

CEDAR FAIR L P  
Form 10-Q  
October 30, 2018  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 23, 2018

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 1-9444

CEDAR FAIR, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE 34-1560655  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
One Cedar Point Drive, Sandusky, Ohio 44870-5259  
(Address of principal executive offices) (Zip Code)  
(419) 626-0830  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No



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Title of Class	Units Outstanding as of October 26, 2018
Units Representing Limited Partner Interests	56,440,459

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	9/23/2018	12/31/2017	9/24/2017
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$190,756	\$166,245	\$249,946
Receivables	58,398	37,722	52,303
Inventories	36,549	29,719	34,240
Other current assets	21,875	13,297	18,624
	307,578	246,983	355,113
Property and Equipment:			
Land	272,186	271,021	272,213
Land improvements	435,513	421,593	416,629
Buildings	729,108	693,899	707,964
Rides and equipment	1,817,601	1,740,653	1,740,826
Construction in progress	61,474	72,847	57,605
	3,315,882	3,200,013	3,195,237
Less accumulated depreciation	(1,727,183 )	(1,614,241 )	(1,614,727 )
	1,588,699	1,585,772	1,580,510
Goodwill	182,004	183,830	185,010
Other Intangibles, net	37,131	38,064	38,532
Other Assets	13,536	9,510	17,407
	\$2,128,948	\$2,064,159	\$2,176,572
<b>LIABILITIES AND PARTNERS' EQUITY</b>			
Current Liabilities:			
Current maturities of long-term debt	\$3,750	\$—	\$—
Accounts payable	32,989	24,621	33,710
Deferred revenue	102,326	86,131	83,340
Accrued interest	21,893	8,124	23,928
Accrued taxes	48,372	43,975	78,657
Accrued salaries, wages and benefits	30,578	18,740	30,666
Self-insurance reserves	25,923	25,107	27,549
Other accrued liabilities	22,232	18,796	20,562
	288,063	225,494	298,412
Deferred Tax Liability	74,637	74,798	112,671
Derivative Liability	—	8,722	14,849
Other Liabilities	16,292	11,684	15,732
Long-Term Debt:			
Term debt	720,846	723,788	723,385
Notes	937,440	936,727	936,241
	1,658,286	1,660,515	1,659,626
Partners' Equity:			
Special L.P. interests	5,290	5,290	5,290
General partner	—	—	—

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Limited partners, 56,441, 56,359 and 56,238 units outstanding as of September 23, 2018, December 31, 2017 and September 24, 2017, respectively	78,464	81,589	74,155
Accumulated other comprehensive income (loss)	7,916	(3,933 )	(4,163 )
	91,670	82,946	75,282
	\$2,128,948	\$2,064,159	\$2,176,572

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per unit amounts)

	Three months ended		Nine months ended	
	9/23/2018	9/24/2017	9/23/2018	9/24/2017
Net revenues:				
Admissions	\$358,923	\$361,279	\$590,091	\$598,723
Food, merchandise and games	210,426	205,137	361,428	356,512
Accommodations, extra-charge products and other	94,354	86,273	147,227	138,570
	663,703	652,689	1,098,746	1,093,805
Costs and expenses:				
Cost of food, merchandise, and games revenues	53,891	52,647	94,912	92,376
Operating expenses	206,505	202,710	462,750	447,379
Selling, general and administrative	67,114	71,663	149,837	151,142
Depreciation and amortization	74,374	70,060	132,114	126,237
Loss on impairment / retirement of fixed assets, net	3,247	1,347	7,959	3,057
Gain on sale of investment	—	(1,877 )	—	(1,877 )
	405,131	396,550	847,572	818,314
Operating income	258,572	256,139	251,174	275,491
Interest expense	21,464	21,638	62,563	62,472
Net effect of swaps	(1,217 )	(952 )	(5,751 )	3,717
Loss on early debt extinguishment	—	—	1,073	23,115
Loss (gain) on foreign currency	(13,054 )	(29,193 )	12,024	(35,047 )
Other income	(698 )	(416 )	(1,186 )	(464 )
Income before taxes	252,077	265,062	182,451	221,698
Provision for taxes	38,770	73,747	33,301	63,769
Net income	213,307	191,315	149,150	157,929
Net income allocated to general partner	3	1	2	1
Net income allocated to limited partners	\$213,304	\$191,314	\$149,148	\$157,928
Net income	\$213,307	\$191,315	\$149,150	\$157,929
Other comprehensive income (loss), (net of tax):				
Foreign currency translation adjustment	(5,276 )	(11,143 )	5,990	(13,085 )
Unrealized loss on cash flow hedging derivatives	2,116	1,994	6,250	5,981
Other comprehensive income (loss), (net of tax)	(3,160 )	(9,149 )	12,240	(7,104 )
Total comprehensive income	\$210,147	\$182,166	\$161,390	\$150,825
Basic income per limited partner unit:				
Weighted average limited partner units outstanding	56,231	56,078	56,205	56,062
Net income per limited partner unit	\$3.79	\$3.41	\$2.65	\$2.82
Diluted income per limited partner unit:				
Weighted average limited partner units outstanding	56,696	56,591	56,753	56,631
Net income per limited partner unit	\$3.76	\$3.38	\$2.63	\$2.79

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY

(In thousands)

	Nine months ended	
	9/23/2018	9/24/2017
<b>Limited Partnership Units Outstanding</b>		
Beginning balance	56,359	56,201
Limited partnership unit options exercised	6	9
Limited partnership unit forfeitures	(2 )	(3 )
Issuance of limited partnership units as compensation	78	31
	56,441	56,238
<b>Limited Partners' Equity</b>		
Beginning balance	\$81,589	\$52,288
Net income	149,148	157,928
Partnership distribution declared (\$2.67 and \$2.565 per limited partnership unit)	(150,850)	(144,516)
Reclassification of stranded tax effect	391	—
Exercise of limited partnership unit options	125	—
Tax effect of units involved in treasury unit transactions	(3,049 )	(2,560 )
Issuance of limited partnership units as compensation	1,110	11,015
	78,464	74,155
<b>General Partner's Equity</b>		
Beginning balance	—	—
Net income	2	1
Partnership distribution declared	(2 )	(1 )
	—	—
Special L.P. Interests	5,290	5,290
<b>Accumulated Other Comprehensive Income</b>		
Foreign currency translation adjustment:		
Beginning balance	4,042	18,891
Period activity, net of tax \$1,247 and \$0	5,990	(13,085 )
	10,032	5,806
Unrealized loss on cash flow hedging derivatives:		
Beginning balance	(7,975 )	(15,950 )
Period activity, net of tax (\$845) and (\$1,113)	6,250	5,981
Reclassification of stranded tax effect	(391 )	—
	(2,116 )	(9,969 )
	7,916	(4,163 )
Total Partners' Equity	\$91,670	\$75,282

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of this statement.



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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine months ended	
	9/23/2018	9/24/2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 149,150	\$ 157,929
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	132,114	126,237
Loss on early debt extinguishment	1,073	23,115
Non-cash foreign currency loss (gain) on debt	13,093	(39,296 )
Other non-cash expenses	8,512	26,942
Net change in working capital	25,788	24,244
Net change in other assets/liabilities	4,704	3,447
Net cash from operating activities	334,434	322,618
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Capital expenditures	(145,716 )	(152,439 )
Proceeds from sale of investment	—	3,281
Net cash for investing activities	(145,716 )	(149,158 )
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Term debt borrowings	—	750,000
Note borrowings	—	500,000
Term debt payments	—	(617,850 )
Note payments, including amounts paid for early termination	—	(515,458 )
Distributions paid to partners	(150,852 )	(144,517 )
Payment of debt issuance costs and original issue discount	(2,521 )	(19,684 )
Exercise of limited partnership unit options	125	—
Tax effect of units involved in treasury unit transactions	(3,049 )	(2,560 )
Payments related to tax withholding for equity compensation	(6,943 )	(2,053 )
Net cash for financing activities	(163,240 )	(52,122 )
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(967 )</b>	<b>5,892</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net increase for the period	24,511	127,230
Balance, beginning of period	166,245	122,716
Balance, end of period	\$ 190,756	\$ 249,946
<b>SUPPLEMENTAL INFORMATION</b>		
Cash payments for interest expense	\$ 48,128	\$ 48,729
Interest capitalized	2,173	1,770
Cash payments for income taxes, net of refunds	35,403	44,090
Capital expenditures in accounts payable	4,333	5,582

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

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CEDAR FAIR, L.P.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIODS ENDED SEPTEMBER 23, 2018 AND SEPTEMBER 24, 2017

The accompanying unaudited condensed consolidated financial statements have been prepared from the financial records of Cedar Fair, L.P. (the Partnership) without audit and reflect all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary to fairly present the results of the interim periods covered in this report. Due to the seasonal nature of the Partnership's amusement and water park operations, the results for any interim period may not be indicative of the results expected for the full fiscal year.

(1) Significant Accounting and Reporting Policies:

Except for the changes described below, the Partnership's unaudited condensed consolidated financial statements for the periods ended September 23, 2018 and September 24, 2017 included in this Form 10-Q report have been prepared in accordance with the accounting policies described in the Notes to Consolidated Financial Statements for the year ended December 31, 2017, which were included in the Form 10-K filed on February 23, 2018. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the Commission). These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Form 10-K referred to above.

The Partnership adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09") effective January 1, 2018 using the modified retrospective method. The adoption of the standard did not have a material effect on the consolidated financial statements. The Partnership's accounting policy as a result of adopting ASU 2014-09 is discussed below:

Revenue Recognition and related receivables and contract liabilities

As disclosed within the consolidated statements of operations and comprehensive income, revenues are generated from sales of (1) admission to the Partnership's amusement parks and water parks, (2) food, merchandise and games both inside and outside the parks, and (3) accommodations, extra-charge products, and other revenue sources. Admission revenues include amounts paid to gain admission into the Partnership's parks, including parking fees. Revenues related to extra-charge products, including premium benefit offerings such as front-of-line products, and online advanced purchase transaction fees charged to customers are included in "Accommodations, extra-charge products and other". Due to the Partnership's highly seasonal operations, a substantial portion of the Partnership's revenues are generated during an approximate 130- to 140-day operating season. Most revenues are recognized on a daily basis based on actual guest spend at the properties. Revenues from multi-use products, including season-long products for admission, dining, beverage and other products, are recognized over the estimated number of uses expected for each type of product. The estimated number of uses is reviewed and may be updated periodically during the operating season prior to the ticket or product expiration, which generally occurs no later than the close of the operating season. The number of uses is estimated based on historical usage adjusted for current period trends. For any bundled products that include multiple performance obligations, revenue is allocated using the retail price of each distinct performance obligation and any inherent discounts are allocated based on the gross margin and expected redemption of each performance obligation. The Partnership does not typically provide for refunds or returns.

In some instances, the Partnership arranges with outside parties ("concessionaires") to provide goods to guests, typically food and merchandise, and the Partnership acts as an agent, resulting in net revenue recorded within the income statement. Concessionaire arrangement revenues are recognized over the operating season and are variable. Sponsorship revenues and marina revenues, which are classified as "Accommodations, extra-charge products and other" within the income statement, are recognized over the park operating season which represents the period in which the performance obligations are satisfied. Sponsorship revenues are typically fixed. However, some sponsorship revenues are variable based on achievement of specified operating metrics. The Partnership estimates

variable revenues and performs a constraint analysis using both historical information and current trends to determine the amount of revenue that is not probable of a significant reversal.

Many products, including season-long products, are sold to customers in advance, resulting in a contract liability ("deferred revenue"). Deferred revenue is at its highest immediately prior to the peak summer season, and at its lowest in the fall after the peak summer season and at the beginning of the selling season for the next year's products. Season-long products represent the majority of the deferred revenue balance in any given period.

Of the \$86.1 million of deferred revenue recorded as of January 1, 2018, 88% was related to season-long products. The remainder was related to deferred online advanced purchase transaction fees charged to customers, advanced ticket sales, marina deposits, advanced resort reservations, and other deferred revenue. Most deferred revenue outstanding as of January 1, 2018 will be

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recognized by December 31, 2018 with the exception of an immaterial amount of deferred revenue for prepaid products such as gift cards and prepaid games cards. During the nine months ended September 23, 2018, approximately \$70.8 million of the deferred revenue balance as of January 1, 2018 was recognized. The difference in the opening and closing balances of the Partnership's deferred revenue balance in the current period was attributable to additional season-long product sales during the current year for both the 2018 and 2019 operating seasons, offset by revenue recognized during the first nine months of 2018.

