

Introduction

- Terese Kelly Investment Group (TKIG) - Investment Analyst (May 2013-Present)
- TKIG - Student run investment group that invests with real money thanks to a generous donation by UB alumna Terese E. Kelly
- TKIG had only taken long positions on equities
- Entered uncharted territory - pitched a short position on GameStop (GME)!

Methodology

- Reviewed GameStop's financial documents (10K's & Financial presentations)
- Conducted Industry Analysis
 - Perused publications
 - Identified key drivers (Growth in Digital Sales)
- Examined changes in consumer demographics
 - Current gamer average age is 30
 - 55% men and 45% women
- Conducted Competitive Analysis

Recommendation

100 Shares at \$52.62
GME Price \$38.52 (3/7/14)

GameStop's Direction

- Focus on electronics
 - Investment into Texas refurbish center
- Continued emphasis on used games
- Exclusive content arrangements
- Limited push into digital despite purchases of Jolt, Spawn Labs, Impulse and Kongregate

Industry Direction Growth in Digital Gaming

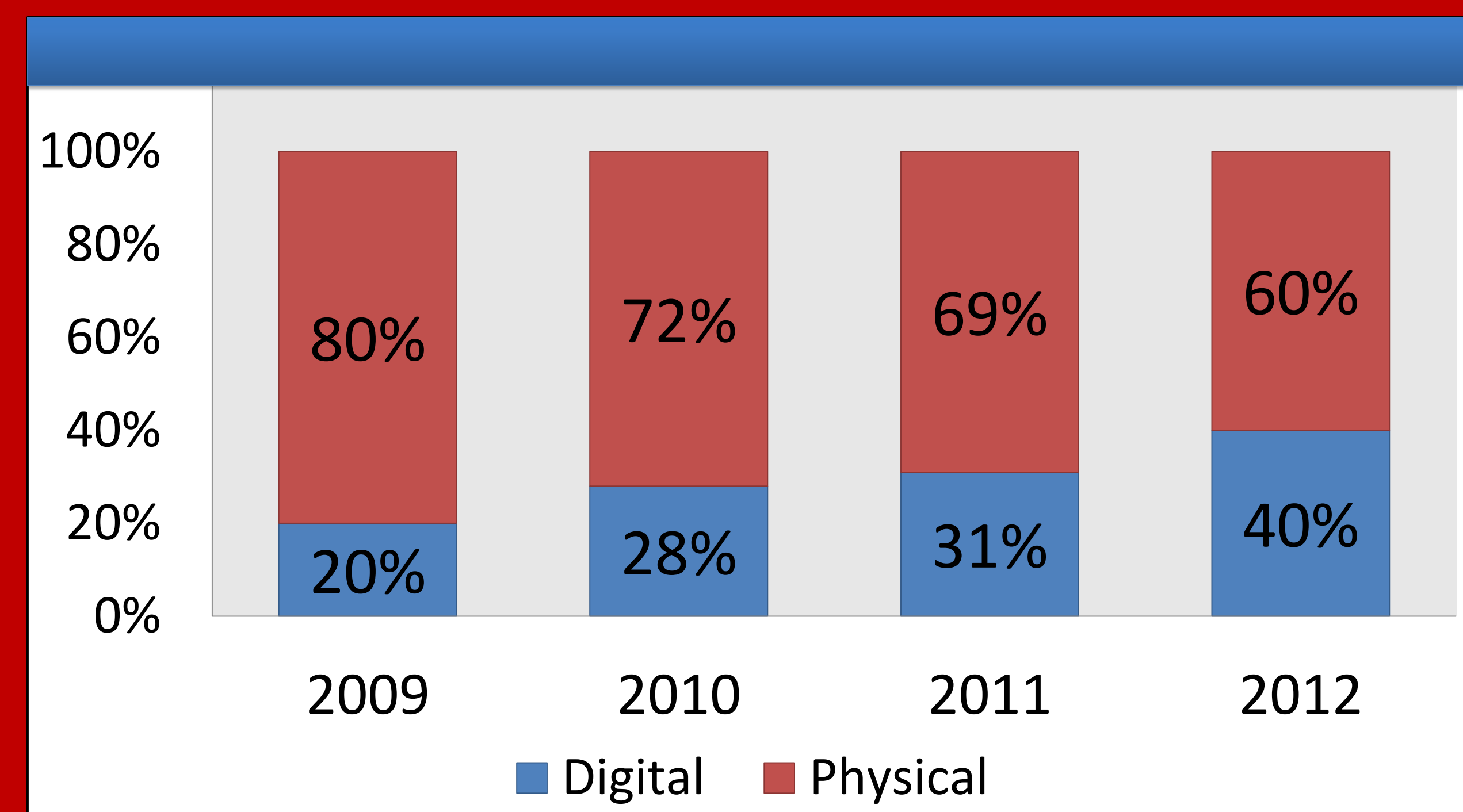
Why GameStop?

