

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) August 17, 2006  
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GAMESTOP CORP.  
-----

(Exact name of registrant as specified in its charter)

Delaware

1-31228

20-27335597  
-----

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

625 Westport Parkway, Grapevine, TX

76051  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (817) 424-2000  
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(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 (see General Instruction A.2. below):

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 August 17, 2006, GameStop Corp. issued a press release announcing its financial results for the fiscal quarter ended July 29, 2006. 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

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.  
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(Registrant)

Date: August 17, 2006

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

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GAMESTOP CORP.

EXHIBIT INDEX

Exhibit Number -----	Description -----
Exhibit 99.1	Press Release of GameStop Corp., dated August 17, 2006

GameStop Corp. Second Quarter Sales Surge 132%;  
Comparable Store Sales Increase 3.9%; Second Quarter EPS Exceeds Guidance;  
Merger Integration Complete

GRAPEVINE, Texas--(BUSINESS WIRE)--Aug. 17, 2006--GameStop Corp. (NYSE:GME)(NYSE:GME.B), the world's largest video game and entertainment software retailer, today reported sales and earnings for the second quarter ended July 29, 2006.

Company sales increased 132% to \$963.3 million, when compared with \$415.9 million in sales from the prior year quarter, with comparable store sales increasing 3.9%. New video game software increased 8% over the prior year quarter, with NEW SUPER MARIO BROS. from Nintendo and NCAA FOOTBALL '07 from Electronic Arts topping the list of best-selling new titles for the quarter.

GameStop's net earnings for the second quarter of 2006 were \$3.2 million, including merger-related expenses of \$2.6 million (\$1.6 million, net of tax benefits). Diluted earnings per share were \$0.04, including merger-related expenses of \$0.02 per diluted share, exceeding previously released guidance.

"The outstanding execution by our store associates in the second quarter accelerated the adoption of Nintendo's new DS Lite hand-held system and the sell through of Microsoft's Xbox 360 console," indicated R. Richard Fontaine, Chairman and Chief Executive Officer of GameStop Corp. "Our 56% increase in hardware sales during the quarter is particularly notable as the performance and momentum clearly positions GameStop as the major launch partner for Sony and Nintendo with the release later this year of their PlayStation 3 and Wii consoles."

"A major milestone of the quarter was completing the integration of GameStop and Electronics Boutique. It is a testimony to the hard work and partnership of all our team members that, with the recently completed installation of a singular, unified POS system, we have completed the integration of two sizable companies, and did so on time and without any disruptions to our business nor deterioration in customer service," concluded Chairman Fontaine.

"Without a doubt, we are excited about the new platform launches and the exceptional franchise titles being released in the upcoming months," indicated Daniel DeMatteo, Vice Chairman and Chief Operating Officer of GameStop Corp. "In fact, when you look at the range of new titles, starting with next week's release of MADDEN NFL '07 from Electronic Arts, and continuing with FINAL FANTASY XII by Square Enix, LEGEND OF ZELDA: TWILIGHT PRINCESS from Nintendo and GEARS OF WAR by Microsoft, we are looking at one of the best lineups in years for all platforms."

#### Guidance Update

For the third quarter of fiscal 2006, comparable store sales are projected to range from +4.0% to +6.0%. Diluted earnings per share for the third quarter are expected to range from \$0.20 to \$0.22.

Full year fiscal 2006 diluted earnings per share are now expected to range from \$1.94 to \$2.04. We continue to believe that full year fiscal 2006 comparable store sales will increase between 7% and 9%, and total sales will increase between 15% and 17%, on a pro forma basis.

Note that guidance includes projected stock-based compensation expenses of \$0.17 per diluted share for fiscal 2006.

Note that guidance does not include merger costs related to the business combination, which we project could range from \$0.03 to \$0.04 per diluted share for fiscal 2006.

