

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): January 21, 2020

CEC ENTERTAINMENT, INC.

(Exact name of registrant as specified in charter)

Kansas
(State or other jurisdiction
of incorporation)

1-13687
(Commission
File Number)

48-0905805
(IRS Employer
Identification No.)

1707 Market Place Blvd, Suite 200
Irving, Texas
(Address of principal executive offices)

75063
(Zip Code)

(972) 258-8507

(Registrant's telephone number, including area code)

Not applicable

(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 21, 2020, CEC Entertainment, Inc. (the “Company”) announced the appointment of David McKillips as the Company’s new Chief Executive Officer, effective January 21, 2020. Mr. McKillips will act as the Company’s principal executive officer. Mr. McKillips was also appointed to the Company’s Board of Directors. Mr. McKillips replaces Thomas Leverton, who has resigned as Chief Executive Officer and as a member of the Board of Directors effective January 21, 2020.

Mr. McKillips, age 48, has over 25 years of experience in the family entertainment and theme park industries, specializing in promotion, operations, sponsorships and consumer product licensing sales. Most recently, Mr. McKillips was President of the International Development Company for Six Flags Entertainment Corporation (“Six Flags”), responsible for the operational management of all properties outside the United States, including existing parks in Mexico, Canada and development projects around the world. Mr. McKillips had previously served as Six Flags’ Senior Vice President, In-Park Services from January 2016 to January 2018, overseeing the company’s food & beverage, retail, games and procurement functions across all parks. Mr. McKillips served as Senior Vice President, Corporate Alliances of Six Flags from September 2010 to January 2016. Prior to joining Six Flags, Mr. McKillips served as Vice President of Advertising & Custom Publishing Sales for DC Comics, a division of Warner Bros. Entertainment and home to some of the world’s most iconic superheroes, including *Superman*, *Batman*, and *Wonder Woman*. Mr. McKillips started his career with Sea World Entertainment, serving in roles within the operations, entertainment, group sales and promotions departments at SeaWorld in Orlando, Florida, and then at Sesame Place in Langhorne, Pennsylvania, as Manager of Promotions. Mr. McKillips holds a B.A. degree in Communication Studies from the University of Georgia and has received post-graduate certificates in Marketing and Finance from New York University.

Employment Agreement with Mr. McKillips

The Company entered into an employment agreement with Mr. McKillips, dated as of January 4, 2020 and effective January 21, 2020, providing for the terms of his employment with the Company (the “Employment Agreement”). The Employment Agreement provides for an initial employment period of two years from the effective date with automatic one-year extensions subject to either party providing notice of its intention not to extend the employment period.

Mr. McKillips will receive an initial base salary of \$600,000, subject to annual review by the Company’s Board of Directors for possible merit increases. Mr. McKillips will also receive a signing bonus of \$375,000, and will be eligible for an annual bonus of up to 150% of his base salary based upon the extent to which performance goals, as set by the Company’s Board of Directors, are achieved. In addition, Mr. McKillips is eligible to participate in all retirement, compensation, and employee benefit plans provided by the Company. Within 30 days following the effective date of the Employment Agreement, Mr. McKillips is required to invest \$1,000,004 in the common stock of Queso Holdings Inc., the parent company of the Company, at a price of \$8.71 per share and, as soon as practicable following the effective date of the Employment Agreement, Mr. McKillips will be granted an option to purchase 750,000 shares of the common stock of Queso Holdings Inc. with an exercise price of \$8.71 per share.

Upon resignation for good reason, termination without cause or expiration of the employment period (as such terms are defined in the Employment Agreement), the Company will provide Mr. McKillips the following payments and/or benefits: (i) base salary through the date of termination; (ii) the bonus earned for any fiscal year ended prior to the year in which the date of termination occurs; (iii) the amount of any unpaid expense reimbursements; (iv) any other vested payment to which Mr. McKillips or his estate may be entitled to receive under any of the Company’s benefit plans or applicable law; and (v) subject to the execution by Mr. McKillips of a separation agreement and general release (as described in Sections 4(d) and (e) of the Employment Agreement), compliance with the restrictive covenants, nondisparagement and confidentiality provisions of the Employment Agreement and cooperation with the Company after termination, the sum of one times the annual base salary as in effect on the date of termination and the annual bonus paid or to be paid, if any, with respect to the fiscal year completed prior to the date of termination, payable pursuant to the Company’s normal payroll practices over the 12-month period following the date of termination.

Upon termination by reason of death or disability (as such term is defined in the Employment Agreement), the Company will provide Mr. McKillips with the following payments and/or benefits: (i) base salary through the date of termination; (ii) the bonus earned for any fiscal year ended prior to the year in which the date of termination occurs; (iii) the amount of any unpaid expense reimbursements; and (iv) any other vested payment to which Mr. McKillips or his estate may be entitled to receive under any of the Company’s benefit plans or applicable law.

Upon termination for cause, resignation without good reason or expiration of the employment period (as such terms are defined in the Employment Agreement), the Company will have no further obligation to Mr. McKillips other than the following payments and/or benefits: (i) base salary through the date of termination; (ii) the bonus earned for any fiscal year ended prior to the year in which the date of termination occurs; (iii) the amount of any unpaid expense reimbursements; and (iv) any other vested

payment to which Mr. McKillips or his estate may be entitled to receive under any of the Company's benefit plans or applicable law.