- GameStop had many external advantages working in their favor
- I believed many of these favorable factors could have been priced into the stock already
- Their business model wasn't suited for long-term growth
- The gaming industry was progressing into the digital age and leaving GameStop behind

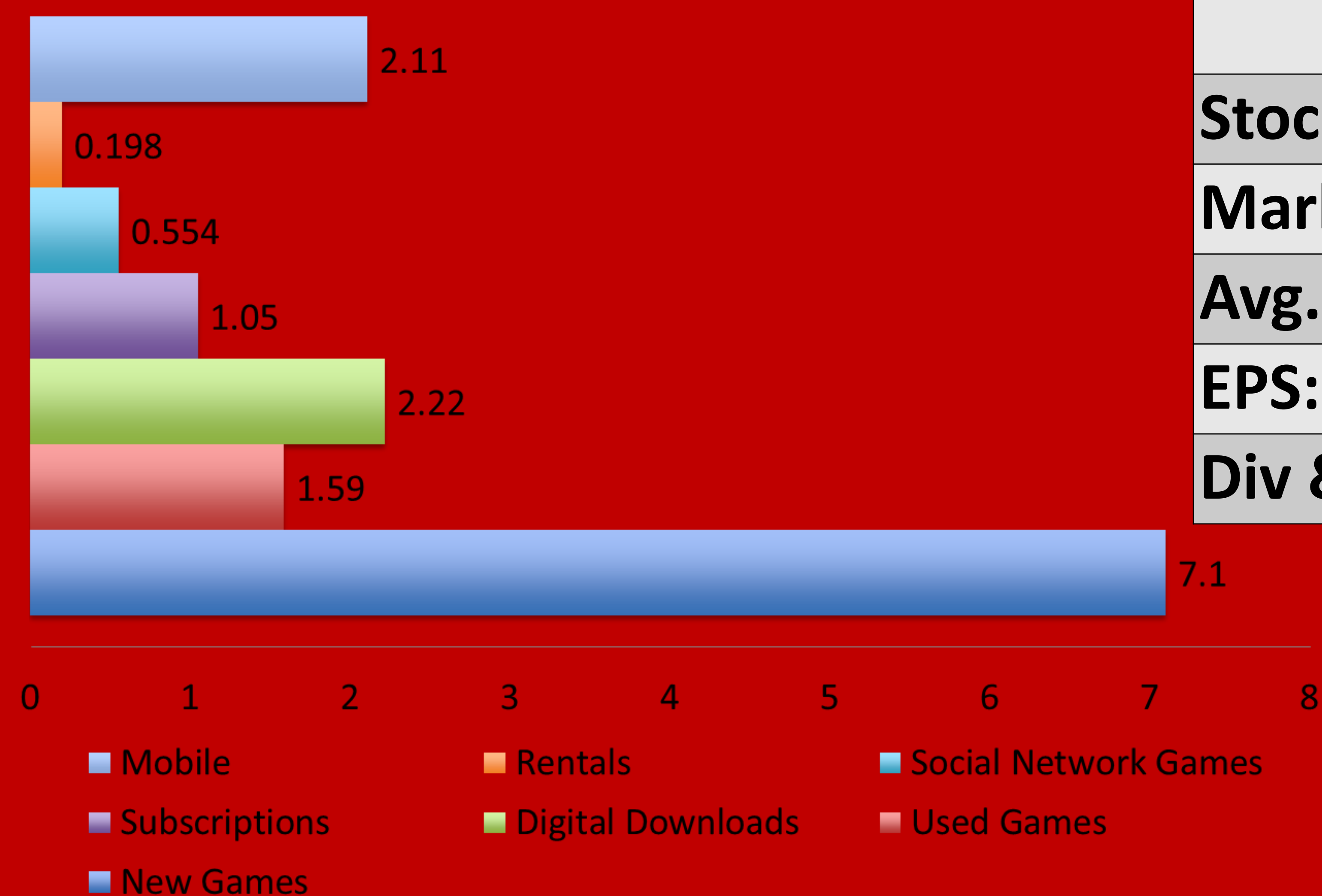
Challenges

- Many of GME shares were shorted in 2013
- However GME share price rose and many of those investors got "squeezed" out
- Positive environment
 - Holiday season was approaching
 - New gaming consoles were going to be released
 - Grand Theft Auto 5 sets world records in sales.
- Unlimited potential liability

Digital Continues to Grow Share



Gaming Revenue 2012 (Billions)



Key Statistics

Stock Price:	\$49.65 (9/27/13)
Market Cap:	\$5.8 Billion
Avg. Vol. (3m):	2,210,540
EPS:	-2.49
Div & Yield:	1.10 (2.20%)