Second quarter fiscal 2005 pro forma statements of operations have been provided in Schedule III as if the acquisition of Electronics Boutique Holding Corp. took place at the beginning of fiscal 2005. In addition, the pro forma statements of operations include stock-based compensation expense as if SFAS No. 123R was implemented at the beginning of fiscal 2005.

#### Conference Call and Webcast Information

A conference call with GameStop Corp.'s management is scheduled for August

17, 2006 at 11:00 AM EDT to discuss the second 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 August 31, 2006.

About GameStop Corp.

Headquartered in Grapevine, TX, GameStop Corp. (NYSE:GME) (NYSE:GME.B) is the world's largest video game and entertainment software retailer. The company operates 4,592 retail stores across the United States and in fourteen countries worldwide. The company also owns two e-commerce sites, GameStop.com and EBgames.com, and 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/investor-relations/>.

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 the third quarter of fiscal 2006 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 risk that the cost savings and other synergies from the combination with Electronics Boutique may not be fully realized or may take longer to realize than expected; the inability to obtain sufficient quantities of product to meet consumer demand; the timing of the release of the next generation consoles, including Sony's PlayStation 3 and Nintendo's Wii, and related video game titles; 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 January 28, 2006 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 July 29, 2006	13 weeks ended July 30, 2005
	-----	-----
Sales	\$963,347	\$415,930
Cost of sales	664,083	287,775
	-----	-----
Gross profit	299,264	128,155
Selling, general and administrative expenses	239,251	104,311
Depreciation and amortization	26,328	10,654
Stock-based compensation	5,360	--
Merger expenses	2,572	--
	-----	-----
Operating earnings	25,753	13,190

Interest expense, net	20,209	144
Debt extinguishment expense	191	--
	-----	-----
Earnings before income tax expense	5,353	13,046
Income tax expense	2,176	5,143
	-----	-----
Net earnings	\$3,177	\$7,903
	=====	=====
Earnings per common share:		
Basic	\$0.04	\$0.15
Diluted	\$0.04	\$0.14
Weighted average common shares outstanding:		
Basic	75,074	51,646
Diluted	78,829	56,508
Percentage of Sales:		
-----		
Sales	100.0%	100.0%
Cost of sales	68.9%	69.2%
	-----	-----
Gross profit	31.1%	30.8%
SG&A expenses	24.8%	25.1%
Depreciation and amortization	2.7%	2.5%
Stock-based compensation	0.6%	--
Merger expenses	0.3%	--
	-----	-----
Operating earnings	2.7%	3.2%
Interest expense, net	2.1%	0.1%
Debt extinguishment expense	--	--
	-----	-----
Earnings before income tax expense	0.6%	3.1%
Income tax expense	0.3%	1.2%
	-----	-----
Net earnings	0.3%	1.9%
	=====	=====

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

	26 weeks ended July 29, 2006	26 weeks ended July 30, 2005
	-----	-----
Sales	\$2,003,374	\$890,657
Cost of sales	1,402,076	636,465
	-----	-----
Gross profit	601,298	254,192

Selling, general and administrative expenses	470,721	203,297
Depreciation and amortization	52,260	20,848
Stock-based compensation	10,550	--
Merger expenses	3,898	--
	-----	-----
Operating earnings	63,869	30,047
Interest expense, net	39,538	227
Debt extinguishment expense	191	--
	-----	-----
Earnings before income tax expense	24,140	29,820
Income tax expense	9,262	11,591
	-----	-----
Net earnings	\$14,878	\$18,229
	=====	=====
Earnings per common share:		
Basic	\$0.20	\$0.36
Diluted	\$0.19	\$0.33
Weighted average common shares outstanding:		
Basic	74,233	51,323
Diluted	78,650	55,499
Percentage of Sales:		
-----		
Sales	100.0%	100.0%
Cost of sales	70.0%	71.5%
	-----	-----
Gross profit	30.0%	28.5%
SG&A expenses	23.5%	22.8%
Depreciation and amortization	2.6%	2.3%
Stock-based compensation	0.5%	--
Merger expenses	0.2%	--
	-----	-----
Operating earnings	3.2%	3.4%
Interest expense, net	2.0%	0.1%
Debt extinguishment expense	--	--
	-----	-----
Earnings before income tax expense	1.2%	3.3%
Income tax expense	0.5%	1.3%
	-----	-----
Net earnings	0.7%	2.0%
	=====	=====

