Risk Factors Comparison 2024-02-29 to 2023-03-07 Form: 10-K

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Set forth below are the principal risks that we believe are most significant to our business and should be considered by our security holders. We operate in a continually changing business environment and, therefore, new risks emerge from time to time. This section contains forward- looking statements. For an explanation of the qualifications and limitations on forward- looking statements, see ~~"~~ Cautionary Note Regarding Forward- Looking Statements. ~~"~~ Risks Relating to Our Business General economic conditions may have an adverse impact on our business, financial condition or results of operations. Our results can be impacted by a number of macroeconomic factors, including but not limited to consumer confidence and spending levels, tax rates, unemployment, consumer credit availability, raw materials costs, pandemics ~~(such as the ongoing COVID- 19 pandemic)~~ and natural disasters, fuel and energy costs (including oil prices), and credit market conditions ~~. The COVID- 19 pandemic has severely impacted and will likely continue to impact many of these factors~~ . A general economic slowdown or recession resulting in a decrease in discretionary spending could adversely affect the frequency with which guests choose to visit our parks and the amount that our guests spend when they visit. Additionally, difficult economic conditions throughout the world, including global supply chain issues, could impact our ability to obtain supplies, services and credit as well as the ability of third parties to meet their obligations to us, including, for example, manufacturers' ability to supply rides, payment of claims by our insurance carriers, funding of our lines of credit, or payment by our international agreement partner. Changes in exchange rates for foreign currencies could reduce international demand for our products, increase our labor and supply costs in non- U. S. markets or reduce the U. S. dollar value of revenue we earn in other markets. The demand for our parks, other entertainment and recreation activities generally, and discretionary travel is highly sensitive to downturns in the economy and the corresponding impact on discretionary consumer spending. Any actual or perceived deterioration or weakness in general, regional or local economic conditions, unemployment levels, the job or housing markets, consumer debt levels or consumer confidence, as well as other adverse economic or market conditions ~~due to COVID- 19 or otherwise,~~ may reduce our customers' discretionary income to spend on parks, entertainment, recreation activities and travel. Our growth strategy and strategic plan may not achieve the anticipated results. Our future success depends on our ability to grow and evolve our business, including through capital investments to improve existing parks, rides, attractions and other entertainment offerings, technological advancements and improvements to enhance the guest experience and to increase productivity, as well as through our food and beverage and retail offerings. Our strategies may not enhance guest experiences or increase productivity as planned, may not increase our revenues at the rate we expect or at all, and may require the expenditure of capital resources or operating costs in excess of what we originally budgeted and allocated for such purposes. In addition, our increased focus on improving our food and beverage offerings and simplifying our admissions products may not be successful. If we are unable to achieve our strategic objectives and grow and evolve our business, our financial condition and results of operations may be adversely affected. Bad or extreme weather conditions and forecasts of bad or mixed weather conditions, which may be due to climate change, can adversely impact attendance at our parks. Because most of the attractions at our parks are outdoors, attendance at our parks is adversely affected by bad or extreme weather conditions and forecasts of bad or mixed weather conditions that may be a result of climate change, which negatively affects our revenues. The effects of bad weather on attendance **generally are not recovered later in the operating season. This** can be more pronounced at our water parks **, which have shorter operating seasons** . We believe our operating results in certain years were adversely affected by abnormally hot, cold and / or wet weather in a number of our major U. S. markets. In addition, since a number of our parks are geographically concentrated in the eastern portion of the United States, a weather pattern that affects that area could adversely affect a number of our parks and disproportionately impact our results of operations. **Furthermore** ~~In addition~~ , our parks in California and Texas are more likely to be impacted by extreme heat, wildfires, mudslides and floods, which may be exacerbated by the effects of climate change, than our parks in other locations. Bad weather and forecasts of bad weather on weekends, holidays or other peak periods will typically have a greater negative impact on our revenues and could disproportionately impact our results of operations. Conditions beyond our control could damage our properties and could adversely impact attendance at our parks and result in decreased revenues. Natural disasters, public heath crises, epidemics, pandemics, ~~such as the outbreak of COVID- 19,~~ terrorist activities, power outages or other events outside our control could disrupt our operations, impair critical systems, damage our properties or reduce attendance at our parks or require temporary park closures **. For example, many of our parks were either closed or operated under significant capacity restrictions in 2020 and early 2021 due to the COVID- 19 pandemic** . Damage to our properties could take a long time to repair and there is no guarantee that we would have adequate insurance to cover the costs of repair or the expense of the interruption to our business. Furthermore, natural disasters such as fires, earthquakes or hurricanes may interrupt or impede access to our affected properties or require evacuations and may cause attendance at our affected properties to decrease for an indefinite period. For example, our water park in Oaxtepec, Mexico was closed for several months during 2017 following the earthquakes in central Mexico. The occurrence of such events could have a material adverse effect on our business, financial condition and results of operations. In addition, since some of our parks are near major urban areas and appeal to teenagers and young adults, there may be disturbances at one or more parks that could negatively affect our reputation or brand. This may result in a decrease in attendance at the affected parks and could adversely impact our results of operations. While we work with local law enforcement authorities on security- related precautions to prevent certain types of disturbances, we can make no assurance that these precautions will be able to prevent or mitigate these types of events. We cannot predict the frequency, duration or severity of these activities and the effect that they may have on our business, financial condition or results of operations ~~. The ongoing COVID- 19 pandemic has had, and could continue to have, a significant