of fiscal 2010 compared to $9,078.0 million in the 52 weeks of fiscal 2009. The increase in sales was primarily attributable to the addition of non-comparable store sales from the 747 stores opened since January 31, 2009, and an increase in comparable store sales of 1.1%. The increase in comparable store sales was primarily due to strong sales of new video game and PC entertainment titles in fiscal 2010 compared to fiscal 2009. Stores are included in our comparable store sales base beginning in the thirteenth month of operation and exclude the effect of changes in foreign exchange rates.

New video game hardware sales decreased $36.5 million, or 2.1%, from fiscal 2009 to fiscal 2010, primarily due to a decrease in hardware unit sell-through, primarily in the Nintendo Wii and DSi and Sony PSP, and price cuts which resulted in lower per unit sales, partially offset by the additional sales at new stores added since fiscal 2009. New video game hardware sales decreased as a percentage of sales from 19.3% in fiscal 2009 to 18.1% in fiscal 2010, primarily due to the slow-down in hardware unit sell-through as the new platforms mature, as well as price decreases initiated by the manufacturers in fiscal 2009.

New video game software sales increased $237.8 million, or 6.4%, from fiscal 2009 to fiscal 2010, primarily due to strong sales of new video game titles released in fiscal 2010, compared to fiscal 2009, as well as sales from new stores added since fiscal 2009. New video game software sales increased as a percentage of total sales from 41.1% in fiscal 2009 to 41.9% in fiscal 2010, primarily due to the new release sales growth and the slow-down in hardware unit sell-through discussed above.

Used video game product sales increased $75.7 million, or 3.2%, from fiscal 2009 to fiscal 2010, primarily due to the increase in the availability of hardware and software associated with the current generation hardware platforms as those platforms age and expand and the additional sales at new stores added since fiscal 2009. As a percentage of sales, used video game product sales decreased from 26.4% to 26.1%, primarily due to the increase in new release video game software sales and other product sales. Sales of other product categories, including PC entertainment and other software and accessories, increased 9.9%, or $118.7 million, from fiscal 2009 to fiscal 2010, primarily due to stronger sales of newly-released PC entertainment software titles in fiscal 2010 and an increase in revenue associated with the Company s loyalty program.

Cost of sales increased by $292.8 million, or 4.4%, from $6,643.3 million in fiscal 2009 to $6,936.1 million in fiscal 2010 as a result of the increase in sales and the changes in gross profit discussed below.

Gross profit increased by $102.9 million, or 4.2%, from $2,434.7 million in fiscal 2009 to $2,537.6 million in fiscal 2010. Gross profit as a percentage of sales was 26.8% in fiscal 2009 and fiscal 2010. Gross profit as a percentage of sales on new video game hardware increased from 6.5% in fiscal 2009 to 7.3% in fiscal 2010 due primarily to an increase in product replacement plan sales. Gross profit as a percentage of sales on new video game software decreased from 21.3% in fiscal 2009 to 20.7% in fiscal 2010, primarily due to a decrease in vendor allowances received, net of advertising expenses. Advertising expenses increased, due in part to expenses associated with the Company s new loyalty program. Gross profit as a percentage of sales on used video game products decreased from 46.8% in fiscal 2009 to 46.2% in fiscal 2010 primarily due to promotional activities in the holiday selling season and a shift in sales from older hardware and software platform sales, which generate higher gross margins as platforms age, to current generation platform sales which have lower gross margins. Gross profit as a percentage of sales on the other product sales category increased from 33.8% in fiscal 2009 to 34.4% in fiscal 2010 primarily due to a shift in sales to higher margin accessories, increases in revenue associated with the Company s loyalty program and the increase in sales of digital online game cards, some of which are recorded on a commission basis at 100% margin.

Selling, general and administrative expenses increased by $65.2 million, or 4.0%, from $1,635.1 million in fiscal 2009 to $1,700.3 million in fiscal 2010. The increase was primarily attributable to the increase in the number of stores in operation and the related increases in store, distribution and corporate office operating expenses, as well as expenses incurred in our digital and loyalty initiatives in fiscal 2010. Selling, general and administrative expenses as a percentage of sales were 18.0% in fiscal 2009 and fiscal 2010. Selling, general and administrative expenses include $29.6 million and $37.8 million in stock-based compensation expense for fiscal 2010 and fiscal 2009, respectively. Foreign currency transaction gains and (losses) are included in selling, general and administrative expenses and amounted to $2.5 million in fiscal 2010, compared to $3.8 million in fiscal 2009.

Depreciation and amortization expense increased $12.1 million from $162.6 million in fiscal 2009 to $174.7 million in fiscal 2010. This increase was primarily due to capital expenditures associated with the opening of 359 new stores during fiscal 2010 and investments in strategic initiatives and management information systems. Depreciation and amortization expense is expected to increase from fiscal 2010 to fiscal 2011 due to continued investments in new stores, management information systems and other strategic initiatives.

Interest income resulting from the investment of excess cash balances decreased from $2.2 million in fiscal 2009 to $1.8 million in fiscal 2010 as a result of lower invested cash balances and lower interest rates during fiscal 2010.

Interest expense decreased from $45.4 million in fiscal 2009 to $37.0 million in fiscal 2010, primarily due to the retirement of $200.0 million of the Company s senior notes since January 30, 2010 and the retirement of $100.0 million of the Company s senior notes during fiscal 2009. Debt extinguishment expense of $6.0 million and $5.3 million was recognized in fiscal 2010 and fiscal 2009, respectively, as a result of the premiums paid related to debt retirement and the recognition of deferred financing fees and unamortized original issue discount.

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Income tax expense increased by $1.8 million, from $212.8 million in fiscal 2009 to $214.6 million in fiscal 2010. The Company s effective tax rate decreased from 36.2% in fiscal 2009 to 34.5% in fiscal 2010 due primarily to the variability in the accounting for the Company s uncertain tax positions. See Note 12 of Notes to Consolidated Financial Statements for additional information regarding income taxes.

The factors described above led to an increase in operating earnings of $25.6 million, or 4.0%, from $637.0 million in fiscal 2009 to $662.6 million in fiscal 2010 and an increase in consolidated net income of $31.1 million, or 8.3%, from $375.7 million in fiscal 2009 to $406.8 million in fiscal 2010.

In 2009, the Financial Accounting Standards Board (FASB) issued new guidance related to the reporting of non-controlling interests in subsidiaries. The $1.2 million and $1.6 million increase in consolidated net income attributable to GameStop shareholders for fiscal 2010 and fiscal 2009, respectively, represents the portion of the net loss of the Company s non-wholly owned subsidiaries attributable to the minority shareholders interest.

Fiscal 2009 Compared to Fiscal 2008

Sales increased $272.1 million, or 3.1%, to $9,078.0 million in the 52 weeks of fiscal 2009 compared to $8,805.9 million in the 52 weeks of fiscal 2008. The increase in sales was attributable to the addition of non-comparable store sales from the 1,062 stores opened since February 2, 2008, combined with the additional sales from the Micromania acquisition for an approximate total of $896 million and increases related to changes in foreign exchange rates of $25.9 million, offset by a decrease in comparable store sales of 7.9%. The decrease in comparable store sales was due primarily to a decrease in consumer traffic worldwide as a result of the continued macroeconomic weakness and a slow-down in hardware unit sell-through.

New video game hardware sales decreased $103.7 million, or 5.6%, from fiscal 2008 to fiscal 2009, primarily due to a decrease in consumer traffic as discussed above and price cuts on hardware consoles, partially offset by the additional sales at new stores added since the prior year through growth and acquisition. New video game hardware sales decreased as a percentage of sales from 21.1% in fiscal 2008 to 19.3% in fiscal 2009, primarily due to the slow-down in hardware unit sell-through as the new platforms mature, as well as price decreases initiated by the manufacturers in fiscal 2009.

New video game software sales increased $45.9 million, or 1.2%, from fiscal 2008 to fiscal 2009, primarily due to the addition of sales at the new and acquired stores added since fiscal 2008. New video game software sales decreased as a percentage of total sales from 41.9% in fiscal 2008 to 41.1% in fiscal 2009, primarily due to the 18% growth in used video game product sales as discussed below.

Used video game product sales increased $367.5 million, or 18.1%, from fiscal 2008 to fiscal 2009, primarily due to an increase in the availability of hardware and software associated with the current generation hardware platforms as those platforms age and expand, the strong growth of used video game product sales internationally, as well as the addition of sales at the new and acquired stores added since fiscal 2008. As a percentage of sales, used video game product sales increased from 23.0% to 26.4%, primarily due to the continued expansion of the installed base of new video game consoles and the availability of used hardware and software from those consoles. Sales of other product categories, including PC entertainment and other software and accessories, decreased 3.0%, or $37.6 million, from fiscal 2008 to fiscal 2009, primarily due to stronger sales of newly released PC entertainment software titles in fiscal 2008.

Cost of sales increased by $107.5 million, or 1.6%, from $6,535.8 million in fiscal 2008 to $6,643.3 million in fiscal 2009 as a result of the increase in sales and the changes in gross profit discussed below.

Gross profit increased by $164.6 million, or 7.3%, from $2,270.1 million in fiscal 2008 to $2,434.7 million in fiscal 2009. Gross profit as a percentage of sales increased from 25.8% in fiscal 2008 to 26.8% in fiscal 2009. The gross profit percentage increase was caused primarily by the increase in sales of higher margin used video game products as a percentage of total sales in fiscal 2009. Used video game product sales carry a significantly higher margin than new video game hardware or new video game software. Gross profit as a percentage of sales on new video game hardware increased from 6.1% in fiscal 2008 to 6.5% in fiscal 2009 due primarily to an increase in product replacement plan sales. Gross profit as a percentage of sales on new video game software increased from 20.9% in fiscal 2008 to 21.3% in fiscal 2009, primarily due to the mix of software sales and margin in the various

countries in which we operate. Gross profit as a percentage of sales on used video game products decreased from 48.1% in fiscal 2008 to 46.8% in fiscal 2009 primarily due to increased sales of used products in the international segments as a percentage of total sales. International used product sales have a lower margin due to the immaturity of the used business model in those segments. Gross profit as a percentage of sales on the other product sales category increased slightly in fiscal 2009 when compared to fiscal 2008.

Selling, general and administrative expenses increased by $189.7 million, or 13.1%, from $1,445.4 million in fiscal 2008 to $1,635.1 million in fiscal 2009. The increase was primarily attributable to the full year effect of the acquisition of Micromania in November of fiscal 2008 and the increase in the number of stores in operation and the related increases in store, distribution and corporate office operating expenses to support the store growth. Selling, general and administrative expenses as a percentage of sales increased from 16.4% in fiscal 2008 to 18.0% in fiscal 2009. The increase in selling, general and administrative expenses as a percentage of sales was primarily due to deleveraging of fixed costs as a result of the decrease in comparable store sales in fiscal 2009. Selling, general and administrative expenses include $37.8 million and $35.4 million in stock-based compensation expense for fiscal 2009 and fiscal 2008, respectively. Foreign currency transaction gains and (losses) are included in selling, general and administrative expenses and amounted to $3.8 million in fiscal 2009, compared to ($6.4) million in fiscal 2008.

Depreciation and amortization expense increased $17.6 million from $145.0 million in fiscal 2008 to $162.6 million in fiscal 2009. This increase was primarily due to the acquisition of Micromania, capital expenditures associated with the opening of 388 new stores during fiscal 2009 and investments in management information systems.

Interest income from the investment of excess cash balances decreased from $11.6 million in fiscal 2008 to $2.2 million in fiscal 2009 as a result of lower invested cash balances due to the prior year acquisitions and lower interest rates. Interest expense decreased from $50.4 million in fiscal 2008 to $45.4 million in fiscal 2009, primarily due to the retirement of $100.0 million of the Company s senior notes during fiscal 2009 and the retirement of $30.0 million of the Company s senior notes during fiscal 2008. Debt extinguishment expense of $5.3 million and $2.3 million was recognized in fiscal 2009 and fiscal 2008, respectively, as a result of the premiums paid related to debt retirement and the recognition of deferred financing fees and unamortized original issue discount.

Income tax expense decreased by $22.9 million, from $235.7 million in fiscal 2008 to $212.8 million in fiscal 2009. The Company s effective tax rate decreased from 37.2% in fiscal 2008 to 36.2% in fiscal 2009 due primarily to audit settlements and statute expirations. See Note 12 of Notes to Consolidated Financial Statements for additional information regarding income taxes.

The factors described above led to a decrease in operating earnings of $38.1 million, or 5.6%, from $675.1 million in fiscal 2008 to $637.0 million in fiscal 2009 and a decrease in consolidated net income of $22.6 million, or 5.7%, from $398.3 million in fiscal 2008 to $375.7 million in fiscal 2009.

The $1.6 million increase in consolidated net income attributable to GameStop shareholders for fiscal 2009 represents the portion of the net loss of the Company s non-wholly owned subsidiaries attributable to the minority shareholders interest.

Segment Performance

The Company operates its business in the following segments: United States, Canada, Australia and Europe. We identified these segments based on a combination of geographic areas, the methods with which we analyze performance and how we divide management responsibility. Each of the segments consists primarily of retail operations, with all stores engaged in the sale of new and used video game systems, software and accessories (which we refer to as video game products) and PC entertainment software and related accessories. These products are

substantially the same regardless of geographic location, with the primary differences in merchandise carried being the timing of the release of new products or technologies in the various segments. Stores in all segments are similar in size at an average of approximately 1,400 square feet.

As we have expanded our presence in international markets, the Company has increased its operations in foreign currencies, including the euro, Australian dollar, New Zealand dollar, Canadian dollar, British pound, Swiss franc, Danish kroner, Swedish krona, and the Norwegian kroner. The notes issued in connection with the acquisition

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of Micromania and the EB merger are reflected in the United States segment. See Note 17 of Notes to Consolidated Financial Statements for more information.

Sales by operating segment in U.S. dollars were as follows (in millions):

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
United States	$ 6,681.2	$ 6,275.0	$ 6,466.7
Canada	502.3	491.4	548.2
Australia	565.2	530.2	520.0
Europe	1,725.0	1,781.4	1,271.0
Total	$ 9,473.7	$ 9,078.0	$ 8,805.9

Operating earnings by operating segment, defined as income from continuing operations before intercompany royalty fees, net interest expense and income taxes, in U.S. dollars were as follows (in millions):

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
United States	$ 530.8	$ 488.8	$ 530.1
Canada	22.6	35.0	32.6
Australia	41.0	46.0	46.8
Europe	68.2	67.2	65.6
Total	$ 662.6	$ 637.0	$ 675.1

Total assets by operating segment in U.S. dollars were as follows (in millions):

	January 29, 2011	January 30, 2010	January 31, 2009
United States	$ 2,896.7	$ 2,864.9	$ 2,592.5
Canada	357.6	337.8	288.8
Australia	469.4	399.9	290.7
Europe	1,340.1	1,352.7	1,311.5
Total	$ 5,063.8	$ 4,955.3	$ 4,483.5

Fiscal 2010 Compared to Fiscal 2009

United States

Segment results for the United States include retail operations in 50 states, the District of Columbia, Puerto Rico and Guam, the electronic commerce Web site www.gamestop.com, *Game Informer* magazine and www.kongregate.com, an online video gaming site. As of January 29, 2011, the United States segment included 4,536 GameStop stores, compared to 4,429 stores on January 30, 2010. Sales for fiscal 2010 increased 6.5% compared to fiscal 2009 as a result of increased sales at existing stores and the additional sales at the 434 stores opened since January 31, 2009, including the 227 stores opened in fiscal 2010. Sales at existing stores increased primarily due to strong sales of new release video game software and PC entertainment software and increased market share, partially offset by a slow-down in hardware unit sales. Segment operating income for fiscal 2010 increased by 8.6% compared to fiscal 2009, driven by the increase in sales and related margin discussed above.

Canada

Segment results for Canada include retail operations and an e-commerce site in Canada. Sales in the Canadian segment in the 52 weeks ended January 29, 2011 increased 2.2% compared to the 52 weeks ended January 30, 2010.

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The increase in sales was primarily attributable to the favorable impact of changes in exchange rates in fiscal 2010 when compared to fiscal 2009, which had the effect of increasing sales by $38.8 million. Excluding the impact of changes in exchange rates, sales in the Canadian segment decreased 5.7%. The decrease in sales was primarily due to the decrease in sales at existing stores, offset by the additional sales at the 26 stores opened since January 31, 2009. As of January 29, 2011, the Canadian segment had 345 stores compared to 337 stores as of January 30, 2010. The decrease in sales at existing stores was primarily due to weak consumer traffic and a slow-down in hardware unit sell-through and lower price points when compared to fiscal 2009. Segment operating income for fiscal 2010 decreased $12.4 million to $22.6 million compared to $35.0 million for fiscal 2009. The decrease in operating income when compared to the prior year was primarily due to the decrease in sales at existing stores and the increase in selling, general and administrative expenses associated with the increase in the number of stores in operation. The decrease in operating income was partially offset by the favorable impact of changes in exchange rates which had the effect of increasing operating earnings by $1.6 million when compared to fiscal 2009.

Australia

Segment results for Australia include retail operations and e-commerce sites in Australia and New Zealand. As of January 29, 2011, the Australian segment included 405 stores, compared to 388 stores as of January 30, 2010. Sales for the 52 weeks ended January 29, 2011 increased 6.6% compared to the 52 weeks ended January 30, 2010. The increase in sales was primarily attributable to the favorable impact of changes in exchange rates in fiscal 2010 when compared to fiscal 2009, which had the effect of increasing sales by $63.8 million. Excluding the impact of changes in exchange rates, sales in the Australian segment decreased 5.4%. The decrease in sales was primarily due to the decrease in sales at existing stores offset by the additional sales at the 59 stores opened since January 31, 2009. The decrease in sales at existing stores was primarily due to weak consumer traffic and a slow-down in hardware unit sell-through and lower price points when compared to fiscal 2009. Segment operating income in fiscal 2010 decreased by $5.0 million to $41.0 million when compared to $46.0 million in fiscal 2009. The decrease in operating earnings for fiscal 2010 was due to the decrease in sales at existing stores and the increase in selling, general and administrative expenses associated with the increase in the number of stores in operation. Selling, general and administrative expenses will rise as a percentage of sales during periods of store count growth due to the fixed nature of many store expenses compared to the immature sales at new stores. This decrease in operating earnings was offset by the favorable impact of changes in exchange rates which had the effect of increasing operating earnings by $3.8 million when compared to fiscal 2009.

