

Edgar Filing: CEC ENTERTAINMENT INC - Form SC 13D

CEC ENTERTAINMENT INC  
Form SC 13D  
April 20, 2006

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

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SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)

Under the Securities Exchange Act of 1934  
(Amendment No. \_\_\_\_\_) \*

CEC Entertainment, Inc.

-----  
(Name of Issuer)

Common Stock, par value \$.10 per share

-----  
(Title of Class of Securities)

125137109

-----  
(CUSIP Number)

Thomas R. Hudson Jr.  
Pirate Capital LLC  
200 Connecticut Avenue, 4th Floor  
Norwalk, CT 06854  
(203) 854-1100

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

April 10, 2006

-----  
(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

(Page 1 of 9 Pages)

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\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and

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for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP NO. 125137109  
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SCHEDULE 13D

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PAGE 2 OF 9 PAGES  
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-----  
1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)  
  
PIRATE CAPITAL LLC  
-----

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*  
  
AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Delaware

-----  
7 SOLE VOTING POWER  
-0-  
-----  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH  
8 SHARED VOTING POWER  
2,100,899  
-----  
9 SOLE DISPOSITIVE POWER  
-0-  
-----  
10 SHARED DISPOSITIVE POWER  
2,100,899  
-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
2,100,899

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

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-----  
13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.1%

-----  
14 TYPE OF REPORTING PERSON\*

IA

-----  
\* SEE INSTRUCTIONS BEFORE FILLING OUT!

-----  
CUSIP NO. 125137109

SCHEDULE 13D

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PAGE 3 OF 9 PAGES  
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-----  
1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

THOMAS R. HUDSON JR.

-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

-----  
3 SEC USE ONLY

-----  
4 SOURCE OF FUNDS\*

AF

-----  
5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d)  
or 2(e)

-----  
6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

-----  
7 SOLE VOTING POWER

-0-

-----  
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

8 SHARED VOTING POWER

2,100,899

-----  
9 SOLE DISPOSITIVE POWER

-0-

-----  
10 SHARED DISPOSITIVE POWER

2,100,899

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-----  
11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
2,100,899  
-----  
12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\* |\_\_|  
  
-----  
13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
6.1%  
-----  
14 TYPE OF REPORTING PERSON\*  
  
IN  
-----

\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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CUSIP NO. 125137109  
-----

SCHEDULE 13D

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PAGE 4 OF 9 PAGES  
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ITEM 1. SECURITY AND ISSUER

This Schedule 13D relates to the shares of common stock, par value \$.10 per share (the "Shares"), of CEC Entertainment, Inc. (the "Issuer"). The principal executive office of the Issuer is located at 4441 West Airport Freeway, Irving, Texas 75062.

ITEM 2. IDENTITY AND BACKGROUND

(a) This statement is filed by Pirate Capital LLC, a Delaware limited liability company ("Pirate Capital"), and Thomas R. Hudson Jr. (the "Reporting Persons"). Each of the Reporting Persons is deemed to be the beneficial owner of the Shares held by Jolly Roger Fund LP, Jolly Roger Offshore Fund LTD and Jolly Roger Activist Portfolio Company LTD (together, the "Holders"). The Reporting Persons disclaim that they and/or the Holders are members of a group as defined in Regulation 13D-G.

(b) The principal business address of the Reporting Persons is 200 Connecticut Avenue, 4th Floor, Norwalk, Connecticut 06854.

(c) The principal business of Pirate Capital is providing investment management services to investment partnerships and other entities. The principal occupation or employment of Thomas R. Hudson Jr. is serving as the sole owner and Managing Member of Pirate Capital.

(d) Neither of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Neither of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Thomas R. Hudson Jr. is a citizen of the United States of America.

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### ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Funds for the purchase of the Shares reported herein were derived from available capital of the Holders. A total of approximately \$69,435,795 was paid to acquire such Shares.

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CUSIP NO. 125137109  
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SCHEDULE 13D

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PAGE 5 OF 9 PAGES  
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### ITEM 4. PURPOSE OF TRANSACTION

The Reporting Persons originally acquired Shares for investment in the ordinary course of business because they believed that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Representatives of the Reporting Persons have, from time to time, met with, and may in the future meet with, representatives of the Issuer to discuss, among other things, matters relating to the strategic direction and corporate governance of the Issuer.