Payment is due immediately on the transaction date for most products. The Partnership's receivable balance includes outstanding amounts on installment purchase plans which are offered for season-long products (and other select products for specific time periods), and includes sales to retailers, group sales and catering activities which are billed. Installment purchase plans vary in length from three monthly installments to twelve monthly installments. Payment terms for billings are typically net 30 days. Receivables are highest in the peak summer months and the lowest in the winter months. The Partnership is not exposed to a significant concentration of customer credit risk. As of September 23, 2018, December 31, 2017 and September 24, 2017, the Partnership recorded a \$10.7 million, \$2.2 million and \$10.6 million allowance for doubtful accounts, respectively, representing estimated defaults on installment purchase plans. The default estimate is calculated using the historical default rate adjusted for current period trends. The allowance for doubtful accounts is recorded as a reduction of deferred revenue to the extent revenue has not been recognized on the corresponding season-long products.

Most deferred revenue from contracts with customers is classified as current within the balance sheet. However, a portion of deferred revenue from contracts with customers is classified as non-current during the third quarter related to season-long products sold in the current season for use in the subsequent season. Season-long products are sold beginning in August of the year preceding the operating season. Season-long products may be recognized 12 to 16 months after purchase depending on the date of sale. The Partnership estimates the number of uses expected outside of the next twelve months for each type of product and classifies the related deferred revenue as non-current.

With the exception of the non-current deferred revenue described above, the Partnership's contracts with customers have an original duration of one year or less. For these short-term contracts, the Partnership uses the practical expedient, a relief provided in the accounting standard to simplify compliance, applicable to such contracts and has not disclosed the transaction price for the remaining performance obligations as of the end of each reporting period or when the Company expects to recognize this revenue. Further, the Partnership has elected to recognize incremental costs of obtaining a contract as an expense when incurred as the amortization period of the asset would be less than one year. Lastly, the Partnership has elected not to adjust consideration for the effects of significant financing components in the form of installment purchase plans as the period between when the entity transfers the promised service to the customer and when the customer pays for that service does not exceed one year.

#### New Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases ("ASU 2016-02"). The ASU requires the recognition of lease assets and lease liabilities within the balance sheet by lessees for operating leases, as well as requires additional disclosures in the consolidated financial statements regarding the amount, timing, and uncertainty of cash flows arising from leases. The ASU does not significantly change the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee, nor does the ASU change the accounting applied by a lessor. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018. The ASU can be adopted using either the modified retrospective approach, which requires application of the new standard at the beginning of the earliest comparative period presented, or the comparative reporting approach allowable under ASU 2018-11, which requires application of the new standard at the adoption date. The Partnership expects to adopt this standard in the first quarter of 2019 using the comparative reporting approach. While the Partnership is still in the process of evaluating the effect this standard will have on the consolidated financial statements and related disclosures, the Partnership anticipates recognizing a right-of-use asset and corresponding lease liability on the consolidated balance sheet for the Santa Clara land lease, as well as other operating leases, upon adoption.

Other Adopted Accounting Pronouncements

In February 2018, the FASB issued Accounting Standards Update No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Comprehensive Income ("ASU 2018-02"). The ASU allows a reclassification from accumulated other comprehensive income to retained earnings of stranded tax effects resulting from the Tax Cuts and Jobs Act. ASU 2018-02 is effective for fiscal years after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, including adoption in any interim period, and the amendments can be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Partnership elected to adopt ASU 2018-02 in the first quarter of 2018. The amendment was applied in the period of adoption and resulted in a \$0.4 million reclassification from accumulated other comprehensive income to limited partners' equity during the first quarter ended March 25, 2018.

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In August 2018, the FASB issued Accounting Standards Update No. 2018-15, Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract ("ASU 2018-15"). The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The capitalized implementation costs of a hosting arrangement that is a service contract will be expensed over the term of the hosting arrangement. ASU 2018-15 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted, including adoption in any interim period. The amendments can be applied either retrospectively or prospectively to all implementation costs incurred after the adoption date. The Partnership has adopted this standard in the third quarter of 2018 using the prospective method. The Partnership anticipates the standard to lengthen the timing of expense recognition associated with upcoming cloud-based projects.

**(2) Interim Reporting:**

The Partnership owns and operates eleven amusement parks, two separately gated outdoor water parks, one indoor water park and four hotels. The Partnership's seasonal amusement parks are generally open during weekends beginning in April or May, and then daily from Memorial Day until Labor Day, after which they are open during weekends in September and, in most cases, October for Halloween events. The two separately gated outdoor water parks also operate seasonally, generally from Memorial Day to Labor Day, plus some additional weekends before and after this period. As a result, a substantial portion of the Partnership's revenues from these parks are generated during an approximate 130- to 140-day operating season with the major portion concentrated in the third quarter during the peak vacation months of July and August. Five of the seasonal properties are open an additional 20 to 25 days to include WinterFest, a holiday event operating during November and December showcasing holiday shows and festivities. Knott's Berry Farm continues to be open daily on a year-round basis. Castaway Bay is generally open daily from Memorial Day to Labor Day with an additional limited daily schedule for the balance of the year.

To assure that these highly seasonal operations will not result in misleading comparisons of current and subsequent interim periods, the Partnership has adopted the following accounting and reporting procedures for its seasonal parks:

- (a) revenues from multi-use products are recognized over the estimated number of uses expected for each type of product; and the estimated number of uses is reviewed and may be updated periodically during the operating season prior to the ticket or product expiration, which generally occurs no later than the close of the operating season;
- (b) depreciation, certain advertising and certain seasonal operating costs are expensed over each park's operating season, including some costs incurred prior to the season, which are deferred and amortized over the season; and
- (c) all other costs are expensed as incurred or ratably over the entire year.

**(3) Long-Lived Assets:**

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in expected future cash flows; a sustained, significant decline in equity price and market capitalization; a significant adverse change in legal factors or in the business climate; unanticipated competition; and slower growth rates. Any adverse change in these factors could have a significant impact on the recoverability of these assets and could have a material impact on the Partnership's consolidated financial statements.

Non-operating assets are evaluated for impairment based on changes in market conditions. When changes in market conditions are observed, impairment is estimated using a market-based approach. If the estimated fair value of the non-operating assets is less than their carrying value, an impairment charge is recorded for the difference.

During the third quarter of 2016, the Partnership ceased operations of one of its separately gated outdoor water parks, Wildwater Kingdom, located near Cleveland in Aurora, Ohio. At the date that Wildwater Kingdom ceased operations, the only remaining long-lived asset was the approximate 670 acres of land owned by the Partnership. This land had an associated carrying value of \$17.1 million. The Partnership assessed the remaining asset and concluded there was no impairment during the third quarter of 2016. In the fourth quarter of 2017, the Partnership recorded a \$7.6 million impairment charge based on information from ongoing marketing activities. The amount was recorded in "Loss on impairment / retirement of fixed assets, net" in the consolidated statement of operations and comprehensive income. The remaining Wildwater Kingdom acreage, reduced by acreage sold, is classified as assets held-for-sale within "Other Assets" in the unaudited condensed consolidated balance sheet (\$9.0 million as of September 23, 2018, \$9.0 million as of December 31, 2017 and \$16.5 million as of September 24, 2017).

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## (4) Goodwill and Other Intangible Assets:

Goodwill and other indefinite-lived intangible assets, including trade-names, are reviewed for impairment annually, or more frequently if indicators of impairment exist. As of September 23, 2018, there were no indicators of impairment. The Partnership's annual testing date is the first day of the fourth quarter. There were no impairments for any period presented.

A summary of changes in the Partnership's carrying value of goodwill for the nine months ended September 23, 2018 and September 24, 2017 is as follows:

(In thousands)	Goodwill (gross)	Accumulated Impairment Losses	Goodwill (net)
Balance as of December 31, 2017	\$263,698	\$ (79,868 )	\$ 183,830
Foreign currency translation	(1,826 )	—	(1,826 )
Balance as of September 23, 2018	\$261,872	\$ (79,868 )	\$ 182,004
Balance as of December 31, 2016	\$259,528	\$ (79,868 )	\$ 179,660
Foreign currency translation	5,350	—	5,350
Balance as of September 24, 2017	\$264,878	\$ (79,868 )	\$ 185,010

As of September 23, 2018, December 31, 2017, and September 24, 2017, the Partnership's other intangible assets consisted of the following:

(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
September 23, 2018			
Other intangible assets:			
Trade names	\$36,125	\$ —	\$36,125
License / franchise agreements	3,351	(2,345 )	1,006
Total other intangible assets	\$39,476	\$ (2,345 )	\$37,131

## December 31, 2017

## Other intangible assets:

Trade names	\$36,531	\$ —	\$36,531
License / franchise agreements	3,360	(1,827 )	1,533
Total other intangible assets	\$39,891	\$ (1,827 )	\$38,064

## September 24, 2017

## Other intangible assets:

Trade names	\$36,794	\$ —	\$36,794
License / franchise agreements	3,361	(1,623 )	1,738
Total other intangible assets	\$40,155	\$ (1,623 )	\$38,532

Amortization expense of other intangible assets is expected to continue to be immaterial going forward.



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## (5) Long-Term Debt:

Long-term debt as of September 23, 2018, December 31, 2017, and September 24, 2017 consisted of the following:

(In thousands)	September 23, 2018	December 31, 2017	September 24, 2017
Term debt <sup>(1)</sup>			
April 2017 U.S. term loan averaging 3.59% (due 2017-2024)	\$ 735,000	\$ 735,000	\$ 735,000
Notes			
April 2017 U.S. fixed rate notes at 5.375% (due 2027)	500,000	500,000	500,000
June 2014 U.S. fixed rate notes at 5.375% (due 2024)	450,000	450,000	450,000
	1,685,000	1,685,000	1,685,000
Less current portion	(3,750 )	—	—
	1,681,250	1,685,000	1,685,000
Less debt issuance costs and original issue discount	(22,964 )	(24,485 )	(25,374 )
	\$ 1,658,286	\$ 1,660,515	\$ 1,659,626

(1) The average interest rate is calculated over the life of the instrument and does not reflect the effect of interest rate swap agreements (see Note 6).

In April 2017, the Partnership issued \$500 million of 5.375% senior unsecured notes ("April 2017 notes"), maturing in 2027. The net proceeds from the offering of the April 2017 notes, together with borrowings under the 2017 Credit Agreement (defined below), were used to redeem all of the Partnership's 5.25% senior unsecured notes due 2021 ("March 2013 notes"), and pay accrued interest and transaction fees and expenses, to repay in full all amounts outstanding under its existing credit facilities and for general corporate purposes. The redemption of the March 2013 notes and repayments of the amounts outstanding under the existing credit facilities resulted in the write-off of debt issuance costs of \$7.7 million and debt premium payments of \$15.5 million. Accordingly, the Partnership recorded a loss on early debt extinguishment of \$23.1 million during 2017.

Concurrently with the April 2017 notes issuance, the Partnership amended and restated its existing \$885 million credit agreement (the "2013 Credit Agreement"), which included a \$630 million senior secured term loan facility and a \$255 million senior secured revolving credit facility. The \$1,025 million amended and restated credit agreement (the "2017 Credit Agreement") includes a \$750 million senior secured term loan facility and a \$275 million senior secured revolving credit facility. The 2017 Credit Agreement was amended on March 14, 2018 (subsequently referred to as the "Amended 2017 Credit Agreement"). Specifically, the interest rate for the senior secured term loan facility was amended to London InterBank Offered Rate ("LIBOR") plus 175 basis points (bps). The pricing terms for the amendment reflected \$0.9 million of Original Issue Discount ("OID") and resulted in the write-off of debt issuance costs of \$1.1 million which was recorded as a loss on early debt extinguishment during the first quarter of 2018. The senior secured term loan facility matures April 15, 2024 and amortizes at \$7.5 million annually. The facilities provided under the Amended 2017 Credit Agreement are collateralized by substantially all of the assets of the Partnership.

The senior secured revolving credit facility under the Amended 2017 Credit Agreement has a combined limit of \$275 million with a Canadian sub-limit of \$15 million. Borrowings under the senior secured revolving credit facility bear interest at LIBOR or Canadian Dollar Offered Rate ("CDOR") plus 200 bps. The revolving credit facility is scheduled to mature in April 2022 and also provides for the issuance of documentary and standby letters of credit. The Amended 2017 Credit Agreement requires the payment of a 37.5 bps commitment fee per annum on the unused portion of the credit facilities.

The April 2017 notes pay interest semi-annually in April and October, with the principal due in full on April 15, 2027. Prior to April 15, 2020, up to 35% of the notes may be redeemed with the net cash proceeds of certain equity offerings at a price equal to 105.375% of the principal amount thereof, together with accrued and unpaid interest and additional

interest, if any. The notes may be redeemed, in whole or in part, at any time prior to April 15, 2022 at a price equal to 100% of the principal amount of the notes redeemed plus a "make-whole" premium together with accrued and unpaid interest and additional interest, if any, to the redemption date. Thereafter, the notes may be redeemed, in whole or in part, at various prices depending on the date redeemed.

