

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) November 20, 2008

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 (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, including Exhibit 99.1, 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 November 20, 2008, GameStop Corp. issued a press release announcing its financial results for the third quarter ended November 1, 2008. 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, except as otherwise expressly set forth therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press Release issued by GameStop Corp., dated November 20, 2008.

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: November 20, 2008

/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

Description

Exhibit 99.1

Press Release issued by GameStop Corp., dated November 20, 2008

GameStop Reports Third Quarter 2008 Results

Non-GAAP Earnings Per Share Hits High End of Guidance Despite Global Economic Issues

Initial Sales of Holiday Titles Brisk

Micromania Acquisition Completed

GRAPEVINE, Texas--(BUSINESS WIRE)--November 20, 2008--GameStop Corp. (NYSE: GME), a Fortune 500 and S&P 500 company and the world's largest video game and entertainment software retailer, today reported sales and earnings for the third quarter ended November 1, 2008.

GameStop sales increased 5.2% to \$1,695.7 million in the third quarter, compared to \$1,611.2 million in the prior year quarter. Comparable store sales decreased 1.8% during the third quarter due primarily to the difficult comparison to the *Halo 3* launch, the largest in GameStop's history, in the prior year quarter when comparable store sales increased 46.3%. Recent trends are encouraging as comparable store sales for October increased by nearly 11%, and increased 20.5% for the first two weeks of November, showing surprising strength given the unprecedented economic and financial crisis.

Net earnings for the third quarter of 2008 were \$46.7 million, as compared to net earnings of \$52.0 million for the third quarter of 2007. Diluted earnings per share were \$0.28, as compared to \$0.31 in the prior year quarter. The current period was impacted by the effect of foreign currency fluctuations and merger-related expenses.

Earnings on a non-GAAP basis for the third quarter of 2008 were \$63.3 million, as compared to earnings of \$52.5 million in the prior year quarter, an increase of 20.6%. Diluted earnings per share on a non-GAAP basis were \$0.38, as compared to diluted earnings per share of \$0.32 in the prior year quarter. Merger-related costs, foreign currency fluctuations, and debt extinguishment expenses are the differences between GAAP and non-GAAP measures, which are reconciled in Schedule III.

For the quarter, new video game software sales increased 10%, driven by the top five selling games during the quarter: *Madden NFL 2009* from Electronic Arts, *Star Wars: The Force Unleashed* by Lucas Arts, Microsoft's *Fable 2*, Nintendo's *Wii Fit*, and Activision's *Guitar Hero World Tour*.

Daniel DeMatteo, Chief Executive Officer, stated, "Despite the dramatic decline of the global economy and its severe impact on the entire retail industry, GameStop had a strong quarter. Sales have been very robust over the last several weeks, driven by strong new title releases such as Activision's *Call of Duty: World at War* and *World of Warcraft: Wrath of the Lich King*, and Microsoft's *Gears of War 2*. We believe that video games provide real entertainment value to consumers in these trying economic times and will be sought out gift purchases for the holiday season."

R. Richard Fontaine, Executive Chairman, indicated, "While we are operating through what has been the most unpredictable economic environment in my over 40 years in retail, the GameStop business model has proven to be very resilient. New game sales were strong due in part to the values generated by many of our customers trading in products while older products are being sold at value price points.

"I am pleased to say that during the quarter we negotiated the acquisition of Micromania, France's largest video game retailer. The final purchase price was reduced to approximately \$636 million from the announced \$700 million due to foreign exchange rate fluctuations and debt procured to fund the acquisition is projected to be paid off by the end of this fiscal year. We remain committed to using our strong cash flow to continue our global strategy for growth through future new store openings and acquisitions."

Growth Update

During the quarter, GameStop opened 191 stores, 94 in the U.S. and 97 international stores. Also, on November 17, 2008, GameStop completed the transaction to acquire Micromania, France's leading video game retailer with 332 locations. A Form 8-K was filed on Tuesday, November 18, 2008 with the final details of the transaction. This document can be viewed, without charge, at the SEC's Internet site, <http://www.sec.gov> or at <http://investor.gamestop.com>.