negative impact on our financial condition and operations. Since early 2020, the world has been, and continues to be, impacted by COVID- 19 and its variants. COVID- 19 and measures to prevent its spread has impacted our business especially when we were required to temporarily suspend operations at our theme parks and water parks in March 2020. As of January 1, 2023, we expect all of our parks to open in accordance with their normal operating schedules. The impacts of COVID- 19 on our business will continue for an unknown length of time. Future developments relating to COVID- 19, including severity, rate of transmission, variants, treatment, testing and vaccinations, are uncertain and difficult to predict. Additionally, COVID- 19 impacts that have subsided (such as temporary park closures, operating at reduced capacity and requiring advanced reservations) may again impact our business in the future and new impacts may emerge from COVID- 19 developments or other pandemics. Additionally, there are limitations on our ability to mitigate the adverse financial impact of COVID- 19, including the fixed costs of operating our business and the impact COVID- 19 may have on capital markets and our cost of borrowing. 17The impact of any future outbreak of any COVID- 19 variants or any other highly infectious or contagious disease is unpredictable and could result in restrictions from governmental authorities. Additionally, we may impose our own COVID- 19 related restrictions in addition to what is required by state and local governments in the interest of safety for our guests and employees. Any of these measures could further disrupt our operations, or have a negative impact on our financial results. If future developments require subsequent disruptive measures to be implemented, such as prolonged park closures, our business, financial condition, results of operations and reputation may be materially and adversely affected. The COVID- 19 pandemic could have longer- term impacts on consumer tastes and preferences and could shift consumer entertainment and recreation behaviors toward digital entertainment experiences and other off- premises experiences and technologies. As a result, attendance, revenue and per capita spending at our theme parks and water parks could be adversely affected, which could materially adversely affect our business, results of operations, liquidity, cash flows, financial condition, and prospects. The extent and duration of the impact of the ongoing endemic on our operations, financial performance and condition, liquidity and cash flows, will depend largely on future developments, including the duration of the pandemic and any variants that may be highly contagious and / or impact the effectiveness of vaccines, vaccination rates in the communities in which we operate, any continuing or newly imposed travel restrictions or vaccination requirements in connection with travel, and the related impact on factors affecting guest behavior, including individuals' risk tolerance regarding health matters going forward, consumer confidence and spending, all of which are highly uncertain and cannot be predicted~~ . Our operations are seasonal. Our operations are seasonal. In a typical year, approximately 70 % of our annual park attendance and revenue occurs during the second and third calendar quarters of each year. As a result, when conditions or events described in the above risk factors occur during the operating season, particularly during the peak months of July and August, there is only a limited period of time during which the impact of those conditions or events can be mitigated. Accordingly, such conditions or events may have a disproportionately adverse effect on our revenues and cash flow. In addition, most of our maintenance and capital expenses are incurred in the off- season. For this reason, a sequential quarter- to- quarter comparison is not a good indication of our performance or of how we will perform in the future. Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could adversely affect our financial condition or results of operations. We are subject to allegations, claims and legal actions arising in the ordinary course of our business, which may include claims by third parties, including guests who visit our parks, our employees or regulators. The outcome of these proceedings cannot be predicted. If any of these proceedings is determined adversely to us, or if we receive a judgment, a fine or a settlement involving a payment of a material sum of money, or injunctive relief is issued against us, our business, financial condition and results of operations could be materially adversely affected. Litigation can also be expensive, lengthy and disruptive to normal business operations, including to our management due to the increased time and resources required to respond to and address the litigation. Additionally, from time to time, animal activist and other third party groups may make negative public statements about us or bring claims before government agencies or lawsuits against us. Such claims and lawsuits sometimes are based on allegations that we do not properly care for some of our featured animals. On other occasions, such claims and / or lawsuits are specifically designed to change existing law or enact new law in order to impede our ability to retain, exhibit, acquire or breed animals. While we seek to comply with all applicable federal and state laws and vigorously defend ourselves in any lawsuits, there are no assurances as to the outcome of future claims and lawsuits that could be brought against us. An unfavorable outcome in any legal proceeding could have a material adverse effect on our business, financial condition and results of operations. In addition, associated negative publicity could adversely affect our reputation, financial condition and results of operations. ~~18Failures~~ -- **Failures** in, material damage to, or interruptions in our information technology systems, software or websites and difficulties in updating our systems or software or implementing new systems or software could adversely affect our business or operations. We rely extensively on our information technology systems in the conduct of our business. We use software and other technology systems, among other things, to sell tickets and admit guests to our parks, to sell food, beverages and other products in our parks, to manage our workforce, to manage our inventory, and to monitor and manage our business on a day- to- day basis. We also use mobile devices, social networking and other online platforms to connect with our employees, business partners and customers. These technology systems and our uses thereof are vulnerable to damage or disruption from circumstances beyond our control including fire, natural disasters, power outages, system and equipment failures, viruses, malicious attacks, security breaches, theft, and inadvertent release of information. Damage or disruption to these technology systems may require a significant investment to update, remediate or replace with alternate systems, and we may suffer disruptions in our operations as a result. We rely on third parties for the performance of a significant portion of our information technology functions. In particular, our ticket, season pass and membership sales system relies on data communications networks