In June 2014, the Partnership issued \$450 million of 5.375% senior unsecured notes ("June 2014 notes"). The June 2014 notes pay interest semi-annually in June and December, with the principal due in full on June 1, 2024. The notes may be redeemed, in whole or in part, at any time prior to June 1, 2019 at a price equal to 100% of the principal amount of the notes redeemed together plus a "make-whole" premium together with accrued and unpaid interest, if any, to the redemption date. Thereafter, the notes may be redeemed, in whole or in part, at various prices depending on the date redeemed.

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The Amended 2017 Credit Agreement includes a Consolidated Leverage Ratio, which if breached for any reason and not cured could result in an event of default. The ratio is set at a maximum of 5.50x Consolidated Total Debt-to-Consolidated EBITDA. As of September 23, 2018, the Partnership was in compliance with this financial condition covenant and all other financial covenants under the Amended 2017 Credit Agreement.

The Partnership's long-term debt agreements include Restricted Payment provisions. Pursuant to the terms of the indenture governing the Partnership's June 2014 notes, which includes the most restrictive of these Restricted Payments provisions, the Partnership can make Restricted Payments of \$60 million annually so long as no default or event of default has occurred and is continuing; and the Partnership can make additional Restricted Payments if the Partnership's pro forma Total-Indebtedness-to-Consolidated-Cash-Flow Ratio is less than or equal to 5.00x.

As market conditions warrant, the Partnership may from time to time repurchase debt securities issued by the Partnership, in privately negotiated or open market transactions, by tender offer, exchange offer or otherwise.

**(6) Derivative Financial Instruments:**

Derivative financial instruments are used within the Partnership's overall risk management program to manage certain interest rate and foreign currency risks. By utilizing a derivative instrument to hedge exposure to LIBOR rate changes, the Partnership is exposed to counterparty credit risk, in particular the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, hedging instruments are placed with a counterparty that the Partnership believes poses minimal credit risk. The Partnership does not use derivative financial instruments for trading purposes.

During the first quarter of 2016, the Partnership amended its four interest rate swap agreements to extend each of the maturities to December 31, 2020 and convert \$500 million of variable-rate debt to a rate of 4.39%. During the second quarter of 2018, the Partnership entered into four additional interest rate swap agreements that convert the same notional amount to a rate of 4.63% for the period December 31, 2020 through December 31, 2023. None of the interest rate swap agreements are designated as hedging instruments. The fair market value of the swap portfolio was recorded on the unaudited condensed consolidated balance sheets within "Other Assets" as of September 23, 2018 and within "Derivative Liability" as of December 31, 2017 and September 24, 2017 as follows:

(In thousands)	September 23, 2018	December 31, 2017	September 24, 2017
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**Derivatives not designated as hedging instruments:**

Interest rate swaps	\$ 4,123	\$ (8,722 )	\$ (14,849 )
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Instruments that do not qualify for hedge accounting or were de-designated are prospectively adjusted to fair value each reporting period through "Net effect of swaps" in the unaudited condensed consolidated statements of operations and comprehensive income. The amounts that were previously recorded as a component of AOCI prior to the de-designation are reclassified to earnings, and a corresponding realized gain or loss is recognized when the forecasted cash flow occurs. As a result of the first quarter 2016 amendments, the previously existing interest rate swap agreements were de-designated, and the amounts previously recorded in AOCI for these agreements are being amortized into earnings through the original December 31, 2018 maturity. As of September 23, 2018, approximately \$2.4 million of losses remain in AOCI related to the effective cash flow hedge contracts prior to de-designation, all of which will be reclassified to earnings by December 31, 2018.

The (gains) losses recognized in income on derivatives not designated as cash flow hedges were recorded in "Net effect of swaps" within the income statement for the periods presented as follows:

(In thousands)	Three months ended September 23, 2018		Nine months ended September 24, 2017	
Change in fair market value	\$ (3,581)	\$ (3,318 )	\$ (12,845)	\$ (3,378 )
Amortization of amounts in AOCI	2,364	2,366	7,094	7,095

Net effect of swaps                      \$(1,217) \$ (952        ) \$(5,751 ) \$ 3,717

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## (7) Fair Value Measurements:

The FASB's Accounting Standards Codification (ASC) 820 - Fair Value Measurements and Disclosures emphasizes that fair value is a market-based measurement that should be determined based on assumptions (inputs) that market participants would use in pricing an asset or liability. Inputs may be observable or unobservable, and valuation techniques used to measure fair value should maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Accordingly, FASB ASC 820 establishes a hierarchal disclosure framework that ranks the quality and reliability of information used to determine fair values. The hierarchy is associated with the level of pricing observability utilized in measuring fair value and defines three levels of inputs to the fair value measurement process. Quoted prices are the most reliable valuation inputs, whereas model values that include inputs based on unobservable data are the least reliable. Each fair value measurement must be assigned to a level corresponding to the lowest level input that is significant to the fair value measurement in its entirety.

The three broad levels of inputs defined by the fair value hierarchy are as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The table below presents the balances of assets and liabilities measured at fair value as of September 23, 2018, December 31, 2017, and September 24, 2017 on a recurring basis as well as the fair values of other financial instruments:

(In thousands)	Unaudited Condensed Consolidated Balance Sheet Location	Fair Value Hierarchy Level	September 23, 2018		December 31, 2017		September 24, 2017	
			Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets (liabilities) measured on a recurring basis:								
Short-term investments	Other current assets	Level 1	\$ 1,081	\$ 1,081	\$ 736	\$ 736	\$ 688	\$ 688
Interest rate swaps	Other Assets (Derivative Liability)	Level 2	\$ 4,123	\$ 4,123	\$(8,722)	\$(8,722)	\$(14,849)	\$(14,849)
Other financial assets (liabilities):								
April 2017 term debt	Long-Term Debt <sup>(1)</sup>	Level 2	\$(731,250)	\$(734,906)	\$(735,000)	\$(742,350)	\$(735,000)	\$(740,513)
June 2014 notes	Long-Term Debt <sup>(1)</sup>	Level 1	\$(450,000)	\$(450,000)	\$(450,000)	\$(469,125)	\$(450,000)	\$(472,500)
April 2017 notes	Long-Term Debt <sup>(1)</sup>	Level 1 <sup>(2)</sup>	\$(500,000)	\$(485,000)	\$(500,000)	\$(525,000)	\$(500,000)	\$(527,500)

Carrying values of long-term debt balances are before reductions for debt issuance costs and original issue discount (1) of \$23.0 million, \$24.5 million, and \$25.4 million as of September 23, 2018, December 31, 2017, and September 24, 2017, respectively.

(2)

The April 2017 notes were based on Level 1 inputs as of September 23, 2018 and Level 2 inputs as of December 31, 2017 and September 24, 2017.

Fair values of the interest rate swap agreements are determined using significant inputs, including the LIBOR forward curves, which are considered Level 2 observable market inputs.

As of December 31, 2017, the Partnership measured the remaining land at Wildwater Kingdom, one of the Partnership's separately gated outdoor water parks which ceased operations in 2016, at fair value less cost to sell based on Level 3 unobservable market input. In the fourth quarter of 2017, the Partnership recorded a \$7.6 million impairment charge based on information from ongoing marketing activities. This amount was recorded in "Loss on impairment / retirement of fixed assets, net" in the consolidated statement of operations and comprehensive income.

The carrying value of cash and cash equivalents, revolving credit loans, accounts receivable, current portion of term debt, accounts payable, and accrued liabilities approximates fair value because of the short maturity of these instruments. There were no assets measured at fair value on a non-recurring basis as of September 23, 2018 or September 24, 2017.

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## (8) Earnings per Unit:

Net income per limited partner unit is calculated based on the following unit amounts:

	Three months ended 9/23/2018/2017		Nine months ended 9/23/2018/2017	
	(In thousands, except per unit amounts)			
Basic weighted average units outstanding	56,231,560,078		56,205,560,062	
Effect of dilutive units:				
Deferred units	46	44	46	41
Performance units	—	—	49	48
Restricted units	277	284	289	292
Unit options	142	185	164	188
Diluted weighted average units outstanding	56,696,565,591		56,753,566,631	
Net income per unit - basic	\$3.79	\$ 3.41	\$2.65	\$ 2.82
Net income per unit - diluted	\$3.76	\$ 3.38	\$2.63	\$ 2.79

## (9) Income and Partnership Taxes:

Under the applicable accounting rules, income taxes are recognized for the amount of taxes payable by the Partnership's corporate subsidiaries for the current year and for the impact of deferred tax assets and liabilities, which represent future tax consequences of events that have been recognized differently in the financial statements than for tax purposes. The income tax provision (benefit) for interim periods is determined by applying an estimated annual effective tax rate to the quarterly income (loss) of the Partnership's corporate subsidiaries. In addition to income taxes on its corporate subsidiaries, the Partnership is subject to a publicly traded partnership tax (PTP tax) on partnership-level gross income (net revenues less cost of food, merchandise, and games). As such, the Partnership's total provision (benefit) for taxes includes amounts for both the PTP tax and for income taxes on its subsidiaries.

As of the end of the third quarter of 2018, the Partnership has recorded \$0.5 million of unrecognized tax benefits including interest and/or penalties related to state and local tax filing positions. The Partnership recognizes interest and/or penalties related to unrecognized tax benefits in the income tax provision. The Partnership does not anticipate that the balance of the unrecognized tax benefit will change significantly over the next 12 months.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act"), was signed into law. The Act includes numerous tax law changes, including a reduction in the federal corporate income tax rate from 35% to 21%. The change in tax rates necessitated the remeasurement of deferred tax balances that are expected to reverse following enactment using the applicable tax rates. As a result of the remeasurement of the net deferred tax liability, the Partnership realized a \$49.2 million deferred tax benefit during the fourth quarter of 2017. The amounts recorded to reflect the effects of the Act were and remain provisional and are subject to change in accordance with SAB 118. The Partnership expects to complete these calculations and record the final effects of the Act before the end of the fourth quarter of 2018.

## (10) Contingencies:

The Partnership is a party to a number of lawsuits arising in the normal course of business. In the opinion of management, none of these matters are expected to have a material effect in the aggregate on the Partnership's financial statements.

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(11) Changes in Accumulated Other Comprehensive Income by Component:

The following tables reflect the changes in accumulated other comprehensive income (loss) related to limited partners' equity for the three months ended September 23, 2018 and September 24, 2017:

Changes in Accumulated Other  
Comprehensive Income by  
Component

Gains and Losses (In thousands)	Foreign Currency Translation	Total
Flow Hedges		
Balance as of June 24, 2018	\$ (4,232) \$ 15,308	\$ 11,076

Other comprehensive income before reclassification net of tax (\$1,055)	(5,276 )	(5,276 )
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Amounts reclassified from accumulated other comprehensive income, net of tax (\$249)		2,116
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Net other comprehensive income (loss)	(5,276 )	(3,160 )
	\$ (2,116) \$ 10,032	\$ 7,916



Balance  
as  
of  
September  
23,  
2018

Changes in Accumulated Other  
Comprehensive Income by  
Component

Gains and Losses on Foreign (In Cash Flow thousands) Hedges	Currency Translation	Total
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Balance as of June 25, 2017	\$(11,963) \$ 16,949	\$ 4,986
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Other  
comprehensive  
income (11,143 ) (11,143 )  
before  
reclassifications

Amounts  
reclassified  
from  
accumulated  
other  
comprehensive  
income,  
net  
of  
tax  
(\$371)

	1,994	
--	-------	--

Net  
other  
comprehensive  
income  
(loss)

	(11,143 )	(9,149 )
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Balance as of September 24,	\$(9,969 ) \$ 5,806	\$(4,163)
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2017

Reclassifications Out of Accumulated Other Comprehensive Income

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income Three months ended 9/23/2017	Three months ended 9/24/2017	Affected Line Item in the Statement Where Net Income is Presented
(In thousands)			
Interest rate contracts	\$2,365	\$ 2,365	Net effect of swaps
Provision for taxes	(249 )	(371 )	Provision (benefit) for taxes
Losses on cash flow hedges	\$2,116	\$ 1,994	Net of tax

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The following tables reflect the changes in accumulated other comprehensive income (loss) related to limited partners' equity for the nine months ended September 23, 2018 and September 24, 2017:

Changes in Accumulated Other Comprehensive Income by Component		
Gains and Losses (In thousands)	Foreign Currency Translation	Total
Flow Hedges		
Balance as of December 31, 2017	\$ (7,975)	\$ (3,933)
Other comprehensive income before reclassification net of tax	\$ 5,990	\$ 5,990
Amounts reclassified from accumulated other comprehensive income, net of tax	\$ 6,250	\$ 6,250
Net other comprehensive income (loss)	\$ 5,990	\$ 12,240
Reclassification of	\$ (391)	\$ (391)

stranded  
tax  
effect

Balance  
as  
of  
September  
23,  
2018  
\$(2,116) \$ 10,032 \$ 7,916

Changes in Accumulated Other  
Comprehensive Income by  
Component

Gains and  
Losses on Foreign  
(In Cash Flow) Currency Translation Total

Hedges  
Balance  
as  
of  
December  
31,  
2016  
\$(15,950) \$ 18,891 \$ 2,941

Other  
comprehensive  
income  
before  
reclassifications  
(13,085 ) (13,085 )

Amounts  
reclassified  
from  
accumulated  
other  
comprehensive  
income,  
net  
of  
tax  
(\$1,113)  
5,981 5,981

Net  
other  
comprehensive  
income  
(loss)  
(13,085 ) (7,104 )

\$ (9,969 ) \$ 5,806 \$ (4,163)

Balance  
as  
of  
September  
24,  
2017

Reclassifications Out of Accumulated Other Comprehensive Income

Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income Nine months ended 9/23/2017	Nine months ended 9/24/2017	Affected Line Item in the Statement Where Net Income is Presented
(In thousands)			
Interest rate contracts	\$7,095	\$ 7,094	Net effect of swaps
Provision for taxes	(845 )	(1,113 )	Provision (benefit) for taxes
Losses on cash flow hedges	\$6,250	\$ 5,981	Net of tax

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(12) Consolidating Financial Information of Guarantors and Issuers of June 2014 Notes:

Cedar Fair, L.P., Canada's Wonderland Company ("Cedar Canada"), and Magnum Management Corporation ("Magnum") are the co-issuers of the Partnership's June 2014 Notes (see Note 5). The notes have been fully and unconditionally guaranteed, on a joint and several basis, by each 100% owned subsidiary of Cedar Fair (other than Cedar Canada and Magnum) that guarantees the Partnership's senior secured credit facilities. There are no non-guarantor subsidiaries.