Europe

Segment results for Europe include retail operations in 13 European countries and e-commerce operations in five countries. As of January 29, 2011, the European segment operated 1,384 stores, compared to 1,296 stores as of January 30, 2010. For the 52 weeks ended January 29, 2011, European sales decreased 3.2% compared to the 52 weeks ended January 30, 2010. This decrease in sales was due to the unfavorable impact of changes in exchange rates in fiscal 2010, which had the effect of decreasing sales by $106.4 million when compared to fiscal 2009, and a decrease in sales at existing stores. The decrease in sales was partially offset by additional sales at the 228 new stores opened since January 31, 2009. The decrease in sales at existing stores was primarily driven by weak consumer traffic due to the continued macroeconomic weakness and lower hardware sales as a result of a slow-down in hardware unit sell-through and lower price points when compared to fiscal 2009.

The segment operating income in Europe for fiscal 2010 increased by $1.0 million to $68.2 million compared to $67.2 million in fiscal 2009. The increase in the operating income was primarily due to an increase in gross margin, driven by an increase in used product sales, partially offset by the unfavorable impact of changes in exchange rates, which had the effect of decreasing operating earnings by $6.5 million when compared to fiscal 2009.

Fiscal 2009 Compared to Fiscal 2008

United States

As of January 30, 2010, the United States segment included 4,429 GameStop stores, compared to 4,331 stores on January 31, 2009. Sales for the 52 weeks ended January 30, 2010 decreased 3.0% compared to the 52 weeks ended January 31, 2009 as a result of decreased sales at existing stores offset by the opening of 514 new stores, including 207 stores in the 52 weeks ended January 30, 2010. Sales at existing stores decreased partially due to a decrease in consumer traffic as a result of the continued macroeconomic weakness and a slow-down in hardware units sales, offset by an increase in used video game product sales due to an increase in the availability of hardware and software associated with the current generation of hardware platforms as those platforms age and expand. Segment operating income for the 52 weeks ended January 30, 2010 decreased by 7.8% compared to the 52 weeks ended January 31, 2009, driven by the decrease in sales and the deleveraging of the fixed components of selling, general and administrative expenses.

Canada

Sales in the Canadian segment in the 52 weeks ended January 30, 2010 decreased 10.4% compared to the 52 weeks ended January 31, 2009. The decrease in sales was primarily attributable to decreased sales at existing stores offset by the additional sales at the 47 stores opened during fiscal 2008 and fiscal 2009. As of January 30, 2010, the Canadian segment had 337 stores compared to 325 stores as of January 31, 2009. The decrease in sales at existing stores was primarily due to weak consumer traffic and a slow-down in hardware unit sell-through. Segment operating income for the 52 weeks ended January 30, 2010 increased by 7.4% to $35.0 million compared to the 52 weeks ended January 31, 2009. The increase in operating income when compared to the prior year was primarily due to an increase in gross margin, driven by an increase in used product sales and the favorable impact of changes in exchange rates which had the effect of increasing operating earnings by $1.2 million when compared to fiscal 2008.

Australia

As of January 30, 2010, the Australian segment included 388 stores, compared to 350 stores as of January 31, 2009. Sales for the 52 weeks ended January 30, 2010 increased 2.0% compared to the 52 weeks ended January 31, 2009. The increase in sales was due to the additional sales at the 112 stores opened during fiscal 2008 and fiscal 2009 and the favorable impact of changes in exchange rates, which had the effect of increasing sales by $5.2 million, offset by a decrease in sales at existing stores. The decrease in sales at existing stores was primarily due to weak consumer traffic and a slow-down in hardware unit sell-through. Segment operating income in the 52 weeks ended January 30, 2010 decreased by 1.7% to $46.0 million when compared to the 52 weeks ended January 31, 2009. The decrease in operating earnings for the 52 weeks ended January 30, 2010 was due to the decrease in sales at existing stores and the increase in selling, general and administrative expenses associated with the increase in the number of stores in operation. Selling, general and administrative expenses will rise as a percentage of sales during periods of store count growth due to the fixed nature of many store expenses compared to the immature sales at new stores. This decrease in operating earnings was offset by the favorable impact of changes in exchange rates which had the effect of increasing operating earnings by $3.6 million when compared to fiscal 2008.

Europe

Segment results for Europe include retail operations in 13 European countries including France, in which we commenced operations on November 17, 2008 as a result of the Micromania acquisition. As of January 30, 2010, the European segment operated 1,296 stores, compared to 1,201 stores as of January 31, 2009. For the 52 weeks ended January 30, 2010, European sales increased 40.2% compared to the 52 weeks ended January 31, 2009. The increase in

sales was primarily due to the additional sales at the 703 new and acquired stores opened between February 3, 2008 and January 30, 2010, including the 328 stores from the Micromania acquisition in November 2008. This increase in sales was offset by the decrease in sales at existing stores and the unfavorable impact of changes in exchange rates recognized in fiscal 2009, which had the effect of decreasing sales by $15.3 million when

compared to fiscal 2008. The decrease in existing store sales was primarily driven by weak consumer traffic due to the continued macroeconomic weakness and a slow-down in hardware unit sell-through.

The segment operating income in Europe for the 52 weeks ended January 30, 2010 increased by 2.4% to $67.2 million compared to $65.6 million in the 52 weeks ended January 31, 2009. The increase in the operating income was primarily due to the favorable impact of changes in exchange rates which had the effect of increasing operating earnings by $5.2 million when compared to fiscal 2008. The decrease in operating earnings excluding the exchange rate effect from fiscal 2008 was due to the decrease in sales at existing stores and the increase in selling, general and administrative expenses associated with the increase in the number of stores in operation.

Liquidity and Capital Resources

Cash Flows

During fiscal 2010, cash provided by operations was $591.2 million, compared to cash provided by operations of $644.2 million in fiscal 2009. The decrease in cash provided by operations of $53.0 million from fiscal 2009 to fiscal 2010 was primarily due to an increase in cash used for inventory, partially offset by the increase in accounts payable and accrued liabilities, the increase in prepaid expenses and other current assets and the increase in other long-term liabilities, as well as the changes in the adjustment related to the excess tax benefits realized from the exercise of stock-based awards, which decreased cash provided by operations by $18.6 million. These decreases were partially offset by an increase in cash provided by consolidated net income, including the non-cash adjustments to earnings. The increase in net inventory was primarily due to higher purchases during fiscal 2010, particularly during the holiday season primarily related to hardware units which were at lower in-stock positions at the end of fiscal 2009.

During fiscal 2009, cash provided by operations was $644.2 million, compared to cash provided by operations of $549.2 million in fiscal 2008. The increase in cash provided by operations of $95.0 million from fiscal 2008 to fiscal 2009 was primarily due to an increase in cash provided by the decrease in inventory, net of the decrease in accounts payable and accrued liabilities, the increase in income taxes payable and deferred taxes, as well as the changes in the adjustment related to the excess tax benefits realized from the exercise of stock-based awards which decreased by $34.6 million. The decrease in net inventory was primarily due to lower overall purchases during fiscal 2009 as a result of the continued macroeconomic weakness and our efforts to effectively manage inventory levels. Inventory turnover also decreased in fiscal 2009 compared to fiscal 2008, primarily due to the growth in the international segments which have lower inventory turns compared to the United States segment due to their lower overall store count and multiple warehouse facilities. The increase in cash related to income taxes payable and deferred income taxes in fiscal 2009 compared to fiscal 2008 was primarily due to the timing of the recognition of deferred income tax items and the timing of estimated income tax payments at the end of fiscal 2009.

Cash used in investing activities was $240.1 million in fiscal 2010, $187.2 million in fiscal 2009 and $820.9 million in fiscal 2008. During fiscal 2010, the Company used $202.0 million for capital expenditures primarily to open 359 stores and to invest in information systems and $38.1 million for acquisitions in support of the Company s digital initiatives. During fiscal 2009, the Company used $178.8 million for capital expenditures primarily to open 388 new stores and to invest in information systems. In addition, the Company used $8.4 million on acquisitions. During fiscal 2008, the Company used $580.4 million, net of cash acquired, to purchase Micromania and $50.3 million, net of cash acquired, to acquire Free Record Shop Norway AS, The Gamesman Limited and an increased ownership interest in GameStop Group Limited. In addition, during fiscal 2008, $190.2 million of cash was used for capital expenditures primarily to open 674 new stores and to invest in information systems.

Cash used in financing activities was $555.6 million in fiscal 2010. Cash used in financing activities was $154.4 million in fiscal 2009 and cash provided by financing activities was $29.6 million in fiscal 2008. The cash

flows used in financing activities in fiscal 2010 were primarily for the repurchase of $381.2 million of treasury shares and $200.0 million in principal of the Company s senior notes. The cash flows used in financing activities in fiscal 2009 were primarily for the repurchase of $100.0 million in principal amount of the Company s senior notes and the purchase of $58.4 million of treasury shares. The cash flows provided by financing activities in fiscal 2008 were due to cash received related to the issuance of shares associated with stock option exercises of $28.9 million

and for the excess tax benefits realized from the exercise of stock-based awards of $34.2 million. These cash inflows were offset by the repurchase of $30.0 million in principal amount of the Company s senior notes. In addition, the Company borrowed $425.0 million related to the acquisition of Micromania and subsequently repaid the balance before the end of fiscal 2008.

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, which approximates market value, and consist primarily of time deposits with highly rated commercial banks and money market investment funds holding direct U.S. Treasury obligations.

On January 4, 2011, the Company entered into a $400 million credit agreement (the Revolver), which amends and restates, in its entirety, the Company s prior credit agreement entered into on October 11, 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. The Company has 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 in the credit markets.

The availability under the Revolver is limited to a borrowing base which allows the Company 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. The Company s 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 the borrowing base during the prospective 12-month period, the Company is 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 million or (2) 12.5% of the lesser of the total commitment or the borrowing base, the Company will be subject to a fixed charge coverage ratio covenant of 1.1:1.0.

The Revolver places certain restrictions on the Company and its subsidiaries, including limitations on asset sales, additional liens, investments, loans, guarantees, acquisitions and the incurrence of additional indebtedness. 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% and (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 the Company s average daily excess availability under the facility and is set at 1.25% for prime rate loans and 2.25% for LIBO rate loans until the first day of the fiscal quarter of the borrowers commencing on May 1, 2011. In addition, the Company is 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 January 29, 2011, 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 the Company or the borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting the Company or its 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 fiscal 2010, the Company borrowed and repaid $120 million under the Credit Agreement. During fiscal 2009, the Company borrowed and repaid $115 million under the Credit Agreement. As of January 29, 2011, there were no borrowings outstanding under the Revolver and letters of credit outstanding totaled $8.2 million.

In September 2007, the Company s 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 will be made available to the Company s 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 January 29, 2011, there were $11.0 million of cash overdrafts outstanding under the Line of Credit and bank guarantees outstanding totaled $5.6 million.

In September 2005, the Company, along with GameStop, Inc. as co-issuer (together with the Company, the Issuers), completed the offering of $300 million aggregate principal amount of Senior Floating Rate Notes due 2011 (the Senior Floating Rate Notes) and $650 million aggregate principal amount of Senior Notes due 2012 (the Senior Notes and, together with the Senior Floating Rate Notes, the Notes). The Notes were issued under an Indenture, dated September 28, 2005 (the Indenture), by and among the Issuers, the subsidiary guarantors party thereto, and Citibank, N.A., as trustee (the Trustee). In November 2006, Wilmington Trust Company was appointed as the new Trustee for the Notes.

The Senior Notes bear interest at 8.0% per annum, mature on October 1, 2012 and were priced at 98.688%, resulting in a discount at the time of issue of $8.5 million. The discount is being amortized using the effective interest method. As of January 29, 2011, the unamortized original issue discount was $1.0 million. The Issuers pay interest on the Senior Notes semi-annually, in arrears, every April 1 and October 1, to holders of record on the immediately preceding March 15 and September 15, and at maturity.

The Indenture contains affirmative and negative covenants customary for such financings, including, among other things, limitations on (1) the incurrence of additional debt, (2) restricted payments, (3) liens, (4) sale and leaseback transactions and (5) asset sales. Events of default provided for in the Indenture include, among other things, failure to pay interest or principal on the Notes, other breaches of covenants in the Indenture, and certain events of bankruptcy and insolvency. As of January 29, 2011, the Company was in compliance with all covenants associated with the Revolver and the Indenture.

Under certain conditions, the Issuers may on any one or more occasions prior to maturity redeem up to 100% of the aggregate principal amount of Senior Notes issued under the Indenture at redemption prices at or in excess of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date. The circumstances which would limit the percentage of the Notes which may be redeemed or which would require the Company to pay a premium in excess of 100% of the principal amount are defined in the Indenture. Upon a Change of Control (as defined in the Indenture), the Issuers are required to offer to purchase all of the Notes then outstanding at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The Issuers may acquire Senior Notes by means other than redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisitions do not otherwise violate the terms of the Indenture.

In November 2008, in connection with the acquisition of Micromania, the Company entered into a Term Loan Agreement (the Term Loan Agreement) with Bank of America, N.A. and Banc of America Securities LLC. The Term Loan Agreement provided for term loans (Term Loans) in the aggregate of $150 million, consisting of a $50 million secured term loan (Term Loan A) and a $100 million unsecured term loan (Term Loan B). The effective interest rate on Term Loan A was 5.75% per annum and the effective rate on Term Loan B ranged from 5.0% to 5.75% per annum.

In addition to the $150 million under the Term Loans, the Company borrowed $275 million under the Credit Agreement to complete the acquisition of Micromania in November 2008. As of January 31, 2009, the Credit Agreement and the Term Loans were repaid in full.

As of January 30, 2010 and January 29, 2011, the only long-term debt outstanding was the Senior Notes.

The maturity on the $250 million Senior Notes, gross of the unamortized original issue discount of $1.0 million, occurs in the fiscal year ending January 2013.

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. We opened 359 stores in fiscal 2010. We expect to open approximately 300 stores in fiscal 2011. Capital expenditures for fiscal 2011 are projected to be approximately $170 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.

Between May 2006 and October 2010, the Company repurchased and redeemed the $300 million of Senior Floating Rate Notes and $400 million of Senior Notes under previously announced buybacks authorized by its Board of Directors. All of the authorized amounts were repurchased or redeemed and the repurchased Notes were delivered to the Trustee for cancellation. The associated loss on the retirement of debt was $6.0 million, $5.3 million and $2.3 million for the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009, respectively, which consisted of the premium paid to retire the Notes and the write-off of the deferred financing fees and the original issue discount on the Notes.

The changes in the carrying amount of the Senior Notes for the Company for the 52 weeks ended January 30, 2010 and the 52 weeks ended January 29, 2011 were as follows, in millions:

Balance at January 31, 2009	$	545.7
Repurchase of Senior Notes, net		(98.4)
Balance at January 30, 2010	$	447.3
Repurchase of Senior Notes, net		(198.3)
Balance at January 29, 2011	$	249.0

We used cash to expand the Company through acquisitions. On November 17, 2008, GameStop France SAS, a wholly owned subsidiary of GameStop, completed the acquisition of substantially all of the outstanding capital stock of SFMI Micromania from its shareholders for approximately $580.4 million, net of cash acquired. Micromania is a leading retailer of video and computer games in France with 379 stores as of January 29, 2011. The Company funded the transaction with cash on hand, a draw on the Credit Agreement totaling $275 million, and the Term Loans.

In addition to the Micromania acquisition, the Company completed other acquisitions in fiscal 2008 with a total consideration of $50.3 million. During fiscal 2010 and fiscal 2009, the Company used $38.1 million and $8.4 million, respectively, for acquisitions which were primarily for the Company s overall digital growth strategy.

On January 11, 2010, the Board of Directors of the Company approved a $300 million share repurchase program authorizing the Company to repurchase its common stock. For fiscal 2009, the number of shares repurchased were 6.1 million for an average price per share of $20.12. In September 2010, the Board of Directors of the Company approved an additional $300 million share repurchase program authorizing the Company to repurchase its common stock. For fiscal 2010, the number of shares repurchased were 17.1 million for an average price per share of $19.84. On February 4, 2011, the Board of Directors of the Company authorized a $500 million repurchase fund to be used for share repurchases of its common stock and/or to retire the Company s Senior Notes. This plan replaced the September 2010 $300 million stock repurchase plan which had $138.4 million remaining. As of March 24, 2011, the Company has purchased an additional 5.9 million shares for an average price per share of $19.88 with $382.3 million remaining under the outstanding authorization.

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, required payments on the Senior Notes, digital initiatives, store expansion and remodeling activities and corporate capital expenditure programs for at least the next 12 months.

Contractual Obligations

The following table sets forth our contractual obligations as of January 29, 2011:

	Payments Due by Period				
Contractual Obligations	**Total**	**Less Than 1 Year**	**1-3 Years**	**3-5 Years**	**More Than 5 Years**
			(In millions)		
Long-Term Debt(1)	$ 290.0	$ 20.0	$ 270.0	$	$
Operating Leases	1,337.6	350.7	492.2	231.8	262.9
Purchase Obligations(2)	903.7	903.7			
Total	$ 2,531.3	$ 1,274.4	$ 762.2	$ 231.8	$ 262.9

(1) The long-term debt consists of $250.0 million (principal value), which bears interest at 8.0% per annum. Amounts include contractual interest payments.

(2) Purchase obligations represent outstanding purchase orders for merchandise from vendors. These purchase orders are generally cancelable until shipment of the products.

In addition to minimum rentals, the operating leases generally require the Company to pay all insurance, taxes and other maintenance costs and may provide for percentage rentals. Percentage rentals are based on sales performance in excess of specified minimums at various stores. Leases with step rent provisions, escalation clauses or other lease concessions are accounted for on a straight-line basis over the lease term, including renewal options for those leases in which it is reasonably assured that the Company will exercise the renewal option. The Company does not have leases with capital improvement funding.

The Company has entered into employment agreements with Daniel A. DeMatteo, Executive Chairman; R. Richard Fontaine, Chairman International; J. Paul Raines, Chief Executive Officer; Tony D. Bartel, President and Robert A. Lloyd, Executive Vice President and Chief Financial Officer. The term of the employment agreement with Mr. DeMatteo commenced on April 11, 2005, when he was Chief Operating Officer of the Company, and was renewed in April 2010 with an expiration date of March 3, 2013. The term of the employment agreement with Mr. Fontaine commenced on April 11, 2005, when he was Chairman and Chief Executive Officer of the Company, and was renewed in April 2010 with an expiration date of March 3, 2013. The term of the employment agreement for Mr. Raines commenced on September 7, 2008 and continues for a period of three years thereafter. The term of the employment agreement for Mr. Bartel commenced on October 24, 2008 and continues for a period of three years thereafter. The term of the employment agreement for Mr. Lloyd commenced on June 2, 2010 and continues for a period of three years thereafter.