and technology systems and software operated by third parties. The success of our business depends in part on maintaining our relationships with these third parties and their continuing ability to perform these functions and services in a timely and satisfactory manner. If we experience a loss or disruption in the provision of any of these functions or services, or they are not performed in a satisfactory manner, we may have difficulty in finding alternate providers on terms favorable to us, in a timely manner or at all, and our business could be adversely affected. Further, as we implement our strategy to pursue new initiatives that improve our operations and cost structure, we are also expanding and upgrading our information technologies. Potential problems and disruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our systems, including those that may result from our failure to adequately develop, implement and maintain a robust disaster recovery plan and backup systems could severely affect our ability to conduct normal business operations and, as a result, could adversely affect our business operations and financial performance. Cyber- attacks could have a disruptive effect on our business. Our business involves the storage and transmission of numerous classes of sensitive and / or confidential information and intellectual property, including guests' personal information, private information about employees and financial and strategic information about the Company and our business. We have experienced and continue to experience cybersecurity threats and vulnerabilities in our systems and those of our third party providers, including cyber- attacks targeting our information technology systems and networks, which could result in a loss of sensitive business or customer information, systems interruption or the disruption of our operations. Further, implementing our strategy to pursue new initiatives that improve our operations and cost structure will result in a larger technological presence and corresponding exposure to cybersecurity risk. Failure to adequately assess and identify cybersecurity risks associated with new initiatives would increase our vulnerability to such risks. Due to the increased remote workforce, we must increasingly rely on information technology systems that are outside our direct control. These systems are potentially vulnerable to cyber- based attacks and security breaches. In addition, cyber criminals are increasing their attacks on individual employees, utilizing interest in pandemic- related information to increase business email compromise scams designed to trick victims into transferring sensitive data or funds, or steal credentials that compromise information systems. Even if we are fully compliant with legal standards and contractual or other requirements, we still may not be able to prevent security breaches involving sensitive data. We have, and require, certain of our third party service providers to have, programs in place to detect, contain and respond to data security incidents. However, the actions and controls we ~~19have~~ -- **have** implemented and continue to implement, or which we seek to cause or have caused third party service providers to implement, may be insufficient to protect our systems, information or other intellectual property. In addition, the techniques used to obtain unauthorized access or interfere with systems change frequently and may be difficult to detect for long periods of time, and we may be unable to anticipate these techniques or implement adequate preventive measures. The sophistication of efforts by hackers to gain unauthorized access to information technology systems has continued to increase in recent years. Breaches, thefts, losses or fraudulent uses of customer, employee or company data could cause customers to lose confidence in the security of our websites, mobile applications, point of sale systems and other information technology systems and choose not to purchase from us. Such security breaches also could expose us to risks of data loss, business disruption, litigation and other costs or liabilities, any of which could adversely affect our business. To date, these cybersecurity threats have not had a material impact on our business, financial condition or results of operations. However, the potential consequences of a future material cybersecurity attack on us or our third party service providers include business disruption; disruption to systems; theft, destruction, loss, corruption, misappropriation or unauthorized release of sensitive and / or confidential information or intellectual property (including personal information in violation of one or more privacy laws); reputational and brand damage; and potential liability, including litigation or other legal actions against us or the imposition by governmental authorities of penalties, fines, fees or liabilities, which, in turn, could cause us to incur significantly increased cybersecurity protection and remediation costs and the loss of customers. Failure to keep pace with developments in technology could adversely affect our operations or competitive position. The theme park and water park industry demands the use of sophisticated technology and systems for operation of our parks, ticket, membership and season pass sales and management, and labor and inventory management. Information technology systems continue to evolve and, in order to remain competitive, we must implement new technologies and systems in a timely and efficient manner. The development and maintenance of these technologies may require significant investment by us and we may not achieve the anticipated benefits from such new developments or upgrades. There is a risk of accidents occurring at our parks or competing parks which may reduce attendance and negatively impact our operations. Our brand and our reputation are among our most important assets. Our ability to attract and retain customers depends, in part, upon the external perceptions of the Company, the quality and safety of our parks, services and rides, and our corporate and management integrity. While we carefully maintain the safety of our rides, there are inherent risks involved with these attractions. An accident or an injury (including water- or air- borne illnesses) at any of our parks or at parks operated by competitors, particularly an accident or injury involving the safety of guests and employees, that receives media attention, could negatively impact our brand or reputation, cause loss of consumer confidence in the Company, reduce attendance at our parks, and negatively impact our results of operations. For example, in September 2019, a coaster accident at La Feria, a competing park in Mexico, resulted in two fatalities. We believe that the publicity surrounding this accident had a significant negative impact on attendance at our park in Mexico during that period. The considerable expansion in the use of social media over recent years has compounded the impact of negative publicity. If any such incident occurs during a time of high seasonal demand, the effect could disproportionately impact our results of operations for the year. Increases in labor costs and employee health and welfare benefits could have a negative impact on our cash flows, financial condition, and results of operations. Labor is a