The following consolidating schedules present condensed financial information for Cedar Fair, L.P., Cedar Canada, and Magnum, the co-issuers, and each 100% owned subsidiary of Cedar Fair (other than Cedar Canada and Magnum), the guarantors (on a combined basis), as of September 23, 2018, December 31, 2017, and September 24, 2017 and for the three- and nine-month periods ended September 23, 2018 and September 24, 2017. In lieu of providing separate unaudited financial statements for the guarantor subsidiaries, the accompanying unaudited condensed consolidating financial statements have been included.

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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$—	\$—	\$ 77,878	\$ 116,511	\$(3,633)	\$ 190,756
Receivables	—	991	47,193	895,263	(885,049)	58,398
Inventories	—	—	2,260	34,289	—	36,549
Other current assets	293	1,170	3,594	19,546	(2,728)	21,875
	293	2,161	130,925	1,065,609	(891,410)	307,578
Property and Equipment, net	—	811	178,522	1,409,366	—	1,588,699
Investment in Park	648,414	1,205,086	259,710	246,968	(2,360,178)	—
Goodwill	674	—	61,725	119,605	—	182,004
Other Intangibles, net	—	—	13,763	23,368	—	37,131
Deferred Tax Asset	—	19,870	—	—	(19,870)	—
Other Assets	1,197	2,926	39	9,374	—	13,536
	\$650,578	\$1,230,854	\$ 644,684	\$ 2,874,290	\$(3,271,458)	\$ 2,128,948
<b>LIABILITIES AND PARTNERS' EQUITY</b>						
Current Liabilities:						
Current maturities of long-term debt	\$—	\$656	\$—	\$3,094	\$—	\$3,750
Accounts payable	553,952	334,696	2,868	30,155	(888,682)	32,989
Deferred revenue	—	—	9,397	92,929	—	102,326
Accrued interest	113	75	7,601	14,104	—	21,893
Accrued taxes	1,551	38,538	—	11,011	(2,728)	48,372
Accrued salaries, wages and benefits	—	28,162	2,416	—	—	30,578
Self-insurance reserves	—	10,459	1,635	13,829	—	25,923
Other accrued liabilities	3,292	6,796	585	11,559	—	22,232
	558,908	419,382	24,502	176,681	(891,410)	288,063
Deferred Tax Liability	—	—	12,562	81,945	(19,870)	74,637
Other Liabilities	—	968	390	14,934	—	16,292
Long-Term Debt:						
Term debt	—	126,800	—	594,046	—	720,846
Notes	—	—	445,846	491,594	—	937,440
	—	126,800	445,846	1,085,640	—	1,658,286
Equity	91,670	683,704	161,384	1,515,090	(2,360,178)	91,670
	\$650,578	\$1,230,854	\$ 644,684	\$ 2,874,290	\$(3,271,458)	\$ 2,128,948

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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$—	\$—	\$ 85,758	\$ 81,582	\$(1,095 )	\$ 166,245
Receivables	—	1,184	15,574	857,205	(836,241 )	37,722
Inventories	—	—	1,891	27,828	—	29,719
Other current assets	164	28,297	3,454	10,983	(29,601 )	13,297
	164	29,481	106,677	977,598	(866,937 )	246,983
Property and Equipment, net	—	835	181,673	1,403,264	—	1,585,772
Investment in Park	588,684	1,045,640	238,132	234,238	(2,106,694 )	—
Goodwill	674	—	63,551	119,605	—	183,830
Other Intangibles, net	—	—	14,177	23,887	—	38,064
Deferred Tax Asset	—	20,956	—	—	(20,956 )	—
Other Assets	—	—	40	9,470	—	9,510
	\$589,522	\$1,096,912	\$ 604,250	\$ 2,768,062	\$(2,994,587)	\$ 2,064,159
<b>LIABILITIES AND PARTNERS' EQUITY</b>						
Current Liabilities:						
Accounts payable	\$497,558	\$344,410	\$ 1,379	\$ 18,610	\$(837,336 )	\$ 24,621
Deferred revenue	—	—	6,237	79,894	—	86,131
Accrued interest	27	18	2,055	6,024	—	8,124
Accrued taxes	352	—	—	73,224	(29,601 )	43,975
Accrued salaries, wages and benefits	—	17,498	1,242	—	—	18,740
Self-insurance reserves	—	10,947	1,618	12,542	—	25,107
Other accrued liabilities	3,406	5,094	157	10,139	—	18,796
	501,343	377,967	12,688	200,433	(866,937 )	225,494
Deferred Tax Liability	—	—	13,809	81,945	(20,956 )	74,798
Derivative Liability	5,233	3,489	—	—	—	8,722
Other Liabilities	—	873	—	10,811	—	11,684
Long-Term Debt:						
Term debt	—	127,437	—	596,351	—	723,788
Notes	—	—	445,156	491,571	—	936,727
	—	127,437	445,156	1,087,922	—	1,660,515
Equity	82,946	587,146	132,597	1,386,951	(2,106,694 )	82,946
	\$589,522	\$1,096,912	\$ 604,250	\$ 2,768,062	\$(2,994,587)	\$ 2,064,159



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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	\$—	\$—	\$ 92,047	\$ 160,593	\$(2,694 )	\$249,946
Receivables	—	1,285	33,158	837,594	(819,734 )	52,303
Inventories	—	—	2,423	31,817	—	34,240
Other current assets	275	12,843	743	16,829	(12,066 )	18,624
	275	14,128	128,371	1,046,833	(834,494 )	355,113
Property and Equipment, net	—	842	183,205	1,396,463	—	1,580,510
Investment in Park	566,548	1,016,857	224,464	222,953	(2,030,822 )	—
Goodwill	674	—	64,730	119,606	—	185,010
Other Intangibles, net	—	—	14,443	24,089	—	38,532
Deferred Tax Asset	—	32,190	—	—	(32,190 )	—
Other Assets	—	—	53	17,354	—	17,407
	\$567,497	\$1,064,017	\$ 615,266	\$ 2,827,298	\$(2,897,506)	\$2,176,572
<b>LIABILITIES AND PARTNERS' EQUITY</b>						
Current Liabilities:						
Accounts payable	\$478,416	\$345,150	\$ 6,431	\$ 26,141	\$(822,428 )	\$33,710
Deferred revenue	—	—	6,876	76,464	—	83,340
Accrued interest	292	195	9,209	14,232	—	23,928
Accrued taxes	1,589	—	14,910	74,224	(12,066 )	78,657
Accrued salaries, wages and benefits	—	28,306	2,360	—	—	30,666
Self-insurance reserves	—	12,090	1,725	13,734	—	27,549
Other accrued liabilities	2,985	7,772	499	9,306	—	20,562
	483,282	393,513	42,010	214,101	(834,494 )	298,412
Deferred Tax Liability	—	—	19,511	125,350	(32,190 )	112,671
Derivative Liability	8,933	5,916	—	—	—	14,849
Other Liabilities	—	1,398	261	14,073	—	15,732
Long-Term Debt:						
Term debt	—	127,402	—	595,983	—	723,385
Notes	—	—	444,874	491,367	—	936,241
	—	127,402	444,874	1,087,350	—	1,659,626
Equity	75,282	535,788	108,610	1,386,424	(2,030,822 )	75,282
	\$567,497	\$1,064,017	\$ 615,266	\$ 2,827,298	\$(2,897,506)	\$2,176,572

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Three Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$71,751	\$182,833	\$81,265	\$613,094	\$(285,240)	\$663,703
Costs and expenses:						
Cost of food, merchandise, and games revenues	—	—	7,020	46,871	—	53,891
Operating expenses	—	122,455	20,145	349,145	(285,240)	206,505
Selling, general and administrative	185	20,666	4,582	41,681	—	67,114
Depreciation and amortization	—	8	8,379	65,987	—	74,374
Loss on impairment / retirement of fixed assets, net	—	—	—	3,247	—	3,247
	185	143,129	40,126	506,931	(285,240)	405,131
Operating income	71,566	39,704	41,139	106,163	—	258,572
Interest expense, net	5,879	4,072	5,986	4,997	—	20,934
Net effect of swaps	265	(1,482)	—	—	—	(1,217)
(Gain) loss on foreign currency	—	15	(13,069)	—	—	(13,054)
Other (income) expense	63	(28,849)	1,484	27,134	—	(168)
Income from investment in affiliates	(153,756)	(100,629)	(16,509)	(56,985)	327,879	—
Income before taxes	219,115	166,577	63,247	131,017	(327,879)	252,077
Provision for taxes	5,808	12,823	6,261	13,878	—	38,770
Net income	\$213,307	\$153,754	\$56,986	\$117,139	\$(327,879)	\$213,307
Other comprehensive income (loss), (net of tax):						
Foreign currency translation adjustment	(5,276)	—	(5,276)	—	5,276	(5,276)
Unrealized gain on cash flow hedging derivatives	2,116	728	—	—	(728)	2,116
Other comprehensive income (loss), (net of tax)	(3,160)	728	(5,276)	—	4,548	(3,160)
Total comprehensive income	\$210,147	\$154,482	\$51,710	\$117,139	\$(323,331)	\$210,147

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Three Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$69,999	\$169,429	\$85,963	\$596,837	\$(269,539)	\$652,689
Costs and expenses:						
Cost of food, merchandise, and games revenues	—	—	7,735	44,912	—	52,647
Operating expenses	—	118,614	19,627	334,008	(269,539)	202,710
Selling, general and administrative	327	21,752	4,539	45,045	—	71,663
Depreciation and amortization	—	9	7,856	62,195	—	70,060
Loss on impairment / retirement of fixed assets, net	—	—	87	1,260	—	1,347
Gain on sale of investment	—	(1,877)	—	—	—	(1,877)
	327	138,498	39,844	487,420	(269,539)	396,550
Operating income	69,672	30,931	46,119	109,417	—	256,139
Interest expense, net	4,857	4,305	6,152	5,973	—	21,287
Net effect of swaps	(578)	(374)	—	—	—	(952)
Gain on foreign currency	—	(27)	(29,166)	—	—	(29,193)
Other (income) expense	62	(26,676)	1,163	25,386	—	(65)
Income from investment in affiliates	(132,699)	(98,522)	(16,843)	(58,378)	306,442	—
Income before taxes	198,030	152,225	84,813	136,436	(306,442)	265,062
Provision for taxes	6,715	19,526	26,432	21,074	—	73,747
Net income	\$191,315	\$132,699	\$58,381	\$115,362	\$(306,442)	\$191,315
Other comprehensive income (loss), (net of tax):						
Foreign currency translation adjustment	(11,143)	—	(11,143)	—	11,143	(11,143)
Unrealized gain on cash flow hedging derivatives	1,994	605	—	—	(605)	1,994
Other comprehensive income (loss), (net of tax)	(9,149)	605	(11,143)	—	10,538	(9,149)
Total comprehensive income	\$182,166	\$133,304	\$47,238	\$115,362	\$(295,904)	\$182,166