Each of the employment agreements was amended on February 9, 2011 to eliminate the right of each executive to terminate his employment agreement as a result of a change-in-control of the Company. The amendments also eliminated the automatic renewal provision of each agreement, except for Mr. Fontaine, whose agreement does not contain an automatic renewal provision. The minimum annual salaries during the term of employment under the amended and restated employment agreements for Messrs. DeMatteo, Fontaine, Raines, Bartel and Lloyd shall be no

less than $1,250,000, $600,000, $1,000,000, $750,000 and $500,000, respectively. The Board of Directors of the Company has set the annual salaries of Messrs. DeMatteo, Raines, Bartel and Lloyd for fiscal 2011 at $1,250,000, $1,030,000, $775,000 and $550,000, respectively. The employment agreement for Mr. Fontaine stipulates that his annual salary for the period between March 27, 2011 and March 3, 2013 will be $600,000.

As of January 29, 2011, we had standby letters of credit outstanding in the amount of $8.2 million and had bank guarantees outstanding in the amount of $17.7 million, $6.1 million of which are cash collateralized.

As of January 29, 2011, the Company had $24.9 million of income tax liability, including accrued interest and penalties related to unrecognized tax benefits in other long-term liabilities in its consolidated balance sheet. At the time of this filing, the settlement period for the noncurrent portion of our income tax liability cannot be determined. In addition, any payments related to unrecognized tax benefits would be partially offset by reductions in payments in other jurisdictions.

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In 2003, the Company purchased a 51% controlling interest in GameStop Group Limited, which operates stores in Ireland and the United Kingdom. Under the terms of the purchase agreement, the minority interest owners have the ability to require the Company to purchase their remaining shares in incremental percentages at a price to be determined based partially on the Company s price to earnings ratio and GameStop Group Limited s earnings. Shares representing 16% were purchased in June 2008 and an additional 16% was purchased in July 2009, bringing the Company s total interest in GameStop Group Limited to approximately 84%. The Company already consolidates the results of GameStop Group Limited; therefore, any additional amounts acquired will not have a material effect on the Company s financial statements.

Off-Balance Sheet Arrangements

As of January 29, 2011, the Company had no off-balance sheet arrangements as defined in Item 303 of Regulation S-K.

Impact of Inflation

We do not believe that inflation has had a material effect on our net sales or results of operations.

Certain Relationships and Related Transactions

The Company has various relationships with Barnes & Noble, Inc. (Barnes & Noble), a related party through a common stockholder who is the Chairman of the Board of Directors of Barnes & Noble and a member of the Company s Board of Directors. The Company operates departments within eight bookstores operated by Barnes & Noble, whereby the Company pays a license fee to Barnes & Noble on the gross sales of such departments. Additionally, www.gamestop.com is the exclusive specialty video game retailer listed on www.bn.com, Barnes & Noble s e-commerce site whereby the Company pays a fee to Barnes & Noble for sales of video game or PC entertainment products sold through www.bn.com. The Company also continues to incur costs related to its participation in Barnes & Noble s workers compensation, property and general liability insurance programs prior to June 2005. During the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, the charges related to these transactions amounted to $1.4 million, $1.6 million and $1.9 million, respectively.

Recent Accounting Standards and Pronouncements

In January 2010, the FASB issued Accounting Standards Update (ASU) ASU 2010-6, *Improving Disclosures About Fair Value Measurements.* On January 31, 2010, the Company adopted ASU 2010-6, which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements, including significant transfers into and out of the standard s Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis for Level 3 fair-value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. The adoption of ASU 2010-6 did not have a material impact on the Company s consolidated financial statements.

On January 31, 2010, the Company adopted ASU 2010-09, *Subsequent Events Amendments to Certain Recognition and Disclosure Requirements*, which amends Accounting Standards Codification (ASC) Topic 855, Subsequent Events*,* so that SEC filers no longer are required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. The adoption of ASU 2010-09 did not have a material impact on the Company s consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, *Intangibles Goodwill and Other*. ASU 2010-28 modifies step one of the goodwill impairment test for reporting units with zero or negative carrying amounts and offers guidance on when to perform step two of the testing. For those reporting units, an entity is required to perform step two of the goodwill impairment test if it is more likely than not that a goodwill impairment exists based upon factors such as unanticipated competition, the loss of key personnel and adverse regulatory changes. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU 2010-28 is not expected to have a material effect on the Company s consolidated financial statements.

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In December 2010, the FASB issued ASU 2010-29, which updates the guidance in ASC 805, *Business Combinations*, to clarify that pro forma disclosures should be presented as if a business combination occurred at the beginning of the prior annual period for purposes of preparing both the current reporting period and the prior reporting period pro forma financial information. These disclosures should be accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. ASU 2010-29 is effective for business combinations consummated in periods beginning after December 15, 2010, and is required to be applied prospectively as of the date of adoption. The adoption of ASU 2010-29 is not expected to have a material effect on the Company s consolidated financial statements.

Seasonality

Our business, like that of many retailers, is seasonal, with the major portion of sales and operating profit realized during the fourth quarter which includes the holiday selling season. Results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. Quarterly results may fluctuate materially depending upon, among other factors, the timing of new product introductions and new store openings, sales contributed by new stores, increases or decreases in comparable store sales, adverse weather conditions, shifts in the timing of certain holidays or promotions and changes in our merchandise mix.

Item 7A. ***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 risks by investing our excess cash balances in short-term, highly-liquid instruments with a maturity of one year or less. In addition, the Senior Notes outstanding carry a fixed interest rate. 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

The Company uses 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 fiscal year ended January 29, 2011, the Company recognized a $7.1 million loss in selling, general and administrative expenses related to the trading of derivative instruments. The aggregate fair value of the Foreign Currency Contracts as of January 29, 2011 was a net asset of $1.2 million as measured by observable inputs obtained from market news reporting services, such as Bloomberg and The Wall Street Journal, 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 January 29, 2011 would result in a (loss) or gain in value of the forwards, options and swaps of ($20.5) million or $20.5 million, respectively.

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. The Company manages 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 8. ***Financial Statements and Supplementary Data***

See Item 15(a)(1) and (2) of this Form 10-K.

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Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***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) Management s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control Integrated Framework*, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of January 29, 2011. The effectiveness of our internal control over financial reporting as of January 29, 2011 has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in their report which is included in this Form 10-K.

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

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance****

Code of Ethics

The Company has adopted a Code of Ethics for Senior Financial and Executive Officers that is applicable to the Company s Executive Chairman, Chairman International, Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, any Executive Vice President of the Company and any Vice President of the Company employed in a finance or accounting role. This Code of Ethics is filed as Exhibit 14.1 to this Form 10-K. The Company also has adopted a Code of Standards, Ethics and Conduct applicable to all of the Company s management-level employees, which is filed as Exhibit 14.2 to this Form 10-K.

In accordance with SEC rules, the Company intends to disclose any amendment (other than any technical, administrative, or other non-substantive amendment) to either of the above Codes, or any waiver of any provision

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thereof with respect to any of the executive officers listed in the paragraph above, on the Company s Web site (www.gamestop.com) within four business days following such amendment or waiver.

Item 11. ***Executive Compensation****

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters****

Item 13. ***Certain Relationships and Related Transactions, and Director Independence****

Item 14. ***Principal Accountant Fees and Services****

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) *The following documents are filed as a part of this Form 10-K:*

(1) *Index and Consolidated Financial Statements*

The list of consolidated financial statements set forth in the accompanying Index to Consolidated Financial Statements at page F-1 herein is incorporated herein by reference. Such consolidated financial statements are filed as part of this report on Form 10-K.

(2) *Financial Statement Schedules required to be filed by Item 8 of this Form 10-K:*

The following financial statement schedule for the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009 is filed as part of this report on Form 10-K and should be read in conjunction with our Consolidated Financial Statements appearing elsewhere in this Form 10-K:
Schedule

Schedule II Valuation and Qualifying Accounts

For the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009:

Column A	Column B	Column C(1)	Column C(2)	Column D	Column E
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts- Accounts Payable	Deductions- Write-Offs Net of Recoveries	Balance at End of Period
			(In millions)		
Inventory Reserve, deducted from asset accounts					

52 Weeks Ended January 29, 2011	$	66.5	$	27.5	$	39.5	$	64.0	$	69.5
52 Weeks Ended January 30, 2010		56.6		48.9		34.1		73.1		66.5
52 Weeks Ended January 31, 2009		59.7		43.0		34.7		80.8		56.6

Column C(2) consists primarily of amounts received from vendors for defective allowances.

The Company does not maintain a reserve for estimated sales returns and allowances as amounts are considered to be immaterial. All other schedules are omitted because they are not applicable.

* The information not otherwise provided herein that is required by Items 10, 11, 12, 13 and 14 will be set forth in the definitive proxy statement relating to the 2011 Annual Meeting of Stockholders of the Company, which is to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. This definitive proxy statement relates to a meeting of stockholders involving the election of directors and the portions therefrom required to be set forth in this Form 10-K by Items 10, 11, 12, 13 and 14 are incorporated herein by reference pursuant to General Instruction G(3) to Form 10-K.

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(b) *Exhibits*

The following exhibits are filed as part of this Form 10-K:

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of April 17, 2005, among GameStop Corp. (f/k/a GSC Holdings Corp.), Electronics Boutique Holdings Corp., GameStop, Inc., GameStop Holdings Corp. (f/k/a GameStop Corp.), Cowboy Subsidiary LLC and Eagle Subsidiary LLC.(1)
2.2	Sale and Purchase Agreement, dated September 30, 2008, between EB International Holdings, Inc. and L Capital, LV Capital, Europ@Web and other Micromania shareholders.(13)
2.3	Amendment, dated November 17, 2008, to Sale and Purchase Agreement for Micromania Acquisition listed as Exhibit 2.2 above.(14)
3.1	Second Amended and Restated Certificate of Incorporation.(2)
3.2	Amended and Restated Bylaws.(3)
3.3	Amendment to Amended and Restated Bylaws.(12)
4.1	Indenture, dated September 28, 2005, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), GameStop, Inc., the subsidiary guarantors party thereto, and Citibank N.A., as trustee.(4)
4.2	First Supplemental Indenture, dated October 8, 2005, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), GameStop, Inc., the subsidiary guarantors party thereto, and Citibank N.A., as trustee.(5)
4.3	Rights Agreement, dated as of June 27, 2005, between GameStop Corp. (f/k/a GSC Holdings Corp.) and The Bank of New York, as Rights Agent.(3)
4.4	Form of Indenture.(6)
10.1	Insurance Agreement, dated as of January 1, 2002, between Barnes & Noble, Inc. and GameStop Holdings Corp. (f/k/a GameStop Corp.).(7)
10.2	Operating Agreement, dated as of January 1, 2002, between Barnes & Noble, Inc. and GameStop Holdings Corp. (f/k/a GameStop Corp.).(7)
10.3	Fourth Amended and Restated 2001 Incentive Plan.(16)
10.4	Second Amended and Restated Supplemental Compensation Plan.(8)
10.5	Form of Option Agreement.(9)
10.6	Form of Restricted Share Agreement.(10)
10.7	Amended and Restated Credit Agreement, dated as of January 4, 2011, among GameStop Corp., as Lead Borrower for: GameStop Corp., GameStop, Inc., Sunrise Publications, Inc., Electronics Boutique Holdings Corp., ELBO Inc., EB International Holdings, Inc., Kongregate Inc., GameStop Texas Ltd., Marketing Control Services, Inc., SOCOM LLC and Bank of America, N.A., as Issuing Bank, Bank of America, N.A., as Administrative Agent and Collateral Agent, Wells Fargo Capital Finance, LLC, as Syndication Agent, U.S. Bank National Association and Regions Bank, as Co-Documentation Agents, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner.(19)
10.8	Guaranty, dated as of October 11, 2005, by GameStop Corp. (f/k/a GSC Holdings Corp.) and certain subsidiaries of GameStop Corp. in favor of the agents and lenders.(11)
10.9	Amended and Restated Security Agreement, dated January 4, 2011, among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A., as Collateral Agent.(19)
10.10	Amended and Restated Patent and Trademark Security Agreement, dated January 4, 2011, among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A.,

	as Collateral Agent.(19)
10.11	Mortgage, Security Agreement, and Assignment and Deeds of Trust, dated October 11, 2005, between GameStop of Texas, L.P. and Bank of America, N.A., as Collateral Agent.(11)
10.12	Mortgage, Security Agreement, and Assignment and Deeds of Trust, dated October 11, 2005, between Electronics Boutique of America, Inc. and Bank of America, N.A., as Collateral Agent.(11)

Exhibit Number	Description
10.13	Amended and Restated Pledge Agreement, dated January 4, 2011, by and among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A., as Collateral Agent.(19)
10.14	Term Loan Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, Bank of America, N.A., as Administrative Agent and Collateral Agent, and Banc of America Securities LLC, as Sole Arranger and Bookrunner.(14)
10.15	Security Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender and Bank of America, N.A., as Collateral Agent.(14)
10.16	Patent and Trademark Security Agreement, dated as of November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, and Bank of America, N.A., as Collateral Agent.(14)
10.17	Securities Collateral Pledge Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, and Bank of America, N.A., as Collateral Agent.(14)
10.18	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and R. Richard Fontaine.(15)
10.19	Amendment, dated as of April 5, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and R. Richard Fontaine.(17)
10.20	Second Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010, between GameStop Corp. and R. Richard Fontaine.(18)
10.21	Third Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010 and a Second Amendment dated as of June 2, 2010, between GameStop Corp. and R. Richard Fontaine.(20)
10.22	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and Daniel A. DeMatteo.(15)
10.23	Amendment, dated as of April 5, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Daniel A. DeMatteo.(17)
10.24	Second Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010, between GameStop Corp. and Daniel A. DeMatteo.(18)
10.25	Third Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010 and a Second Amendment dated as of June 2, 2010, between GameStop Corp. and Daniel A. DeMatteo.(20)
10.26	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and Tony Bartel.(15)
10.27	Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Tony Bartel.(18)
10.28	Second Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of June 2, 2010, between GameStop Corp. and Tony Bartel.(20)

10.29	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and Paul Raines.(15)
10.30	Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Paul Raines.(18)

Exhibit Number	Description
10.31	Second Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of June 2, 2010, between GameStop Corp. and Paul Raines.(20)
10.32	Executive Employment Agreement, dated as of June 2, 2010, between GameStop Corp. and Robert Lloyd.(18)
10.33	Amendment, dated as of February 9, 2011, to Executive Employment Agreement, dated as of June 2, 2010, between GameStop Corp. and Robert Lloyd.(20)
12.1	Computation of Ratio of Earnings to Fixed Charges.
14.1	Code of Ethics for Senior Financial and Executive Officers.
14.2	Code of Standards, Ethics and Conduct.
21.1	Subsidiaries.
23.1	Consent of BDO USA, LLP.
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 GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on April 18, 2005.

(2) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 7, 2007.

(3) Incorporated by reference to the Registrant s Amendment No. 1 to Form S-4 filed with the Securities and Exchange Commission on July 8, 2005.

(4) Incorporated by reference to GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on September 30, 2005.

(5)

Incorporated by reference to the Registrant s Form 10-Q for the fiscal quarter ended October 29, 2005 filed with the Securities and Exchange Commission on December 8, 2005.

(6) Incorporated by reference to the Registrant s Form S-3ASR filed with the Securities and Exchange Commission on April 10, 2006.

(7) Incorporated by reference to GameStop Holdings Corp. s Amendment No. 3 to Form S-1 filed with the Securities and Exchange Commission on January 24, 2002.

(8) Incorporated by reference to Appendix A to the Registrant s Proxy Statement for 2008 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on May 23, 2008.

(9) Incorporated by reference to GameStop Holdings Corp. s Form 10-K for the fiscal year ended January 29, 2005 filed with the Securities and Exchange Commission on April 11, 2005.

(10) Incorporated by reference to GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on September 12, 2005.

(11) Incorporated by reference to Registrant s Form 8-K filed with the Securities and Exchange Commission on October 12, 2005.

(12) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 8, 2011.

(13) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on October 2, 2008.

(14) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on November 18, 2008.

(15) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 7, 2009.

(16) Incorporated by reference to Appendix A to the Registrant s Proxy Statement for 2009 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on May 22, 2009.

(17) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on April 9, 2010.

(18) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on June 2, 2010.

(19) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 6, 2011.

(20) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 9, 2011.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

GAMESTOP CORP.

By: /s/ J. Paul Raines

J. Paul Raines
Chief Executive Officer

Date: March 30, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Name	Capacity	Date
/s/ J. Paul Raines J. Paul Raines	Chief Executive Officer (Principal Executive Officer)	March 30, 2011
/s/ Daniel A. DeMatteo Daniel A. DeMatteo	Executive Chairman and Director	March 30, 2011
/s/ R. Richard Fontaine R. Richard Fontaine	Chairman International and Director	March 30, 2011
/s/ Robert A. Lloyd Robert A. Lloyd	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 30, 2011
/s/ Troy W. Crawford Troy W. Crawford	Senior Vice President, Chief Accounting Officer (Principal Accounting Officer)	March 30, 2011
/s/ Jerome L. Davis Jerome L. Davis	Director	March 30, 2011
/s/ Steven R. Koonin Steven R. Koonin	Director	March 30, 2011

/s/ Leonard Riggio	Director	March 30, 2011
Leonard Riggio		
/s/ Michael N. Rosen	Director	March 30, 2011
Michael N. Rosen		
/s/ Stephanie M. Shern	Director	March 30, 2011
Stephanie M. Shern		

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Name	Capacity	Date
/s/ Stanley P. Steinberg	Director	March 30, 2011
Stanley P. Steinberg		
/s/ Gerald R. Szczepanski	Director	March 30, 2011
Gerald R. Szczepanski		
/s/ Edward A. Volkwein	Director	March 30, 2011
Edward A. Volkwein		
/s/ Lawrence S. Zilavy	Director	March 30, 2011
Lawrence S. Zilavy		

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
GameStop Corp.
Grapevine, Texas

We have audited the accompanying consolidated balance sheets of GameStop Corp. as of January 29, 2011 and January 30, 2010 and the related consolidated statements of income, stockholders equity, and cash flows for the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. These financial statements and schedules are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedules. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of GameStop Corp. as of January 29, 2011 and January 30, 2010, and the results of its operations and its cash flows for the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009**,** in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), GameStop Corp. s internal control over financial reporting as of January 29, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 30, 2011 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP
BDO USA, LLP

Dallas, Texas
March 30, 2011

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
GameStop Corp.
Grapevine, Texas

We have audited GameStop Corp. s internal control over financial reporting as of January 29, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). GameStop Corp. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A of the Annual Report on Form 10-K, Management s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, GameStop Corp. maintained, in all material respects, effective internal control over financial reporting as of January 29, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of GameStop Corp. as of January 29, 2011 and January 30, 2010, and the related consolidated statements of operations, stockholders equity, and cash flows for the 52 week periods ended January 29, 2011, January 30, 2010, and January 31, 2009 and our report dated March 30, 2011 expressed an unqualified opinion on those consolidated financial statements and schedule.

/s/ BDO USA, LLP
BDO USA, LLP

Dallas, Texas
March 30, 2011

GAMESTOP CORP.