primary component in the cost of operating our business. We devote significant resources to recruiting and training our employees in order to meet our guests' high expectations for service. Wage and benefit increases to attract and retain employees in a tight labor market have driven- up labor costs. These increased costs pressure our margins and could have a negative impact on our financial results. Our ability to control labor costs is subject to numerous external factors, including market pressures with respect to prevailing wage rates, unemployment levels, and health and other insurance costs, as well as the impact of legislation or regulations governing labor relations, minimum wage, and healthcare benefits. Our results of operations are also substantially affected by costs of retirement, including ~~20as~~ **as** a result of macroeconomic factors beyond our control, such as declines in investment returns on pension plan assets and changes in discount rates used to calculate pension and related liabilities. In addition, we may experience material increase in the cost of securing our seasonal workforce in the future. Increased minimum wage requirements, seasonal wages or an inadequate workforce could have an adverse impact on our results of operations. We anticipate that the recent increases to the minimum wage rates will increase our salary, wage and benefit expenses in ~~2023~~ **2024** and future years and further legislative changes or competitive wage rates could continue to increase these expenses in the future. Additionally, we contribute to multiple defined benefit multiemployer pension plans on behalf of our collectively bargained employees of Six Flags Great Adventure LLC. If we were to cease contributing to or otherwise incur a withdrawal from any such plans, we could be obligated to pay withdrawal liability assessments based on the underfunded status (if any) of such plans at the time of the withdrawal. The amount of any multiemployer pension plan underfunding can fluctuate from year to year, and thus there is a possibility that the amount of withdrawal liability that we could incur in the future could be material, which could materially adversely affect our financial condition. We depend on a seasonal workforce to meet our operational needs. Our park operations depend in part on our ability to attract, train, motivate and retain qualified employees, many of whom are seasonal employees. We seek to manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place for peak and low seasons. If we are unable to hire sufficient personnel or successfully manage our seasonal workforce needs, we may not be able to meet our operational needs and our financial results could be negatively impacted. The theme park and water park industry competes with numerous entertainment alternatives and such competition may have an adverse impact on our business, financial condition or results of operations. Our parks compete with other theme parks, water parks and amusement parks and with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sporting events, restaurants and vacation travel. Our business is also subject to factors that affect the recreation and leisure time industries generally, such as general economic conditions, including relative fuel prices, and changes in consumer spending habits. The principal competitive factors of a park include location, price, the uniqueness and perceived quality of the rides and attractions, the atmosphere and cleanliness of the park and the quality of its food and entertainment. If we are unable to compete effectively against entertainment alternatives or on the basis of principal competitive factors of the park, our business, financial condition or results of operations may be adversely affected. We could be adversely affected by changes in consumer tastes and preferences for entertainment and consumer products. The success of our parks depends substantially on consumer tastes and preferences that can change in often unpredictable ways and on our ability to ensure that our parks meet the changing preferences of the broad consumer market. We conduct research and analysis before acquiring new parks or opening new rides or attractions and often invest substantial amounts before we learn the extent to which these new parks and new rides or attractions will earn consumer acceptance. If visitor volumes at our parks were to decline significantly or if new rides and entertainment offerings at our parks do not achieve sufficient consumer acceptance, revenues and margins may decline. Our results of operations may also be adversely affected if we fail to retain long- term customer loyalty or provide satisfactory customer service. Data privacy regulation and our ability to comply could harm our business. We are subject to laws that regulate the collection, use, retention, security, and transfer of our customer' s data. Data privacy is subject to frequently changing rules and regulations, such as California' s Consumer Privacy Act (the " CCPA ") that became effective January 1, 2020, which provides a private right of action for data breaches and requires companies that process information on California residents to make certain disclosures to consumers about their data collection, use ~~21and --~~ -- **and** sharing practices and allow consumers to opt out of certain data sharing with third parties. Compliance with the CCPA, and other current and future applicable privacy and related laws can be costly and time- consuming, and violations of privacy- related laws can result in significant damages and penalties. These laws continue to evolve in ways we cannot predict, both through regulatory and legislative action and judicial decisions, and that may harm our business. Our privacy policies and practices concerning the collection, use and disclosure of user data are available on our website. Any failure, or perceived failure, by us to comply with our posted privacy policies or with any regulatory requirements or orders or other privacy or consumer protection- related laws and regulations, including the CCPA, could result in proceedings or actions against us by governmental entities or others (e. g., class action privacy litigation), subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs and adversely affect our business. Data collection, privacy and security have become the subject of increasing public concern. If internet and mobile users were to reduce their use of our websites, mobile platforms, products, and services as a result of these concerns, our business could be harmed. Our insurance coverage may not be adequate to cover all possible losses that we could suffer, and our insurance costs may increase. Although we maintain various safety and loss prevention programs and carry property and casualty insurance to cover certain risks, our insurance policies do not cover all types of losses and liabilities. Additionally, there can be no assurance our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured. The majority of our current insurance policies have annual terms and expire on December 31, ~~2023~~ **2024** , and we cannot guarantee we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we or other theme or water park operators sustain significant losses or make significant insurance claims, then our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected. If