The Employment Agreement includes customary restrictive covenants and agreements, with respect to nonsolicitation, noncompetition, nondisclosure, cooperation, nondisparagement and confidentiality.

The foregoing description of the Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the text thereof, filed as Exhibit 10.1 to this Current Report on Form 8-K.

There are no other arrangements or understandings pursuant to which Mr. McKillips was appointed as Chief Executive Officer.

On January 21, 2020, the Company issued a press release announcing the aforementioned management changes. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
10.1 *	Employment Agreement, by and between CEC Entertainment, Inc. and David McKillips, dated as of January 4, 2020
99.1	Press Release issued January 21, 2020

* Certain exhibits have been omitted

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.

Date: January 21, 2020

CEC ENTERTAINMENT, INC.

By: /s/ James A. Howell
James A. Howell
Executive Vice President and Chief Financial
Officer

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, by and between CEC Entertainment, Inc., a Kansas corporation (the “Company”), and David McKillips (“Executive”) (collectively the “Parties”) is made as of January 4, 2020.

WHEREAS, the Parties desire to enter into this employment agreement (the “Agreement”) pursuant to the terms, provisions and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, understandings, representations, warranties, undertakings and promises hereinafter set forth, intending to be legally bound thereby, the Parties agree as follows:

1. Employment Period.

Subject to earlier termination in accordance with Section 3 of this Agreement, the Executive shall be employed by the Company for a period commencing on January 21, 2020 (the “Commencement Date”) and ending on the second anniversary of the Commencement Date (the “Employment Period”); provided that, on such second anniversary of the Commencement Date and each annual anniversary thereafter (such date and each annual anniversary thereof, a “Renewal Date”), the Employment Period shall be deemed to be automatically extended, upon the same terms and conditions, for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least 60 days prior to the applicable Renewal Date (a “Notice of Non-Extension”). Upon Executive’s termination of employment with the Company for any reason, Executive shall immediately resign all positions with the Company or any of its subsidiaries or affiliates, including any position as a member of the Company’s Board of Directors (the “Board”) and the Board of Directors of Queso Holdings Inc., a Delaware corporation (“Holdings”).

2. Terms of Employment.

(a) Position. During the Employment Period, Executive shall serve as Chief Executive Officer of the Company and will perform such duties and exercise such supervision with regard to the business of the Company as are associated with such position, including such duties as may be prescribed from time to time by the Board. Executive shall report directly to the Board and if reasonably requested by the Board, Executive hereby agrees to serve (without additional compensation) as an officer and director of the Company or any affiliate or subsidiary thereof. During the Employment Period, Executive shall be appointed as, and agrees to serve as, a member of the Board (without additional compensation). No other officer or employee of the Company shall report directly to the Board, unless special circumstances warrant otherwise.

(b) Duties. During the Employment Period, Executive shall have such responsibilities, duties, and authority that are customary for Executive’s position, subject at all times to the control of the Board, and shall perform such services as customarily are provided by an executive of a corporation with Executive’s position and such other services consistent with Executive’s position, as shall be assigned to Executive from time to time by the Board. During the Employment Period, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote all of Executive’s business time to the business and affairs of the Company. Executive shall be entitled to engage in charitable and educational activities and to manage Executive’s personal and family investments, to the extent such activities are not competitive with the business of the Company, do not materially interfere with the performance of Executive’s duties for the Company and are otherwise consistent with the Company’s governance policies.

(c) Compensation.

(i) Base Salary. During the Employment Period, Executive shall receive an initial annual base salary in an amount equal to \$600,000, less all applicable withholdings, which shall be paid in accordance with the customary payroll practices of the Company and prorated for partial calendar years of employment (as in effect from time to time, the “Annual Base Salary”). The Annual Base Salary shall be subject to annual review by the Board, in its sole discretion, for possible merit increase and any such increased Annual Base Salary shall constitute “Annual Base Salary” for purposes of this Agreement.

(ii) Signing Bonus. Upon or as soon as practicable after the Commencement Date, Executive shall receive a one-time signing bonus in an amount equal to \$375,000, less all applicable withholdings (the “Signing Bonus”); provided that upon termination of Executive’s employment for Cause (as defined below) or resignation by the Executive for Good Reason (as defined below) within one year of the Commencement Date, Executive shall promptly repay to the Company the full amount of the Signing Bonus.

(iii) Annual Bonus. For each fiscal year of the Company that ends during the Employment Period, Executive shall be awarded the opportunity to earn a bonus (the “Bonus”) based on the extent to which performance goals, as set by the

Board at the beginning of each fiscal year, are achieved. Achievement of targeted level of performance will result in the entitlement to a Bonus of 100% of Annual Base Salary, and achievement of superior performance will result in the entitlement to a Bonus of up to 150% of Annual Base Salary. The Bonus, if any, shall be paid during the year following the fiscal year to which the Bonus relates, less all applicable withholdings, as soon as practicable after the Company's audited financial statements are delivered to the Company by the Company's accountants, but no later than thirty (30) days of such date. For the fiscal year commencing in 2020, the performance goals shall be as set on Exhibit A.