Updated Guidance

We continue to expect a solid fourth quarter in sales and earnings, albeit tempered slightly by the weakness in consumer spending, based on a line-up of recently released, strong selling new software titles, the drop in hardware prices and the value consumers are placing on video game entertainment.

For the fourth quarter of fiscal 2008, GameStop is now forecasting diluted earnings per share to range from \$1.29 to \$1.34, an increase of +13% to +18% over the prior year quarter. Comparable store sales in the fourth quarter are expected to range from +4% to +5%. For details regarding this updated guidance, refer to Schedule IV.

Full year diluted earnings per share are forecast to range from \$2.35 to \$2.40, an increase of +30% to +33% over the prior year, and includes accretion of approximately \$0.05 from the acquisition of Micromania. Comparable store sales are projected to increase between +10% and +11% for the full year, with total sales growing between +21% and +22%.

Note that guidance does not include debt retirement costs or merger related expenses.

Non-GAAP Financial Measures

Schedule III reconciles the company's net earnings and earnings per share in accordance with generally accepted accounting principles to its non-GAAP net earnings and non-GAAP earnings per share. The presentation of these non-GAAP financial measures is not intended to be considered as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP, and may be different from non-GAAP measures used by other companies.

GameStop uses earnings per share excluding certain items to evaluate the performance of operations exclusive of merger-related costs, debt extinguishment expense and foreign currency fluctuations that impact the comparability of results from period to period. GameStop believes these non-GAAP financial measures provide useful supplemental information regarding our performance by excluding certain items that may not be indicative of the company's core business, operating results, or future outlook.

Conference Call and Webcast Information

A conference call with GameStop Corp.'s management is scheduled for November 20, 2008 at 11:00 AM ET to discuss the third quarter sales and earnings results. The conference call will be simulcast on the Internet at <http://investor.gamestop.com>. The conference call will be archived on the website until December 4, 2008.

About GameStop Corp.

Headquartered in Grapevine, TX, GameStop Corp. is the world's largest video game and entertainment software retailer. The company operates 6,066 retail stores in 17 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 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.gamestopcorp.com>.

Safe Harbor

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, the outlook for fiscal 2008 and beyond, future financial and operating results, projected store openings, the company's plans, objectives, expectations and intentions, statements about the benefits of the business combination transaction involving GameStop and Micromania, including future financial and operating results 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 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 2, 2008 filed with the SEC and available at the SEC's Internet site at <http://www.sec.gov> or <http://investor.gamestop.com>.

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

| | 13 weeks ended November 1, 2008 | | 13 weeks ended November 3, 2007 |
|--|---------------------------------------|----|---------------------------------------|
| Sales | \$ 1,695,746 | \$ | 1,611,201 |
| Cost of sales | <u>1,222,317</u> | | <u>1,191,637</u> |
| Gross profit | 473,429 | | 419,564 |
| Selling, general and administrative expenses | 335,722 | | 288,954 |
| Depreciation and amortization | 35,767 | | 33,705 |
| Merger-related expenses | <u>16,605</u> | | <u>-</u> |
| Operating earnings | 85,335 | | 96,905 |
| Interest expense, net | 8,807 | | 11,922 |
| Debt extinguishment expense | <u>-</u> | | <u>3,840</u> |
| Earnings before income tax expense | 76,528 | | 81,143 |
| Income tax expense | <u>29,859</u> | | <u>29,186</u> |
| Net earnings | <u>\$ 46,669</u> | \$ | <u>51,957</u> |
| Earnings per common share: | | | |
| Basic | \$ 0.29 | \$ | 0.32 |
| Diluted | \$ 0.28 | \$ | 0.31 |
| Weighted average common shares outstanding: | | | |
| Basic | 163,736 | | 160,048 |
| Diluted | 167,995 | | 166,357 |
| <u>Percentage of Sales:</u> | | | |
| Sales | 100.0% | | 100.0% |
| Cost of sales | <u>72.1%</u> | | <u>74.0%</u> |
| Gross profit | 27.9% | | 26.0% |
| SG&A expenses | 19.8% | | 17.9% |
| Depreciation and amortization | 2.1% | | 2.1% |
| Merger-related expenses | <u>1.0%</u> | | <u>0.0%</u> |
| Operating earnings | 5.0% | | 6.0% |
| Interest expense, net | 0.5% | | 0.8% |
| Debt extinguishment expense | <u>0.0%</u> | | <u>0.2%</u> |
| Earnings before income tax expense | 4.5% | | 5.0% |
| Income tax expense | <u>1.7%</u> | | <u>1.8%</u> |
| Net earnings | <u>2.8%</u> | | <u>3.2%</u> |

