

Important U.S. Federal Income Tax Information Concerning the Distribution of GameStop Corp. Class B Common Stock

On November 12, 2004, Barnes & Noble, Inc. (“Barnes & Noble”) distributed all of its Class B Common Stock (the “Class B Stock”) of GameStop Corp. (“GameStop”) to Barnes & Noble stockholders of record as of the close of business on November 2, 2004. In the distribution (the “Spin-Off”), you received 0.424876232 of a share of GameStop Class B Stock for each share of Barnes & Noble common stock you owned.

This letter explains how to allocate your tax basis between your Barnes & Noble common stock and the GameStop Class B Stock you received pursuant to the Spin-Off.

Tax Treatment of the Spin-Off. Barnes & Noble has received an opinion of counsel to the effect that the Spin-Off qualifies as a tax-free distribution for U.S. federal income tax purposes. The opinion of counsel, while not binding on the Internal Revenue Service, concludes that holders of Barnes & Noble common stock will not recognize gain or loss upon the Spin-Off, except in connection with cash received in lieu of fractional shares.

Fractional Shares. Only whole shares of GameStop Class B Stock were issued. If you were otherwise entitled to receive a fractional share of GameStop Class B Stock, a check is enclosed that represents the cash in lieu of the fractional share. If you are subject to U.S. federal income tax, the taxable gain or loss that you will recognize (if any) with respect to this cash in lieu of the fractional share is equal to the difference between the cash you receive in lieu of the fractional share and your tax basis (determined as described below) in the fractional share (assuming your Barnes & Noble stock was held as a capital asset).

Tax Basis Allocation. U.S. federal income tax law requires that your tax basis in your Barnes & Noble common stock immediately before the Spin-Off must be allocated between your shares of Barnes & Noble common stock and the shares of GameStop Class B Stock that you received (including any GameStop fractional share for which you received cash). This allocation is based on the relative fair market values immediately after the Spin-Off of your Barnes & Noble common stock and your GameStop Class B Stock. U.S. federal tax law does not specifically identify how you should determine the relative fair market values of the stocks. You and your tax advisor may find the attached Exhibit 1 useful in determining the fair market values of the stocks.

If you acquired different blocks of Barnes & Noble common stock at different times and prices, you will need to calculate a separate tax basis for each block of shares of Barnes & Noble common stock, as well as for the shares of GameStop Class B Stock that you received with respect to such block. You should retain the information set forth in this letter to support the determination of your basis in your Barnes & Noble and GameStop shares.

Example. If you and your tax advisor use Allocation Method #2 in Exhibit 1 (the High-Low Average Price Allocation Method), for purposes of determining the relative fair market values of the Barnes & Noble common stock held immediately after the Spin-Off and the GameStop Class B Stock received in the Spin-Off, the values of the stocks were \$25.76 and \$9.99 (i.e. \$23.50 times .4249), respectively. Accordingly, as set forth in the Basis Allocation Percentages Table in Exhibit 1, your aggregate tax basis in your Barnes & Noble common stock is apportioned 72.06% to your Barnes & Noble common stock and 27.94% to the GameStop Class B Stock you received. The apportionment calculation may be illustrated as follows:

- Assume you own 100 shares of Barnes & Noble stock with a tax basis of \$30 per share (\$3,000 total tax basis).
- You were entitled to approximately 42.49 shares of GameStop Class B Stock (100 times .4249), and thus as a result of the Spin-Off, you received 42 shares of GameStop Class B Stock and approximately \$11.52 (\$23.50 times .49) in lieu of a 0.49 fractional share.
- Your total tax basis in your Barnes & Noble shares is reduced to \$2,161.80 (72.06% of \$3,000), or \$21.62 per share (\$2,161.80 divided by 100 shares).

- Your total tax basis in your shares of GameStop Class B Stock (including your fractional share) is \$838.20 (27.94% of \$3,000), or \$19.73 per share (\$838.20 divided by 42.49 shares). The basis allocated to the 0.49 fractional share of GameStop Class B Stock for which you received cash would be \$9.67 (\$19.73 times 0.49), resulting in gain to you of \$1.85 (\$11.52 minus \$9.67).

Tax Information Filing Requirements. If you received shares of GameStop Class B Stock, we have included (Exhibit 2) a descriptive statement that you are required to complete and attach to your 2004 federal income tax return in order to comply with Treasury Regulations § 1.355-5(b). You must fill in the blank in item four of this statement before you attach it to your 2004 federal income tax return.