(iv) Automobile Allowance. During the Employment Period, Executive shall be entitled to an automobile allowance of \$24,000 per year, less all applicable withholdings, which shall cover the cost of an automobile and all reasonable related expenses, including maintenance, insurance, fuel, tolls, and parking/garage fees.

(v) Equity.

(A) Investment Equity. Within 30 days following the Commencement Date, Executive shall invest \$1,000,004 in the common stock of Holdings ("Common Stock") at a price of \$8.71 per share pursuant to the terms of the Management Investor Subscription Agreement attached as Exhibit B.

(B) Options. As soon as practicable following the Commencement Date, Executive shall be granted an option to purchase 750,000 shares of Common Stock with an exercise price of \$8.71 per share pursuant to the terms of the Stock Option Agreement attached as Exhibit C.

(vi) Benefits. During the Employment Period, Executive shall be eligible to participate in all retirement, compensation and employee benefit plans, practices, policies and programs provided by the Company to the extent applicable generally to other executives of the Company (except severance plans, policies, practices, or programs) subject to the eligibility criteria set forth therein, as such may be amended or terminated from time to time.

(vii) Expenses. During the Employment Period, Executive shall be entitled to receive reimbursement for all reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder, provided that Executive provides all necessary documentation in accordance with the Company's policies.

(viii) Business Travel. The Company shall provide Executive with business class travel and accommodations on all business trips of more than two hours, at Executive's discretion.

3. Termination of Employment.

(a) Death or Disability. Executive's employment shall terminate automatically upon Executive's death. If Executive becomes subject to a Disability (as defined below) during the Employment Period, the Company may give Executive written notice in accordance with Sections 3(g) and 10(g) of its intention to terminate Executive's employment. For purposes of this Agreement, "Disability" means Executive's inability to perform Executive's duties hereunder by reason of any medically determinable physical or mental impairment for a period of three months or more in any 12-month period.

(b) Cause. Executive's employment may be terminated at any time by the Company for Cause (as defined below). For purposes of this Agreement, "Cause" shall mean Executive's (i) conviction, plea of no contest to, plea of nolo contendere to, or imposition of unadjudicated probation for any felony or a crime of moral turpitude, (ii) commission of an act of fraud or embezzlement, (iii) commission of an act of gross negligence or willful gross misconduct that results or could reasonably be expected to result in harm to the Company's business or reputation, (iv) breach of any terms of this Agreement (including, without limitation, the failure of Executive to make the investment contemplated by Section 2(c)(v)(A)) or any other agreement between Executive and the Company or Holdings, or (v) continued willful failure to substantially perform Executive's material duties under this Agreement. Executive's employment shall not be terminated for Cause within the meaning of clauses (iv) or (v) above unless Executive has been given written notice by the Company stating the basis for such termination and Executive is given 30 days to cure, to the extent curable, the neglect or conduct that is the basis of any such claim. Notwithstanding anything to the contrary above, Executive may not be terminated for Cause for any acts occurring prior to his employment with the Company, provided such acts have been disclosed to the Company prior to Executive's employment.

(c) Termination Without Cause. The Company may terminate Executive's employment hereunder without Cause at any time.

(d) Good Reason. Executive's employment may be terminated at any time by Executive for Good Reason (as defined below). For purposes of this Agreement, "Good Reason" shall mean (i) without Executive's written consent, any reduction approved by the Board in the amount of Executive's annual Base Salary or Maximum Bonus Opportunity, (ii) the assignment of duties to Executive that are materially inconsistent with the duties set forth in Section 2(b), (iii) any material breach by the Company of this

Agreement, (iv) the requirement that Executive be based in an office that is located more than 50 miles from Executive's principal place of business as of the date of this Agreement, or (v) any requirement that the Executive report to anyone other than the Board. In order for Executive to terminate his employment for Good Reason, (A) Executive must provide written notice of any alleged violation of clauses (i) through (v) above stating the basis for such termination within 30 days following any such alleged violation, (B) the Company shall have 30 days following receipt of the written notice described in clause (A) to cure the alleged violation (the "Cure Period"), and (C) if the Company fails to cure the alleged violation, Executive must terminate his employment with the Company during the 30-day period following the Cure Period.

(e) Voluntary Termination. Executive's employment may be terminated at any time by Executive without Good Reason upon 30 days' prior written notice.

(f) Termination as a Result of Expiration of the Employment Period. Unless otherwise agreed between the Parties, following a Notice of Non-Extension by either Party, Executive's employment shall automatically terminate upon the expiration of the Employment Period following a Notice of Non-Extension provided by either Party.

(g) Notice of Termination. Any termination by the Company for Cause or without Cause, or by Executive for Good Reason or without Good Reason, shall be communicated by Notice of Termination to the other Party hereto given in accordance with Section 10(g). For purposes of this Agreement, a "Notice of Termination" means a written notice that (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company hereunder or preclude Executive or the Company from asserting such fact or circumstance in enforcing Executive's or the Company's rights hereunder.