CONSOLIDATED BALANCE SHEETS

	January 29, 2011	January 30, 2010
	(In millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 710.8	$ 905.4
Receivables, net	65.5	64.0
Merchandise inventories, net	1,257.5	1,053.6
Deferred income taxes current	28.8	21.2
Prepaid expenses	75.7	59.4
Other current assets	16.5	23.7
Total current assets	2,154.8	2,127.3
Property and equipment:		
Land	24.0	11.5
Buildings and leasehold improvements	577.2	523.0
Fixtures and equipment	817.8	711.5
Total property and equipment	1,419.0	1,246.0
Less accumulated depreciation and amortization	805.2	661.8
Net property and equipment	613.8	584.2
Goodwill, net	1,996.3	1,946.5
Other intangible assets	254.6	259.9
Other noncurrent assets	44.3	37.4
Total noncurrent assets	2,909.0	2,828.0
Total assets	$ 5,063.8	$ 4,955.3
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 1,028.1	$ 961.7
Accrued liabilities	657.0	632.1
Taxes payable	62.7	61.9
Total current liabilities	1,747.8	1,655.7
Senior notes payable, long-term portion, net	249.0	447.3
Deferred taxes	74.9	25.5
Other long-term liabilities	96.2	103.8

Total long-term liabilities	420.1	576.6
Total liabilities	2,167.9	2,232.3
Commitments and contingencies (Notes 10 and 11)		
Stockholders equity:		
Preferred stock authorized 5.0 shares; no shares issued or outstanding		
Class A common stock $.001 par value; authorized 300.0 shares; 146.0 and 158.7 shares outstanding, respectively	0.1	0.2
Additional paid-in-capital	928.9	1,210.5
Accumulated other comprehensive income	162.5	114.7
Retained earnings	1,805.8	1,397.8
Equity attributable to GameStop Corp. stockholders	2,897.3	2,723.2
Equity (deficit) attributable to noncontrolling interest	(1.4)	(0.2)
Total equity	2,895.9	2,723.0
Total liabilities and stockholders equity	$ 5,063.8	$ 4,955.3

See accompanying notes to consolidated financial statements.

GAMESTOP CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
	(In millions, except per share data)		
Sales	$ 9,473.7	$ 9,078.0	$ 8,805.9
Cost of sales	6,936.1	6,643.3	6,535.8
Gross profit	2,537.6	2,434.7	2,270.1
Selling, general and administrative expenses	1,700.3	1,635.1	1,445.4
Depreciation and amortization	174.7	162.6	145.0
Merger-related expenses			4.6
Operating earnings	662.6	637.0	675.1
Interest income	(1.8)	(2.2)	(11.6)
Interest expense	37.0	45.4	50.4
Debt extinguishment expense	6.0	5.3	2.3
Earnings before income tax expense	621.4	588.5	634.0
Income tax expense	214.6	212.8	235.7
Consolidated net income	406.8	375.7	398.3
Net loss attributable to noncontrolling interests	1.2	1.6	
Consolidated net income attributable to GameStop	$ 408.0	$ 377.3	$ 398.3
Basic net income per common share(1)	$ 2.69	$ 2.29	$ 2.44
Diluted net income per common share(1)	$ 2.65	$ 2.25	$ 2.38
Weighted average shares of common stock basic	151.6	164.5	163.2
Weighted average shares of common stock diluted	154.0	167.9	167.7

(1) Basic net income per share and diluted net income per share are calculated based on consolidated net income attributable to GameStop.

See accompanying notes to consolidated financial statements.

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GAMESTOP CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	GameStop Corp. Shareholders						
	Class A Common Stock		Additional	Accumulated Other			
	Shares	Common Stock	Paid-in Capital	Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
				(In millions)			
Balance at February 2, 2008	161.0	$ 0.2	$ 1,208.4	$ 31.6	$ 622.2	$	$ 1,862.4
Comprehensive income:							
Net income for the 52 weeks ended January 31, 2009					398.3		398.3
Foreign currency translation				(89.1)			(89.1)
Total comprehensive income							309.2
Stock-based compensation			35.4				35.4
Exercise of employee stock options and issuance of shares upon vesting of restricted stock grants (including tax benefit of $37.6)	2.8		63.6				63.6
Balance at January 31, 2009	163.8	0.2	1,307.4	(57.5)	1,020.5		2,270.6
Purchase of subsidiary shares from noncontrolling interest			(5.1)			1.4	(3.7)
Comprehensive income:							
Net income (loss) for the 52 weeks ended January 30, 2010					377.3	(1.6)	375.7
Foreign currency translation				172.2			172.2
Total comprehensive income							547.9
Stock-based compensation			37.8				37.8
Purchase of treasury stock	(6.1)		(123.0)				(123.0)
Exercise of employee stock options and issuance of shares upon vesting of restricted stock grants (including tax expense of $0.3)	1.0		(6.6)				(6.6)
Balance at January 30, 2010	158.7	0.2	1,210.5	114.7	1,397.8	(0.2)	2,723.0
Comprehensive income:							
Net income (loss) for the 52 weeks ended January 29, 2011					408.0	(1.2)	406.8

Foreign currency translation				47.8			47.8
Total comprehensive income							454.6
Stock-based compensation			29.5				29.5
Purchase of treasury stock	(17.1)	(0.1)	(338.5)				(338.6)
Exercise of employee stock options and issuance of shares upon vesting of restricted stock grants (including tax benefit of $18.7)	4.4		27.4				27.4
Balance at January 29, 2011	146.0	$ 0.1	$ 928.9	$ 162.5	$ 1,805.8	$ (1.4)	$ 2,895.9

See accompanying notes to consolidated financial statements.

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GAMESTOP CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
		(In millions)	
Cash flows from operating activities:			
Consolidated net income	$ 406.8	$ 375.7	$ 398.3
Adjustments to reconcile net earnings to net cash flows provided by operating activities:			
Depreciation and amortization (including amounts in cost of sales)	176.8	164.1	146.4
Provision for inventory reserves	27.5	48.9	43.0
Amortization and retirement of deferred financing fees and issue discounts	5.0	5.0	3.7
Stock-based compensation expense	29.6	37.8	35.4
Deferred income taxes	38.2	(1.2)	(24.7)
Excess tax (benefits) expense realized from exercise of stock-based awards	(18.6)	0.4	(34.2)
Loss on disposal of property and equipment	7.6	4.4	5.2
Changes in other long-term liabilities	(7.2)	7.6	7.4
Changes in operating assets and liabilities, net			
Receivables, net	0.2	4.2	(2.9)
Merchandise inventories	(227.2)	29.6	(209.5)
Prepaid expenses and other current assets	(10.5)	2.3	(16.4)
Prepaid income taxes and accrued income taxes payable	22.3	54.6	43.9
Accounts payable and accrued liabilities	140.7	(89.2)	153.6
Net cash flows provided by operating activities	591.2	644.2	549.2
Cash flows from investing activities:			
Purchase of property and equipment	(197.6)	(163.8)	(183.2)
Acquisitions, net of cash acquired	(38.1)	(8.4)	(630.7)
Other	(4.4)	(15.0)	(7.0)
Net cash flows used in investing activities	(240.1)	(187.2)	(820.9)
Cash flows from financing activities:			
Repurchase of notes payable	(200.0)	(100.0)	(30.0)
Purchase of treasury shares	(381.2)	(58.4)	
Borrowings from the revolver	120.0	115.0	
Repayment of revolver borrowings	(120.0)	(115.0)	
Borrowings for acquisition			425.0
Repayments of acquisition borrowings			(425.0)

Issuance of shares relating to stock options	10.8	4.5	28.9
Excess tax benefits (expense) realized from exercise of stock-based awards	18.6	(0.4)	34.2
Other	(3.8)	(0.1)	(3.5)
Net cash flows provided by (used in) financing activities	(555.6)	(154.4)	29.6
Exchange rate effect on cash and cash equivalents	9.9	24.7	(37.2)
Net increase (decrease) in cash and cash equivalents	(194.6)	327.3	(279.3)
Cash and cash equivalents at beginning of period	905.4	578.1	857.4
Cash and cash equivalents at end of period	$ 710.8	$ 905.4	$ 578.1

See accompanying notes to consolidated financial statements.

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GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Background

GameStop Corp. (together with its predecessor companies, GameStop, we, us, our, or the Company) is the world largest multichannel retailer of video game products and PC entertainment software. The Company sells new and used video game hardware, video game software and accessories, PC entertainment software and other merchandise primarily through its GameStop, EB Games and Micromania stores. The Company s stores, which totaled 6,670 at January 29, 2011, are located in major regional shopping malls and strip centers. We also operate electronic commerce Web sites www.gamestop.com, www.ebgames.com.au, www.gamestop.ca, www.gamestop.it, www.gamestop.es, www.gamestop.ie, www.gamestop.de and www.micromania.fr. In addition, we publish *Game Informer* magazine and operate the online video gaming Web site www.kongregate.com. The Company operates in four business segments, which are the United States, Australia, Canada and Europe.

The Company is a Delaware corporation, formerly known as GSC Holdings Corp., and has grown through a business combination (the EB merger) of GameStop Holdings Corp., formerly known as GameStop Corp., and Electronics Boutique Holdings Corp. (EB), which was completed on October 8, 2005. The Company also has grown through acquisitions, including the purchase in November 2008 of SFMI Micromania SAS (Micromania), a leading retailer of video and computer games in France.

Basis of Presentation and Consolidation

Our consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. All dollar and share amounts (other than dollar amounts per share) in the consolidated financial statements are stated in millions unless otherwise indicated.

The Company s fiscal year is composed of the 52 or 53 weeks ending on the Saturday closest to the last day of January. Fiscal 2010 consisted of the 52 weeks ended on January 29, 2011. Fiscal 2009 consisted of the 52 weeks ended on January 30, 2010. Fiscal 2008 consisted of the 52 weeks ended on January 31, 2009. The financial statements included herein for fiscal 2010 include the results of Kongregate Inc., the online video gaming company acquired by the Company on August 1, 2010. The Company s operating results for fiscal 2010 and fiscal 2009 include 52 weeks of Micromania s results and the operating results for fiscal 2008 include 11 weeks of Micromania s results.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management 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, management has made its 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 management could have significant impact on the Company s financial results. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to conform the prior period data to the current year presentation.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash and Cash Equivalents

The Company considers all short-term, highly-liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company s cash and cash equivalents are carried at cost, which approximates market value, and consist primarily of time deposits with highly rated commercial banks. From time to time depending upon interest rates, credit worthiness and other factors, the Company invests in money market investment funds holding direct U.S. Treasury obligations. The Company held such cash equivalents as of January 29, 2011.

Merchandise Inventories

The Company s merchandise inventories are carried at the lower of cost or market generally using the average cost method. Under the average cost method, as new product is received from vendors, its current cost is added to the existing cost of product on-hand and this amount is re-averaged over the cumulative units. Used video game products traded in by customers are recorded as inventory at the amount of the store credit given to the customer. In valuing inventory, management is required to make assumptions regarding the necessity of reserves required to value potentially obsolete or over-valued items at the lower of cost or market. Management considers quantities on hand, recent sales, potential price protections and returns to vendors, among other factors, when making these assumptions. The Company s ability to gauge these factors is dependent upon the Company s ability to forecast customer demand and to provide a well-balanced merchandise assortment. Inventory is adjusted based on anticipated physical inventory losses or shrinkage and actual losses resulting from periodic physical inventory counts. Inventory reserves as of January 29, 2011 and January 30, 2010 were $69.5 million and $66.5 million, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation on furniture, fixtures and equipment is computed using the straight-line method over their estimated useful lives ranging from two to eight years. Maintenance and repairs are expensed as incurred, while betterments and major remodeling costs are capitalized. Leasehold improvements are capitalized and amortized over the shorter of their estimated useful lives or the terms of the respective leases, including option periods in which the exercise of the option is reasonably assured (generally ranging from three to ten years). Costs incurred in purchasing management information systems are capitalized and included in property and equipment. These costs are amortized over their estimated useful lives from the date the systems become operational.

The Company periodically reviews its property and equipment when events or changes in circumstances indicate that their carrying amounts may not be recoverable or their depreciation or amortization periods should be accelerated. The Company assesses recoverability based on several factors, including management s intention with respect to its stores and those stores projected undiscounted cash flows. An impairment loss would be recognized for the amount by which the carrying amount of the assets exceeds their fair value, as approximated by the present value of their projected cash flows. Write-downs incurred by the Company through January 29, 2011 have not been material.

Goodwill

Goodwill represents the excess purchase price over tangible net assets and identifiable intangible assets acquired. The Company is required to evaluate goodwill and other intangible assets not subject to amortization for impairment at least annually. This test is completed at the beginning of the fourth quarter each fiscal year or when circumstances

indicate the carrying value of the goodwill or other intangible assets might be impaired. Goodwill has been assigned to reporting units for the purpose of impairment testing. The Company has four business segments, the United States, Australia, Canada and Europe, which also define our reporting units based upon the similar economic characteristics of operations within each segment, including the nature of products, product distribution

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and the type of customer and separate management within those regions. The Company estimates fair value based on the discounted cash flows of each reporting unit. The Company uses a two-step process to measure goodwill impairment. If the fair value of the reporting unit is higher than its carrying value, then goodwill is not impaired. If the carrying value of the reporting unit is higher than the fair value, then the second test of goodwill impairment is needed. The second test compares the implied fair value of the reporting unit s goodwill with its carrying amount. If the carrying amount of the reporting unit s goodwill exceeds the implied fair value, then an impairment loss is recognized in the amount of the excess. The Company completed its annual impairment test of goodwill as of the first day of the fourth quarter of fiscal 2008, fiscal 2009 and fiscal 2010 and concluded that none of its goodwill was impaired. Note 8 provides additional information concerning the changes in goodwill for the consolidated financial statements presented.

Other Intangible Assets

Other intangible assets consist primarily of tradenames, leasehold rights, advertising relationships and amounts attributed to favorable leasehold interests recorded as a result of business acquisitions. Intangible assets are recorded apart from goodwill if they arise from a contractual right and are capable of being separated from the entity and sold, transferred, licensed, rented or exchanged individually. The useful life and amortization methodology of intangible assets are determined based on the period in which they are expected to contribute directly to cash flows. Intangible assets that are determined to have a definite life are amortized over that period. Intangible assets that are determined to have an indefinite life are not amortized, but are required to be evaluated at least annually for impairment. If the carrying value of an individual indefinite-life intangible asset exceeds its fair value as determined by its discounted cash flows, such individual indefinite-life intangible asset is written down by the amount of the excess. The Company completed its annual impairment tests of indefinite-life intangible assets as of the first day of the fourth quarter of fiscal 2008, fiscal 2009 and fiscal 2010 and concluded that none of its intangible assets were impaired.

Tradenames which were recorded as a result of acquisitions, primarily Micromania, are considered indefinite life intangible assets as they are expected to contribute to cash flows indefinitely and are not subject to amortization, but are subject to annual impairment testing. Leasehold rights which were recorded as a result of the Micromania acquisition represent the value of rights of tenancy under commercial property leases for properties located in France. Rights pertaining to individual leases can be sold by us to a new tenant or recovered by us from the landlord if the exercise of the automatic right of renewal is refused. Leasehold rights are amortized on a straight-line basis over the expected lease term not to exceed 20 years with no residual value. Advertising relationships, which were recorded as a result of digital acquisitions, are relationships with existing advertisers who pay to place ads on the Company s digital Web sites and are amortized on a straight-line basis over 10 years. Favorable leasehold interests represent the value of the contractual monthly rental payments that are less than the current market rent at stores acquired as part of the Micromania acquisition or the EB merger. Favorable leasehold interests are amortized on a straight-line basis over their remaining lease term with no expected residual value. Note 8 provides additional information related to the Company s intangible assets.

Revenue Recognition

Revenue from the sales of the Company s products is recognized at the time of sale and is stated net of sales discounts. The sales of used video game products are recorded at the retail price charged to the customer. Sales returns (which are not significant) are recognized at the time returns are made. Subscription and advertising revenues are recorded upon release of magazines for sale to consumers. Magazine subscription revenue is recognized on a straight-line basis

over the subscription period. The revenue from the paid membership of the Company s PowerUp Rewards loyalty program is recognized over the one-year membership term. Revenue from the sales of product replacement plans is recognized on a straight-line basis over the coverage period. The deferred revenues for magazine subscriptions and deferred financing plans are included in accrued liabilities (see Note 7). Gift cards sold to customers are recognized as a liability on the balance sheet until redeemed.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company sells a variety of digital products which generally allow consumers to download software or play games on the internet. Certain of these products do not require the Company to purchase inventory or take physical possession of, or take title to, inventory. When purchasing these products from the Company, consumers pay a retail price and the Company earns a commission based on a percentage of the retail sale as negotiated with the product publisher. The Company recognizes this commission as revenue on the sale of these digital products.

Revenues do not include sales taxes or other taxes collected from customers.

Cost of Sales and Selling, General and Administrative Expenses Classification

The classification of cost of sales and selling, general and administrative expenses varies across the retail industry. The Company includes purchasing, receiving and distribution costs in selling, general and administrative expenses, rather than cost of goods sold, in the statement of operations. For the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, these purchasing, receiving and distribution costs amounted to $64.7 million, $63.6 million and $57.0 million, respectively.

The Company includes processing fees associated with purchases made by check and credit cards in cost of sales, rather than selling, general and administrative expenses, in the statement of operations. For the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, these processing fees amounted to $69.7 million, $63.1 million and $65.5 million, respectively.

Customer Liabilities

The Company establishes a liability upon the issuance of merchandise credits and the sale of gift cards. Revenue is subsequently recognized when the credits and gift cards are redeemed. In addition, income (breakage) is recognized quarterly on unused customer liabilities older than three years to the extent that the Company believes the likelihood of redemption by the customer is remote, based on historical redemption patterns. Breakage has historically been immaterial. To the extent that future redemption patterns differ from those historically experienced, there will be variations in the recorded breakage.

Pre-Opening Expenses

All costs associated with the opening of new stores are expensed as incurred. Pre-opening expenses are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Closed Store Expenses

Upon a formal decision to close or relocate a store, the Company charges unrecoverable costs to expense. Such costs include the net book value of abandoned fixtures and leasehold improvements and, once the store is vacated, a provision for future lease obligations, net of expected sublease recoveries. Costs associated with store closings are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Advertising Expenses

The Company expenses advertising costs for newspapers and other media when the advertising takes place. Advertising expenses for television, newspapers and other media during the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009 were $83.7 million, $57.7 million and $46.7 million, respectively.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Income Taxes

Income tax expense includes United States, state, local and international income taxes, plus a provision for U.S. taxes on undistributed earnings of foreign subsidiaries not deemed to be indefinitely reinvested. Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the financial reporting basis and the tax basis of existing assets and liabilities using enacted tax rates. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. In accordance with GAAP, we maintain accruals for uncertain tax positions until examination of the tax year is completed by the applicable taxing authority, available review periods expire or additional facts and circumstances cause us to change our assessment of the appropriate accrual amount (see Note 12).

