

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 23, 2007  
-----

GAMESTOP CORP.  
-----

(Exact name of registrant as specified in its charter)

Delaware

1-32637

20-2733559  
-----

(State or other jurisdiction of incorporation) (Commission File Number) (I.R.S. Employer Identification No.)

625 Westport Parkway, Grapevine, TX

76051  
-----

(Address of principal executive offices) (Zip Code)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition," and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

On May 23, 2007, GameStop Corp. issued a press release announcing its financial results for the fiscal quarter ended May 5, 2007. A copy of the press release is attached hereto as Exhibit 99.1.

The information contained in this Current Report, including the exhibit, shall not be incorporated by reference into any filing of GameStop Corp., whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release issued by GameStop Corp., dated May 23, 2007.

SIGNATURES

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

the undersigned hereunto duly authorized.

GAMESTOP CORP.

-----  
(Registrant)

Date: May 23, 2007

/s/ David W. Carlson

-----  
Name: David W. Carlson  
Title: Executive Vice President and Chief  
Financial Officer

Table of Contents

-----

GAMESTOP CORP.

EXHIBIT INDEX

Exhibit Number

-----  
Exhibit 99.1

Description

-----  
Press Release of GameStop Corp., dated May 23, 2007

GameStop Reports Best Ever First Quarter Results;  
First Quarter EPS Exceeds Guidance; Net Earnings Increase 111%;  
Robust Sales of Next-Generation Hardware Drive Quarter;  
Fiscal 2007 EPS Guidance Raised

GRAPEVINE, Texas--(BUSINESS WIRE)--May 23, 2007--GameStop Corp. (NYSE: GME), the world's largest video game and entertainment software retailer, today announced financial results for the first quarter ended May 5, 2007. Please note that all per share data has been adjusted for the Class B share conversion and the two-for-one stock split that occurred subsequent to February 3, 2007.

GameStop's net earnings were \$24.7 million for the first quarter of 2007, including debt retirement costs of \$6.7 million (\$4.2 million, net of tax benefits), an 111% increase over the first quarter of 2006. Diluted earnings per share were \$0.15 for the first quarter of 2007, including debt retirement costs of \$0.03 per diluted share, exceeding previously released guidance.

Total company sales increased 23.0% to \$1,279.0 million in comparison to \$1,040.0 million in the prior year quarter. Comparable store sales increased 15.3% during the first quarter, also beating previously released guidance of 12.0% to 14.0%. Hardware sales grew 75.1% in the first quarter, driven by overwhelming demand for Nintendo's Wii and DS Lite systems, and strong sales of Microsoft's Xbox 360 and Sony's PS3.

R. Richard Fontaine, GameStop's Chairman and Chief Executive Officer, stated, "Our first quarter results were driven by the strong growth of next generation hardware despite both Nintendo products, the Wii and DS Lite, being in short supply throughout the quarter. Our business is benefiting from unmatched platform expansion. For much of the quarter, seven different platforms were represented among our top 25 best sellers. Not only was this unprecedented, but there is every indication that the Wii and DS Lite titles are attracting a new audience of gamers, while the allure of genre breakthrough titles like Guitar Hero II are expanding the audience for video game product.

"The quarter also reflected strong operational control and efficiencies. Our operating margins increased by 100 basis points even in the face of lower gross margins due to the very strong sale of lower margin hardware. SG&A expenses decreased by 260 basis points due to the excellent expense leveraging of our increasing sales, continued distribution efficiencies as a result of our synergies from the EB Games merger, and an improved system of in-store scheduling.

"I am also happy to announce that during the first quarter GameStop was added to the Fortune 500 list of largest U.S. corporations," concluded Fontaine.

The top selling video games during the quarter were Nintendo's POKEMON DIAMOND and PEARL, Sony's GOD OF WAR II, Activision's GUITAR HERO II, Microsoft's CRACKDOWN, and Ubisoft's GHOST RECON: ADVANCED WARFIGHTER 2.

Updated Guidance

For the second quarter of fiscal 2007, the company expects comparable store sales to range from +16.0% to +18.0%. Diluted earnings per share are expected to range from \$0.07 to \$0.08. This compares to earnings per share of \$0.02 in the second quarter of 2006.

Due to the excellent results in the first quarter, we are raising our full year 2007 diluted earnings per share guidance to range from \$1.39 to \$1.42. Total revenues are still projected to grow between 19.0% and 21.0%, with comparable store sales ranging from +14.0% to +16.0%.

Note that guidance does not include debt retirement costs.

Conference Call and Webcast Information

A conference call with GameStop Corp.'s management is scheduled for May 23, 2007 at 11:00 AM ET to discuss the first quarter sales and earnings results. The conference call will be simulcast on the Internet at (<http://www.gamestop.com/investor-relations/>). The conference call will be archived on the website until June 6, 2007.

About GameStop Corp.

Headquartered in Grapevine, TX, GameStop Corp. is the world's largest video game and entertainment software retailer. The company operates 4,816 retail stores across the United States and in fifteen countries worldwide. The company also operates two e-commerce sites, GameStop.com and EBgames.com, and publishes Game Informer(R) magazine, a leading multi-platform video game publication. GameStop Corp. sells new and used video game software, hardware and accessories for next generation video game systems from Sony, Nintendo, and Microsoft. In addition, the company sells PC entertainment software, related accessories and other merchandise. General information on GameStop Corp. can be obtained at the company's corporate website: <http://www.gamestop.com/corporate>.