(h) Date of Termination. For purposes of this Agreement, "Date of Termination" shall mean (i) if Executive's employment is terminated by the Company for Cause, without Cause or by reason of Disability, or by Executive for Good Reason or without Good Reason, the date of receipt of the Notice of Termination, provided such Date of Termination is in accordance with Section 3(b), Section 3(d) or Section 3(e) or any later date specified therein pursuant to Section 3(g), as the case may be, (ii) if Executive's employment is terminated by reason of death, the date of death, and (iii) if Executive's employment is terminated by reason of the expiration of the Employment Period, the date of such expiration.

4. Obligations of the Company upon Termination.

(a) Resignation for Good Reason; Termination without Cause; Expiration of the Employment Period. If during the Employment Period, the Company shall terminate Executive's employment without Cause (other than as a result of death or Disability), Executive shall terminate Executive's employment for Good Reason, or upon the expiration of the Employment Period following a Notice of Non-Extension provided by the Company, then the Company will provide Executive with the following payments and/or benefits:

(i) the Company shall pay to Executive as soon as reasonably practicable but no later than the 60th day following the Date of Termination the following in a lump sum, to the extent not previously paid, (A) the Annual Base Salary through the Date of Termination, (B) the Bonus earned for any fiscal year ended prior to the year in which the Date of Termination occurs, provided that Executive was employed on the last day of such fiscal year, (C) the amount of any unpaid expense reimbursements to which Executive may be entitled pursuant to Section 2(c)(vii) of this Agreement, and (D) any other vested payments or benefits to which Executive or Executive's estate may be entitled to receive under any of the Company's benefit plans or applicable law, in accordance with the terms of such plans or law (clauses (A)–(D), the "Accrued Obligations"); and

(ii) subject to Sections 4(d) and (e) of this Agreement, the Company will pay Executive an amount equal to one times the sum of (x) Executive's Annual Base Salary as in effect as of the Date of Termination and (y) the annual Bonus paid or to be paid, if any, with respect to the fiscal year completed most recently prior to the Date of Termination, payable pursuant to the Company's normal payroll over the 12-month period following the Date of Termination (the "Severance Payments").

(b) Death or Disability. If Executive's employment shall be terminated by reason of Executive's death or Disability, then the Company will provide Executive with the Accrued Obligations. Thereafter, the Company shall have no further obligation to Executive or Executive's legal representatives.

(c) Termination for Cause; Resignation without Good Reason; Expiration of the Employment Period. If Executive's employment shall be terminated by the Company for Cause, by Executive without Good Reason, or upon expiration of the

Employment Period following a Notice of Non-Extension provided by Executive, the Company shall have no further obligations to Executive other than for payment of the Accrued Obligations.

(d) Separation Agreement and General Release. The Company's obligation to make the Severance Payments is conditioned on Executive or Executive's legal representatives executing a separation agreement and general release of claims related to or arising from Executive's employment with the Company or the termination of employment against the Company and its affiliates (and their respective officers and directors) in a form reasonably determined by the Company, which shall be provided by the Company to Executive within five days following the Date of Termination; provided that, if Executive should fail to execute (or revokes) such release within 45 days following the Date of Termination, the Company shall not have any obligation to provide the Severance Payments, further provided that Executive shall not be bound by any employment restrictions or covenants should the Company not provide the full Severance Payments in breach of this Agreement. If Executive executes the release within such 45-day period and does not revoke the release within seven days following the execution of the release, the Severance Payment will be made in accordance with Section 4(a)(ii).

(e) The Company's obligations to make Severance Payments is conditioned on Executive's compliance with Sections 5, 6, 7 and 8 of this Agreement. Upon Executive's breach of any of the provisions of Section 5, 6, 7 or 8 of this Agreement, the Company shall not have any further obligations to provide Severance Payments and Executive shall promptly repay to the Company the full amount of any Severance Payments received through the date of breach. Likewise, Executive's obligations in Sections 5, 6, 7 and 8 of this Agreement are contingent upon the Company's timely payment of Severance Payments in compliance with this Agreement. Upon the Company's failure to make Severance Payments in breach of this Agreement or abide by its obligations under Sections 6, 7 or 8 of this Agreement in breach of this Agreement, Executive is not bound to abide by Executive's obligations in Sections 5, 6, 7 and 8 of this Agreement.

5. Restrictive Covenants.

(a) Nonsolicitation. In consideration of Executive's employment and receipt of payments hereunder, including, without limitation, the grant of options under Section 2(c), during the period commencing on the Commencement Date and ending 12 months after the Date of Termination (the "Restricted Period"), Executive shall not directly, or indirectly through another person, (i) induce or attempt to induce any employee, representative, agent or consultant of the Company or any of its affiliates or subsidiaries to leave the employ or services of the Company or any of its affiliates or subsidiaries, or interfere with the relationship between the Company or any of its affiliates or subsidiaries and any employee, representative, agent or consultant thereof, provided that Executive shall not be restricted from engaging in general solicitations not directed at any such persons described in this clause (i), (ii) hire any person who was an employee, representative, agent or consultant of the Company or any of its affiliates or subsidiaries at any time during the 6 month period immediately prior to the date on which such hiring would take place, or (iii) directly or indirectly induce or attempt to induce any customer, supplier, licensee, licensor, representative, agent or other business relation of the Company or any of its affiliates or subsidiaries to cease doing business with, or reduce the amount of business conducted with, the Company or any of its affiliates or subsidiaries, or interfere with the relationship between any such customer, supplier, licensee, licensor, representative, agent or business relation.