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Nine Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$84,921	\$275,214	\$111,184	\$1,023,713	\$(396,286 )	\$1,098,746
Costs and expenses:						
Cost of food, merchandise, and games revenues	—	—	10,204	84,708	—	94,912
Operating expenses	—	258,162	40,115	560,759	(396,286 )	462,750
Selling, general and administrative	1,870	50,754	8,818	88,395	—	149,837
Depreciation and amortization	—	24	14,319	117,771	—	132,114
Loss on impairment / retirement of fixed assets, net	—	—	67	7,892	—	7,959
	1,870	308,940	73,523	859,525	(396,286 )	847,572
Operating income (loss)	83,051	(33,726 )	37,661	164,188	—	251,174
Interest expense, net	16,519	13,031	17,637	14,565	—	61,752
Net effect of swaps	(2,266 )	(3,485 )	—	—	—	(5,751 )
Loss on early debt extinguishment	—	187	—	886	—	1,073
Loss on foreign currency	—	36	11,988	—	—	12,024
Other (income) expense	186	(61,404 )	3,270	57,573	—	(375 )
Income from investment in affiliates	(89,426 )	(74,345 )	(21,578 )	(22,798 )	208,147	—
Income before taxes	158,038	92,254	26,344	113,962	(208,147 )	182,451
Provision for taxes	8,888	2,829	3,545	18,039	—	33,301
Net income	\$149,150	\$89,425	\$22,799	\$95,923	\$(208,147 )	\$149,150
Other comprehensive income (loss), (net of tax):						
Foreign currency translation adjustment	5,990	—	5,990	—	(5,990 )	5,990
Unrealized gain on cash flow hedging derivatives	6,250	2,085	—	—	(2,085 )	6,250
Other comprehensive income (loss), (net of tax)	12,240	2,085	5,990	—	(8,075 )	12,240
Total comprehensive income	\$161,390	\$91,510	\$28,789	\$95,923	\$(216,222 )	\$161,390

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Nine Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$92,672	\$262,739	\$114,141	\$1,019,399	\$(395,146 )	\$1,093,805
Costs and expenses:						
Cost of food, merchandise, and games revenues	—	—	10,569	81,807	—	92,376
Operating expenses	—	248,047	37,701	556,777	(395,146 )	447,379
Selling, general and administrative	2,254	51,358	8,592	88,938	—	151,142
Depreciation and amortization	—	26	12,869	113,342	—	126,237
Loss on impairment / retirement of fixed assets, net	—	—	542	2,515	—	3,057
Gain on sale of investment	—	(1,877 )	—	—	—	(1,877 )
	2,254	297,554	70,273	843,379	(395,146 )	818,314
Operating income (loss)	90,418	(34,815 )	43,868	176,020	—	275,491
Interest expense, net	18,285	13,893	18,317	11,578	—	62,073
Net effect of swaps	2,162	1,555	—	—	—	3,717
Loss on early debt extinguishment	11,773	8,188	198	2,956	—	23,115
Gain on foreign currency	—	(27 )	(35,020 )	—	—	(35,047 )
Other (income) expense	187	(56,623 )	2,640	53,731	—	(65 )
Income from investment in affiliates	(108,835 )	(109,414 )	(24,389 )	(58,648 )	301,286	—
Income before taxes	166,846	107,613	82,122	166,403	(301,286 )	221,698
Provision (benefit) for taxes	8,917	(1,223 )	23,473	32,602	—	63,769
Net income	\$157,929	\$108,836	\$58,649	\$133,801	\$(301,286 )	\$157,929
Other comprehensive income (loss), (net of tax):						
Foreign currency translation adjustment	(13,085 )	—	(13,085 )	—	13,085	(13,085 )
Unrealized gain on cash flow hedging derivatives	5,981	1,816	—	—	(1,816 )	5,981
Other comprehensive income (loss), (net of tax)	(7,104 )	1,816	(13,085 )	—	11,269	(7,104 )
Total comprehensive income	\$150,825	\$110,652	\$45,564	\$133,801	\$(290,017 )	\$150,825

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
NET CASH FROM OPERATING ACTIVITIES	\$95,426	\$ 13,190	\$ 41,319	\$ 188,005	\$ (3,506 )	\$ 334,434
CASH FLOWS FOR INVESTING ACTIVITIES						
Intercompany receivables (payments) receipts	—	—	(31,877 )	(21,515 )	53,392	—
Capital expenditures	—	—	(16,355 )	(129,361 )	—	(145,716 )
Net cash for investing activities	—	—	(48,232 )	(150,876 )	53,392	(145,716 )
CASH FLOWS FOR FINANCING ACTIVITIES						
Intercompany payables (payments) receipts	56,394	(3,002 )	—	—	(53,392 )	—
Distributions paid to partners	(151,820)	—	—	—	968	(150,852 )
Payment of debt issuance costs and original issue discount	—	(321 )	—	(2,200 )	—	(2,521 )
Exercise of limited partnership unit options	—	125	—	—	—	125
Tax effect of units involved in treasury unit transactions	—	(3,049 )	—	—	—	(3,049 )
Payments related to tax withholding for equity compensation	—	(6,943 )	—	—	—	(6,943 )
Net cash for financing activities	(95,426 )	(13,190 )	—	(2,200 )	(52,424 )	(163,240 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	(967 )	—	—	(967 )
CASH AND CASH EQUIVALENTS						
Net increase (decrease) for the period	—	—	(7,880 )	34,929	(2,538 )	24,511
Balance, beginning of period	—	—	85,758	81,582	(1,095 )	166,245
Balance, end of period	\$—	\$—	\$ 77,878	\$ 116,511	\$ (3,633 )	\$ 190,756

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Guarantor Subsidiaries	Eliminations	Total
NET CASH FROM (FOR) OPERATING ACTIVITIES	\$61,966	\$ (3,954 )	\$ 40,125	\$ 227,588	\$ (3,107 )	\$ 322,618
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES						
Intercompany receivables (payments) receipts	—	—	—	(248,190 )	248,190	—
Proceeds from returns on investments	338,000	15,500	—	146,500	(500,000 )	—
Proceeds from sale of investment	—	3,281	—	—	—	3,281
Capital expenditures	—	(25 )	(5,679 )	(146,735 )	—	(152,439 )
Net cash from (for) investing activities	338,000	18,756	(5,679 )	(248,425 )	(251,810 )	(149,158 )
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES						
Intercompany payables (payments) receipts	50,003	198,187	—	—	(248,190 )	—
Payments for returns of capital	—	—	—	(500,000 )	500,000	—
Term debt borrowings	—	131,000	—	619,000	—	750,000
Note borrowings	—	—	—	500,000	—	500,000
Term debt payments	—	(126,619 )	(13,854 )	(477,377 )	—	(617,850 )
Note payments, including amounts paid for early termination	(304,014)	(211,444 )	—	—	—	(515,458 )
Distributions paid to partners	(145,955)	—	—	—	1,438	(144,517 )
Payment of debt issuance costs	—	(1,313 )	—	(18,371 )	—	(19,684 )
Tax effect of units involved in treasury unit transactions	—	(2,560 )	—	—	—	(2,560 )
Payments related to tax withholding for equity compensation	—	(2,053 )	—	—	—	(2,053 )
Net cash from (for) financing activities	(399,966)	(14,802 )	(13,854 )	123,252	253,248	(52,122 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	5,892	—	—	5,892
CASH AND CASH EQUIVALENTS						
Net increase for the period	—	—	26,484	102,415	(1,669 )	127,230
Balance, beginning of period	—	—	65,563	58,178	(1,025 )	122,716
Balance, end of period	\$—	\$—	\$ 92,047	\$ 160,593	\$ (2,694 )	\$ 249,946

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(13) Consolidating Financial Information of Guarantors and Issuers of April 2017 Notes:

Cedar Fair, L.P., Canada's Wonderland Company ("Cedar Canada"), Magnum Management Corporation ("Magnum"), and Millennium Operations LLC ("Millennium") are the co-issuers of the Partnership's April 2017 Notes (see Note 5). The notes have been fully and unconditionally guaranteed, on a joint and several basis, by each 100% owned subsidiary of Cedar Fair (other than Cedar Canada, Magnum and Millennium) that guarantees the Partnership's senior secured credit facilities. There are no non-guarantor subsidiaries.

The following consolidating schedules present condensed financial information for Cedar Fair, L.P., Cedar Canada, Magnum, and Millennium, the co-issuers, and each 100% owned subsidiary of Cedar Fair (other than Cedar Canada, Magnum and Millennium), the guarantors (on a combined basis), as of September 23, 2018, December 31, 2017, and September 24, 2017 and for the three- and nine-month periods ended September 23, 2018 and September 24, 2017. In lieu of providing separate unaudited financial statements for the guarantor subsidiaries, the accompanying unaudited condensed consolidating financial statements have been included.



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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>							
Current Assets:							
Cash and cash equivalents	\$—	\$—	\$ 77,878	\$ 115,323	\$ 1,188	\$(3,633)	\$ 190,756
Receivables	—	991	47,193	36,711	858,552	(885,049)	58,398
Inventories	—	—	2,260	28,205	6,084	—	36,549
Other current assets	293	1,170	3,594	15,871	3,675	(2,728)	21,875
	293	2,161	130,925	196,110	869,499	(891,410)	307,578
Property and Equipment, net	—	811	178,522	—	1,409,366	—	1,588,699
Investment in Park	648,414	1,205,086	259,710	1,490,666	246,968	(3,850,844)	—
Goodwill	674	—	61,725	8,388	111,217	—	182,004
Other Intangibles, net	—	—	13,763	—	23,368	—	37,131
Deferred Tax Asset	—	19,870	—	—	—	(19,870)	—
Other Assets	1,197	2,926	39	312	9,062	—	13,536
	\$650,578	\$ 1,230,854	\$ 644,684	\$ 1,695,476	\$ 2,669,480	\$(4,762,124)	\$ 2,128,948
<b>LIABILITIES AND PARTNERS' EQUITY</b>							
Current Liabilities:							
Current maturities of long-term debt	\$—	\$ 656	\$—	\$ 3,094	\$—	\$—	\$ 3,750
Accounts payable	553,952	334,696	2,868	23,330	6,825	(888,682)	32,989
Deferred revenue	—	—	9,397	66,342	26,587	—	102,326
Accrued interest	113	75	7,601	14,104	—	—	21,893
Accrued taxes	1,551	38,538	—	9,569	1,442	(2,728)	48,372
Accrued salaries, wages and benefits	—	28,162	2,416	—	—	—	30,578
Self-insurance reserves	—	10,459	1,635	11,856	1,973	—	25,923
Other accrued liabilities	3,292	6,796	585	6,937	4,622	—	22,232
	558,908	419,382	24,502	135,232	41,449	(891,410)	288,063
Deferred Tax Liability	—	—	12,562	—	81,945	(19,870)	74,637
Other Liabilities	—	968	390	3,304	11,630	—	16,292
Long-Term Debt:							
Term debt	—	126,800	—	594,046	—	—	720,846
Notes	—	—	445,846	491,594	—	—	937,440
	—	126,800	445,846	1,085,640	—	—	1,658,286
Equity	91,670	683,704	161,384	471,300	2,534,456	(3,850,844)	91,670
	\$650,578	\$ 1,230,854	\$ 644,684	\$ 1,695,476	\$ 2,669,480	\$(4,762,124)	\$ 2,128,948



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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>							
Current Assets:							
Cash and cash equivalents	\$—	\$—	\$ 85,758	\$ 80,430	\$ 1,152	\$(1,095 )	\$ 166,245
Receivables	—	1,184	15,574	26,130	831,075	(836,241 )	37,722
Inventories	—	—	1,891	22,528	5,300	—	29,719
Other current assets	164	28,297	3,454	9,341	1,642	(29,601 )	13,297
	164	29,481	106,677	138,429	839,169	(866,937 )	246,983
Property and Equipment, net	—	835	181,673	—	1,403,264	—	1,585,772
Investment in Park	588,684	1,045,640	238,132	1,392,761	234,237	(3,499,454 )	—
Goodwill	674	—	63,551	8,387	111,218	—	183,830
Other Intangibles, net	—	—	14,177	—	23,887	—	38,064
Deferred Tax Asset	—	20,956	—	—	—	(20,956 )	—
Other Assets	—	—	40	402	9,068	—	9,510
	\$589,522	\$1,096,912	\$ 604,250	\$ 1,539,979	\$ 2,620,843	\$(4,387,347)	\$ 2,064,159
<b>LIABILITIES AND PARTNERS' EQUITY</b>							
Current Liabilities:							
Accounts payable	\$497,558	\$344,410	\$ 1,379	\$ 13,572	\$ 5,038	\$(837,336 )	\$ 24,621
Deferred revenue	—	—	6,237	59,307	20,587	—	86,131
Accrued interest	27	18	2,055	6,024	—	—	8,124
Accrued taxes	352	—	—	6,176	67,048	(29,601 )	43,975
Accrued salaries, wages and benefits	—	17,498	1,242	—	—	—	18,740
Self-insurance reserves	—	10,947	1,618	10,156	2,386	—	25,107
Other accrued liabilities	3,406	5,094	157	5,649	4,490	—	18,796
	501,343	377,967	12,688	100,884	99,549	(866,937 )	225,494
Deferred Tax Liability	—	—	13,809	—	81,945	(20,956 )	74,798
Derivative Liability	5,233	3,489	—	—	—	—	8,722
Other Liabilities	—	873	—	120	10,691	—	11,684
Long-Term Debt:							
Term debt	—	127,437	—	596,351	—	—	723,788
Notes	—	—	445,156	491,571	—	—	936,727
	—	127,437	445,156	1,087,922	—	—	1,660,515
Equity	82,946	587,146	132,597	351,053	2,428,658	(3,499,454 )	82,946
	\$589,522	\$1,096,912	\$ 604,250	\$ 1,539,979	\$ 2,620,843	\$(4,387,347)	\$ 2,064,159