our insurance coverage is not adequate, or we become subject to damages that cannot by law be insured against, such as punitive damages or certain intentional misconduct by our employees, this could adversely affect our financial condition or results of operations. If we are not able to fund capital expenditures and invest in future attractions and projects in our parks, our revenues could be negatively impacted. Because a principal competitive factor for a theme park or a water park is the uniqueness and perceived quality of its rides and attractions, we need to make continued capital investments through maintenance and the regular addition of new rides and attractions. A key element for our revenue growth is strategic capital spending on such investments. Our ability to fund capital expenditures will depend on our ability to generate sufficient cash flow from operations and to raise capital from third parties. We cannot provide assurance our operations will be able to generate sufficient cash flow to fund such costs, or that we will be able to obtain sufficient financing on adequate terms, or at all, which could cause us to delay or abandon certain projects or plans. In addition, any construction delays or ride downtime can adversely affect our attendance and our ability to realize revenue growth. ~~22Incidents~~ -- **Incidents** involving food contamination, product recalls, product liability claims and associated costs could adversely affect our reputation and our financial condition. The sale of food, toys and other retail products involves legal and other risks. While we dedicate substantial resources to food safety matters to enable customers to enjoy safe, quality food products, food safety events, including instances of food- borne illness (such as salmonella or E. Coli) could occur in our parks. Instances or reports, whether true or not, of food- safety issues could negatively affect our sales and reputation and could possibly lead to product liability claims, litigation (including class actions), or other damages. We may need to recall food products if they become contaminated, and we may need to recall toys, games or other retail merchandise if there is a design or product defect. Even though we are resellers of food, toys and other retail products, we may be liable if the consumption or purchase of any of the products we sell causes illness or injury. A recall could result in losses due to the cost of the recall, the destruction of product and lost sales due to the unavailability of product for a period of time. A significant food or retail product recall could also result in adverse publicity, damage to our reputation and loss of consumer confidence in our parks, which could have a material adverse effect on our business, financial condition or results of operations. We may be unable to purchase or contract with third parties to manufacture theme park or water park rides and attractions. We may be unable to purchase or contract with third parties to build high quality rides and attractions and to continue to service and maintain those rides and attractions at competitive or beneficial prices, or to provide the replacement parts needed to maintain the operation of such rides. Global supply chain issues may also cause delays in the receipt of required goods or services. In addition, if our third party suppliers' financial condition deteriorates or they go out of business, we may not be able to obtain the full benefit of manufacturer warranties or indemnities typically contained in our contracts or may need to incur greater costs for the maintenance, repair, replacement or insurance of these assets. We may not be able to realize the benefits of our international agreements. Various external factors, including difficult economic and political conditions throughout the world, could negatively affect the progress of our initiatives to develop new Six Flags- branded parks outside of North America. These initiatives could be delayed, and the ultimate success of such parks may be uncertain ~~. For example, on February 14, 2020, we terminated our agreements with our partner in China to build parks as a result of its uncured payment defaults~~ . Some factors that will be important to the success of our international agreement initiatives are different than those affecting our existing parks. Tastes naturally vary by region, and consumers in new international markets into which we expand our brand may not embrace the parks' offerings to the same extent as consumers in our existing markets. International agreements are also subject to additional risks, including the performance of our partners and their ability to obtain financing and government approvals; the impact of economic fluctuations in economies outside of the U. S.; difficulties and costs of staffing and managing foreign operations due to distance, language and cultural differences; changes or uncertainties in economic, legal, regulatory, social and political conditions; the enforceability of intellectual property and contract rights; and foreign currency exchange rate fluctuations, currency controls, and potentially adverse tax consequences of overseas operations. If we do not realize the benefits of such transactions, it could have an adverse effect on our financial performance. We may not be able to renew our leases on terms acceptable to us or at all and our leases contain default provisions that, if enforced or exercised by the landlord, could significantly impact our operations at those parks. Of our 27 theme parks and water parks, 12 are located on property that we lease and do not own. While most of our leases have at least five years remaining on their terms, and in some cases with renewal options, our lease for our theme park in Mexico expires in 2024. ~~We intend to~~ **While we are in the final stages of** ~~renew~~ **renewing** ~~the~~ **this** lease, ~~but~~ we cannot guarantee that the lease will be renewed on terms that are acceptable to us or at all. In addition, certain of our leases permit the landlord to terminate the lease if there is a default under the lease, including, for example, our failure to pay rent, utilities and applicable taxes in a timely fashion or to maintain certain insurance. If we could not renew a lease or a landlord were to terminate a lease, it would ~~23halt~~ -- **halt** our operations at that park and, depending on the size of the park, could have a negative impact on our financial condition and results of operations. In addition, any disputes that may result from such a non- renewal or termination may be expensive to pursue and may divert money and management' s attention from our other operations and adversely affect our business, financial condition or results of operations. Our intellectual property rights are valuable, and any inability or material increase in the cost to protect them could adversely affect our business. Our intellectual property, including our trademarks and domain names and other proprietary rights, constitutes a significant part of our value. To protect our intellectual property rights, we rely upon a combination of trademark, trade secret and unfair competition laws of the United States and other countries, as well as contract provisions and third party policies and procedures governing internet / domain name registrations. However, there