U.S. income taxes have not been provided on $504.9 million of undistributed earnings of foreign subsidiaries as of January 29, 2011. The Company reinvests earnings of foreign subsidiaries in foreign operations and expects that future earnings will also be reinvested in foreign operations indefinitely.

Lease Accounting

The Company s method of accounting for rent expense (and related deferred rent liability) and leasehold improvements funded by landlord incentives for allowances under operating leases (tenant improvement allowances) is in conformance with GAAP. For leases that contain predetermined fixed escalations of the minimum rent, the Company recognizes the related rent expense on a straight-line basis and includes the impact of escalating rents for periods in which it is reasonably assured of exercising lease options and the Company includes in the lease term any period during which the Company is not obligated to pay rent while the store is being constructed.

Foreign Currency Translation

GameStop has determined that the functional currencies of its foreign subsidiaries are the subsidiaries local currencies. The assets and liabilities of the subsidiaries are translated at the applicable exchange rate as of the end of the balance sheet date and revenue and expenses are translated at an average rate over the period. Currency translation adjustments are recorded as a component of other comprehensive income. Transaction gains and (losses) are included in selling, general and administrative expenses and amounted to $2.5 million, $3.9 million and ($10.0) million for the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, respectively. The foreign currency transaction gains and losses are primarily due to the decrease or increase in the value of the U.S. dollar compared to the functional currencies in the countries the Company operates in internationally. In fiscal 2010, the foreign currency transaction gains are primarily due to the decrease in the value of the U.S. dollar compared to the Canadian dollar and the Australian dollar. In fiscal 2009, the foreign currency transaction gains are primarily due to the decrease in the value of the U.S. dollar compared to the euro, the Canadian dollar and the Australian dollar. The foreign currency transaction losses in fiscal 2008 are primarily related to the increase in the value of the U.S. dollar compared to the euro, the Canadian dollar and the Australian dollar. The net foreign currency transaction loss in the 52 weeks ended January 31, 2009 included a $3.5 million net loss related to the change in foreign exchange rates related to the funding of the Micromania acquisition recorded in merger-related expenses.

The Company uses 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. 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 (see Note 5).

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Net Income Per Common Share

Basic net income per common share is computed by dividing the net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income per common share is computed by dividing the net income available to common stockholders by the weighted average number of common shares outstanding and potentially dilutive securities outstanding during the period. Potentially dilutive securities include stock options and unvested restricted stock outstanding during the period, using the treasury stock method. Potentially dilutive securities are excluded from the computations of diluted earnings per share if their effect would be antidilutive. Note 4 provides additional information regarding net earnings per common share.

Stock Options

The Company records share-based compensation expense in earnings based on the grant-date fair value of options granted. 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 and expected volatility. The Company uses historical data to estimate the option life and the employee forfeiture rate, and uses historical volatility when estimating the stock price volatility. The weighted-average fair values of the options granted during the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009 were estimated at $7.88, $9.45 and $15.45, respectively, using the following assumptions:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
Volatility	51.6%	47.9%	38.2%
Risk-free interest rate	1.6%	1.5%	2.4%
Expected life (years)	3.5	3.5	3.5
Expected dividend yield	0%	0%	0%

In addition to requiring companies to recognize the estimated fair value of share-based payments in earnings, companies now have to present tax benefits received in excess of amounts determined based on the compensation expense recognized on the statements of cash flows. Such tax benefits are presented as a use of cash in the operating section and a source of cash in the financing section of the Statement of Cash Flows. Note 13 provides additional information regarding the Company s stock option plan.

Fair Values of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities reported in the accompanying consolidated balance sheets approximate fair value due to the short-term maturities of these assets and liabilities. The fair value of the Company s senior notes payable in the accompanying consolidated balance sheets is estimated based on recent quotes from brokers. Note 5 provides additional information regarding the Company s fair values of our financial assets and liabilities.

Guarantees

The Company had bank guarantees relating to international store leases totaling $17.7 million as of January 29, 2011 and $16.0 million as of January 30, 2010.

Vendor Concentration

The Company s largest vendors worldwide are Microsoft, Nintendo, Sony Computer Entertainment, Activision and Electronic Arts, Inc., which accounted for 18%, 16%, 16%, 12% and 10%, respectively, of the Company s new product purchases in fiscal 2010 and 12%, 23%, 17%, 11% and 12%, respectively, in fiscal 2009.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) ASU 2010-6, *Improving Disclosures About Fair Value Measurements.* On January 31, 2010, the Company adopted ASU 2010-6, which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements, including significant transfers into and out of the standard s Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis for Level 3 fair-value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. The adoption of ASU 2010-6 did not have a material impact on the Company s consolidated financial statements.

On January 31, 2010, the Company adopted ASU 2010-09, *Subsequent Events Amendments to Certain Recognition and Disclosure Requirements*, which amends Accounting Standards Codification (ASC) Topic 855, Subsequent Events*,* so that Securities and Exchange Commission filers no longer are required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. The adoption of ASU 2010-09 did not have a material impact on the Company s consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, *Intangibles Goodwill and Other*. ASU 2010-28 modifies step one of the goodwill impairment test for reporting units with zero or negative carrying amounts and offers guidance on when to perform step two of the testing. For those reporting units, an entity is required to perform step two of the goodwill impairment test if it is more likely than not that a goodwill impairment exists based upon factors such as unanticipated competition, the loss of key personnel and adverse regulatory changes. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of ASU 2010-28 is not expected to have a material effect on the Company s consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, which updates the guidance in ASC 805, *Business Combinations*, to clarify that pro forma disclosures should be presented as if a business combination occurred at the beginning of the prior annual period for purposes of preparing both the current reporting period and the prior reporting period pro forma financial information. These disclosures should be accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. ASU 2010-29 is effective for business combinations consummated in periods beginning after December 15, 2010, and is required to be applied prospectively as of the date of adoption. The adoption of ASU 2010-29 is not expected to have a material effect on the Company s consolidated financial statements.

2. Acquisitions

On November 17, 2008, GameStop France SAS, a wholly-owned subsidiary of the Company, completed the acquisition of substantially all of the outstanding capital stock of Micromania for $580.4 million, net of cash acquired. Micromania is a leading retailer of video and computer games in France with 379 locations, 328 of which were operating upon acquisition. The Company funded the transaction with cash on hand, funds drawn against its then existing $400 million revolving credit agreement totaling $275 million, and term loans totaling $150 million under a junior term loan facility (the Term Loans). As of January 31, 2009, all of the borrowings against the revolving credit agreement and the Term Loans had been repaid. The purpose of the acquisition was to expand the Company s presence in Europe. The impact of the acquisition on the Company s results of operations, as if the acquisition had been completed as of the beginning of the periods presented, is not significant.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The consolidated financial statements include the results of Micromania from the date of acquisition and are reported in the European segment. The purchase price was allocated based on estimated fair values as of the acquisition date. The purchase price was allocated as follows as of November 17, 2008:

	November 17, 2008 (In millions)
Current assets	$ 187.7
Property, plant & equipment	34.2
Goodwill	415.2
Intangible assets:	
Tradename	131.5
Leasehold rights and interests	104.0
Total intangible assets	235.5
Other long-term assets	7.8
Current liabilities	(223.2)
Long-term liabilities	(76.8)
Total purchase price	$ 580.4

In determining the purchase price allocation, management considered, among other factors, the Company s intention to use the acquired assets. The total weighted-average amortization period for the intangible assets, excluding goodwill and the Micromania tradename, is approximately ten years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized, with no expected residual value. None of the goodwill is deductible for income tax purposes. Note 8 provides additional information concerning goodwill and intangible assets.

Merger-related expenses totaling $4.6 million shown in the fiscal 2008 statements of operations include a net loss related to the change in foreign exchange rates related to the funding of the Micromania acquisition and other costs considered to be of a one-time or short-term nature which are included in operating earnings.

The acquisition of Micromania was an important part of the Company s European and overall growth strategy and gave the Company an immediate entrance into the second largest video game market in Europe. The amount the Company paid in excess of the fair value of the net assets acquired was primarily for (i) the expected future cash flows derived from the existing business and its infrastructure, (ii) the geographical benefits from adding stores in a new large, growing market without cannibalizing existing sales, (iii) expanding the Company s expertise in the European video game market as a whole, and (iv) increasing the Company s impact on the European market, including increasing the Company s purchasing power.

In fiscal 2008, in addition to the Micromania acquisition, the Company also completed acquisitions with a total consideration of $50.3 million. The acquisitions were accounted for using the purchase method of accounting, with the

excess of the purchase price over the net assets acquired, in the amount of $46.0 million for fiscal 2008, recorded as goodwill. During fiscal 2009 and fiscal 2010, the Company completed acquisitions with a total consideration of $8.4 million and $38.1 million, respectively, which were accounted for using the acquisition method of accounting, with the excess of the purchase price over the net assets acquired, in the amount of $6.3 million and $28.5 million, respectively, recorded as goodwill. The Company included the results of operations of the acquisitions, which were not material, in the financial statements beginning on the closing date of each respective acquisition. The pro forma effect assuming these acquisitions were made at the beginning of each fiscal year is not material to the Company s consolidated financial statements.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Vendor Arrangements

The Company and approximately 50 of its vendors participate in cooperative advertising programs and other vendor marketing programs in which the vendors provide the Company with cash consideration in exchange for marketing and advertising the vendors products. The Company s accounting for cooperative advertising arrangements and other vendor marketing programs results in a portion of the consideration received from the Company s vendors reducing the product costs in inventory rather than as an offset to the Company s marketing and advertising costs. The consideration serving as a reduction in inventory is recognized in cost of sales as inventory is sold. The amount of vendor allowances to be recorded as a reduction of inventory was determined by calculating the ratio of vendor allowances in excess of specific, incremental and identifiable advertising and promotional costs to merchandise purchases. The Company then applied this ratio to the value of inventory in determining the amount of vendor reimbursements to be recorded as a reduction to inventory reflected on the balance sheet.

The cooperative advertising programs and other vendor marketing programs generally cover a period from a few days up to a few weeks and include items such as product catalog advertising, in-store display promotions, Internet advertising, co-op print advertising, product training and promotion at the Company s annual store managers conference. The allowance for each event is negotiated with the vendor and requires specific performance by the Company to be earned.

Specific, incremental and identifiable advertising and promotional costs were $122.1 million, $93.0 million and $92.1 million in the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009, respectively. Vendor allowances received in excess of advertising expenses were recorded as a reduction of cost of sales of $83.7 million, $116.9 million and $125.1 million for the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009, respectively. The amount recognized as income related to the capitalization of excess vendor allowances was $2.1 million for the 52 weeks ended January 29, 2011. The amounts deferred as a reduction in inventory were $0.7 million and $3.2 million for the 52 weeks ended January 30, 2010 and January 31, 2009, respectively.

4. Computation of Net Income per Common Share

The Company has Class A common stock outstanding. A reconciliation of shares used in calculating basic and diluted net income per common share is as follows:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
	(In millions, except per share data)		
Net income attributable to GameStop	$ 408.0	$ 377.3	$ 398.3
Weighted average common shares outstanding	151.6	164.5	163.2
Dilutive effect of options and warrants on common stock	2.4	3.4	4.5

Common shares and dilutive potential common shares		154.0		167.9		167.7
Net income per common share:						
Basic	$	2.69	$	2.29	$	2.44
Diluted	$	2.65	$	2.25	$	2.38

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table contains information on restricted shares and options to purchase shares of Class A common stock which were excluded from the computation of diluted earnings per share because they were anti-dilutive:

	Anti-Dilutive Shares	Range of Exercise Prices	Expiration Dates
	(In millions, except per share data)		
52 Weeks Ended January 29, 2011	4.0	$ 20.32 - 49.95	2017 - 2020
52 Weeks Ended January 30, 2010	3.2	$ 26.02 - 49.95	2011 - 2019
52 Weeks Ended January 31, 2009	2.5	$ 26.68 - 49.95	2010 - 2018

5. Fair Value Measurements and Financial Instruments

The Company defines fair value 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 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.

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 The Wall Street Journal, 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 on a recurring basis and recorded on our consolidated balance sheets (in millions):

	January 29, 2011 Level 2	January 30, 2010 Level 2
Assets		
Foreign Currency Contracts	$ 14.0	$ 20.1

Company-owned life insurance		3.1		2.6
Total assets	$	17.1	$	22.7
Liabilities				
Foreign Currency Contracts	$	12.8	$	9.0
Nonqualified deferred compensation		0.9		0.8
Total liabilities	$	13.7	$	9.8

The Company uses 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

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

recognized in earnings, thereby offsetting the current earnings effect of the re-measurement of related intercompany loans and foreign currency assets and liabilities. 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. The Company manages 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.

The fair values of derivative instruments not receiving hedge accounting treatment in the consolidated balance sheets presented herein were as follows (in millions):

	January 29, 2011	January 30, 2010
Assets		
Foreign Currency Contracts		
Other current assets	$ 13.0	$ 20.1
Other noncurrent assets	1.0	
Liabilities		
Foreign Currency Contracts		
Accrued liabilities	(11.2)	(9.0)
Other long-term liabilities	(1.6)	
Total derivatives	$ 1.2	$ 11.1

As of January 29, 2011, the Company had a series of Foreign Currency Contracts outstanding, with a gross notional value of $495.2 million and a net notional value of $201.3 million. For the 52 weeks ended January 29, 2011, the Company recognized losses of $7.1 million in selling, general and administrative expenses related to the trading of derivative instruments. As of January 30, 2010, the Company had a series of Foreign Currency Contracts outstanding, with a gross notional value of $643.5 million and a net notional value of $356.6 million. For the 52 weeks ended January 30, 2010, the Company recognized gains of $8.7 million in selling, general and administrative expenses related to the trading of derivative instruments.

The Company s carrying value of financial instruments approximates their fair value, except for differences with respect to the senior notes. The fair value of the Company s senior notes payable in the accompanying consolidated balance sheets is estimated based on recent quotes from brokers. As of January 29, 2011, the senior notes payable had a carrying value of $249.0 million and a fair value of $256.6 million. As of January 30, 2010, the senior notes payable had a carrying value of $447.3 million and a fair value of $466.0 million.

6. Receivables, Net

Receivables consist primarily of bankcard receivables and other receivables. Other receivables include receivables from *Game Informer* magazine advertising customers, receivables from landlords for tenant allowances and

receivables from vendors for merchandise returns, vendor marketing allowances and various other programs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

An allowance for doubtful accounts has been recorded to reduce receivables to an amount expected to be collectible. Receivables consisted of the following (in millions):

	January 29, 2011	January 30, 2010
Bankcard receivables	$ 47.5	$ 51.5
Other receivables	20.5	15.9
Allowance for doubtful accounts	(2.5)	(3.4)
Total receivables, net	$ 65.5	$ 64.0

7. Accrued Liabilities

Accrued liabilities consisted of the following (in millions):

	January 29, 2011	January 30, 2010
Customer liabilities	$ 242.7	$ 199.2
Deferred revenue	74.9	61.2
Accrued rent	10.4	18.7
Accrued interest	10.7	15.8
Employee benefits, compensation and related taxes	124.3	109.7
Other taxes	60.9	63.7
Settlement of treasury share purchases	22.0	64.6
Other accrued liabilities	111.1	99.2
Total accrued liabilities	$ 657.0	$ 632.1

8. Goodwill, Intangible Assets and Deferred Financing Fees

The changes in the carrying amount of goodwill for the Company s business segments for the 52 weeks ended January 30, 2010 and the 52 weeks ended January 29, 2011 were as follows:

	United States	Canada	Australia	Europe	Total
			(In millions)		
Balance at January 31, 2009	$ 1,096.6	$ 112.0	$ 125.6	$ 498.8	$ 1,833.0

Goodwill acquired, net	3.8			2.5	6.3
Foreign currency translation adjustment	(0.2)	16.5	48.5	42.4	107.2
Balance at January 30, 2010	1,100.2	128.5	174.1	543.7	1,946.5
Goodwill acquired, net	28.5				28.5
Foreign currency translation adjustment	(0.1)	8.9	21.8	(9.3)	21.3
Balance at January 29, 2011	$ 1,128.6	$ 137.4	$ 195.9	$ 534.4	$ 1,996.3

There were no impairments to goodwill during the 52 weeks ended January 29, 2011 and January 30, 2010.

Intangible assets, primarily from the EB merger and Micromania acquisition, consist of internally developed software, amounts attributed to favorable leasehold interests and advertiser relationships are included in other intangible assets in the consolidated balance sheet. The tradenames acquired, primarily Micromania, in the aggregate amount of $133.4 million have been determined to be an indefinite lived intangible asset and are therefore not subject to amortization. The total weighted-average amortization period for the remaining intangible assets,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

excluding goodwill, is approximately ten years. The intangible assets are being amortized based upon the pattern in which the economic benefits of the intangible assets are being utilized, with no expected residual value.

The deferred financing fees associated with the Company s revolving credit facility and senior notes issued in connection with the financing of the EB merger are included in other noncurrent assets in the consolidated balance sheet. The deferred financing fees are being amortized over five and seven years to match the terms of the revolving credit facility and the senior notes, respectively.

The changes in the carrying amount of deferred financing fees and other intangible assets for the 52 weeks ended January 30, 2010 and January 29, 2011 were as follows:

	Deferred Financing Fees	Other Intangible Assets
	(In millions)	
Balance at January 31, 2009	$ 8.9	$ 247.8
Addition for revolving credit facility amendment	0.1	
Write-off of deferred financing fees remaining on repurchased senior notes (see Note 9)	(0.8)	
Addition of leasehold rights		7.3
Adjustment for foreign currency translation		20.0
Amortization for the 52 weeks ended January 30, 2010	(2.5)	(15.2)
Balance at January 30, 2010	5.7	259.9
Addition for revolving credit facility amendment	3.8	
Write-off of deferred financing fees remaining on repurchased senior notes (see Note 9)	(1.0)	
Addition of acquired intangible assets		10.9
Adjustment for foreign currency translation		(3.5)
Amortization for the 52 weeks ended January 29, 2011	(2.3)	(12.7)
Balance at January 29, 2011	$ 6.2	$ 254.6

The gross carrying value and accumulated amortization of deferred financing fees as of January 29, 2011 were $21.4 million and $15.2 million, respectively.

The estimated aggregate amortization expenses for deferred financing fees and other intangible assets for the next five fiscal years are approximately:

	Amortization of Deferred	Amortization of Other

Year Ended	Financing Fees	Intangible Assets
	(In millions)	
January 2012	$ 1.8	$ 13.9
January 2013	1.5	13.6
January 2014	1.2	13.0
January 2015	1.2	10.1
January 2016	0.5	7.7
	$ 6.2	$ 58.3

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9. Debt

On January 4, 2011, the Company entered into a $400 million credit agreement (the Revolver), which amends and restates, in its entirety, the Company s prior credit agreement entered into on October 11, 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. The Company has 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 in the credit markets.