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

| | 39 weeks ended November 1, 2008 | | 39 weeks ended November 3, 2007 |
|--|---------------------------------------|----|---------------------------------------|
| Sales | \$ 5,313,783 | \$ | 4,228,377 |
| Cost of sales | <u>3,882,825</u> | | <u>3,098,745</u> |
| Gross profit | 1,430,958 | | 1,129,632 |
| Selling, general and administrative expenses | 1,012,134 | | 824,504 |
| Depreciation and amortization | 106,912 | | 96,858 |
| Merger-related expenses | <u>16,605</u> | | <u>-</u> |
| Operating earnings | 295,307 | | 208,270 |
| Interest expense, net | 26,506 | | 39,384 |
| Debt extinguishment expense | <u>2,331</u> | | <u>12,591</u> |
| Earnings before income tax expense | 266,470 | | 156,295 |
| Income tax expense | <u>100,513</u> | | <u>57,805</u> |
| Net earnings | <u>\$ 165,957</u> | \$ | <u>98,490</u> |
| Earnings per common share: | | | |
| Basic | \$ 1.02 | \$ | 0.63 |
| Diluted | \$ 0.99 | \$ | 0.60 |
| Weighted average common shares outstanding: | | | |
| Basic | 162,983 | | 157,308 |
| Diluted | 167,813 | | 164,128 |
| <u>Percentage of Sales:</u> | | | |
| Sales | 100.0% | | 100.0% |
| Cost of sales | <u>73.1%</u> | | <u>73.3%</u> |
| Gross profit | 26.9% | | 26.7% |
| SG&A expenses | 19.0% | | 19.5% |
| Depreciation and amortization | 2.0% | | 2.3% |
| Merger-related expenses | <u>0.3%</u> | | <u>0.0%</u> |
| Operating earnings | 5.6% | | 4.9% |
| Interest expense, net | 0.5% | | 0.9% |
| Debt extinguishment expense | <u>0.1%</u> | | <u>0.3%</u> |
| Earnings before income tax expense | 5.0% | | 3.7% |
| Income tax expense | <u>1.9%</u> | | <u>1.4%</u> |
| Net earnings | <u>3.1%</u> | | <u>2.3%</u> |

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

| | November 1, 2008 | November 3, 2007 |
|---|---------------------|---------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 478,056 | \$ 277,808 |
| Receivables, net | 50,730 | 47,443 |
| Merchandise inventories | 1,424,249 | 1,164,229 |
| Prepaid expenses and other current assets | 102,449 | 59,615 |
| Prepaid taxes | 68,222 | 73,257 |
| Deferred taxes | 29,200 | 38,458 |
| Total current assets | 2,152,906 | 1,660,810 |
| Property and equipment: | | |
| Land | 10,229 | 12,026 |
| Buildings & leasehold improvements | 404,660 | 358,445 |
| Fixtures and equipment | 590,565 | 516,767 |
| Total property and equipment | 1,005,454 | 887,238 |
| Less accumulated depreciation and amortization | 502,348 | 386,658 |
| Net property and equipment | 503,106 | 500,580 |
| Goodwill, net | 1,443,782 | 1,402,845 |
| Other noncurrent assets | 63,907 | 50,605 |
| Total assets | \$ 4,163,701 | \$ 3,614,840 |
| LIABILITIES AND STOCKHOLDERS' EQUITY: | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,102,639 | \$ 977,830 |
| Accrued liabilities | 366,147 | 313,844 |
| Total current liabilities | 1,468,786 | 1,291,674 |
| Other long-term liabilities | 85,273 | 78,692 |
| Senior notes payable, net of discount | 545,462 | 574,229 |
| Total liabilities | 2,099,521 | 1,944,595 |
| Stockholders' equity: | | |
| Preferred stock - authorized 5,000 shares; no shares issued or outstanding | -- | -- |
| Class A common stock - \$.001 par value; authorized 300,000 shares; 163,776 and 160,959 shares issued and outstanding, respectively | 164 | 161 |
| Additional paid-in-capital | 1,299,721 | 1,200,586 |
| Accumulated other comprehensive income (loss) | (23,870) | 37,091 |
| Retained earnings | 788,165 | 432,407 |
| Total stockholders' equity | 2,064,180 | 1,670,245 |
| Total liabilities and stockholders' equity | \$ 4,163,701 | \$ 3,614,840 |