can be no assurance these measures will be successful in any given case, particularly in those countries where the laws do not protect our proprietary rights as fully as in the United States. We may be unable to prevent the misappropriation, infringement or violation of our intellectual property rights, breach of any contractual obligations to us, or independent development of intellectual property that is similar to ours, any of which could reduce or eliminate any competitive advantage we have developed, adversely affect our revenues or otherwise harm our business. In addition, pursuant to our license agreements, we have exclusive theme park usage rights in the U. S. (except for the Las Vegas metropolitan area), Canada and Mexico to certain Warner Bros. and DC Comics animated characters. The license fee is subject to periodic scheduled adjustments and CPI increases, and Warner Bros. has the right to terminate the agreements under certain circumstances, such as a default under the Subordinated Indemnity Agreement. The termination of these licenses, or a material increase in the cost to retain these licenses, could have a material adverse effect on our business or financial condition. Unionization activities or labor disputes may disrupt our operations and affect our profitability. As of ~~January 1~~ **December 31** , 2023, approximately ~~20~~ **24** % of our domestic full- time and approximately 7 % of our domestic seasonal employees were subject to labor agreements with local chapters of national unions. Approximately ~~4~~ **3** % of our international full- time and ~~46~~ **33** % of our international seasonal employees are subject to labor agreements with local chapters of national unions. We have collective bargaining agreements in place for certain employees at Six Flags Over Georgia, Six Flags Magic Mountain, Six Flags Great Adventure, Six Flags Over Texas, Six Flags St. Louis, and La Ronde. New unionization activity or a labor dispute involving our employees could disrupt our operations and reduce our revenues, and resolution of unionization activities or labor disputes could increase our costs. Litigation relating to employment and / or wage and hour disputes could also increase our operating expenses. Such disrupted operations, reduced revenues or increased costs could have a material adverse effect on our financial condition and results of operations. ~~24Our~~ -- **Our** operations and our ownership of property subject us to environmental, health and safety, climate change, and other regulations, which create uncertainty regarding future expenditures and liabilities. Our operations involve wastewater and stormwater discharges and air emissions, and as a result are subject to environmental, health and safety laws, regulations and permitting requirements. These requirements are administered by the U. S. Environmental Protection Agency and the states and localities where our parks are located (and can also often be enforced through citizen suit provisions) and include the requirements of the Clean Water Act and the Clean Air Act. Our operations also involve maintaining underground and aboveground storage tanks, and managing and disposing of hazardous substances, chemicals and materials and are subject to federal, state and local laws and regulations regarding the use, generation, manufacture, storage, handling and disposal of these substances, chemicals and materials, including the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act (" CERCLA"). A portion of our capital expenditures budget is intended to ensure continued compliance with environmental, health and safety laws, regulations and permitting requirements. In the event of contamination or injury as a result of a release of or exposure to regulated materials, we could be held liable for any resulting damages. For example, pursuant to CERCLA, past and current owners and operators of facilities and persons arranging for disposal of hazardous substances may be held strictly, jointly and severally liable for costs to remediate releases and threatened releases of hazardous substances. The costs of investigation, remediation or removal of regulated materials may be substantial, and the presence of those substances, or the failure to remediate property properly, may impair our ability to use, transfer or obtain financing regarding our property. Our activities may be affected by new legislation or changes in existing environmental, health and safety laws. For example, the state or federal government having jurisdiction over a given area may enact legislation and the U. S. Environmental Protection Agency or applicable state entity may propose new regulations or change existing regulations that could require our parks to reduce certain emissions or discharges. Such action could require our parks to install costly equipment or increase operating expenses. We may be required to incur costs to remediate potential environmental hazards, mitigate environmental risks in the future, or comply with other environmental requirements. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Increased costs of energy or compliance with emissions standards due to increased legal or regulatory requirements may cause disruptions in or increased costs associated with park services. We also are subject to federal and state laws, which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act. Compliance with these laws and regulations can be costly and increase our exposure to litigation and governmental proceedings, and a failure or perceived failure to comply with these laws could result in negative publicity that could harm our reputation, which could adversely affect our business. Risks Related to Our Indebtedness and Common ~~StockA~~ - **Stock A** portion of our cash flow is required to be used to fund our substantial monetary obligations. We have significant financial obligations under our debt instruments and the Partnership Park arrangements. See the Partnership Parks section in Note 15 ~~,~~ **-** Commitments and Contingencies, to the consolidated financial statements in Item 8 **- Financial Statements and Supplementary Data** of this Annual Report for a detailed discussion of our obligations with respect to the Partnership Parks. In the event of a default by us under the Partnership Parks arrangements, Time Warner has the right to take control of the Partnership Parks. In addition, such a default could trigger an event of default under ~~the~~ **our** Credit ~~Agreement~~ **Facility** . See" Business — Partnership Park Arrangements" for additional information. If we are unable to make payments on our debt or satisfy our other obligations, or if we fail to obtain future financing that may be necessary for working capital, capital expenditures, payment of debt, or the Partnership Park obligations, it could materially adversely affect our business, financial condition or results of operations. We plan to strategically reinvest in our properties to improve the guest experience and our business plan includes targeted annual capital spending. However, depending on various factors including strategic initiatives, ~~the duration of the COVID- 19 pandemic,~~ unanticipated delays in the completion of our projects, weather conditions, increased labor ~~25costs~~ -- **costs** , and availability and cost of ride components, we may