The availability under the Revolver is limited to a borrowing base which allows the Company 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. The Company s 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 the borrowing base during the prospective 12-month period, the Company is 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, the Company will be subject to a fixed charge coverage ratio covenant of 1.1:1.0.

The Revolver places certain restrictions on the Company and its subsidiaries, including limitations on asset sales, additional liens, investments, loans, guarantees, acquisitions and the incurrence of additional indebtedness. 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% and (c) the 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 the Company s average daily excess availability under the facility and is set at 1.25% for prime rate loans and 2.25% for LIBO rate loans until the first day of the fiscal quarter of the borrowers commencing on May 1, 2011. In addition, the Company is 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 January 29, 2011 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 the Company or the Borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting the Company or its 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 fiscal 2010, the Company borrowed and repaid $120.0 million under the prior Credit Agreement. During fiscal 2009, the Company borrowed and repaid $115.0 million under the prior Credit Agreement.

As of January 29, 2011, there were no borrowings outstanding under the Revolver and letters of credit outstanding totaled $8.2 million.

In September 2007, the Company s 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 will be made available to the Company s 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 January 29, 2011, there were $11.0 million of cash overdrafts outstanding under the Line of Credit and bank guarantees outstanding totaled $5.6 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In September 2005, the Company, along with GameStop, Inc. as co-issuer (together with the Company, the Issuers), completed the offering of $300 million aggregate principal amount of Senior Floating Rate Notes due 2011 (the Senior Floating Rate Notes) and $650 million aggregate principal amount of Senior Notes due 2012 (the Senior Notes and, together with the Senior Floating Rate Notes, the Notes). The Notes were issued under an Indenture, dated September 28, 2005 (the Indenture), by and among the Issuers, the subsidiary guarantors party thereto, and Citibank, N.A., as trustee (the Trustee). In November 2006, Wilmington Trust Company was appointed as the new Trustee for the Notes.

The Senior Notes bear interest at 8.0% per annum, mature on October 1, 2012 and were priced at 98.688%, resulting in a discount at the time of issue of $8.5 million. The discount is being amortized using the effective interest method. As of January 29, 2011, the unamortized original issue discount was $1.0 million. The Issuers pay interest on the Senior Notes semi-annually, in arrears, every April 1 and October 1, to holders of record on the immediately preceding March 15 and September 15, and at maturity.

The Indenture contains affirmative and negative covenants customary for such financings, including, among other things, limitations on (1) the incurrence of additional debt, (2) restricted payments, (3) liens, (4) sale and leaseback transactions and (5) asset sales. Events of default provided for in the Indenture include, among other things, failure to pay interest or principal on the Notes, other breaches of covenants in the Indenture, and certain events of bankruptcy and insolvency. As of January 29, 2011, the Company was in compliance with all covenants associated with the Revolver and the Indenture.

Under certain conditions, the Issuers may on any one or more occasions prior to maturity redeem up to 100% of the aggregate principal amount of Senior Notes issued under the Indenture at redemption prices at or in excess of 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date. The circumstances which would limit the percentage of the Notes which may be redeemed or which would require the Company to pay a premium in excess of 100% of the principal amount are defined in the Indenture. Upon a Change of Control (as defined in the Indenture), the Issuers are required to offer to purchase all of the Notes then outstanding at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The Issuers may acquire Senior Notes by means other than redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisitions do not otherwise violate the terms of the Indenture.

Between May 2006 and October 2010, the Company repurchased and redeemed the $300 million of Senior Floating Rate Notes and $400 million of Senior Notes under previously announced buybacks authorized by the Company s Board of Directors. All of the authorized amounts were repurchased or redeemed and the repurchased Notes were delivered to the Trustee for cancellation. The associated loss on the retirement of debt was $6.0 million, $5.3 million and $2.3 million for the 52 week periods ended January 29, 2011, January 30, 2010 and January 31, 2009, respectively, which consisted of the premium paid to retire the Notes and the write-off of the deferred financing fees and the original issue discount on the Notes.

The changes in the carrying amount of the Senior Notes for the Company for the 52 weeks ended January 30, 2010 and the 52 weeks ended January 29, 2011 were as follows (in millions):

Balance at January 31, 2009	$ 545.7

Repurchase of Senior Notes, net	(98.4)
Balance at January 30, 2010	$ 447.3
Repurchase of Senior Notes, net	(198.3)
Balance at January 29, 2011	$ 249.0

In November 2008, in connection with the acquisition of Micromania, the Company entered into a Term Loan Agreement (the Term Loan Agreement) with Bank of America, N.A. and Banc of America Securities LLC. The

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Term Loan Agreement provided for term loans (Term Loans) in the aggregate of $150 million, consisting of a $50 million secured term loan (Term Loan A) and a $100 million unsecured term loan (Term Loan B). The effective interest rate on Term Loan A was 5.75% per annum and the effective rate on Term Loan B ranged from 5.0% to 5.75% per annum.

In addition to the $150 million under the Term Loans, the Company borrowed $275 million under the Credit Agreement to complete the acquisition of Micromania in November 2008. As of January 31, 2009, the Credit Agreement and the Term Loans were repaid in full.

As of January 30, 2010 and January 29, 2011, the only long-term debt outstanding was the Senior Notes.

The maturity on the $250 million Senior Notes, gross of the unamortized original issue discount of $1.0 million, occurs in the fiscal year ending January 2013.

10. Leases

The Company leases retail stores, warehouse facilities, office space and equipment. These are generally leased under noncancelable agreements that expire at various dates through 2034 with various renewal options for additional periods. The agreements, which have been classified as operating leases, generally provide for minimum and, in some cases, percentage rentals and require the Company to pay all insurance, taxes and other maintenance costs. Leases with step rent provisions, escalation clauses or other lease concessions are accounted for on a straight-line basis over the lease term, which includes renewal option periods when the Company is reasonably assured of exercising the renewal options and includes rent holidays (periods in which the Company is not obligated to pay rent). The Company does not have leases with capital improvement funding. Percentage rentals are based on sales performance in excess of specified minimums at various stores.

Approximate rental expenses under operating leases were as follows:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
		(In millions)	
Minimum	$ 370.8	$ 354.3	$ 303.7
Percentage rentals	11.1	22.6	23.0
	$ 381.9	$ 376.9	$ 326.7

Future minimum annual rentals, excluding percentage rentals, required under leases that had initial, noncancelable lease terms greater than one year, as of January 29, 2011, are approximately:

Year Ended		**Amount (In millions)**
January 2012	$	350.7
January 2013		285.7
January 2014		206.5
January 2015		138.6
January 2016		93.2
Thereafter		262.9
	$	1,337.6

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Commitments and Contingencies

Contingencies

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. The Company may enter into discussions regarding settlement of these and other types of lawsuits, and may enter into settlement agreements, if it believes settlement is in the best interest of the Company s shareholders. Management does not believe that any such existing legal proceedings or settlements, individually or in the aggregate, will have a material adverse effect on the Company s financial condition, results of operations or liquidity.

In 2003, the Company purchased a 51% controlling interest in GameStop Group Limited, which operates stores in Ireland and the United Kingdom. Under the terms of the purchase agreement, the minority interest owners have the ability to require the Company to purchase their remaining shares in incremental percentages at a price to be determined based partially on the Company s price to earnings ratio and GameStop Group Limited s earnings. Shares representing approximately 16% were purchased in June 2008 and in July 2009 an additional 16% was purchased, bringing the Company s total interest in GameStop Group Limited to approximately 84%. The Company already consolidates the results of GameStop Group Limited; therefore, any additional amounts acquired will not have a material effect on the Company s financial statements.

12. Income Taxes

The provision for income tax consisted of the following:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
		(In millions)	
Current tax expense:			
Federal	$ 133.3	$ 162.3	$ 201.4
State	13.3	12.1	18.9
Foreign	29.8	39.6	40.1
	176.4	214.0	260.4
Deferred tax expense (benefit):			
Federal	39.1	0.2	(15.8)
State	2.7	1.5	(7.5)
Foreign	(3.6)	(2.9)	(1.4)
	38.2	(1.2)	(24.7)

Total income tax expense	$ 214.6	$ 212.8	$ 235.7

The components of earnings before income tax expense consisted of the following:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010 (In millions)	52 Weeks Ended January 31, 2009
United States	$ 553.8	$ 508.9	$ 532.8
International	67.6	79.6	101.2
Total	$ 621.4	$ 588.5	$ 634.0

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The difference in income tax provided and the amounts determined by applying the statutory rate to income before income taxes resulted from the following:

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal effect	1.7	1.5	1.1
Foreign income taxes	0.4	1.5	0.5
Other (including permanent differences)	(2.6)	(1.8)	0.6
	34.5%	36.2%	37.2%

The Company s effective tax rate decreased from 36.2% in the 52 weeks ended January 30, 2010 to 34.5% in the 52 weeks ended January 29, 2011, primarily due to audit settlements and statute expirations. The Company s effective tax rate decreased from 37.2% in the 52 weeks ended January 31, 2009 to 36.2% in the 52 weeks ended January 30, 2010, primarily due to audit settlements and statute expirations.

Differences between financial accounting principles and tax laws cause differences between the bases of certain assets and liabilities for financial reporting purposes and tax purposes. The tax effects of these differences, to the extent they are temporary, are recorded as deferred tax assets and liabilities and consisted of the following components (in millions):

	January 29, 2011	January 30, 2010
Deferred tax asset:		
Fixed assets	$	$ 29.8
Inventory obsolescence reserve	19.7	17.4
Deferred rents	16.4	14.7
Stock-based compensation	25.8	22.6
Net operating losses	15.9	12.3
Other	19.7	10.0
Total deferred tax assets	97.5	106.8
Deferred tax liabilities:		
Fixed Assets	(15.1)	
Goodwill	(44.5)	(37.9)
Prepaid expenses	(7.5)	(4.0)

Acquired intangible assets		(59.6)		(63.5)
Valuation allowance		(2.7)		(2.0)
Other		(14.2)		(3.7)
Total deferred tax liabilities		(143.6)		(111.1)
Net	$	(46.1)	$	(4.3)
Financial statements:				
Current deferred tax assets	$	28.8	$	21.2
Deferred tax liabilities	$	(74.9)	$	(25.5)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Internal Revenue Service (IRS) commenced an examination of the Company s U.S. income tax returns for the fiscal years ended on February 3, 2007 and February 2, 2008 during fiscal 2009. The Company does not anticipate any adjustments that would result in a material impact on its consolidated financial statements as a result of these audits. The Company is no longer subject to U.S. federal income tax examination for years before and including the fiscal year ended January 28, 2006. The IRS completed an examination of EB s U.S. income tax return for the short year ended October 8, 2005 during fiscal 2009.

With respect to state and local jurisdictions and countries outside of the United States, the Company and its subsidiaries are typically subject to examination for three to six years after the income tax returns have been filed. Although the outcome of tax audits is always uncertain, the Company believes that adequate amounts of tax, interest and penalties have been provided for in the accompanying financial statements for any adjustments that might be incurred due to state, local or foreign audits.

As of January 29, 2011, the gross amount of unrecognized tax benefits was approximately $24.9 million. If the Company were to prevail on all uncertain tax positions, the net effect would be a benefit to the Company s effective tax rate of approximately $18.7 million, exclusive of any benefits related to interest and penalties.

A reconciliation of the changes in the gross balances of unrecognized tax benefits follows (in millions):

	January 29, 2011	January 30, 2010	January 31, 2009
Beginning balance of unrecognized tax benefits	$ 35.2	$ 32.2	$ 24.2
Increases related to current period tax positions		5.0	1.0
Increases related to prior period tax positions	2.1	8.1	8.7
Reductions as a result of a lapse of the applicable statute of limitations	(6.4)	(1.5)	(1.1)
Reductions as a result of settlements with taxing authorities	(6.0)	(8.6)	(0.6)
Ending balance of unrecognized tax benefits	$ 24.9	$ 35.2	$ 32.2

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. As of January 29, 2011, January 30, 2010 and January 31, 2009, the Company had approximately $6.2 million, $6.9 million and $5.7 million, respectively, in interest and penalties related to unrecognized tax benefits accrued of which approximately $1.4 million and $2.3 million of benefit were recognized through income tax expense in the fiscal years ended January 30, 2010 and January 31, 2009, respectively, with an immaterial amount recognized in income tax expense in the fiscal year ended January 29, 2011. If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would also be a benefit to the Company s effective tax rate.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of the Company s unrecognized tax positions could significantly increase or decrease within the next 12 months as a result of settling ongoing audits. At this time, an estimate of the range of the reasonably possible outcomes cannot be made.

13. Stock Incentive Plan

Effective June 2009, the Company s stockholders voted to amend the Third Amended and Restated 2001 Incentive Plan (the Incentive Plan) to provide for issuance under the Incentive Plan of the Company s Class A common stock. The Incentive Plan provides a maximum aggregate amount of 46.5 million shares of Class A common stock with respect to which options may be granted and provides for the granting of incentive stock options, non-qualified stock options, and restricted stock, which may include, without limitation, restrictions on the right to vote such shares and restrictions on the right to receive dividends on such shares. The options to purchase Class A common shares are issued at fair market value of the underlying shares on the date of grant. In general, the

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options vest and become exercisable in equal annual installments over a three-year period, commencing one year after the grant date, and expire ten years from issuance. Shares issued upon exercise of options are newly issued shares.

Stock Options

A summary of the status of the Company s stock options is presented below:

	Shares	Weighted-Average Exercise Price
	(Millions of shares)	
Balance, February 2, 2008	10.9	$ 10.60
Granted	1.4	$ 49.95
Exercised	(2.3)	$ 12.70
Forfeited	(0.3)	$ 36.12
Balance, January 31, 2009	9.7	$ 14.96
Granted	1.4	$ 26.02
Exercised	(0.3)	$ 14.77
Forfeited	(0.2)	$ 35.61
Balance, January 30, 2010	10.6	$ 16.00
Granted	1.2	$ 20.32
Exercised	(3.8)	$ 2.85
Forfeited	(0.4)	$ 33.51
Balance, January 29, 2011	7.6	$ 22.43

The following table summarizes information as of January 29, 2011 concerning outstanding and exercisable options:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	**Number Outstanding (Millions)**	**Weighted-Average Remaining Life (Years)**	**Weighted-Average Contractual Price**	**Number Exercisable (Millions)**	**Weighted-Average Exercise Price**
$ 5.90 - $ 8.24	0.2	2.62	$ 7.03	0.2	$ 7.03

$ 9.00 - $10.63	2.1	3.29	$	9.69	2.1	$	9.69
$17.94 - $20.68	2.6	6.78	$	20.27	1.4	$	20.22
$26.02 - $26.68	1.7	7.39	$	26.23	1.0	$	26.40
$49.95 - $49.95	1.0	7.03	$	49.95	0.6	$	49.95
$ 5.90 - $49.95	7.6	5.90	$	22.43	5.3	$	20.59

The total intrinsic value of options exercised during the fiscal years ended January 29, 2011, January 30, 2010 and January 31, 2009 was $59.9 million, $3.7 million, and $87.9 million, respectively. The intrinsic value of options exercisable and options outstanding was $27.1 million and $27.9 million, respectively, as of January 29, 2011.

The fair value of each option is recognized as compensation expense on a straight-line basis between the grant date and the date the options become fully vested. During the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, the Company included compensation expense relating to the grant of these options in the

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

amount of $12.2 million, $11.5 million and $15.4 million, respectively, in selling, general and administrative expenses. As of January 29, 2011, the unrecognized compensation expense related to the unvested portion of the Company s stock options was $9.3 million, which is expected to be recognized over a weighted average period of 1.7 years.

Restricted Stock Awards

The Company grants restricted stock awards to certain of its employees, officers and non-employee directors. Restricted stock awards generally vest over a three-year period on the anniversary of the date of issuance.

The following table presents a summary of the Company s restricted stock awards activity:

	Shares	Weighted-Average Grant Date Fair Value
	(Millions of shares)	
Nonvested shares at February 2, 2008	1.3	$ 25.46
Granted	0.6	$ 49.20
Vested	(0.6)	$ 16.57
Forfeited		$ 29.53
Nonvested shares at January 31, 2009	1.3	$ 35.89
Granted	0.6	$ 25.82
Vested	(0.6)	$ 31.91
Forfeited		$ 33.78
Nonvested shares at January 30, 2010	1.3	$ 32.94
Granted	0.7	$ 20.43
Vested	(0.6)	$ 33.05
Forfeited	(0.2)	$ 23.07
Nonvested shares at January 29, 2011	1.2	$ 26.27

The restricted stock granted in the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009 vest in equal annual installments over three years.

During the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, the Company included compensation expense relating to the grant of these restricted shares in the amounts of $17.4 million, $26.3 million and $19.9 million, respectively, in selling, general and administrative expenses in the accompanying consolidated

statements of operations. As of January 29, 2011, there was $14.8 million of unrecognized compensation expense related to nonvested restricted stock awards that is expected to be recognized over a weighted average period of 1.7 years.

Subsequent to the fiscal year ended January 29, 2011, an additional 287 thousand shares of restricted stock were granted under the Incentive Plan, which vest in equal annual installments over three years. Also subsequent to the fiscal year ended January 29, 2011, an additional 161 thousand shares of restricted stock were granted under the Incentive Plan, of which 50% vest in equal annual installments over three years and 50% are subject to performance targets with such targets to be measured following the completion of the 52 weeks ending January 28, 2012. Shares subject to performance measures may be earned in greater or lesser percentages if targets are exceeded or not achieved by specified amounts. Any shares earned will be vested in equal annual installments over three years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14. Employees Defined Contribution Plan

The Company sponsors a defined contribution plan (the Savings Plan) for the benefit of substantially all of its U.S. employees who meet certain eligibility requirements, primarily age and length of service. The Savings Plan allows employees to invest up to 60%, up to a maximum of $16.5 thousand a year, of their eligible gross cash compensation invested on a pre-tax basis. The Company s optional contributions to the Savings Plan are generally in amounts based upon a certain percentage of the employees contributions. The Company s contributions to the Savings Plan during the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, were $3.6 million, $3.3 million and $2.7 million, respectively.

15. Certain Relationships and Related Transactions

The Company has various relationships with Barnes & Noble, Inc. (Barnes & Noble), a related party through a common stockholder who is the Chairman of the Board of Directors of Barnes & Noble and a member of the Company s Board of Directors. The Company operates departments within eight bookstores operated by Barnes & Noble, whereby the Company pays a license fee to Barnes & Noble on the gross sales of such departments. Additionally, www.gamestop.com is the exclusive specialty video game retailer listed on www.bn.com, Barnes & Noble s e-commerce site whereby the Company pays a fee to Barnes & Noble for sales of video game or PC entertainment products sold through www.bn.com. The Company also continues to incur costs related to its participation in Barnes & Noble s workers compensation, property and general liability insurance programs prior to June 2005. During the 52 weeks ended January 29, 2011, January 30, 2010 and January 31, 2009, the charges related to these transactions amounted to $1.4 million, $1.6 million and $1.9 million, respectively.