GameStop Corp.
Schedule I
Sales Mix

| | 13 Weeks Ended November 1, 2008 | | 13 Weeks Ended November 3, 2007 | |
|--------------------------|--|-----------------------------|--|-----------------------------|
| | Sales | Percent of Total | Sales | Percent of Total |
| Sales (in millions): | | | | |
| New video game hardware | \$ 328.4 | 19.3% | \$ 373.9 | 23.2% |
| New video game software | 703.3 | 41.5% | 636.9 | 39.5% |
| Used video game products | 425.1 | 25.1% | 356.3 | 22.1% |
| Other | 238.9 | 14.1% | 244.1 | 15.2% |
| Total | \$ 1,695.7 | 100.0% | \$ 1,611.2 | 100.0% |

GameStop Corp.
Schedule II
Gross Profit Mix

| | 13 Weeks Ended November 1, 2008 | | 13 Weeks Ended November 3, 2007 | |
|-----------------------------|--|-------------------------------------|--|-------------------------------------|
| | Gross Profit | Gross Profit Percent | Gross Profit | Gross Profit Percent |
| Gross Profit (in millions): | | | | |
| New video game hardware | \$ 25.4 | 7.7% | \$ 27.5 | 7.4% |
| New video game software | 158.5 | 22.5% | 132.1 | 20.7% |
| Used video game products | 204.8 | 48.2% | 172.6 | 48.5% |
| Other | 84.7 | 35.5% | 87.4 | 35.8% |
| Total | \$ 473.4 | 27.9% | \$ 419.6 | 26.0% |

Schedule III
Non-GAAP Results
(in thousands, except per share data)
(net of tax)

| | 13 weeks ended November 1, 2008 | 13 weeks ended November 3, 2007 |
|--|---------------------------------------|---------------------------------------|
| Net earnings | \$ 46,669 | \$ 51,957 |
| Earnings per diluted share | \$ 0.28 | \$ 0.31 |
| Merger-related costs | 10,461 | - |
| Merger-related costs per diluted share | 0.06 | - |
| Debt extinguishment expense | - | 2,419 |
| Debt extinguishment expense per diluted share | - | 0.02 |
| Foreign exchange rate impact | 6,139 | (1,886) |
| Foreign exchange rate impact per diluted share | 0.04 | (0.01) |
| Non-GAAP net income | <u>\$ 63,269</u> | <u>\$ 52,490</u> |
| Non-GAAP diluted earnings per share | <u>\$ 0.38</u> | <u>\$ 0.32</u> |

Schedule IV
Updated Guidance for Quarter Ending January 31, 2009
(in thousands, except per share data)

| | Low-end | High-end |
|---|----------------|----------------|
| Previously released guidance - earnings per diluted share | \$ 1.37 | \$ 1.40 |
| Foreign exchange rate impact per diluted share | (0.04) | (0.04) |
| Adjustment to earnings guidance per diluted share | (0.08) | (0.08) |
| Micromania earnings per diluted share | 0.04 | 0.06 |
| Updated earnings per diluted share | <u>\$ 1.29</u> | <u>\$ 1.34</u> |

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