Except as set forth herein or as would occur upon completion of any of the actions discussed herein, the Reporting Persons have no present plan or proposal that would relate to or result in any of the matters set forth in subparagraphs (a)-(j) of Item 4 of Schedule 13D. The Reporting Persons intend to review their investment in the Issuer on a continuing basis and may engage in discussions with management, the Board of Directors, other shareholders of the Issuer and other relevant parties concerning the business, operations, board composition, management, strategy and future plans of the Issuer. Depending on various factors including, without limitation, the Issuer's financial position and strategic direction, the outcome of the discussions and actions referenced above, actions taken by the Board of Directors, price levels of the Shares, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, purchasing additional Shares or selling some or all of their Shares, engaging in short selling of or any hedging or similar transactions with respect to the Shares and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

### ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) The Reporting Persons beneficially own 2,100,899 Shares, constituting approximately 6.1% of the Shares outstanding.

The aggregate percentage of Shares beneficially owned by the Reporting Persons is based upon 34,562,061 Shares outstanding, which is the total number of Shares outstanding as reported in the Issuer's definitive proxy statement for the Issuer's 2006 Annual Meeting of Shareholders.

(b) By virtue of its position as general partner of Jolly Roger Fund LP, Pirate Capital has the power to vote or direct the voting, and to dispose or direct the disposition, of all of the 369,500 Shares held by Jolly Roger Fund LP. By virtue of agreements with Jolly Roger Offshore Fund LTD and Jolly Roger Activist Portfolio Company LTD, Pirate Capital has the power to vote or direct the voting, and to dispose or direct the disposition, of all of the 1,731,399 Shares held by Jolly Roger Offshore Fund LTD and Jolly Roger Activist Portfolio Company LTD. By virtue of his position as sole Managing Member of Pirate Capital, Thomas R. Hudson Jr. is deemed to have shared voting power and shared

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dispositive power with respect to all Shares as to which Pirate Capital has voting power or dispositive power. Accordingly, Pirate Capital and Thomas R. Hudson Jr. are deemed to have shared voting and shared dispositive power with respect to an aggregate of 2,100,899 Shares.

(c) The following transactions in the Shares were effected by the Reporting Persons during the past 60 days, each of which was effected in open market transactions.

### Jolly Roger Activist Portfolio Company LTD

Trade Date	Shares Purchased (Sold)	Price per Share (\$)
3/02/2006	50,000	32.49
3/06/2006	6,000	32.00
4/05/2006	19,300	32.84
4/19/2006	13,000	32.39

### Jolly Roger Fund LP

Trade Date	Shares Purchased (Sold)	Price per Share (\$)
2/22/2006	125,000	32.82
3/10/2006	32,700	31.98
4/17/2006	172,600	32.02

### Jolly Roger Offshore Fund LTD

Trade Date	Shares Purchased (Sold)	Price per Share (\$)
2/22/2006	378,099	32.82
2/23/2006	200,000	33.00
2/24/2006	68,300	32.72
2/27/2006	143,600	33.24
2/28/2006	84,200	32.53
3/10/2006	70,000	31.98
3/15/2006	11,100	31.89
3/21/2006	25,000	32.41
3/22/2006	20,700	32.48
4/10/2006	72,400	32.43
4/11/2006	43,900	32.23
4/12/2006	50,000	31.99
4/13/2006	3,400	32.14
4/17/2006	50,300	32.02
4/18/2006	27,500	32.24

-----  
CUSIP NO. 125137109  
-----

SCHEDULE 13D

-----  
PAGE 6 OF 9 PAGES  
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(d) No person other than the Reporting Persons and the Holders is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such Shares.

(e) Not applicable.

### ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Except as otherwise set forth herein, the Reporting Persons do not have

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any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

See Exhibit Index hereto.

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CUSIP NO. 125137109  
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SCHEDULE 13D

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PAGE 7 OF 9 PAGES  
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SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: April 20, 2006

PIRATE CAPITAL LLC

By: /s/ Thomas R. Hudson Jr.

-----  
Name: Thomas R. Hudson Jr.  
Title: Managing Member

/s/ Thomas R. Hudson Jr.

-----  
Thomas R. Hudson Jr.

-----  
CUSIP NO. 125137109  
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SCHEDULE 13D

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PAGE 8 OF 9 PAGES  
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EXHIBIT INDEX

1. Exhibit A - Joint Acquisition Statement, dated April 20, 2006.

-----  
CUSIP NO. 125137109  
-----

SCHEDULE 13D

-----  
PAGE 9 OF 9 PAGES  
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EXHIBIT A

JOINT ACQUISITION STATEMENT

PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned, and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but

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shall not be responsible for the completeness and accuracy of the information concerning the other, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Dated: April 20, 2006

PIRATE CAPITAL LLC

By: /s/ Thomas R. Hudson Jr.

-----  
Name: Thomas R. Hudson Jr.

Title: Managing Member

/s/ Thomas R. Hudson Jr.

-----  
Thomas R. Hudson Jr.