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JANA PARTNERS LLC  
Form SC 13D  
February 21, 2006

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. )

THE HOUSTON EXPLORATION COMPANY

-----  
(Name of Issuer)

Common Stock, \$0.01 Par Value

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

442120101

-----  
(CUSIP Number)

Marc Weingarten, Esq.  
Schulte Roth & Zabel LLP  
919 Third Avenue  
New York, New York 10022  
(212) 756-2000

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

February 8, 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)

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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 for any subsequent amendment containing information which would

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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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 1 NAME OF REPORTING PERSON  
 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

JANA PARTNERS LLC

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

-----  
 3 SEC USE ONLY

-----  
 4 SOURCE OF FUNDS\*  
 AF

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 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT  
 TO ITEM 2(d) or 2(e) [ ]

-----  
 6 CITIZENSHIP OR PLACE OF ORGANIZATION  
 Delaware

-----  
 7 SOLE VOTING POWER  
 2,853,900 (including 1,987,000 shares  
 underlying options)  
 -----  
 NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH  
 8 SHARED VOTING POWER  
 -0-  
 -----  
 9 SOLE DISPOSITIVE POWER  
 2,853,900 (including 1,987,000 shares  
 underlying options)  
 -----  
 10 SHARED DISPOSITIVE POWER  
 -0-  
 -----  
 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON  
 2,853,900 (including 1,987,000 shares  
 underlying options)

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

[ ]

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

9.9%

14 TYPE OF REPORTING PERSON\*

IA

\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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Item 1. Security and Issuer.

This statement on Schedule 13D relates to the shares ("Shares") of common stock, \$0.01 par value, of The Houston Exploration Company (the "Issuer"). The principal executive office of the Issuer is located at 1100 Louisiana, Suite 2000, Houston, Texas 77002-5215.

Item 2. Identity and Background.

(a) This statement is filed by JANA Partners LLC, a Delaware limited liability company (the "Reporting Person"). The Reporting Person is a private money management firm which holds the Shares of the Issuer in various accounts under its management and control. The principals of the Reporting Person are Barry Rosenstein and Gary Claar (the "Principals").

(b) The principal business address of the Reporting Person and the Principals is 200 Park Avenue, Suite 3300, New York, New York 10166.

(c) The principal business of the Reporting Person and the Principals is investing for accounts under their management.

(d) Neither the Reporting Person nor the Principals has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Neither the Reporting Person nor the Principals 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) The Reporting Person is a limited liability company organized in Delaware. The Principals are citizens of the United States of America.

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Item 3. Source and Amount of Funds or Other Consideration.

As of the date of this filing, the Reporting Person may be deemed the beneficial owner of (i) 866,900 Shares outright, (ii) 1,837,000 Shares issuable upon the exercise of call options with an exercise price of \$30.00 per Share, (iii) 100,000 Shares issuable upon the exercise of call options with an exercise price of \$50.00 per Share and (iii) 50,000 Shares issuable upon the exercise of call options with an exercise price of \$55.00 per Share. The call options are collectively referred to as "Options." The aggregate purchase price of the 866,900 Shares owned beneficially by the Reporting Person is \$49,632,244. Such Shares were acquired with investment funds in accounts under management.

Item 4 Purpose of Transaction.

The Reporting Person acquired the Shares for investment in the ordinary course of business. The Reporting Person believes that the Shares at current market prices are undervalued and represent an attractive investment opportunity. The Reporting Person may make further purchases of the Shares from time to time and may dispose of any or all of the Shares held by it at any time.

Except as set forth herein, neither the Reporting Person nor the Principals have any 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 Person intends to review its investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and strategic direction, price levels of the Shares, conditions in the securities market and general economic and industry conditions, the Reporting Person may in the future take such actions with respect to its investment in the Issuer as it deems appropriate including, without limitation, purchasing additional Shares or selling some or all of its Shares, and, alone or with others, pursuing discussions with the Issuer, other stockholders and third parties with regard to its investment in the Issuer, and/or otherwise changing its intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Company.

(a) The aggregate percentage of Shares reported to be beneficially owned by the Reporting Person is based upon 28,847,363 Shares outstanding, which is the total number of Shares outstanding as of September 30, 2005 as reported in the Issuer's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

As of the close of business on February 17, 2006, the Reporting Person may be deemed to beneficially own 2,853,900 Shares (including 1,987,000 shares underlying options) constituting approximately 9.9% of the Shares outstanding.

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(b) The Reporting Person has sole voting and dispositive powers over the 2,853,900 Shares reported herein (assuming exercise of the Options), which powers are exercised by the Principals.

(c) Information concerning transactions in the Shares effected by the Reporting Person during the past sixty days is set forth in Schedule A hereto and is incorporated herein by reference. All of the transactions in Shares listed on Schedule A hereto were effected in open market purchases on the NYSE through various brokerage entities. The Options were purchased on the open market and in private transactions.

(d) No person (other than the Reporting Person) 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, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Company.

Except as otherwise set forth herein, the Reporting Person does not have any contract, arrangement, understanding or relationship with any person with respect to any securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

Not applicable

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 21, 2006

JANA PARTNERS LLC

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BY: /s/ Barry Rosenstein

-----  
 Name: Barry Rosenstein  
 Title: Managing Partner

BY: /s/ Gary Claar

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 Name: Gary Claar  
 Title: Managing Director

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SCHEDULE A  
 TRANSACTIONS IN THE SHARES BY THE  
 REPORTING PERSON DURING THE PAST 60 DAYS

Date of Transaction	Shares Purchased (Sold)	Price Per Share (\$)
1/12/2006	17,800	53.07
1/13/2006	33,700	53.43
1/17/2006	26,100	55.13
1/18/2006	45,000	54.26
1/18/2006	25,000	54.06
1/19/2006	38,900	55.78
1/19/2006	100	55.92
1/19/2006	11,100	55.04
1/20/2006	7,728	57.63
1/20/2006	253,000	57.02
1/20/2006	672	57.63
1/20/2006	22,000	57.02
1/20/2006	75,000	57.02
1/23/2006	2,484	58.22
1/23/2006	63,112	59.53
1/23/2006	216	58.22
1/23/2006	1,976	60.00
1/23/2006	5,488	59.53
1/23/2006	80,000	59.53
1/24/2006	67,724	59.60
1/24/2006	2,484	59.46
1/24/2006	216	59.46
1/24/2006	10,000	59.60
1/26/2006	6,532	58.37
1/26/2006	568	58.37
2/1/2006	Options to purchase 250,000 shares	30.00 (exercise price of options)
2/8/2006	Options to purchase 627,700 shares	30.00 (exercise price of options)
2/9/2006	Options to purchase 370,000 shares	30.00 (exercise price of options)
2/9/2006	70,000	58.51
2/9/2006	Options to purchase	55.00 (exercise

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2/10/2006	50,000 shares Options to purchase	price of options) 30.00 (exercise
2/13/2006	227,300 shares Options to purchase	price of options) 30.00 (exercise
2/14/2006	218,000 shares Options to purchase	price of options) 30.00 (exercise
2/15/2006	144,000 shares Options to purchase	price of options) 50.00 (exercise
2/15/2006	92,000 shares Options to purchase	price of options) 50.00 (exercise
2/15/2006	8,000 shares Options to purchase	price of options) 50.00 (exercise