16. Significant Products

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

	52 Weeks Ended January 29, 2011		**52 Weeks Ended January 30, 2010**		**52 Weeks Ended January 31, 2009**	
	Sales	**Percent of Total**	**Sales**	**Percent of Total**	**Sales**	**Percent of Total**
Sales:						
New video game hardware	$ 1,720.0	18.1%	$ 1,756.5	19.3%	$ 1,860.2	21.1%
New video game software	3,968.7	41.9%	3,730.9	41.1%	3,685.0	41.9%
Used video game products	2,469.8	26.1%	2,394.1	26.4%	2,026.6	23.0%
Other	1,315.2	13.9%	1,196.5	13.2%	1,234.1	14.0%
Total	$ 9,473.7	100.0%	$ 9,078.0	100.0%	$ 8,805.9	100.0%

GAMESTOP CORP.

NOTES TO 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:

	52 Weeks Ended January 29, 2011		52 Weeks Ended January 30, 2010		52 Weeks Ended January 31, 2009	
	Gross Profit	**Gross Profit Percent**	**Gross Profit**	**Gross Profit Percent**	**Gross Profit**	**Gross Profit Percent**
Gross Profit:						
New video game hardware	$ 124.9	7.3%	$ 113.5	6.5%	$ 112.6	6.1%
New video game software	819.6	20.7%	795.0	21.3%	768.4	20.9%
Used video game products	1,140.5	46.2%	1,121.2	46.8%	974.5	48.1%
Other	452.6	34.4%	405.0	33.8%	414.6	33.6%
Total	$ 2,537.6	26.8%	$ 2,434.7	26.8%	$ 2,270.1	25.8%

17. Segment Information

The Company operates its business in the following segments: United States, Canada, Australia and Europe. The Company identifies segments based on a combination of geographic areas and management responsibility. Each of the segments includes significant retail operations with all stores engaged in the sale of new and used video game systems and software and personal computer entertainment software and related accessories. 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, *Game Informer* magazine, and the online video gaming Web site www.kongregate.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 13 European countries and e-commerce operations in five countries. The fiscal 2010 and fiscal 2009 results of the European segment include Micromania s results. The fiscal 2008 results of the European segment include 11 weeks of Micromania s results. The Company measures segment profit using operating earnings, which is defined as income from continuing operations before intercompany royalty fees, net interest expense and income taxes. Transactions between reportable segments consist primarily of royalties, management fees, intersegment loans and related interest.

Information on segments and the reconciliation to earnings before income taxes are as follows (in millions):

Fiscal Year Ended January 29, 2011	**United States**	**Canada**	**Australia**	**Europe**	**Other**	**Consolidated**
Sales	$ 6,681.2	$ 502.3	$ 565.2	$ 1,725.0	$	$ 9,473.7

Depreciation and amortization	115.6	7.4	10.9	40.8		174.7
Operating earnings	530.8	22.6	41.0	68.2		662.6
Interest income	(45.7)	(0.2)	(4.4)	(0.7)	49.2	(1.8)
Interest expense	35.7		0.2	50.3	(49.2)	37.0
Earnings before income tax expense	534.9	22.8	45.1	18.6		621.4
Income tax expense	180.4	7.4	13.7	13.1		214.6
Goodwill	1,128.6	137.4	195.9	534.4		1,996.3
Other long-lived assets	421.9	27.2	50.5	413.1		912.7
Total assets	2,896.7	357.6	469.4	1,340.1		5,063.8

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fiscal Year Ended January 30, 2010	United States	Canada	Australia	Europe	Other	Consolidated
Sales	$ 6,275.0	$ 491.4	$ 530.2	$ 1,781.4	$	$ 9,078.0
Depreciation and amortization	102.1	7.4	9.4	43.7		162.6
Operating earnings	488.8	35.0	46.0	67.2		637.0
Interest income	(51.5)		(1.7)	(1.4)	52.4	(2.2)
Interest expense	44.2		0.1	53.5	(52.4)	45.4
Earnings before income tax expense	490.8	35.0	47.5	15.2		588.5
Income tax expense	162.5	11.3	14.2	24.8		212.8
Goodwill	1,100.2	128.6	174.1	543.6		1,946.5
Other long-lived assets	384.1	29.4	33.6	434.4		881.5
Total assets	2,864.9	337.8	399.9	1,352.7		4,955.3

Fiscal Year Ended January 31, 2009	United States	Canada	Australia	Europe	Other	Consolidated
Sales	$ 6,466.7	$ 548.2	$ 520.0	$ 1,271.0	$	$ 8,805.9
Depreciation and amortization	103.6	8.1	9.7	23.6		145.0
Operating earnings	530.1	32.6	46.8	65.6		675.1
Interest income	(30.0)	(0.9)	(3.1)	(20.0)	42.4	(11.6)
Interest expense	49.8		0.2	42.8	(42.4)	50.4
Earnings before income tax expense	534.4	22.4	39.9	37.3		634.0
Income tax expense	197.1	7.5	12.3	18.8		235.7
Goodwill	1,096.6	112.0	125.6	498.8		1,833.0
Other long-lived assets	377.8	28.4	24.6	401.6		832.4
Total assets	2,592.5	288.8	290.7	1,311.5		4,483.5

18. Supplemental Cash Flow Information

	52 Weeks Ended January 29, 2011	52 Weeks Ended January 30, 2010	52 Weeks Ended January 31, 2009
		(In millions)	
Cash paid during the period for:			
Interest	$ 36.9	$ 44.1	$ 45.3
Income taxes	171.1	153.1	204.8

Subsidiaries acquired:						
Goodwill		28.5		4.2		459.3
Cash received in acquisition						45.7
Noncontrolling interests				4.7		
Net assets acquired (or liabilities assumed)		9.6		(0.5)		171.4
Cash paid for subsidiaries	$	38.1	$	8.4	$	676.4
Other non-cash financing activities:						
Treasury stock repurchases settled after the fiscal year ends	$	22.0	$	64.6	$	

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Shareholders Equity

The holders of Class A common stock are entitled to one vote per share on all matters to be voted on by stockholders. Holders of Class A common stock will share in any dividend declared by the Board of Directors, subject to any preferential rights of any outstanding preferred stock. In the event of the Company s liquidation, dissolution or winding up, all holders of common stock are entitled to share ratably in any assets available for distribution to holders of shares of common stock after payment in full of any amounts required to be paid to holders of preferred stock.

In 2005, the Company adopted a rights agreement under which one right (a Right) is attached to each outstanding share of the Company s common stock. Each Right entitles the holder to purchase from the Company one one-thousandth of a share of a series of preferred stock, designated as Series A Junior Participating Preferred Stock (the Series A Preferred Stock), at a price of $100.00 per one one-thousandth of a share. The Rights will be exercisable only if a person or group acquires 15% or more of the voting power of the Company s outstanding common stock or announces a tender offer or exchange offer, the consummation of which would result in such person or group owning 15% or more of the voting power of the Company s outstanding common stock.

If a person or group acquires 15% or more of the voting power of the Company s outstanding common stock, each Right will entitle a holder (other than such person or any member of such group) to purchase, at the Right s then current exercise price, a number of shares of common stock having a market value of twice the exercise price of the Right. In addition, if the Company is acquired in a merger or other business combination transaction or 50% or more of its consolidated assets or earning power are sold at any time after the Rights have become exercisable, each Right will entitle its holder to purchase, at the Right s then current exercise price, a number of the acquiring company s common shares having a market value at that time of twice the exercise price of the Right. Furthermore, at any time after a person or group acquires 15% or more of the voting power of the outstanding common stock of the Company but prior to the acquisition of 50% of such voting power, the Board of Directors may, at its option, exchange part or all of the Rights (other than Rights held by the acquiring person or group) at an exchange rate of one one-thousandth of a share of Series A Preferred Stock or one share of the Company s common stock for each Right.

The Company will be entitled to redeem the Rights at any time prior to the acquisition by a person or group of 15% or more of the voting power of the outstanding common stock of the Company, at a price of $.01 per Right. The Rights will expire on October 28, 2014.

The Company has 5 million shares of $.001 par value preferred stock authorized for issuance, of which 500 thousand shares have been designated by the Board of Directors as Series A Preferred Stock and reserved for issuance upon exercise of the Rights. Each such share of Series A Preferred Stock will be nonredeemable and junior to any other series of preferred stock the Company may issue (unless otherwise provided in the terms of such stock) and will be entitled to a preferred dividend equal to the greater of $1.00 or one thousand times any dividend declared on the Company s common stock. In the event of liquidation, the holders of Series A Preferred Stock will receive a preferred liquidation payment of $1,000.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon. Each share of Series A Preferred Stock will have ten thousand votes, voting together with the Company s common stock. However, in the event that dividends on the Series A Preferred Stock shall be in arrears in an amount equal to six quarterly dividends thereon, holders of the Series A Preferred Stock shall have the right, voting as a class, to elect two of the Company s directors. In the event of any merger, consolidation or other transaction in which the Company s common stock is exchanged, each share of Series A Preferred Stock will be entitled to receive one thousand times the amount and type of consideration received per share of the Company s common stock. At

January 29, 2011, there were no shares of Series A Preferred Stock outstanding.

On January 11, 2010, the Board of Directors of the Company approved a $300 million share repurchase program authorizing the Company to repurchase its common stock. For fiscal 2009, the number of shares repurchased were 6.1 million for an average price per share of $20.12. In September 2010, the Board of Directors

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

of the Company approved an additional $300 million share repurchase program authorizing the Company to repurchase its common stock. For fiscal 2010, the number of shares repurchased were 17.1 million for an average price per share of $19.84. Approximately $22.0 million of treasury share purchases were not settled at the end of fiscal 2010 and were reported in accrued liabilities at January 29, 2011. Additionally, approximately $64.6 million of treasury share purchases were not settled at the end of fiscal 2009 and were reported in accrued liabilities at January 30, 2010. On February 4, 2011, the Board of Directors of the Company authorized a $500 million repurchase fund to be used for share repurchases of its common stock and/or to retire the Company s Senior Notes. This plan replaced the $300 million share repurchase program authorized in September 2010 which had $138.4 million remaining. As of March 24, 2011, the Company has purchased an additional 5.9 million shares for an average price per share of $19.88.

20. Consolidating Financial Statements

In order to finance the EB merger, as described in Note 9, on September 28, 2005, the Company, along with GameStop, Inc. as co-issuer, completed the offering of the Notes. The direct and indirect domestic wholly-owned subsidiaries of the Company, excluding GameStop, Inc., as co-issuer, have guaranteed the Senior Notes on a senior unsecured basis with unconditional guarantees.

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following consolidating financial statements present the financial position as of January 29, 2011 and January 30, 2010 and results of operations and cash flows for the fiscal years ended January 29, 2011, January 30, 2010 and January 31, 2009 of the Company s guarantor and non-guarantor subsidiaries.

GAMESTOP CORP.

CONSOLIDATING BALANCE SHEET

	Issuers and Guarantor Subsidiaries January 29, 2011	Non-Guarantor Subsidiaries January 29, 2011	Eliminations	Consolidated January 29, 2011
	(Amounts in millions, except per share amounts)			
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 378.7	$ 332.1	$	$ 710.8
Receivables, net	161.3	629.8	(725.6)	65.5
Merchandise inventories, net	783.4	474.1		1,257.5
Deferred income taxes current	24.4	4.4		28.8
Prepaid expenses	40.5	35.2		75.7
Other current assets	10.1	6.4		16.5
Total current assets	1,398.4	1,482.0	(725.6)	2,154.8
Property and equipment:				
Land	4.7	19.3		24.0
Buildings and leasehold improvements	323.3	253.9		577.2
Fixtures and equipment	663.9	153.9		817.8
Total property and equipment	991.9	427.1		1,419.0
Less accumulated depreciation and amortization	595.2	210.0		805.2
Net property and equipment	396.7	217.1		613.8
Investment	2,161.4	595.1	(2,756.5)	
Goodwill, net	1,125.1	871.2		1,996.3
Other intangible assets	11.4	243.2		254.6
Other noncurrent assets	10.8	33.5		44.3
Total noncurrent assets	3,705.4	1,960.1	(2,756.5)	2,909.0
Total assets	$ 5,103.8	$ 3,442.1	$ (3,482.1)	$ 5,063.8

LIABILITIES AND STOCKHOLDERS EQUITY:				
Current liabilities:				
Accounts payable	$ 725.7	$ 302.4	$	$ 1,028.1
Accrued liabilities	1,047.7	334.9	(725.6)	657.0
Taxes payable	63.3	(0.6)		62.7
Total current liabilities	1,836.7	636.7	(725.6)	1,747.8
Senior notes payable, long-term portion, net	249.0			249.0
Deferred taxes	40.5	34.4		74.9
Other long-term liabilities	80.3	15.9		96.2
Total long-term liabilities	369.8	50.3		420.1
Total liabilities	2,206.5	687.0	(725.6)	2,167.9
Stockholders equity:				
Preferred stock authorized 5.0 shares; no shares issued or outstanding				
Class A common stock $.001 par value; authorized 300.0 shares; 146.0 shares outstanding	0.1			0.1
Additional paid-in-capital	928.9	2,430.7	(2,430.7)	928.9
Accumulated other comprehensive income (loss)	162.5	34.4	(34.4)	162.5
Retained earnings	1,805.8	291.4	(291.4)	1,805.8
Equity attributable to GameStop Corp. stockholders	2,897.3	2,756.5	(2,756.5)	2,897.3
Equity (deficit) attributable to noncontrolling interest		(1.4)		(1.4)
Total equity	2,897.3	2,755.1	(2,756.5)	2,895.9
Total liabilities and stockholders equity	$ 5,103.8	$ 3,442.1	$ (3,482.1)	$ 5,063.8

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GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING BALANCE SHEET

	Issuers and Guarantor Subsidiaries January 30, 2010	Non-Guarantor Subsidiaries January 30, 2010	Eliminations	Consolidated January 30, 2010
	(Amounts in millions, except per share amounts)			
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 653.0	$ 252.4	$	$ 905.4
Receivables, net	203.1	627.9	(767.0)	64.0
Merchandise inventories, net	570.3	483.3		1,053.6
Deferred income taxes current	18.0	3.2		21.2
Prepaid expenses	37.8	21.6		59.4
Other current assets	6.0	17.7		23.7
Total current assets	1,488.2	1,406.1	(767.0)	2,127.3
Property and equipment:				
Land	2.7	8.8		11.5
Buildings and leasehold improvements	296.3	226.7		523.0
Fixtures and equipment	569.9	141.6		711.5
Total property and equipment	868.9	377.1		1,246.0
Less accumulated depreciation and amortization	498.5	163.3		661.8
Net property and equipment	370.4	213.8		584.2
Investment	2,062.7	596.4	(2,659.1)	
Goodwill, net	1,096.6	849.9		1,946.5
Other intangible assets	3.4	256.5		259.9
Other noncurrent assets	9.4	28.0		37.4
Total noncurrent assets	3,542.5	1,944.6	(2,659.1)	2,828.0
Total assets	$ 5,030.7	$ 3,350.7	$ (3,426.1)	$ 4,955.3
LIABILITIES AND STOCKHOLDERS EQUITY:				
Current liabilities:				

Accounts payable	$ 684.3	$ 277.4	$	$ 961.7
Accrued liabilities	1,039.8	359.3	(767.0)	632.1
Taxes payable	64.0	(2.1)		61.9
Total current liabilities	1,788.1	634.6	(767.0)	1,655.7
Senior notes payable, long-term portion, net	447.3			447.3
Deferred taxes	(15.4)	40.9		25.5
Other long-term liabilities	87.7	16.1		103.8
Total long-term liabilities	519.6	57.0		576.6
Total liabilities	2,307.7	691.6	(767.0)	2,232.3
Stockholders equity:				
Preferred stock authorized 5.0 shares; no shares issued or outstanding				
Class A common stock $.001 par value; authorized 300.0 shares; 158.7 shares outstanding	0.2			0.2
Additional paid-in-capital	1,210.5	2,391.8	(2,391.8)	1,210.5
Accumulated other comprehensive income (loss)	114.7	17.7	(17.7)	114.7
Retained earnings	1,397.8	249.6	(249.6)	1,397.8
Equity attributable to GameStop Corp. stockholders	2,723.2	2,659.1	(2,659.1)	2,723.2
Equity (deficit) attributable to noncontrolling interest	(0.2)			(0.2)
Total equity	2,723.0	2,659.1	(2,659.1)	2,723.0
Total liabilities and stockholders equity	$ 5,030.7	$ 3,350.7	$ (3,426.1)	$ 4,955.3

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF OPERATIONS

For the 52 Weeks Ended January 29, 2011	Issuers and Guarantor Subsidiaries January 29, 2011	Non-Guarantor Subsidiaries January 29, 2011	Eliminations	Consolidated January 29, 2011
	(Amounts in millions)			
Sales	$ 6,680.8	$ 2,792.9	$	$ 9,473.7
Cost of sales	4,876.1	2,060.0		6,936.1
Gross profit	1,804.7	732.9		2,537.6
Selling, general and administrative expenses	1,129.3	571.0		1,700.3
Depreciation and amortization	115.0	59.7		174.7
Operating earnings	560.4	102.2		662.6
Interest income	(45.7)	(5.4)	49.3	(1.8)
Interest expense	46.3	40.0	(49.3)	37.0
Debt extinguishment expense	6.0			6.0
Earnings before income tax expense	553.8	67.6		621.4
Income tax expense	188.4	26.2		214.6
Consolidated net income	365.4	41.4		406.8
Net loss attributable to noncontrolling interests		1.2		1.2
Consolidated net income attributable to GameStop	$ 365.4	$ 42.6	$	$ 408.0

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF OPERATIONS

For the 52 Weeks Ended January 30, 2010	Issuers and Guarantor Subsidiaries January 30, 2010	Non-Guarantor Subsidiaries January 30, 2010	Eliminations	Consolidated January 30, 2010
	(Amounts in millions)			

Sales	$ 6,274.9	$ 2,803.1	$	$ 9,078.0
Cost of sales	4,554.3	2,089.0		6,643.3
Gross profit	1,720.6	714.1		2,434.7
Selling, general and administrative expenses	1,103.9	531.2		1,635.1
Depreciation and amortization	101.9	60.7		162.6
Operating earnings	514.8	122.2		637.0
Interest income	(43.8)	(10.9)	52.5	(2.2)
Interest expense	44.3	53.6	(52.5)	45.4
Debt extinguishment expense	5.3			5.3
Earnings before income tax expense	509.0	79.5		588.5
Income tax expense	170.3	42.5		212.8
Consolidated net income	338.7	37.0		375.7
Net loss attributable to noncontrolling interests		1.6		1.6
Consolidated net income attributable to GameStop	$ 338.7	$ 38.6	$	$ 377.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF OPERATIONS