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

July 29,      July 30,

	2006	2005
	-----	-----
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$218,726	\$98,954
Receivables, net	28,596	9,418
Merchandise inventories	574,067	257,396
Prepaid expenses and other current assets	37,374	24,302
Prepaid taxes	79,395	12,534
Deferred taxes	46,349	5,435
	-----	-----
Total current assets	984,507	408,039
	-----	-----
Property and equipment:		
Land	10,073	2,000
Buildings & leasehold improvements	280,723	120,145
Fixtures and equipment	375,736	210,942
	-----	-----
	666,532	333,087
Less accumulated depreciation and amortization	235,299	144,353
	-----	-----
Net property and equipment	431,233	188,734
	-----	-----
Goodwill, net	1,392,926	320,888
Other noncurrent assets	46,570	3,011
	-----	-----
Total assets	\$2,855,236	\$920,672
	=====	=====
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable	\$366,221	166,070
Accrued liabilities	281,969	103,706
Note payable, current portion	12,173	12,173
	-----	-----
Total current liabilities	660,363	281,949
Deferred taxes	12,196	19,898
Other long-term liabilities	38,868	15,503
Notes payable, long-term portion	12,685	24,347
Senior floating and fixed rate notes payable, net of discount	935,431	--
	-----	-----
Total liabilities	1,659,543	341,697
	-----	-----
Stockholders' equity:		
Preferred stock - authorized 5,000 shares; no shares issued or outstanding	--	--
Class A common stock - \$.001 par value; authorized 300,000 shares; 45,245 and 25,163 shares issued, respectively	45	25
Class B common stock - \$.001 par value; authorized 100,000 shares; 29,902 shares issued and outstanding	30	30
Additional paid-in-capital	983,562	519,113
Accumulated other comprehensive income (loss)	4,773	(43)
Retained earnings	207,283	109,850
Treasury stock, at cost 0 and 3,263 shares, respectively	--	(50,000)
	-----	-----
Total stockholders' equity	1,195,693	578,975

Total liabilities and stockholders' equity	\$2,855,236	\$920,672
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Schedule I  
GameStop Corp.  
Sales Mix

	13 Weeks Ended July 29, 2006		13 Weeks Ended July 30, 2005	
	Sales	Percent of Total	Sales	Percent of Total
Sales (in millions):				
New video game hardware	\$157.5	16.4%	\$51.6	12.4%
New video game software	330.7	34.3%	139.8	33.6%
Used video game products	308.7	32.0%	153.2	36.8%
Other	166.4	17.3%	71.3	17.2%
 Total	 \$963.3	 100.0%	 \$415.9	 100.0%

Schedule II  
GameStop Corp.  
Gross Profit Mix

	13 Weeks Ended July 29, 2006		13 Weeks Ended July 30, 2005	
	Gross Profit	Gross Profit Percent	Gross Profit	Gross Profit Percent
Gross Profit (in millions):				
New video game hardware	\$14.0	8.9%	\$2.5	4.8%
New video game software	72.7	22.0%	28.9	20.7%
Used video game products	153.9	49.9%	70.8	46.2%
Other	58.7	35.3%	26.0	36.5%
 Total	 \$299.3	 31.1%	 \$128.2	 30.8%

Schedule III  
GAMESTOP CORP.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
(in thousands, except per share data)