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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATING BALANCE SHEET

September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
<b>ASSETS</b>							
Current Assets:							
Cash and cash equivalents	\$—	\$—	\$ 92,047	\$ 158,904	\$ 1,689	\$(2,694)	\$ 249,946
Receivables	—	1,285	33,158	32,049	805,545	(819,734)	52,303
Inventories	—	—	2,423	26,158	5,659	—	34,240
Other current assets	275	12,843	743	12,874	3,955	(12,066)	18,624
	275	14,128	128,371	229,985	816,848	(834,494)	355,113
Property and Equipment, net	—	842	183,205	—	1,396,463	—	1,580,510
Investment in Park	566,548	1,016,857	224,464	1,370,295	222,953	(3,401,117)	—
Goodwill	674	—	64,730	8,388	111,218	—	185,010
Other Intangibles, net	—	—	14,443	—	24,089	—	38,532
Deferred Tax Asset	—	32,190	—	—	—	(32,190)	—
Other Assets	—	—	53	447	16,907	—	17,407
	\$567,497	\$1,064,017	\$ 615,266	\$ 1,609,115	\$2,588,478	\$(4,267,801)	\$2,176,572
<b>LIABILITIES AND PARTNERS' EQUITY</b>							
Current Liabilities:							
Accounts payable	\$478,416	\$345,150	\$ 6,431	\$ 21,094	\$ 5,047	\$(822,428)	\$33,710
Deferred revenue	—	—	6,876	53,120	23,344	—	83,340
Accrued interest	292	195	9,209	14,232	—	—	23,928
Accrued taxes	1,589	—	14,910	9,024	65,200	(12,066)	78,657
Accrued salaries, wages and benefits	—	28,306	2,360	—	—	—	30,666
Self-insurance reserves	—	12,090	1,725	11,525	2,209	—	27,549
Other accrued liabilities	2,985	7,772	499	4,722	4,584	—	20,562
	483,282	393,513	42,010	113,717	100,384	(834,494)	298,412
Deferred Tax Liability	—	—	19,511	—	125,350	(32,190)	112,671
Derivative Liability	8,933	5,916	—	—	—	—	14,849
Other Liabilities	—	1,398	261	2,081	11,992	—	15,732
Long-Term Debt:							
Term debt	—	127,402	—	595,983	—	—	723,385
Notes	—	—	444,874	491,367	—	—	936,241
	—	127,402	444,874	1,087,350	—	—	1,659,626
Equity	75,282	535,788	108,610	405,967	2,350,752	(3,401,117)	75,282
	\$567,497	\$1,064,017	\$ 615,266	\$ 1,609,115	\$2,588,478	\$(4,267,801)	\$2,176,572

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Three Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$71,751	\$182,833	\$81,265	\$474,711	\$189,672	\$(336,529)	\$663,703
Costs and expenses:							
Cost of food, merchandise and games revenues	—	—	7,020	38,134	8,737	—	53,891
Operating expenses	—	122,455	20,145	388,158	12,276	(336,529)	206,505
Selling, general and administrative	185	20,666	4,582	34,578	7,103	—	67,114
Depreciation and amortization	—	8	8,379	—	65,987	—	74,374
Loss on impairment / retirement of fixed assets, net	—	—	—	422	2,825	—	3,247
	185	143,129	40,126	461,292	96,928	(336,529)	405,131
Operating income	71,566	39,704	41,139	13,419	92,744	—	258,572
Interest (income) expense, net	5,879	4,072	5,986	12,940	(7,943)	—	20,934
Net effect of swaps	265	(1,482)	—	—	—	—	(1,217)
(Gain) loss on foreign currency	—	15	(13,069)	—	—	—	(13,054)
Other (income) expense	63	(28,849)	1,484	—	27,134	—	(168)
Income from investment in affiliates	(153,756)	(100,629)	(16,509)	—	(56,985)	327,879	—
Income before taxes	219,115	166,577	63,247	479	130,538	(327,879)	252,077
Provision for taxes	5,808	12,823	6,261	479	13,399	—	38,770
Net income	\$213,307	\$153,754	\$56,986	\$—	\$117,139	\$(327,879)	\$213,307
Other comprehensive income (loss), (net of tax):							
Cumulative foreign currency translation adjustment	(5,276)	—	(5,276)	—	—	5,276	(5,276)
Unrealized gain on cash flow hedging derivatives	2,116	728	—	—	—	(728)	2,116
Other comprehensive income (loss), (net of tax)	(3,160)	728	(5,276)	—	—	4,548	(3,160)
Total comprehensive income	\$210,147	\$154,482	\$51,710	\$—	\$117,139	\$(323,331)	\$210,147

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Three Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$ 69,999	\$ 169,429	\$ 85,963	\$ 457,530	\$ 189,586	\$(319,818 )	\$ 652,689
Costs and expenses:							
Cost of food, merchandise and games revenues	—	—	7,735	36,301	8,611	—	52,647
Operating expenses	—	118,614	19,627	371,768	12,519	(319,818 )	202,710
Selling, general and administrative	327	21,752	4,539	36,021	9,024	—	71,663
Depreciation and amortization	—	9	7,856	—	62,195	—	70,060
Loss on impairment / retirement of fixed assets, net	—	—	87	738	522	—	1,347
Gain on sale of investment	—	(1,877 )	—	—	—	—	(1,877 )
	327	138,498	39,844	444,828	92,871	(319,818 )	396,550
Operating income	69,672	30,931	46,119	12,702	96,715	—	256,139
Interest (income) expense, net	4,857	4,305	6,152	12,167	(6,194 )	—	21,287
Net effect of swaps	(578 )	(374 )	—	—	—	—	(952 )
Gain on foreign currency	—	(27 )	(29,166 )	—	—	—	(29,193 )
Other (income) expense	62	(26,676 )	1,163	—	25,386	—	(65 )
Income from investment in affiliates	(132,699 )	(98,522 )	(16,843 )	—	(58,378 )	306,442	—
Income before taxes	198,030	152,225	84,813	535	135,901	(306,442 )	265,062
Provision for taxes	6,715	19,526	26,432	535	20,539	—	73,747
Net income	\$ 191,315	\$ 132,699	\$ 58,381	\$ —	\$ 115,362	\$(306,442 )	\$ 191,315
Other comprehensive income (loss), (net of tax):							
Cumulative foreign currency translation adjustment	(11,143 )	—	(11,143 )	—	—	11,143	(11,143 )
Unrealized gain on cash flow hedging derivatives	1,994	605	—	—	—	(605 )	1,994
Other comprehensive income (loss), (net of tax)	(9,149 )	605	(11,143 )	—	—	10,538	(9,149 )
Total comprehensive income	\$ 182,166	\$ 133,304	\$ 47,238	\$ —	\$ 115,362	\$(295,904 )	\$ 182,166

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Nine Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$84,921	\$275,214	\$111,184	\$807,575	\$310,159	\$(490,307)	\$1,098,746
Costs and expenses:							
Cost of food, merchandise and games revenues	—	—	10,204	69,628	15,080	—	94,912
Operating expenses	—	258,162	40,115	622,643	32,137	(490,307)	462,750
Selling, general and administrative	1,870	50,754	8,818	73,572	14,823	—	149,837
Depreciation and amortization	—	24	14,319	—	117,771	—	132,114
Loss on impairment / retirement of fixed assets, net	—	—	67	1,868	6,024	—	7,959
	1,870	308,940	73,523	767,711	185,835	(490,307)	847,572
Operating income (loss)	83,051	(33,726)	37,661	39,864	124,324	—	251,174
Interest (income) expense, net	16,519	13,031	17,637	37,539	(22,974)	—	61,752
Net effect of swaps	(2,266)	(3,485)	—	—	—	—	(5,751)
Loss on early debt extinguishment	—	187	—	886	—	—	1,073
Loss on foreign currency	—	36	11,988	—	—	—	12,024
Other (income) expense	186	(61,404)	3,270	—	57,573	—	(375)
Income from investment in affiliates	(89,426)	(74,345)	(21,578)	—	(22,798)	208,147	—
Income before taxes	158,038	92,254	26,344	1,439	112,523	(208,147)	182,451
Provision for taxes	8,888	2,829	3,545	1,439	16,600	—	33,301
Net income	\$149,150	\$89,425	\$22,799	\$—	\$95,923	\$(208,147)	\$149,150
Other comprehensive income (loss), (net of tax):							
Cumulative foreign currency translation adjustment	5,990	—	5,990	—	—	(5,990)	5,990
Unrealized gain on cash flow hedging derivatives	6,250	2,085	—	—	—	(2,085)	6,250
Other comprehensive income (loss), (net of tax)	12,240	2,085	5,990	—	—	(8,075)	12,240
Total comprehensive income	\$161,390	\$91,510	\$28,789	\$—	\$95,923	\$(216,222)	\$161,390





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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

For the Nine Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
Net revenues	\$92,672	\$262,739	\$114,141	\$788,737	\$322,763	\$(487,247)	\$1,093,805
Costs and expenses:							
Cost of food, merchandise and games revenues	—	—	10,569	66,537	15,270	—	92,376
Operating expenses	—	248,047	37,701	616,134	32,744	(487,247)	447,379
Selling, general and administrative	2,254	51,358	8,592	73,098	15,840	—	151,142
Depreciation and amortization	—	26	12,869	—	113,342	—	126,237
Loss on impairment / retirement of fixed assets, net	—	—	542	1,511	1,004	—	3,057
Gain on sale of investment	—	(1,877)	—	—	—	—	(1,877)
	2,254	297,554	70,273	757,280	178,200	(487,247)	818,314
Operating income (loss)	90,418	(34,815)	43,868	31,457	144,563	—	275,491
Interest (income) expense, net	18,285	13,893	18,317	26,747	(15,169)	—	62,073
Net effect of swaps	2,162	1,555	—	—	—	—	3,717
Loss on early debt extinguishment	11,773	8,188	198	2,956	—	—	23,115
Gain on foreign currency	—	(27)	(35,020)	—	—	—	(35,047)
Other (income) expense	187	(56,623)	2,640	—	53,731	—	(65)
Income from investment in affiliates	(108,835)	(109,414)	(24,389)	—	(58,648)	301,286	—
Income before taxes	166,846	107,613	82,122	1,754	164,649	(301,286)	221,698
Provision (benefit) for taxes	8,917	(1,223)	23,473	1,754	30,848	—	63,769
Net income	\$157,929	\$108,836	\$58,649	\$—	\$133,801	\$(301,286)	\$157,929
Other comprehensive income (loss), (net of tax):							
Cumulative foreign currency translation adjustment	(13,085)	—	(13,085)	—	—	13,085	(13,085)
Unrealized gain on cash flow hedging derivatives	5,981	1,816	—	—	—	(1,816)	5,981
Other comprehensive income (loss), (net of tax)	(7,104)	1,816	(13,085)	—	—	11,269	(7,104)
Total comprehensive income	\$150,825	\$110,652	\$45,564	\$—	\$133,801	\$(290,017)	\$150,825



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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 23, 2018

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
NET CASH FROM OPERATING ACTIVITIES	\$95,426	\$ 13,190	\$ 41,319	\$ 136,066	\$ 51,939	\$ (3,506 )	\$ 334,434
CASH FLOWS FOR INVESTING ACTIVITIES							
Intercompany receivables (payments) receipts	—	—	(31,877 )	—	(21,515 )	53,392	—
Capital expenditures	—	—	(16,355 )	(98,973 )	(30,388 )	—	(145,716 )
Net cash for investing activities	—	—	(48,232 )	(98,973 )	(51,903 )	53,392	(145,716 )
CASH FLOWS FOR FINANCING ACTIVITIES							
Intercompany payables (payments) receipts	56,394	(3,002 )	—	—	—	(53,392 )	—
Distributions paid to partners	(151,820)	—	—	—	—	968	(150,852 )
Payment of debt issuance costs and original issue discount	—	(321 )	—	(2,200 )	—	—	(2,521 )
Exercise of limited partnership unit options	—	125	—	—	—	—	125
Tax effect of units involved in treasury unit transactions	—	(3,049 )	—	—	—	—	(3,049 )
Payments related to tax withholding for equity compensation	—	(6,943 )	—	—	—	—	(6,943 )
Net cash for financing activities	(95,426 )	(13,190 )	—	(2,200 )	—	(52,424 )	(163,240 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	(967 )	—	—	—	(967 )
CASH AND CASH EQUIVALENTS							
Net increase (decrease) for the period	—	—	(7,880 )	34,893	36	(2,538 )	24,511
Balance, beginning of period	—	—	85,758	80,430	1,152	(1,095 )	166,245
Balance, end of period	\$—	\$—	\$ 77,878	\$ 115,323	\$ 1,188	\$ (3,633 )	\$ 190,756

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CEDAR FAIR, L.P.