For the 52 Weeks Ended January 31, 2009	Issuers and Guarantor Subsidiaries January 31, 2009	Non-Guarantor Subsidiaries January 31, 2009	Eliminations	Consolidated January 31, 2009
		(Amounts in millions)		
Sales	$ 6,466.7	$ 2,339.2	$	$ 8,805.9
Cost of sales	4,767.3	1,768.5		6,535.8
Gross profit	1,699.4	570.7		2,270.1
Selling, general and administrative expenses	1,034.7	410.7		1,445.4
Depreciation and amortization	103.6	41.4		145.0
Merger-related expenses	4.6			4.6
Operating earnings	556.5	118.6		675.1
Interest income	(17.4)	(37.0)	42.8	(11.6)
Interest expense	38.8	54.4	(42.8)	50.4
Debt extinguishment expense	2.3			2.3
Earnings before income tax expense	532.8	101.2		634.0
Income tax expense	197.1	38.6		235.7
Consolidated net income	335.7	62.6		398.3
Net loss attributable to noncontrolling interests				
Consolidated net income attributable to GameStop	$ 335.7	$ 62.6	$	$ 398.3

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GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the 52 Weeks Ended January 29, 2011	Issuers and Guarantor Subsidiaries January 29, 2011	Non-Guarantor Subsidiaries January 29, 2011	Eliminations	Consolidated January 29, 2011
	(Amounts in millions)			
Cash flows from operating activities:				
Consolidated net income	$ 365.4	$ 41.4	$	$ 406.8
Adjustments to reconcile net earnings to net cash flows provided by operating activities:				
Depreciation and amortization (including amounts in cost of sales)	116.8	60.0		176.8
Provision for inventory reserves	18.8	8.7		27.5
Amortization and retirement of deferred financing fees and issue discounts	5.0			5.0
Stock-based compensation expense	29.6			29.6
Deferred income taxes	41.8	(3.6)		38.2
Excess tax (benefits) expense realized from exercise of stock-based awards	(18.6)			(18.6)
Loss on disposal of property and equipment	3.3	4.3		7.6
Changes in other long-term liabilities	(6.4)	(0.8)		(7.2)
Changes in operating assets and liabilities, net				
Receivables, net	(4.6)	4.8		0.2
Merchandise inventories	(231.9)	4.7		(227.2)
Prepaid expenses and other current assets	(7.0)	(3.5)		(10.5)
Prepaid income taxes and accrued income taxes payable	13.9	8.4		22.3
Accounts payable and accrued liabilities	138.7	2.0		140.7
Net cash flows provided by operating activities	464.8	126.4		591.2
Cash flows from investing activities:				
Purchase of property and equipment	(144.7)	(52.9)		(197.6)
Acquisitions, net of cash acquired	(38.1)			(38.1)
Other	(0.7)	(3.7)		(4.4)
Net cash flows used in investing activities	(183.5)	(56.6)		(240.1)
Cash flows from financing activities:				

Repurchase of notes payable	(200.0)			(200.0)
Purchase of treasury shares	(381.2)			(381.2)
Borrowings from the revolver	120.0			120.0
Repayment of revolver borrowings	(120.0)			(120.0)
Issuance of shares relating to stock options	10.8			10.8
Excess tax benefits (expense) realized from exercise of stock-based awards	18.6			18.6
Other	(3.8)			(3.8)
Net cash flows used in financing activities	(555.6)			(555.6)
Exchange rate effect on cash and cash equivalents		9.9		9.9
Net increase (decrease) in cash and cash equivalents	(274.3)	79.7		(194.6)
Cash and cash equivalents at beginning of period	653.0	252.4		905.4
Cash and cash equivalents at end of period	$ 378.7	$ 332.1	$	$ 710.8

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GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the 52 Weeks Ended January 30, 2010	Issuers and Guarantor Subsidiaries January 30, 2010	Non-Guarantor Subsidiaries January 30, 2010	Eliminations	Consolidated January 30, 2010
	(Amounts in millions)			
Cash flows from operating activities:				
Consolidated net income	$ 338.7	$ 37.0	$	$ 375.7
Adjustments to reconcile net earnings to net cash flows provided by operating activities:				
Depreciation and amortization (including amounts in cost of sales)	103.5	60.6		164.1
Provision for inventory reserves	35.4	13.5		48.9
Amortization and retirement of deferred financing fees and issue discounts	5.0			5.0
Stock-based compensation expense	37.8			37.8
Deferred income taxes	1.7	(2.9)		(1.2)
Excess tax (benefits) expense realized from exercise of stock-based awards	0.4			0.4
Loss on disposal of property and equipment	2.1	2.3		4.4
Changes in other long-term liabilities	8.6	(1.0)		7.6
Changes in operating assets and liabilities, net				
Receivables, net	1.4	2.8		4.2
Merchandise inventories	31.6	(2.0)		29.6
Prepaid expenses and other current assets	3.4	(1.1)		2.3
Prepaid income taxes and accrued income taxes payable	68.9	(14.3)		54.6
Accounts payable and accrued liabilities	(87.0)	(2.2)		(89.2)
Net cash flows provided by operating activities	551.5	92.7		644.2
Cash flows from investing activities:				
Purchase of property and equipment	(116.1)	(47.7)		(163.8)
Acquisitions, net of cash acquired		(8.4)		(8.4)
Other	(1.2)	(13.8)		(15.0)
Net cash flows used in investing activities	(117.3)	(69.9)		(187.2)
Cash flows from financing activities:				

Repurchase of notes payable	(100.0)			(100.0)
Purchase of treasury shares	(58.4)			(58.4)
Borrowings from the revolver	115.0			115.0
Repayment of revolver borrowings	(115.0)			(115.0)
Issuance of shares relating to stock options	4.5			4.5
Excess tax benefits (expense) realized from exercise of stock-based awards	(0.4)			(0.4)
Other	(0.1)			(0.1)
Net cash flows used in financing activities	(154.4)			(154.4)
Exchange rate effect on cash and cash equivalents		24.7		24.7
Net increase in cash and cash equivalents	279.8	47.5		327.3
Cash and cash equivalents at beginning of period	373.2	204.9		578.1
Cash and cash equivalents at end of period	$ 653.0	$ 252.4	$	$ 905.4

GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

GAMESTOP CORP.

CONSOLIDATING STATEMENT OF CASH FLOWS

For the 52 Weeks Ended January 31, 2009	Issuers and Guarantor Subsidiaries January 31, 2009	Non-Guarantor Subsidiaries January 31, 2009	Eliminations	Consolidated January 31, 2009
	(Amounts in millions)			
Cash flows from operating activities:				
Consolidated net income	$ 335.7	$ 62.6	$	$ 398.3
Adjustments to reconcile net earnings to net cash flows provided by (used in) operating activities:				
Depreciation and amortization (including amounts in cost of sales)	104.9	41.5		146.4
Provision for inventory reserves	34.9	8.1		43.0
Amortization and retirement of deferred financing fees and issue discounts	3.7			3.7
Stock-based compensation expense	35.4			35.4
Deferred income taxes	(23.3)	(1.4)		(24.7)
Excess tax benefits realized from exercise of stock-based awards	(34.2)			(34.2)
Loss on disposal of property and equipment	3.0	2.2		5.2
Changes in other long-term liabilities	1.1	6.3		7.4
Changes in operating assets and liabilities, net				
Receivables, net	3.2	(648.5)	642.4	(2.9)
Merchandise inventories	(170.3)	(39.2)		(209.5)
Prepaid expenses and other current assets	(10.1)	(6.3)		(16.4)
Prepaid income taxes and accrued income taxes payable	47.8	(3.9)		43.9
Accounts payable and accrued liabilities	768.1	27.9	(642.4)	153.6
Net cash flows provided by (used in) operating activities	1,099.9	(550.7)		549.2
Cash flows from investing activities:				
Purchase of property and equipment	(117.5)	(65.7)		(183.2)
Acquisitions, net of cash acquired		(630.7)		(630.7)
Other	(1,310.2)	1,303.2		(7.0)
Net cash flows provided by (used in) investing activities	(1,427.7)	606.8		(820.9)

Cash flows from financing activities:				
Repurchase of notes payable	(30.0)			(30.0)
Borrowings for acquisition	425.0			425.0
Repayments of acquisition borrowings	(425.0)			(425.0)
Issuance of shares relating to stock options	28.9			28.9
Excess tax benefits realized from exercise of stock-based awards	34.2			34.2
Other	(3.5)			(3.5)
Net cash flows provided by financing activities	29.6			29.6
Exchange rate effect on cash and cash equivalents		(37.2)		(37.2)
Net increase (decrease) in cash and cash equivalents	(298.2)	18.9		(279.3)
Cash and cash equivalents at beginning of period	671.4	186.0		857.4
Cash and cash equivalents at end of period	$ 373.2	$ 204.9	$	$ 578.1

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GAMESTOP CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21. Unaudited Quarterly Financial Information

The following table sets forth certain unaudited quarterly consolidated statement of operations information for the fiscal years ended January 29, 2011 and January 30, 2010. The unaudited quarterly information includes all normal recurring adjustments that management considers necessary for a fair presentation of the information shown.

	Fiscal Year Ended January 29, 2011				Fiscal Year Ended January 30, 2010			
	1st Quarter	2nd Quarter	3rd Quarter(1)	4th Quarter	1st Quarter(2)	2nd Quarter	3rd Quarter(3)	4th Quarter
	(Amounts in millions, except per share amounts)							
Sales	$ 2,082.7	$ 1,799.1	$ 1,899.2	$ 3,692.8	$ 1,980.8	$ 1,738.5	$ 1,834.7	$ 3,524.0
Gross profit	570.8	516.8	546.3	903.7	542.1	495.4	523.1	874.0
Operating earnings	124.4	69.6	92.8	375.7	128.5	71.0	90.3	347.4
Consolidated net income attributable to GameStop	75.2	40.3	54.7	237.8	70.4	38.7	52.2	215.9
Basic net income per common share	0.49	0.27	0.36	1.58	0.43	0.23	0.32	1.31
Diluted net income per common share	0.48	0.26	0.36	1.56	0.42	0.23	0.31	1.29

The following footnotes are discussed as pretax expenses.

(1) The results of operations for the third quarter of the fiscal year ended January 29, 2011 include debt extinguishment expense of $6.0 million.

(2) The results of operations for the first quarter of the fiscal year ended January 30, 2010 include debt extinguishment expense of $2.9 million.

(3) The results of operations for the third quarter of the fiscal year ended January 30, 2010 include debt extinguishment expense of $2.5 million.

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of April 17, 2005, among GameStop Corp. (f/k/a GSC Holdings Corp.), Electronics Boutique Holdings Corp., GameStop, Inc., GameStop Holdings Corp. (f/k/a GameStop Corp.), Cowboy Subsidiary LLC and Eagle Subsidiary LLC.(1)
2.2	Sale and Purchase Agreement, dated September 30, 2008, between EB International Holdings, Inc. and L Capital, LV Capital, Europ@Web and other Micromania shareholders.(13)
2.3	Amendment, dated November 17, 2008, to Sale and Purchase Agreement for Micromania Acquisition listed as Exhibit 2.2 above.(14)
3.1	Second Amended and Restated Certificate of Incorporation.(2)
3.2	Amended and Restated Bylaws.(3)
3.3	Amendment to Amended and Restated Bylaws.(12)
4.1	Indenture, dated September 28, 2005, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), GameStop, Inc., the subsidiary guarantors party thereto, and Citibank N.A., as trustee.(4)
4.2	First Supplemental Indenture, dated October 8, 2005, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), GameStop, Inc., the subsidiary guarantors party thereto, and Citibank N.A., as trustee.(5)
4.3	Rights Agreement, dated as of June 27, 2005, between GameStop Corp. (f/k/a GSC Holdings Corp.) and The Bank of New York, as Rights Agent.(3)
4.4	Form of Indenture.(6)
10.1	Insurance Agreement, dated as of January 1, 2002, between Barnes & Noble, Inc. and GameStop Holdings Corp. (f/k/a GameStop Corp.).(7)
10.2	Operating Agreement, dated as of January 1, 2002, between Barnes & Noble, Inc. and GameStop Holdings Corp. (f/k/a GameStop Corp.).(7)
10.3	Fourth Amended and Restated 2001 Incentive Plan.(16)
10.4	Second Amended and Restated Supplemental Compensation Plan.(8)
10.5	Form of Option Agreement.(9)
10.6	Form of Restricted Share Agreement.(10)
10.7	Amended and Restated Credit Agreement, dated as of January 4, 2011, among GameStop Corp., as Lead Borrower for: GameStop Corp., GameStop, Inc., Sunrise Publications, Inc., Electronics Boutique Holdings Corp., ELBO Inc., EB International Holdings, Inc., Kongregate Inc., GameStop Texas Ltd., Marketing Control Services, Inc., SOCOM LLC and Bank of America, N.A., as Issuing Bank, Bank of America, N.A., as Administrative Agent and Collateral Agent, Wells Fargo Capital Finance, LLC, as Syndication Agent, U.S. Bank National Association and Regions Bank, as Co-Documentation Agents, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Sole Lead Arranger and Sole Bookrunner.(19)
10.8	Guaranty, dated as of October 11, 2005, by GameStop Corp. (f/k/a GSC Holdings Corp.) and certain subsidiaries of GameStop Corp. in favor of the agents and lenders.(11)
10.9	Amended and Restated Security Agreement, dated January 4, 2011, among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A., as Collateral Agent.(19)
10.10	Amended and Restated Patent and Trademark Security Agreement, dated January 4, 2011, among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A., as Collateral Agent.(19)
10.11	Mortgage, Security Agreement, and Assignment and Deeds of Trust, dated October 11, 2005, between GameStop of Texas, L.P. and Bank of America, N.A., as Collateral Agent.(11)

10.12	Mortgage, Security Agreement, and Assignment and Deeds of Trust, dated October 11, 2005, between Electronics Boutique of America, Inc. and Bank of America, N.A., as Collateral Agent.(11)
10.13	Amended and Restated Pledge Agreement, dated January 4, 2011, by and among GameStop Corp., as Lead Borrower, the Subsidiary Borrowers party hereto, and Bank of America, N.A., as Collateral Agent.(19)

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Exhibit Number	Description
10.14	Term Loan Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, Bank of America, N.A., as Administrative Agent and Collateral Agent, and Banc of America Securities LLC, as Sole Arranger and Bookrunner.(14)
10.15	Security Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender and Bank of America, N.A., as Collateral Agent.(14)
10.16	Patent and Trademark Security Agreement, dated as of November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, and Bank of America, N.A., as Collateral Agent.(14)
10.17	Securities Collateral Pledge Agreement, dated November 12, 2008, by and among GameStop Corp. (f/k/a GSC Holdings Corp.), certain subsidiaries of GameStop Corp., Bank of America, N.A., as lender, and Bank of America, N.A., as Collateral Agent.(14)
10.18	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and R. Richard Fontaine.(15)
10.19	Amendment, dated as of April 5, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and R. Richard Fontaine.(17)
10.20	Second Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010, between GameStop Corp. and R. Richard Fontaine.(18)
10.21	Third Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010 and a Second Amendment dated as of June 2, 2010, between GameStop Corp. and R. Richard Fontaine.(20)
10.22	Amended and Restated Executive Employment Agreement, dated as December 31, 2008, between GameStop Corp. and Daniel A. DeMatteo.(15)
10.23	Amendment, dated as of April 5, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Daniel A. DeMatteo.(17)
10.24	Second Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010, between GameStop Corp. and Daniel A. DeMatteo.(18)
10.25	Third Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of April 5, 2010 and a Second Amendment dated as of June 2, 2010, between GameStop Corp. and Daniel A. DeMatteo.(20)
10.26	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and Tony Bartel.(15)
10.27	Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Tony Bartel.(18)
10.28	Second Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of June 2, 2010, between GameStop Corp. and Tony Bartel.(20)
10.29	Amended and Restated Executive Employment Agreement, dated December 31, 2008, between GameStop Corp. and Paul Raines.(15)
10.30	

	Amendment, dated as of June 2, 2010, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, between GameStop Corp. and Paul Raines.(18)
10.31	Second Amendment, dated as of February 9, 2011, to Amended and Restated Executive Employment Agreement, dated as of December 31, 2008, as amended by a First Amendment dated as of June 2, 2010, between GameStop Corp. and Paul Raines.(20)

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Exhibit Number	Description
10.32	Executive Employment Agreement, dated as of June 2, 2010, between GameStop Corp. and Robert Lloyd.(18)
10.33	Amendment, dated as of February 9, 2011, to Executive Employment Agreement, dated as of June 2, 2010, between GameStop Corp. and Robert Lloyd.(20)
12.1	Computation of Ratio of Earnings to Fixed Charges.
14.1	Code of Ethics for Senior Financial and Executive Officers.
14.2	Code of Standards, Ethics and Conduct.
21.1	Subsidiaries.
23.1	Consent of BDO USA, LLP.
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 GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on April 18, 2005.

(2) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 7, 2007.

(3) Incorporated by reference to the Registrant s Amendment No. 1 to Form S-4 filed with the Securities and Exchange Commission on July 8, 2005.

(4) Incorporated by reference to GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on September 30, 2005.

(5) Incorporated by reference to the Registrant s Form 10-Q for the fiscal quarter ended October 29, 2005 filed with the Securities and Exchange Commission on December 8, 2005.

(6) Incorporated by reference to the Registrant s Form S-3ASR filed with the Securities and Exchange Commission on April 10, 2006.

(7) Incorporated by reference to GameStop Holdings Corp. s Amendment No. 3 to Form S-1 filed with the Securities and Exchange Commission on January 24, 2002.

(8) Incorporated by reference to Appendix A to the Registrant s Proxy Statement for 2008 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on May 23, 2008.

(9) Incorporated by reference to GameStop Holdings Corp. s Form 10-K for the fiscal year ended January 29, 2005 filed with the Securities and Exchange Commission on April 11, 2005.

(10) Incorporated by reference to GameStop Holdings Corp. s Form 8-K filed with the Securities and Exchange Commission on September 12, 2005.

(11) Incorporated by reference to Registrant s Form 8-K filed with the Securities and Exchange Commission on October 12, 2005.

(12) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 8, 2011.

(13) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on October 2, 2008.

(14) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on November 18, 2008.

(15) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 7, 2009.

(16) Incorporated by reference to Appendix A to the Registrant s Proxy Statement for 2009 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on May 22, 2009.

(17) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on April 9, 2010.

(18) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on June 2, 2010.

(19) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on January 6, 2011.

(20) Incorporated by reference to the Registrant s Form 8-K filed with the Securities and Exchange Commission on February 9, 2011.