Safe Harbor

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, the outlook for fiscal 2007 and beyond, future financial and operating results, projected store openings, the company's plans, objectives, expectations and intentions and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of GameStop's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the inability to obtain sufficient quantities of product to meet consumer demand, including Sony's PlayStation 3 and Nintendo's Wii; the timing of release of video game titles for next generation consoles; the risks associated with expanded international operations, and economic and other events that could reduce or impact consumer demand. Additional factors that could cause GameStop's results to differ materially from those described in the forward-looking statements can be found in GameStop's Annual Report on Form 10-K for the fiscal year ended February 3, 2007 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov>.

GameStop Corp.  
Statements of Operations  
(in thousands, except per share data)

	13 weeks ended May 5, 2007	13 weeks ended April 29, 2006
	-----	-----
Sales	\$ 1,278,983	\$ 1,040,027
Cost of sales	930,214	737,993
	-----	-----
Gross profit	348,769	302,034
Selling, general and administrative expenses	250,154	231,470
Depreciation and amortization	31,035	25,932
Stock-based compensation	6,962	5,190
Merger-related expenses	--	1,326
	-----	-----
Operating earnings	60,618	38,116
Interest expense, net	14,116	19,329
Debt extinguishment expense	6,724	--
	-----	-----

Earnings before income tax expense	39,778	18,787
Income tax expense	15,055	7,086
	-----	-----
Net earnings	\$ 24,723	\$ 11,701
	=====	=====
Earnings per common share:		
Basic	\$0.16	\$0.08
Diluted	\$0.15	\$0.07
Weighted average common shares		
outstanding:		
Basic	153,439	146,782
Diluted	161,256	156,944
Percentage of Sales:		
-----		
Sales	100.0%	100.0%
Cost of sales	72.7%	71.0%
	-----	-----
Gross profit	27.3%	29.0%
SG&A expenses	19.6%	22.2%
Depreciation and amortization	2.4%	2.5%
Stock-based compensation	0.6%	0.5%
Merger-related expenses	0.0%	0.1%
	-----	-----
Operating earnings	4.7%	3.7%
Interest expense, net	1.1%	1.9%
Debt extinguishment expense	0.5%	--
	-----	-----
Earnings before income tax expense	3.1%	1.8%
Income tax expense	1.2%	0.7%
	-----	-----
Net earnings	1.9%	1.1%
	=====	=====

GameStop Corp.  
Balance Sheets  
(in thousands, except per share data)

	May 5, 2007	April 29, 2006
	-----	-----
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 307,328	\$ 224,881
Receivables, net	38,856	33,375
Merchandise inventories	793,517	631,874
Prepaid expenses and other current assets	45,721	35,357
Prepaid taxes	52,136	53,340
Deferred taxes	36,220	43,843
	-----	-----
Total current assets	1,273,778	1,022,670
	-----	-----
Property and equipment:		
Land	11,168	10,498
Buildings & leasehold improvements	318,215	272,578
Fixtures and equipment	447,649	358,604
	-----	-----
	777,032	641,680

Less accumulated depreciation and amortization	317,276	210,799
Net property and equipment	459,756	430,881
Goodwill, net	1,403,557	1,392,467
Assets held for sale	--	19,315
Other noncurrent assets	49,687	47,977
Total assets	\$3,186,778	\$2,913,310

LIABILITIES AND STOCKHOLDERS' EQUITY:

Current liabilities:		
Accounts payable	\$ 597,444	\$ 410,808
Accrued liabilities	287,394	294,850
Note payable, current portion	12,173	12,173
Total current liabilities	897,011	717,831
Deferred taxes	--	12,307
Other long-term liabilities	70,951	37,984
Notes payable, long-term portion	--	21,117
Senior floating and fixed rate notes payable, net of discount	737,374	942,023
Total liabilities	1,705,336	1,731,262

Stockholders' equity:

Preferred stock - authorized 5,000 shares; no shares issued or outstanding	--	--
Class A common stock - \$.001 par value; authorized 300,000 shares; 157,414 and 149,890 shares issued and outstanding, respectively	157	150
Additional paid-in-capital	1,109,130	973,406
Accumulated other comprehensive income	13,515	4,445
Retained earnings	358,640	204,047
Total stockholders' equity	1,481,442	1,182,048
Total liabilities and stockholders' equity	\$3,186,778	\$2,913,310

Schedule I  
GameStop Corp.  
Sales Mix

	13 Weeks Ended May 5, 2007		13 Weeks Ended April 29, 2006	
	Sales	Percent of Total	Sales	Percent of Total
Sales (in millions):				
New video game hardware	\$ 281.4	22.0%	\$ 160.7	15.4%
New video game software	460.6	36.0%	406.3	39.1%
Used video game products	326.4	25.5%	275.4	26.5%
Other	210.6	16.5%	197.6	19.0%
Total	\$1,279.0	100.0%	\$ 1,040.0	100.0%

=====  
Schedule II  
GameStop Corp.  
Gross Profit Mix

	13 Weeks Ended May 5, 2007		13 Weeks Ended April 29, 2006	
	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent
	-----	-----	-----	-----
Gross Profit (in millions):				
New video game hardware	\$ 21.6	7.7%	\$ 13.0	8.1%
New video game software	91.8	19.9%	82.0	20.2%
Used video game products	164.3	50.3%	141.1	51.2%
Other	71.1	33.8%	65.9	33.4%
	-----	-----	-----	-----
Total	\$ 348.8	27.3%	\$ 302.0	29.0%
	=====	=====	=====	=====

CONTACT: GameStop Corp.  
Media Contact:  
Chris Olivera, 817-424-2130  
Divisional Vice President,  
Corporate Communications  
or  
Investor Contact:  
David W. Carlson, 817-424-2130  
Executive Vice President &  
Chief Financial Officer