spend more or less than our planned target amount. In ~~2022~~ **2023** , we spent $ ~~111~~ **170** . ~~5~~ **2** million on capital expenditures, net of property insurance recoveries. We cannot be sure that cash generated from our parks will be as high as we expect or that our expenses will not be higher than we expect. Because a portion of our expenses are fixed in any given year, our operating cash flows are highly dependent on revenues, which are largely driven by attendance levels, in- park sales, accommodations and sponsorship and international agreement activity. A lower amount of cash generated from our parks or higher expenses than expected, when coupled with our debt obligations, could adversely affect our ability to fund our operations. Our leverage could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, and prevent us from meeting our obligations under our indebtedness. As of ~~January 1~~ **December 31** , 2023, our total indebtedness was approximately $ 2. ~~381~~ **365** billion. Our high degree of leverage could have important consequences, including the following: (i) a substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, capital expenditures, future business opportunities and / or repurchases of Holdings common stock; (ii) our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate purposes in the future may be limited; (iii) certain of the borrowings are at variable rates of interest, which will increase our vulnerability to increases in interest rates; (iv) we are at a competitive disadvantage to less leveraged competitors; (v) we may be unable to adjust rapidly to changing market conditions; (vi) the debt service requirements of our other indebtedness could make it more difficult for us to satisfy our financial obligations; and (vii) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth. Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the banking and capital markets. If unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could cause us to default on our obligations and impair our liquidity. There can be no assurance that any refinancing of our indebtedness will be possible and any such refinancing could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. If we are unable to meet our debt obligations or to fund our other liquidity needs, we may be forced to reduce or delay strategic initiatives and capital expenditures, sell material assets or operations, obtain additional capital or restructure our debt, which could cause us to default on our debt obligations and impair our liquidity. We from time to time may increase the amount of our indebtedness, modify the terms of our financing arrangements, make capital expenditures, issue dividends and take other actions that may substantially increase our leverage. Despite our significant leverage, we may incur additional amounts of debt, which could further exacerbate the risks associated with our significant leverage. ~~Changes to, or the elimination of, LIBOR may adversely affect interest expense related to our indebtedness. Borrowings under the Second Amended and Restated Term Loan B are calculated on a London Inter- Bank Offered Rate (“ LIBOR ”) plus an additional percentage based on credit risk. LIBOR is the subject of recent proposals for reform. In July 2017, the United Kingdom’ s Financial Conduct Authority, which regulates LIBOR, announced that it will no longer persuade or compel banks to submit LIBOR rates after 2021. At the end of 2021, the ICE Benchmark Administration, the administrator for LIBOR, ceased publishing one- week and two- month U. S. dollar LIBOR and will cease publishing all remaining U. S. dollar LIBOR tenors on June 30, 2023. These reforms may cause LIBOR to cease to exist, new methods of calculating LIBOR to be established or the establishment of an alternative reference rate.~~ The ~~consequences cannot be entirely predicted and could have an adverse impact on the interest payments under our debt. We will begin using SOFR or an alternative rate following the discontinuation of LIBOR on June 30, 2023. Changes in market interest rates may influence our future financing costs and could reduce our earnings and cash flows. 26The~~ stock price of Holdings’ common stock may change significantly, and you may not be able to sell shares of Holdings’ common stock at or above the price you paid or at all, and you could lose all or part of your investment as a result. The trading price of Holdings’ common stock has been, and may continue to be, volatile. In addition to the risk factors discussed in this Annual Report, the trading price of Holdings’ common stock may be adversely affected due to a number of factors, many of which are beyond our control, including: (i) our operating and financial performance; (ii) our ability to repay our debt; (iii) our ability to refinance our debt; (iv) investor perceptions of us and the industry and markets in which we operate; (v) our dividend policy; (vi) changes in earnings estimates or recommendations by analysts; and (viii) general financial, domestic, economic and other market conditions. In addition, our business and long- range planning process is designed to maximize our long- term strength, growth, and profitability. We believe that this longer- term focus is in the best interests of the Company and stockholders. At the same time, however, we recognize that, when possible, it is helpful to provide investors with guidance as to our forecast of EBITDA and other financial metrics or projections from time to time. We do not have any responsibility to provide guidance or to update any of our forward- looking statements at such times or otherwise. In addition, any longer- term guidance that we provide is based on goals that we believe, at the time guidance is given, are reasonably attainable for growth and performance over a number of years. If, or when, we announce actual results that differ from those that have been predicted by us, outside investment analysts, or others, our stock price could be adversely affected. Investors who rely on these stated goals when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in our stock price. ~~We~~ **Historically, we had** periodically ~~return~~ **returned** value to investors through payment of quarterly dividends and common stock repurchases. In 2020, pursuant to amendments to the Credit ~~Agreement~~ **Facility** , we **were required to** ~~suspended~~ -- **suspend** our quarterly dividend payment and stock repurchase program **. Although** ~~due to the impact of the COVID- 19 pandemic until the earlier December 31, 2022, or~~ such **restrictions have since lapsed** ~~time as Six Flags Theme Parks Inc. (“ SFTP ”) reduces the incremental revolving credit commitments by $ 131. 0 million and begins using actual results to test covenant compliance. However, given the uncertainty associated with the ultimate impact of the COVID- 19 pandemic on our business and operations~~ , we may determine that it is prudent to continue these suspensions **, which may not align with** ~~for longer depending on any then- existing limitations on our working capital. We met the terms of the covenants by reducing the incremental revolving credit commitments by $ 131. 