(b) Noncompetition. Executive hereby acknowledges that Executive is familiar with the Confidential Information (as defined below) of the Company and its subsidiaries. Executive agrees that during the Restricted Period, Executive shall not (and shall cause each of Executive's affiliates not to), directly or indirectly, own any interest in, manage, control, participate in (whether as an officer, director, manager, employee, partner, equity holder, member, agent, representative or otherwise), consult with, render services for, or in any other manner engage, directly or indirectly, in the family entertainment business (which shall exclude any fine dining restaurant business, and with respect to any period following Executive's termination of employment described in Section 4(a) shall include only a casual dining restaurant business with an entertainment center primarily targeted to children under the age of 13) in the Geographic Area (as defined below); provided that nothing herein shall prohibit Executive from (i) owning or operating a restaurant with a single location or (ii) being a passive owner of not more than 2% of the outstanding stock of any class of a corporation that is publicly traded so long as none of such persons has any active participation in the business of such corporation. Executive acknowledges and agrees that the Company would be irreparably damaged if Executive were to engage in the prohibited activities described in the preceding sentence and that such prohibited activities would result in a significant loss of goodwill by the Company. For purposes of this Agreement, the "Geographic Area" shall mean any location within twenty-five (25) miles of a location in which the Company or its subsidiaries is conducting or has taken material steps to conduct business as of the Date of Termination.

(c) Nondisclosure; Confidential Information. Executive shall not disclose or use at any time, either during Executive's employment with the Company or at any time thereafter, any Confidential Information of which Executive is or becomes aware, whether or not such information is developed by Executive, except (i) to the extent that such disclosure or use is directly related to and required by Executive's performance in good faith of duties assigned to Executive by the Company, or (ii) as may be required by an order of a court of competent jurisdiction; provided that (A) prior to any such disclosure pursuant to clause (ii), to the extent

legally permissible and reasonably possible, Executive shall notify the Company as promptly as practicable, and in any event prior to any disclosure, of such requirement so that the Company may seek an appropriate protective order or waive compliance with the provisions of this Section 5(c), and (B) in the absence of such a protective order or the receipt of a waiver hereunder, Executive may disclose only such Confidential Information to the extent necessary to comply with such requirement. Executive will take all appropriate steps to safeguard Confidential Information in Executive's possession and to protect it against disclosure, misuse, espionage, loss and theft. Executive shall deliver to the Company at the termination of Executive's employment with the Company, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the Work Product (as defined below) of the business of the Company and its affiliates (the "Company Group") that Executive may then possess or have under Executive's control.

(d) Proprietary Rights. Executive recognizes that the Company Group possesses a proprietary interest in all Confidential Information and Work Product and has the exclusive right and privilege to use, protect by copyright, patent or trademark, or otherwise exploit the processes, ideas and concepts described therein to the exclusion of Executive, except as otherwise agreed between the Company Group and Executive in writing. Executive expressly agrees that any Work Product made or developed by Executive or Executive's agents during the course of Executive's employment, including any Work Product that is based on or arises out of Work Product, shall be the property of and inure to the exclusive benefit of the Company Group. Executive further agrees that all Work Product developed by Executive (whether or not able to be protected by copyright, patent or trademark) during the course of Executive's employment with the Company, or involving the use of the time, materials or other resources of the Company Group, shall be promptly disclosed to the Company Group and shall become the exclusive property of the Company Group, and Executive shall execute and deliver any and all documents necessary or appropriate to implement the foregoing.

(e) Certain Definitions.

(i) As used herein, the term "Confidential Information" means information that is not generally known to the public (but for purposes of clarity, Confidential Information shall never exclude any such information that becomes known to the public because of Executive's unauthorized disclosure) and that is used, developed or obtained by the Company Group in connection with its business, including, but not limited to, information, observations and data obtained by Executive while employed by the Company Group concerning (A) the business or affairs of the Company Group, (B) products or services, (C) fees, costs and pricing structures, (D) designs, (E) analyses, (F) drawings, photographs and reports, (G) computer software, including operating systems, applications and program listings, (H) flow charts, manuals and documentation, (I) databases, (J) accounting and business methods, (K) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (L) customers and clients and customer or client lists, (M) other copyrightable works, (N) all production methods, processes, technology and trade secrets, and (O) all similar and related information in whatever form. Confidential Information will not include any information that has been published in a form generally available to the public (except as a result of Executive's unauthorized disclosure) prior to the date Executive proposes to disclose or use such information. Confidential Information will not be deemed to have been published or otherwise disclosed merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(ii) As used herein, the term "Work Product" means all inventions, innovations, improvements, technical information, systems, software developments, methods, designs, analyses, drawings, reports, service marks, trademarks, trade names, logos, all nonpublic financial materials (including debt and equity related marketing materials), sales documentation, financial projections, and all similar or related information (whether patentable or unpatentable) that relates to the Company Group's actual or anticipated business, research and development or existing or future products or services and that are conceived, developed or made by Executive (whether or not during usual business hours and whether or not alone or in conjunction with any other person) while employed by the Company together with all patent applications, letters patent, trademark, trade name and service mark applications or registrations, copyrights and reissues thereof that may be granted for or upon any of the foregoing.

