

## CEC Entertainment Reports Strong Financial Results for the First Quarter of Fiscal 2008

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CEC Entertainment, Inc. (NYSE: CEC) announced earnings for the first quarter ended March 30, 2008.

Revenues for the first quarter of 2008 increased to \$245.2 million from \$232.9 million in the same period of 2007 primarily due to new store development and a 3.6% increase in comparable store sales. Net income for the first quarter of 2008 increased to \$32.9 million compared to \$32.0 million in the same period of 2007. Diluted earnings per share in the first quarter of 2008 increased 33% to \$1.26 per share from \$0.95 per share in the first quarter of 2007.

During the first three months of 2008, the Company repurchased \$58.6 million of its common stock representing 2.1 million shares or approximately 8.1% of weighted average diluted shares outstanding at the end of the quarter. This brought the remaining balance on the Company's share repurchase authorization to \$173.6 million at March 30, 2008. Outstanding borrowings on the Company's \$550 million line-of-credit declined to \$310.4 million at the end of the first quarter compared to \$316.8 million at the end of 2007. The Company remains committed to completing the share repurchase authorization and achieving its targeted Debt-to-Adjusted EBITDA ratio of 2:1 in a timely manner, subject to market conditions.

Richard M. Frank, Chairman and Chief Executive Officer, stated that, 'The 2008 fiscal year is off to a positive start with comparable store sales increasing 2.6% in the first sixteen weeks of the year. We are pleased with our strong sales performance in a difficult consumer environment providing evidence that our strategic initiatives are taking hold and the Chuck E. Cheese's brand is vibrant. As we move forward, our primary objective will continue to be building sales momentum in existing stores. We remain confident in our strategies and believe we have a talented and motivated team to execute the strategies at the highest level.'

### **Business Outlook:**

Based on current estimates, the Company expects diluted earnings per share to range from \$2.33 to \$2.40 per share for the 2008 fiscal year and \$0.29 to \$0.33 per share for the second quarter of 2008. This guidance is based on the following assumptions:

Comparable store sales growth of 1.0% to 2.0% for the 2008 fiscal year,

The average price per pound of block cheese for the 2008 fiscal year of \$1.85,

An increase in labor expenses for the 2008 fiscal year, primarily driven by higher wage rates, of 0.7% to 0.9% as a percent of store sales,

Five to six new Company units and five to six new franchise units during the year,

Total capital expenditures for the year of \$80 to \$85 million,

Free cash flow will be used to repurchase shares of common stock, and

An effective tax rate of 38% for the remainder of the year.

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