Consult Your Tax Advisor. The information in this letter and the attached Exhibit(s) represents our understanding of existing U.S. federal income tax laws and does not constitute tax advice. It does not purport to be complete or to describe tax consequences that may apply to particular categories of stockholders. Each stockholder should consult a tax advisor as to the particular consequences of the Spin-Off to such stockholder under U.S. federal, state and local, and foreign tax laws.

**Information for Use in Determining the Fair Market Values
of Barnes & Noble and GameStop Stock Immediately After the Spin-Off**

The Spin-Off occurred as of 11:59 p.m. Eastern Time on November 12, 2004. “When issued” trading in the GameStop Class B Stock commenced on October 29, 2004 and ended on November 12, 2004.

U.S. federal income tax law does not specifically identify how you should determine the fair market values of the Barnes & Noble common stock and the GameStop Class B Stock immediately after the Spin-Off. There are several potential methods of measuring the fair market value of the stocks immediately after the Spin-Off, including:

1. The closing trading prices of the stocks on the “when issued” market on the date of the Spin-Off (November 12, 2004);
2. The average of the high and low trading prices of the stocks on the first regular trading day for the GameStop Class B Stock (November 15, 2004);
3. The opening trading prices of the stocks on the first regular trading day for the GameStop Class B Stock (November 15, 2004); and
4. The closing trading prices of the stocks on the first regular trading day for the GameStop Class B Stock (November 15, 2004).

You and your tax advisor may find the information in the following tables useful. The first table sets forth the prices for each of the four valuation methodologies described above. The second table sets forth the percentage that is multiplied by your tax basis in your Barnes & Noble common stock prior to the Spin-Off to determine the amount allocable to your Barnes & Noble common stock and your GameStop Class B Stock after the Spin-Off. The example in the accompanying letter illustrates the use of the allocation percentage based on the high-low average price allocation method set forth in the second table.

Trading Prices				
<u>Stock</u>	<u>(1) Closing Trading Price (“When Issued”) on November 12, 2004</u>	<u>(2) Average Trading Price on November 15, 2004</u>	<u>(3) Opening Trading Price on November 15, 2004</u>	<u>(4) Closing Trading Price on November 15, 2004</u>
Barnes & Noble common stock	\$26.00	\$25.76	\$26.30	\$25.81
GameStop Class B Stock	\$24.00	\$23.50	\$23.52	\$23.50
Value of GameStop Class B Stock relative to one share of Barnes & Noble common stock	\$10.20	\$ 9.99	\$ 9.99	\$ 9.99

Basis Allocation Percentages				
<u>Stock</u>	<u>(1) Closing Price “When Issued” Allocation %</u>	<u>(2) High-Low Average Price Allocation %</u>	<u>(3) Opening Price “Regular Trading” Allocation %</u>	<u>(4) Closing Price “Regular Trading” Allocation %</u>
Barnes & Noble common stock	71.82%	72.06%	72.47%	72.09%
GameStop Class B Stock	28.18%	27.94%	27.53%	27.91%

**STATEMENT OF STOCKHOLDER
RECEIVING A DISTRIBUTION FROM BARNES & NOBLE, INC.
OF CLASS B COMMON STOCK OF GAMESTOP CORP.
FILED PURSUANT TO TREASURY REGULATION SECTION 1.355-5(b)**

1. The undersigned, an owner of shares of common stock of Barnes & Noble, Inc. ("Barnes & Noble") as of the close of business on November 2, 2004, received shares of Class B Common Stock of GameStop Corp. ("GameStop") in a distribution on November 12, 2004 to which Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), applies.
2. The names and addresses of the corporations involved in the distribution are:
 - (a) Barnes & Noble, Inc.
122 Fifth Avenue
New York, New York 10011
 - (b) GameStop Corp.
2250 William D. Tate Avenue
Grapevine, Texas 76051
3. The undersigned surrendered no stock or securities of Barnes & Noble in connection with the distribution.
4. The undersigned received _____ whole shares of GameStop Class B Common Stock in the distribution.
5. The Information Statement provided to the Barnes & Noble stockholders who received GameStop Class B Common Stock in the distribution indicates that the distribution of shares of GameStop Class B Common Stock qualifies as a tax-free distribution under Section 355 of the Code.

Stockholder Signature

Stockholder Signature

**Attach this statement to your 2004 U.S. Federal Income Tax Return.
Do not send this statement to The Bank of New York, Barnes & Noble or GameStop.**