6. Cooperation. Executive agrees that upon the Company's reasonable request following the Date of Termination and provided such cooperation is not adverse to Executive's legal interests, Executive will use reasonable efforts to assist and cooperate with the Company in connection with (i) the transition of his duties and requests for information on activities of the Company during your employment, and (ii) the defense or prosecution of any claim with respect to which he may have knowledge that may be helpful to the Company that is made against or by the Company or its affiliates (other than by or against Executive), or in connection with any ongoing or future investigation by, or any proceeding before, any arbitral, administrative, regulatory, self-regulatory, judicial, legislative, or other body or agency involving the Company or any affiliate. Likewise, the Company agrees that upon Executive's reasonable request following his Date of Termination, provided that such cooperation is not adverse to its legal interests, the Company will use reasonable efforts to assist and cooperate with Executive in connection with the verification of employment history and compensation to third parties upon request.

7. Nondisparagement. During the Employment Period and at all times thereafter, neither Executive nor Executive's agents, on the one hand, nor the Company formally, or its executives or board of directors, on the other hand, shall directly or indirectly issue or communicate any public statement, or statement likely to become public, that maligns, denigrates or disparages the other (including, in the case of communications by Executive or Executive's agents, the Company Group, any of the Company Group's officers, directors or employees, Apollo Global Management, LLC or any affiliate thereof). The foregoing shall not be violated by truthful responses to legal process or governmental inquiry.

8. Confidentiality of Agreement. The Parties agree that, except as may be required by law or judicial process or in connection with Executive's enforcement of his rights under this Agreement or any other agreement entered into by Executive with the Company or Holdings, the discussions and correspondence that led to this Agreement, and the terms and conditions of this Agreement are private and confidential. Except as may be required by applicable law, regulation, or stock exchange requirement, neither Party may disclose the above information to any other person or entity (other than to such Party's advisors, attorneys, consultants, or, in the case of Executive, immediate family members) without the prior written approval of the other.

9. Executive's Representations, Warranties and Covenants.

(a) Executive hereby represents and warrants to the Company that:

(i) Executive has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and this Agreement has been duly executed by Executive;

(ii) the execution, delivery and performance of this Agreement by Executive does not and will not, with or without notice or the passage of time, conflict with, breach, violate or cause a default under any agreement, contract or instrument to which Executive is a party or any judgment, order or decree to which Executive is subject;

(iii) Executive is not a party to or bound by any employment agreement, consulting agreement, noncompetition agreement, fee for services agreement, confidentiality agreement or similar agreement with any other person that would prevent Executive from entering into this Agreement or performing his duties hereunder.

(iv) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a legal, valid and binding obligation of Executive, enforceable in accordance with its terms;

(v) Executive understands that the Company will rely upon the accuracy and truth of the representations and warranties of Executive set forth herein and Executive consents to such reliance; and

(vi) as of the Commencement Date of this Agreement, Executive is not in breach of any of its terms, including having committed any acts that would form the basis for a Cause termination if such act had occurred after the Commencement Date.

(b) The Company hereby represents and warrants to Executive that:

(i) the Company has all requisite power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, and this Agreement has been duly executed by the Company;

(ii) the execution, delivery and performance of this Agreement by the Company does not and will not, with or without notice or the passage of time, conflict with, breach, violate or cause a default under any agreement, contract or instrument to which the Company is a party or any judgment, order or decree to which the Company is subject;

(iii) upon the execution and delivery of this Agreement by the Company and Executive, this Agreement will be a legal, valid and binding obligation of the Company, enforceable in accordance with its terms; and

(iv) the Company understands that Executive will rely upon the accuracy and truth of the representations and warranties of the Company set forth herein and the Company consents to such reliance.

10. General Provisions.

(a) Severability. It is the desire and intent of the Parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable under any present or future law, and if the rights and obligations of any Party under this Agreement will not be materially and adversely affected thereby, such provision, as to such jurisdiction, shall be ineffective, without invalidating the

remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction; furthermore, in lieu of such invalid or unenforceable provision there will be added automatically as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(b) Entire Agreement and Effectiveness. Effective as of the Commencement Date, this Agreement embodies the complete agreement and understanding among the Parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the Parties, written or oral, which may have related to the subject matter hereof in any way.

(c) Successors and Assigns.

(i) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid that assumes and agrees to perform this Agreement by operation of law, or otherwise.

(d) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflicting provision or rule that would cause the laws of any jurisdiction other than the State of Delaware to be applied. In furtherance of the foregoing, the internal law of the State of Delaware will control the interpretation and construction of this Agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

(e) Enforcement.