For the thirteen weeks ended July 30, 2005	Historical GameStop Corp. July 30, 2005 (a)	Historical Electronics Boutique July 30, 2005 (a)	Pro Forma Adjustments	GameStop Corp Pro Forma
-----	-----	-----	-----	-----



Sales	\$415,930	\$446,511	\$--	\$862,441
Cost of sales	287,775	311,592	--	599,367
Gross profit	128,155	134,919	--	263,074
Selling, general and admin. expenses	104,311	120,090	--	224,401
Depreciation and amortization	10,654	11,573	427 (c)	22,654
Merger- related expenses	--	1,400	(1,400) (b)	--
Stock based compensation	--	--	2,785 (j)	2,785
Operating earnings	13,190	1,856	(1,812)	13,234
Interest expense, net	144	(675)	20,424 (d), (e)	19,893
Merger- related interest expense	--	--	--	--
Earnings (loss) before income tax expense (benefit)	13,046	2,531	(22,236)	(6,659)
Income tax expense (benefit)	5,143	911	(8,502) (f)	(2,448)
Net earnings (loss)	\$7,903	\$1,620	\$ (13,734)	\$ (4,211)
Net earnings (loss) per common share--basic	\$0.15 (h)	\$0.06	\$	\$ (0.06) (i)
Weighted average shares of common stock--basic	51,646	25,096	(4,867) (g)	71,875
Net earnings (loss) per common share-- diluted	\$0.14 (h)	\$0.06	\$	\$ (0.06) (i)

Weighted average shares of common stock-- diluted	56,508	25,467	(10,100) (g), (k)	71,875
	=====	=====	=====	=====

GAMESTOP CORP.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED  
STATEMENT OF OPERATIONS  
(In thousands, except per share data)

- (a) Certain reclassifications have been made to the historical presentation of GameStop and EB to conform to the presentation used in the unaudited pro forma condensed consolidated statement of operations.
- (b) To give effect to the exclusion of certain expenses of \$1,400 which are directly attributable to the merger and are believed to be of a one-time or short-term nature.
- (c) To give effect to the intangible asset amortization and depreciation on the property and equipment adjustment based on the preliminary allocation of the purchase price over estimated useful lives.
- (d) To give effect to the interest expense incurred related to the receipt of \$941,472 resulting from issuance of \$650,000 in senior notes, at an interest rate of 8.0% and \$300,000 in senior floating rate notes at an interest rate of LIBOR plus 3.875%. The senior notes were issued at a discount of \$8,528 and interest expense includes the amortization of this discount over seven years.
- (e) To give effect to the amortization of deferred financing fees relating to the \$400 million revolving credit facility, the senior floating rate notes and the senior notes over five, six and seven years to match the terms, respectively.
- (f) Represents the aggregate pro forma effective income tax effect of Notes (b), (c), (d) and (e) above.
- (g) The pro forma earnings per share have been adjusted to reflect the issuance of 20,229 shares of GameStop Class A common stock to EB common stockholders as if they were issued on January 30, 2005 and to reflect the elimination of the outstanding shares of Electronics Boutique.
- (h) The holders of Historical GameStop Class A and Class B common stock generally had identical rights, except that the holders of Historical GameStop Class A common stock were entitled to one vote per share and the holders of Historical GameStop Class B common stock were entitled to ten votes per share on all matters to be voted on by stockholders. Earnings per common share amounts represent per share amounts for both classes of common stock.
- (i) The holders of GameStop Class A and Class B common stock generally have identical rights, except that the holders of GameStop Class A common stock are entitled to one vote per share and the holders of GameStop Class B common stock are entitled to ten votes per share on all matters to be voted on by stockholders. Earnings per common share amounts represent per share amounts for both classes of common stock.
- (j) To give effect to the stock-based compensation expense as if SFAS 123R had been adopted as of January 30, 2005.
- (k) To remove the effect of securities that are anti-dilutive in nature due to

the pro forma loss in the 13 weeks ended July 30, 2005.

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