## UNAUDITED CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 24, 2017

(In thousands)

	Cedar Fair L.P. (Parent)	Co-Issuer Subsidiary (Magnum)	Co-Issuer Subsidiary (Cedar Canada)	Co-Issuer Subsidiary (Millennium)	Guarantor Subsidiaries	Eliminations	Total
NET CASH FROM (FOR) OPERATING ACTIVITIES	\$61,966	\$ (3,954 )	\$ 40,125	\$ 103,553	\$ 124,035	\$ (3,107 )	\$ 322,618
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES							
Intercompany receivables (payments) receipts	—	—	—	—	(248,190 )	248,190	—
Proceeds from returns on investments	338,000	15,500	—	—	146,500	(500,000 )	—
Proceeds from sale of investment	—	3,281	—	—	—	—	3,281
Capital expenditures	—	(25 )	(5,679 )	(125,726 )	(21,009 )	—	(152,439 )
Net cash from (for) investing activities	338,000	18,756	(5,679 )	(125,726 )	(122,699 )	(251,810 )	(149,158 )
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES							
Intercompany payables (payments) receipts	50,003	198,187	—	—	—	(248,190 )	—
Payments for returns of capital	—	—	—	(500,000 )	—	500,000	—
Term debt borrowings	—	131,000	—	619,000	—	—	750,000
Note borrowings	—	—	—	500,000	—	—	500,000
Term debt payments	—	(126,619 )	(13,854 )	(477,377 )	—	—	(617,850 )
Note payments, including amounts paid for early termination	(304,014)	(211,444 )	—	—	—	—	(515,458 )
Distributions paid to partners	(145,955)	—	—	—	—	1,438	(144,517 )
Payment of debt issuance costs	—	(1,313 )	—	(18,371 )	—	—	(19,684 )
Tax effect of units involved in treasury unit transactions	—	(2,560 )	—	—	—	—	(2,560 )
Payments related to tax withholding for equity compensation	—	(2,053 )	—	—	—	—	(2,053 )
Net cash from (for) financing activities	(399,966)	(14,802 )	(13,854 )	123,252	—	253,248	(52,122 )
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	—	—	5,892	—	—	—	5,892
CASH AND CASH EQUIVALENTS							
Net increase for the period	—	—	26,484	101,079	1,336	(1,669 )	127,230
Balance, beginning of period	—	—	65,563	57,825	353	(1,025 )	122,716
Balance, end of period	\$—	\$—	\$ 92,047	\$ 158,904	\$ 1,689	\$ (2,694 )	\$ 249,946



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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview:

We generate our revenues from sales of (1) admission to our amusement parks and water parks, (2) food, merchandise and games both inside and outside our parks, and (3) accommodations, extra-charge products, and other revenue sources. Our principal costs and expenses, which include salaries and wages, operating supplies, maintenance, advertising, utilities and insurance, are relatively fixed and do not vary significantly with attendance.

Each of our properties is overseen by a park general manager and operates autonomously. Management reviews operating results, evaluates performance and makes operating decisions, including allocating resources, on a property-by-property basis.

Along with attendance and per capita statistics, discrete financial information and operating results are prepared at the individual park level for use by the CEO, who is the Chief Operating Decision Maker (CODM), as well as by the Chief Financial Officer, the Chief Operating Officer, the Executive Vice President of Operations, Regional Vice Presidents and the park general managers.

Critical Accounting Policies:

Management's discussion and analysis of financial condition and results of operations is based upon our unaudited condensed consolidated financial statements, which were prepared in accordance with accounting principles generally accepted in the United States of America. These principles require us to make judgments, estimates and assumptions during the normal course of business that affect the amounts reported in the unaudited condensed consolidated financial statements. Actual results could differ significantly from those estimates under different assumptions and conditions.

Management believes that judgment and estimates related to the following critical accounting policies could materially affect our consolidated financial statements:

- Impairment of Long-Lived Assets
- Goodwill and Other Intangible Assets
- Self-Insurance Reserves
- Revenue Recognition
- Income Taxes

We adopted Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers ("ASU 2014-09") effective January 1, 2018 using the modified retrospective method. The adoption of the standard did not have a material effect on the consolidated financial statements. Our accounting policy as a result of adopting ASU 2014-09 is discussed below. There were no other changes in the above critical accounting policies from those previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017 during the third quarter of 2018. Revenue Recognition and related receivables and contract liabilities

As disclosed within the consolidated statements of operations and comprehensive income, revenues are generated from sales of (1) admission to our amusement parks and water parks, (2) food, merchandise and games both inside and outside the parks, and (3) accommodations, extra-charge products, and other revenue sources. Admission revenues include amounts paid to gain admission into our parks, including parking fees. Revenues related to extra-charge products, including premium benefit offerings such as front-of-line products, and online advanced purchase transaction fees charged to customers are included in "Accommodations, extra-charge products and other". Due to our highly seasonal operations, a substantial portion of our revenues are generated during an approximate 130- to 140-day operating season. Most revenues are recognized on a daily basis based on actual guest spend at the properties. Revenues from multi-use products, including season-long products for admission, dining, beverage and other products, are recognized over the estimated number of uses expected for each type of product. The estimated number

of uses is reviewed and may be updated periodically during the operating season prior to the ticket or product expiration, which generally occurs no later than the close of the operating season. The number of uses is estimated based on historical usage adjusted for current period trends. For any bundled products that include multiple performance obligations, revenue is allocated using the retail price of each distinct performance obligation and any inherent discounts are allocated based on the gross margin and expected redemption of each performance obligation. We do not typically provide for refunds or returns.

In some instances, we arrange with outside parties ("concessionaires") to provide goods to our guests, typically food and merchandise, and we act as an agent, resulting in net revenue recorded within the income statement. Concessionaire arrangement revenues are recognized over the operating season and are variable. Sponsorship revenues and marina revenues, which are classified as "Accommodations, extra-charge products and other" within the income statement, are recognized over the park operating season which represents the period in which the performance obligations are satisfied. Sponsorship revenues are typically fixed. However,

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some sponsorship revenues are variable based on achievement of specified operating metrics. We estimate variable revenues and perform a constraint analysis using both historical information and current trends to determine the amount of revenue that is not probable of a significant reversal. For additional information on our revenue recognition and related receivables and contract liabilities, see Note 1.

**Income Taxes**

The Tax Cuts and Jobs Act (the "Act") was signed into law on December 22, 2017. The Act makes significant changes to U.S. tax law and, among other things, reduces federal corporate tax rates from 35% to 21%. The accounting treatment of these tax law changes is complex, and the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain tax effects of the Act. We recognized the provisional tax impacts related to the reduction in tax rates including the revaluation of deferred tax assets and liabilities in our consolidated financial statements for the year ended December 31, 2017. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions we have made, additional regulatory or accounting guidance that may be issued, and actions the Partnership may take as a result of the Act. We expect to complete our analysis of the effects of the Act within the measurement period in accordance with SAB 118.

**Adjusted EBITDA:**

We believe that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, other non-cash items, and adjustments as defined in the Amended 2017 Credit Agreement and prior credit agreements) is a meaningful measure as it is widely used by analysts, investors and comparable companies in our industry to evaluate our operating performance on a consistent basis, as well as more easily compare our results with those of other companies in our industry. Further, management believes Adjusted EBITDA is a meaningful measure of park-level operating profitability and we use it for measuring returns on capital investments, evaluating potential acquisitions, determining awards under incentive compensation plans, and calculating compliance with certain loan covenants. Adjusted EBITDA is provided in the discussion of results of operations that follows as a supplemental measure of our operating results and is not intended to be a substitute for operating income, net income or cash flows from operating activities as defined under generally accepted accounting principles. In addition, Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

The table below sets forth a reconciliation of Adjusted EBITDA to net income for the three- and nine-month periods ended September 23, 2018 and September 24, 2017.

	Three months ended		Nine months ended	
(In thousands)	9/23/2018	9/24/2017	9/23/2018	9/24/2017
Net income	\$213,307	\$191,315	\$149,150	\$157,929
Interest expense	21,464	21,638	62,563	62,472
Interest income	(530)	(351)	(811)	(399)
Provision for taxes	38,770	73,747	33,301	63,769
Depreciation and amortization	74,374	70,060	132,114	126,237
EBITDA	347,385	356,409	376,317	410,008
Loss on early debt extinguishment	—	—	1,073	23,115
Net effect of swaps	(1,217)	(952)	(5,751)	3,717
Non-cash foreign currency (gain) loss	(13,064)	(29,156)	12,026	(34,985)
Non-cash equity compensation expense	1,906	3,126	8,054	9,728
Loss on impairment / retirement of fixed assets, net	3,247	1,347	7,959	3,057
Gain on sale of investment	—	(1,877)	—	(1,877)
Employment practice litigation costs	—	4,696	—	4,696
Other <sup>(1)</sup>	(120)	49	(27)	397
Adjusted EBITDA	\$338,137	\$333,642	\$399,651	\$417,856



(1) Consists of certain costs as defined in the Partnership's Amended 2017 Credit Agreement and prior credit agreements. These items are excluded in the calculation of Adjusted EBITDA and have included certain legal expenses, costs associated with certain ride abandonment or relocation expenses, and severance expenses. This balance also includes unrealized gains and losses on short-term investments.

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## Results of Operations:

We believe the following are significant measures in the structure of our management and operational reporting, and they are used as major factors in key operational decisions:

Attendance is defined as the number of guest visits to our amusement parks and separately gated outdoor water parks. In-park per capita spending is calculated as revenues generated within our amusement parks and separately gated outdoor water parks along with related tolls and parking revenues, divided by total attendance.

Out-of-park revenues are defined as revenues from resort, marina, sponsorship, online advanced purchase transaction fees charged to customers and all other out-of-park operations.

Both in-park per capita spending and out-of-park revenues exclude amounts remitted for concessionaire arrangements. Nine months ended September 23, 2018

The fiscal nine-month period ended September 23, 2018 included a total of 1,710 operating days compared with 1,722 operating days for the fiscal nine-month period ended September 24, 2017. The following table presents key financial information for the nine months ended September 23, 2018 and September 24, 2017:

	Nine months ended 9/23/2018	Nine months ended 9/24/2017	Increase (Decrease)	
			\$	%
	(Amounts in thousands, except for per capita spending)			
Net revenues	\$1,098,746	\$1,093,805	\$4,941	0.5 %
Operating costs and expenses	707,499	690,897	16,602	2.4 %
Depreciation and amortization	132,114	126,237	5,877	4.7 %
Loss on impairment / retirement of fixed assets, net	7,959	3,057	4,902	N/M
Gain on sale of investment	—	(1,877 )	1,877	N/M
Operating income	\$251,174	\$275,491	\$(24,317 )	(8.8 )%
N/M - Not meaningful				
Other Data:				
Adjusted EBITDA <sup>(1)</sup>	\$399,651	\$417,856	\$(18,205 )	(4.4 )%
Adjusted EBITDA margin <sup>(2)</sup>	36.4	% 38.2	% —	(1.8 )%
Attendance	21,026	21,293	(267 )	(1.3 )%
In-park per capita spending	\$47.80	\$47.24	\$0.56	1.2 %
Out-of-park revenues	\$126,306	\$120,165	\$6,141	5.1 %

(1) For additional information regarding Adjusted EBITDA, including how we define and use Adjusted EBITDA, as well as a reconciliation to net income, see page 38.

Adjusted EBITDA margin (Adjusted EBITDA divided by net revenues) is not a measurement computed in accordance with generally accepted accounting principles ("GAAP") or a substitute for measures computed in accordance with GAAP and may not be comparable to similarly titled measures of other companies. We provide Adjusted EBITDA margin because we believe the measure provides a meaningful measure of operating profitability.