(i) Arbitration. Except for disputes arising under Sections 5 and 7 of this Agreement (including, without limitation, any claim for injunctive relief), any controversy, dispute or claim arising out of or relating to this Agreement, or its interpretation, application, implementation, breach or enforcement that the Parties are unable to resolve by mutual agreement, shall be settled by submission by either Executive or the Company of the controversy, claim or dispute to binding arbitration in Dallas County, Texas (unless the Parties agree in writing to a different location), before a single arbitrator in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association then in effect. In any such arbitration proceeding, the Parties agree to provide all discovery deemed necessary by the arbitrator. The decision and award made by the arbitrator shall be accompanied by a reasoned opinion, and shall be final, binding and conclusive on all Parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof. The Company will bear the totality of the arbitrator's and administrative fees and costs. Each Party shall bear its litigation costs and expenses; provided, however, that the arbitrator shall have the discretion to award the prevailing Party reimbursement of its or his or her reasonable attorney's fees and costs. Upon the request of any of the Parties, at any time prior to the beginning of the arbitration hearing, the Parties may attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association. The Company will pay the costs of the mediator's fees and costs and any administrative fees and costs.

(ii) Executive acknowledges that the Company would be irreparably injured by a violation of Section 5 or Section 7 of this Agreement and that it is impossible to measure in money the damages that will accrue to the Company by reason of a failure by Executive to perform any of Executive's obligations under Section 5 or Section 7 of this Agreement. Accordingly, if the Company institutes any action or proceeding to enforce any of the provisions of Section 5 or Section 7 of this Agreement, to the extent permitted by applicable law, Executive hereby waives the claim or defense that the Company has an adequate remedy at law, and Executive shall not urge in any such action or proceeding the defense that any such remedy exists at law. Furthermore, in addition to other remedies that may be available, the Company shall be entitled to specific performance and other injunctive relief, without the requirement to post bond.

(iii) Remedies. All remedies hereunder are cumulative, are in addition to any other remedies provided for by law and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy.

(iv) Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT

TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(f) Amendment and Waiver. The provisions of this Agreement may be amended and waived only with the prior written consent of the Company and Executive and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall be construed as a waiver of such provisions or affect the validity, binding effect or enforceability of this Agreement or any provision hereof.

(g) Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, transmitted via facsimile, mailed by first class mail (postage prepaid and return receipt requested) or sent by reputable overnight courier service (charges prepaid) to the recipient at the address below indicated or at such other address or to the attention of such other person as the recipient Party has specified by prior written notice to the sending Party. Notices will be deemed to have been given hereunder and received when delivered personally, when received if transmitted via facsimile, five days after deposit in the U.S. mail and one day after deposit for overnight delivery with a reputable overnight courier service.

If to the Company, to:

CEC Entertainment, Inc.
1707 Market Place Blvd., Suite 200
Irving, Texas 75063
Attention: Chief Legal Officer or General Counsel

with a copy (which shall not constitute notice) to:

AP VIII CEC Holdings L.P.
2000 Avenue of the Stars, Suite 510 North Los Angeles, CA 90067
Attention: Andrew Jhawar
Telephone: (310) 843-1919

If to Executive, to:

Executive's home address most recently on file with the Company.

with a copy (which shall not constitute notice) to:

Fayer Gipson LLP
2029 Century Park East, Suite 3535
Los Angeles, CA 90067
Attention: Elliot Gipson
Telephone: (310) 557-3558
egipson@fayergipson.com

(h) Withholdings Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(i) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby indefinitely.

(j) Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. All references to a "Section" in this Agreement are to a section of this Agreement unless otherwise noted.

(k) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(l) Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

(m) Section 409A. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted and applied so that the payment of the benefits set forth herein shall either be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), or shall comply with the requirements of such provision. Notwithstanding anything in this Agreement or elsewhere to the contrary, distributions upon termination of Executive’s employment may only be made upon a “separation from service” as determined under Section 409A of the Code. Each payment under this Agreement or otherwise shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement or otherwise that constitutes a “deferral of compensation” within the meaning of Section 409A of the Code. All reimbursements and in-kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code. To the extent that any reimbursements pursuant to this Agreement or otherwise are taxable to Executive, any reimbursement payment due to Executive shall be paid to Executive on or before the last day of Executive’s taxable year following the taxable year in which the related expense was incurred; provided that Executive has provided the Company written documentation of such expenses in a timely fashion and such expenses otherwise satisfy the Company’s expense reimbursement policies. Reimbursements pursuant to this Agreement or otherwise are not subject to liquidation or exchange for another benefit and the amount of such reimbursements that Executive receives in one taxable year shall not affect the amount of such reimbursements that Executive receives in any other taxable year. Notwithstanding any provision in this Agreement to the contrary, if on the Date of Termination Executive is deemed to be a “specified employee” within the meaning of Section 409A of the Code and the Treasury Regulations using the identification methodology selected by the Company from time to time, or if none, the default methodology under Section 409A of the Code, any payments or benefits due upon a termination of Executive’s employment under any arrangement that constitutes a “deferral of compensation” within the meaning of Section 409A of the Code shall be delayed and paid or provided (or commence, in the case of installments) on the first payroll date on or following the earlier of (i) the date that is six months and one day after Executive’s termination of employment for any reason other than death, and (ii) the date of Executive’s death, and any remaining payments and benefits shall be paid or provided in accordance with the normal payment dates specified for such payment or benefit. Notwithstanding any of the foregoing to the contrary, the Company and its respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A of the Code, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A of the Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed and this Agreement as of the date first written above.

CEC ENTERTAINMENT, INC.

By: _____
Name: Andrew Jhawar
Title: Director

EXECUTIVE

By: _____
David McKillips

Exhibit A

Fiscal 2020 Bonus Opportunity

Executive is eligible to receive a 2020 Bonus of up to 150% Annual Base Salary, or \$900,000 in the aggregate based upon the following performance goals:

Goal	Weighting
Adjusted EBITDA*	50%
Comparable Venue Sales**	25%
Cash Flow***	25%

The actual goals will be determined by the Board in connection with the establishment of the budget for the 2020 fiscal year; provided that in no event will any Bonus be payable with respect to the 2020 fiscal year if the Company achieves less than \$200,000,000 in Adjusted EBITDA, 3% in Comparable Venue Sales or \$160,000,000 in Cash Flow. In no event will the percentage of the target earned with respect to Comparable Venue Sales and Cash Flow exceed the percentage of the target earned with respect to Adjusted EBITDA.

*As reported in the Company's public filings with the Securities and Exchange Commission for 2020, measured after payment of all the Company bonuses

** As reported in the Company's public filings with the Securities and Exchange Commission for 2020

***Adjusted EBITDA less capital expenditures

Exhibit B

[Form of Management Investor Subscription Agreement]

Exhibit C

[Form of Stock Option Agreement]



CEC Entertainment, Inc. Announces Appointment of David McKillips as Chief Executive Officer

IRVING, Texas, January 21, 2020 - CEC Entertainment, Inc. today announced that, effective immediately, its Board of Directors has appointed David McKillips as Chief Executive Officer, replacing Tom Leverton who has resigned as CEO. The Board of Directors of CEC thanks Mr. Leverton for his service as CEO over the last five years and offers him best wishes in his future endeavors.

McKillips has more than 25 years of experience in the family entertainment, media and theme park industries. Most recently, he was President of the International Development Company for Six Flags Entertainment Corporation, responsible for the operational management of all properties outside the United States. In addition, McKillips served as Six Flags Senior Vice President, In-Park Services, leading the food & beverage, retail, games and procurement functions across all U.S. Six Flags parks. Prior to joining Six Flags, he served as Vice President of Advertising & Custom Publishing Sales for DC Comics, a division of Warner Bros. Entertainment and home to some of the world's most iconic brands. McKillips has also held multiple leadership roles within Sea World Entertainment and Sesame Place. McKillips holds a B.A. degree in Communication Studies from the University of Georgia and received post-graduate certificates in Marketing and Finance from New York University.

“On behalf of the Board of Directors, I am excited to welcome David to the CEC team,” said Andrew S. Jhawar, Chairman of the Board at CEC and Senior Partner and Head of the Consumer & Retail Industry Team at Apollo Global Management, Inc. “David is a proven executive with a lifetime of experience and success in the family entertainment industry, both domestically and around the world. He has demonstrated an ability to drive revenue growth through innovation, marketing, licensing, improved operations and corporate partnerships, which are skills that make him the ideal candidate to lead CEC into its next phase of growth.”

McKillips stated, “I am thrilled to join CEC and look forward to working with the team to continue creating memorable experiences for CEC’s guests. As a national leader in family dining and entertainment, CEC is recognized for its high-quality food, fun and wholesome family entertainment. With the iconic Chuck E. Cheese and Peter Piper Pizza brands, dedicated employees and strategic partnerships, the Company is well positioned to expand and provide an even better guest experience going forward. I look forward to being part of the Company's future success as we accelerate CEC’s growth nationally and globally. In addition, I look forward to working alongside Apollo, which has a long track record of success in building value in consumer and retail businesses.”

About CEC Entertainment, Inc.

CEC Entertainment, Inc. is the nationally recognized leader in family dining and entertainment with both its Chuck E. Cheese and Peter Piper Pizza restaurants. As the place where over one million happy birthdays are celebrated every year, Chuck E. Cheese's goal is to create positive, lifelong memories for families through fun, food, and play and is the place Where A Kid Can Be A Kid®. Committed to providing a fun, safe environment, Chuck E. Cheese helps protect families through industry-leading programs such as Kid Check®. As a strong advocate for its local communities, Chuck E. Cheese has donated more than \$16 million to schools through its fundraising programs and supports its national charity partner, Boys and Girls Clubs of America. Peter Piper Pizza features dining, entertainment and carryout with a neighborhood pizzeria feel and "pizza made fresh, families made happy" culture. Peter Piper Pizza takes pride in delivering quality food and fun that reconnects family and friends. With a bold design and contemporary layout, an open kitchen revealing much of their handcrafted food preparation, the latest technology and games, and beer and wine for adults, Peter Piper Pizza restaurants appeal to parents and kids alike. As of September 29, 2019, the Company and its franchisees operated a system of 610 Chuck E. Cheese and 128 Peter Piper Pizza venues, with locations in 47 states and 15 foreign countries and territories. For more information, visit chuckecheese.com and peterpiperpizza.com.

For questions please contact:

Madeline Martin
Current Global
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312.935.2318