For the nine months ended September 23, 2018, net revenues increased by \$4.9 million, to \$1,098.7 million, from \$1,093.8 million for the first nine months of 2017. This reflects a \$6.1 million increase in out-of-park revenues and a \$0.56 increase in in-park per capita spending offset by the impact of a 267,000-visit decrease in attendance. The increase in out-of-park revenues was attributable to increases in resort property revenues driven by higher occupancy rates and an increase in average daily room rates, particularly at Cedar Point. The increase in in-park per capita spending was attributable to higher revenues from our food and beverage programs, extra charge attractions and merchandise. The increase was somewhat offset by a decrease in admission spending due to a higher season pass attendance mix and the expansion of our free season pass program for guests aged 3 to 5 ("Pre-K pass") to three more parks in 2018 for a total of six properties. The decrease in attendance was driven by the impact of inclement weather

at our seasonal amusement parks, a decline in season pass sales at Kings Island, and a delayed ride opening at California's Great America. The decrease in attendance largely occurred during the first seven months of 2018 and was partially offset by attendance growth in the months of August and September. The increase in net revenues was net of a \$1.8 million unfavorable impact of foreign currency exchange related to our Canadian park.

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Operating costs and expenses for the nine months ended September 23, 2018 increased 2.4%, or \$16.6 million, to \$707.5 million from \$690.9 million for the first nine months of 2017. The increase was the result of a \$15.4 million increase in operating expenses and a \$2.5 million increase in cost of goods sold offset by a \$1.3 million decrease in SG&A expense. Operating expenses grew by \$15.4 million primarily due to increased seasonal wages which were driven by planned hourly rate increases. The increase in operating expenses was also attributable to increased full-time and maintenance labor driven by both planned head count and rate increases, increased employee health benefit claims, and increased operating supplies for personnel related costs including associate housing. We expect to continue to see higher labor costs during the fourth quarter due to both mandated and market wage rate adjustments. The \$2.5 million increase in cost of goods sold was primarily related to the growth in our food and beverage programs. Cost of goods sold as a percentage of food, merchandise, and games net revenue was comparable for both periods. The \$1.3 million decrease in SG&A expense was primarily attributable to a prior year reserve established for an employment practice claim offset by increased technology related costs and higher merchant fees. The increase in operating costs and expenses was net of an \$0.8 million favorable impact of foreign currency exchange related to our Canadian park.

Depreciation and amortization expense for the first nine months of 2018 increased \$5.9 million compared with the same period in the prior year due to the change in the estimated useful life of a long-lived asset at Kings Island, as well as growth in capital improvements over the past several years. For the first nine months of 2018, the loss on impairment / retirement of fixed assets was \$8.0 million compared with \$3.1 million in the prior period. The increase was attributable to the retirement of a specific asset in the second quarter of 2018 and the impairment of two specific assets in the third quarter of 2018. During the third quarter of 2017, a \$1.9 million gain on sale of investment was recognized for the liquidation of a preferred equity investment.

After the items above, operating income for the first nine months of 2018 decreased \$24.3 million to \$251.2 million compared with operating income of \$275.5 million for the first nine months of 2017.

Interest expense for the first nine months of 2018 was comparable to the same period in the prior year. We recognized a \$1.1 million loss on early debt extinguishment during the first quarter of 2018 in connection with amending our 2017 Credit Agreement, as compared to a \$23.1 million loss on early debt extinguishment related to our refinancing in the first half of 2017, as described in Note 5. The net effect of our swaps resulted in a benefit to earnings of \$5.8 million for the first nine months of 2018 compared with a \$3.7 million charge to earnings for the comparable period in 2017. The difference reflects the change in fair market value movements in our swap portfolio offset by the amortization of amounts in OCI for our de-designated swaps. During the current period, we also recognized a \$12.0 million net charge to earnings for foreign currency gains and losses compared with a \$35.0 million net benefit to earnings for the comparable period in 2017. Both amounts primarily represent remeasurement of the U.S.-dollar denominated debt recorded at our Canadian entity from the applicable currency to the legal entity's functional currency.

During the first nine months of 2018, a provision for taxes of \$33.3 million was recorded to account for PTP taxes and income taxes on our corporate subsidiaries. This compares with a provision for taxes recorded in the first nine months of 2017 of \$63.8 million. This decrease in provision for taxes relates to a decrease in pretax income from our corporate subsidiaries and the decrease in the federal statutory income tax rate resulting from the implementation of the 2017 Tax Cuts and Jobs Act.

After the items above, net income for the first nine months of 2018 totaled \$149.2 million, or \$2.63 per diluted limited partner unit, compared with net income of \$157.9 million, or \$2.79 per diluted limited partner unit, for the same period a year ago.

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For the first nine months of 2018, Adjusted EBITDA decreased \$18.2 million to \$399.7 million from \$417.9 million for the same period in 2017. The decrease in Adjusted EBITDA was attributable to lower attendance and to increased operating costs and expenses associated with labor, especially seasonal wages due to planned rate increases, operating supplies and other planned spending slightly offset by an increase in net revenues attributable to increased out-of-park revenues. Our Adjusted EBTIDA margin for the first nine months of 2018 decreased 180 basis points when compared to the same period in 2017 as a result of expense growth outpacing revenue growth.

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Three months ended September 23, 2018

The fiscal three-month period ended September 23, 2018 included a total of 956 operating days compared with 960 operating days for the fiscal three-month period ended September 24, 2017. The following table presents key financial information for the three months ended September 23, 2018 and September 24, 2017:

	Three months ended 9/23/2018	Three months ended 9/24/2017	Increase (Decrease)		
			\$	%	
(Amounts in thousands, except for per capita spending)					
Net revenues	\$663,703	\$652,689	\$11,014	1.7	%
Operating costs and expenses	327,510	327,020	490	0.1	%
Depreciation and amortization	74,374	70,060	4,314	6.2	%
Loss on impairment / retirement of fixed assets, net	3,247	1,347	1,900	N/M	
Gain on sale of investment	—	(1,877)	1,877	N/M	
Operating income	\$258,572	\$256,139	\$2,433	0.9	%
N/M - Not meaningful					
Other Data:					
Adjusted EBITDA <sup>(1)</sup>	\$338,137	\$333,642	\$4,495	1.3	%
Attendance	12,371	12,428	(57)	(0.5)	%
In-park per capita spending	\$49.47	\$48.73	\$0.74	1.5	%
Out-of-park revenues	\$70,129	\$65,103	\$5,026	7.7	%

(1) For additional information regarding Adjusted EBITDA, including how we define and use Adjusted EBITDA, as well as a reconciliation to net income, see page 38.

For the quarter ended September 23, 2018, net revenues increased by \$11.0 million, to \$663.7 million, from \$652.7 million in the third quarter of 2017. This reflects a \$0.74 increase in in-park per capita spending and a \$5.0 million increase in out-of-park revenues partially offset by the impact of a 57,000-visit decrease in attendance. The increase in in-park per capita spending was attributable to higher revenues from our food and beverage programs, extra charge attractions and merchandise. This increase was somewhat offset by a decrease in admission spending due to the expansion of our Pre-K pass program to three more parks in 2018 for a total of six properties. The increase in out-of-park revenues was attributable to increases in resort property revenues driven by higher occupancy rates and an increase in average daily room rates, particularly at Cedar Point. The decrease in attendance was driven by less guest visitation in the month of July followed by attendance growth in the months of August and September compared to the same months in 2017. Inclement weather throughout July and the impact of Hurricane Florence in September contributed to the decline. The increase in net revenues was net of a \$2.6 million unfavorable impact of foreign currency exchange related to our Canadian park.

Operating costs and expenses for the quarter were comparable to the prior quarter due to a \$3.8 million increase in operating expenses and a \$1.2 million increase in cost of goods sold offset by a \$4.5 million decrease in SG&A expense. Operating expenses grew by \$3.8 million primarily due to increased seasonal wages driven by planned hourly rate increases. The increase in operating expenses was also attributable to increased employee health benefit claims, and increased full-time and maintenance labor driven by both planned head count and rate increases. The \$1.2 million increase in cost of goods sold was primarily related to the growth in our food and beverage programs. Cost of goods sold as a percentage of food, merchandise, and games net revenue was comparable to the prior quarter. The \$4.5 million decrease in SG&A expense was primarily attributable to a prior year reserve established for an employment practice claim. The increase in operating costs and expenses was net of a \$1.5 million favorable impact of foreign currency exchange related to our Canadian park.

Depreciation and amortization expense for the quarter increased \$4.3 million compared with the same period in the prior year largely due to the change in the estimated useful life of a long-lived asset at Kings Island. For the third quarter of 2018, the loss on impairment / retirement of fixed assets was \$3.2 million compared with \$1.3 million in the prior period. The increase was attributable to the impairment of two specific assets in the third quarter of 2018. During the third quarter of 2017, a \$1.9 million gain on sale of investment was recognized for the liquidation of a preferred equity investment.

After the items above, operating income for the third quarter of 2018 increased \$2.4 million to \$258.6 million compared with \$256.1 million for the third quarter of 2017.

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Interest expense for the third quarter of 2018 was comparable to the same period in the prior year. The net effect of our swaps resulted in a benefit to earnings of \$1.2 million for the third quarter of 2018 compared with a \$1.0 million benefit to earnings in the third quarter of 2017. Both amounts reflect the change in fair market value movements in our swap portfolio offset by the amortization of amounts in OCI for our de-designated swaps. During the current quarter, we also recognized a \$13.1 million net benefit to earnings for foreign currency gains and losses compared with a \$29.2 million net benefit to earnings for the third quarter in 2017. Both amounts primarily represent remeasurement of the U.S.-dollar denominated debt recorded at our Canadian entity from the applicable currency to the legal entity's functional currency.

During the third quarter of 2018, a provision for taxes of \$38.8 million was recorded to account for PTP taxes and income taxes on our corporate subsidiaries. This compares with a provision for taxes recorded in the third quarter of 2017 of \$73.7 million. This decrease in provision for taxes relates to the decrease in the federal statutory income tax rate resulting from the implementation of the 2017 Tax Cuts and Jobs Act and a decrease in pretax income from our corporate subsidiaries.

After the items above, net income for the current quarter totaled \$213.3 million, or \$3.76 per diluted limited partner unit, compared with net income of \$191.3 million, or \$3.38 per diluted limited partner unit, for the third quarter a year ago.

For the current quarter, our Adjusted EBITDA increased \$4.5 million to \$338.1 million from \$333.6 million for the same period in 2017. The increase in Adjusted EBITDA was attributable to an increase in net revenues due to increased in-park per capita spending and out-of-park revenues combined with comparable operating costs and expenses.

## October 2018

Based on preliminary results, net revenues for the ten months ended October 28, 2018 were up approximately \$9 million, or 1%, to \$1.25 billion when compared with the ten months ended October 29, 2017. The increase was the result of a 1% increase in in-park per capita spending and a 5% increase in out-of-park revenues, offset slightly by a 1% decline in attendance compared with the prior period.

## Liquidity and Capital Resources:

With respect to both liquidity and cash flow, we ended the third quarter of 2018 in sound condition. The working capital ratio (current assets divided by current liabilities) of 1.1 as of September 23, 2018 is the result of normal seasonal activity. Receivables, inventories and payables are at normal seasonal levels. There was a \$59.2 million decrease in cash and cash equivalents as of September 23, 2018 compared with the balance as of September 24, 2017. The net cash proceeds from our debt refinancing in the first nine months of 2017 significantly impacted the change in cash position.

## Operating Activities

During the nine-month period ended September 23, 2018, net cash from operating activities was \$334.4 million, an increase of \$11.8 million compared with the same period a year ago.

## Investing Activities

Net cash for investing activities for the first nine months of 2018 was \$145.7 million, a decrease of \$3.4 million compared with the same period in the prior year. This decrease reflects less planned capital expenditures in the current period offset by prior period proceeds from the sale of a preferred equity investment in a non-public entity.

## Financing Activities

Net cash for financing activities for the first nine months of 2018 was \$163.2 million, an increase of \$111.1 million compared with the same period in the prior year. This increase is primarily due to incremental term debt borrowings in the prior year from the April 2017 refinancing.



As of September 23, 2018, our outstanding debt, before reduction for debt issuance costs and original issue discount, consisted of the following:

- \$500 million of 5.375% senior unsecured notes, maturing in April 2027, issued at par. Prior to April 15, 2020, up to 35% of the notes may be redeemed with net cash proceeds of certain equity offerings at a price equal to 105.375% of the principal amount thereof, together with accrued and unpaid interest and additional interest, if any. The notes may be redeemed, in whole or in part, at any time prior to April 15, 2022 at a price equal to 100% of the principal amount of the notes redeemed plus a "make-whole" premium, together with accrued and unpaid interest, if any, to the redemption date. Thereafter, the notes may be redeemed, in whole or in part, at various prices depending on the date redeemed. The notes pay interest semi-annually in April and October.

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\$450 million of 5.375% senior unsecured notes, maturing in June 2024, issued at par. The notes may be redeemed, in whole or in part, at any time prior to June 1, 2019 at a price equal to 100% of the principal amount of the notes redeemed plus a "make-whole" premium, together with accrued and unpaid interest, if any, to the redemption date. Thereafter, the notes may be redeemed, in whole or in part, at various prices depending on the date redeemed. The notes pay interest semi-annually in June and December.