0 million during May of 2022. Investors~~ - **investor** ~~may have an expectation~~ **expectations** ~~that we will resume our dividend at a certain time and at certain levels or repurchase shares available under Holdings’ repurchase program~~ . The stock price of Holdings’ common stock could be adversely affected if our cash dividend rate or common stock repurchase activity differs from investors’ expectations. During the year ended January 1, 2023, we repurchased 3, 464, 000 shares at an aggregate cost of $ 96. 8 million **. We did not repurchase any shares during the year ended December 31, 2023** . Our existing debt agreements contain, and future debt agreements may contain, financial and other restrictions that limit our flexibility in operating our business. Our existing debt agreements contain, and documents governing our future indebtedness may contain, financial and operating covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, our ability to incur additional indebtedness, pay dividends and other distributions, create liens, make investments and other restricted payments, repurchase stock, engage in transactions with affiliates, sell certain assets or engage in mergers, acquisitions and other business combination. Our existing debt agreements also require, and documents governing our future indebtedness may require, us to meet certain financial ratios and tests. Our ability to comply with these and other provisions of the existing debt agreements is dependent on our future performance, which will be subject to many factors, some of which are beyond our control including weather and economic, financial and industry conditions. The breach of any of these covenants or non- compliance with any of these financial ratios and tests could result in an event of default under the existing debt agreements, which, if not cured or waived, could result in acceleration of the related debt and the acceleration of debt under other instruments evidencing indebtedness that may contain cross- acceleration or cross- default provisions. We cannot provide assurance that our liquidity would be sufficient to repay or refinance such indebtedness if it was accelerated upon an event of default. We discuss certain key covenants and financial ratios to which we are subject under our debt agreements in greater detail ~~27under~~ -- **under** the caption “ Restrictive Covenants ” in Note 8 ~~,~~ **-** Long- Term Indebtedness, to our consolidated financial statements in Item 8 of this Annual Report and under “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity, Capital Commitments and Resources — Indebtedness — Covenant Compliance. ” Changes in our credit ratings could adversely affect the price of Holdings’ common stock. We receive debt ratings from the major credit rating agencies in the United States. Factors that may impact our credit ratings include the sizable attendance and revenue generated from our portfolio of geographically diversified regional theme parks and water parks, vulnerability to cyclical discretionary consumer spending, and seasonality of our operations. As the result of the COVID- 19 pandemic and impact of expanding restrictions and quarantines on the entertainment industry, the credit rating agencies lowered the ratings on several theme park companies in 2020. In June 2021, Moody’ s changed our outlook from “ negative ” to “ stable ” and reaffirmed our issuer credit rating of B2 and reaffirmed our issuer- level ratings of Ba2 and B3 on our senior secured and senior unsecured issuances, respectively. Additionally, in June 2021, Standard and Poor’ s changed our outlook from “ negative ” to “ positive ” in June 2022. In August 2021, Standard and Poor’ s increased our issuer credit rating from B- to B . Standard and Poor’ s increased the rating on our senior secured issuances from B to BB, and in November 2022, Standard and Poor’ s increased the rating on our senior unsecured from B- to B. In November 2022, our outlook changed from “ positive ” to “ stable ” **. In November 2023, Standard and Poor' s placed Six Flags Entertainment on CreditWatch Positive on the proposed merger with Cedar Fair L. P. Similarly, Moody' s placed our ratings under review for upgrade following the announcement of the proposed Mergers** . A negative change in our ratings or the perception such a change might occur could adversely affect the market price of Holdings’ common stock. Holdings is a holding company and is dependent on dividends and other distributions from its subsidiaries. Holdings is a holding company and substantially all of its operations are conducted through direct and indirect subsidiaries. As a holding company, it has no significant assets other than its equity interests in its subsidiaries. Accordingly, Holdings is dependent on dividends and other distributions from its subsidiaries to meet its obligations, including the obligations under the Company’ s debt agreements, and, at such time as dividend payments by Holdings are no longer suspended, to pay dividends on Holdings’ common stock. If these dividends and other distributions are not sufficient for Holdings to meets its financial obligations, or not available to Holdings due to restrictions in the instruments governing our indebtedness, it could cause Holdings to default on its debt obligations, which would impair our liquidity and adversely affect our financial condition and our business. We had $ ~~80~~ **77** . ~~1~~ **6** million of cash and cash equivalents on a consolidated basis at ~~January 1~~ **December 31** , 2023, of which a nominal amount was held at Holdings. Anti- takeover provisions in our organizational documents, debt agreements and Delaware law could delay or prevent change of control. Certain provisions in Holdings’ charter, bylaws and debt agreements could have the effect of delaying, deferring or preventing a merger, takeover attempt, or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium price over the market price for shares of Holdings’ common stock. Holdings is also subject to the anti- takeover provisions of Delaware law, which could have the effect of delaying or preventing a change of control in some circumstances. General Risk ~~FactorsWe~~ -- **Factors We** may not be able to attract and retain key management and other key employees. Our employees, particularly our key management, are vital to our success and difficult to replace. We may be unable to retain them or to attract other highly qualified employees, particularly if we do not offer employment terms competitive with the rest of the market. Failure to attract and retain highly qualified employees, or failure to develop and implement a viable succession plan, could result in inadequate depth of institutional knowledge or skill sets, adversely affecting our business. ~~28~~ **Risk related to tariffs and other duties We source merchandise for resale and other products used in our business from entities located outside of North America. Additionally, some of our ride manufacturers may be located in foreign countries or may utilize components or materials manufactured or sourced from foreign countries. Our business exposes us to risks associated with global commerce, including changes to tariffs, quotas and other restrictions on imports. While existing tariffs and duties have not had a material impact on our business, the U. S. government may impose additional tariffs on thousands of products sourced from foreign countries and has expressed a willingness to impose additional or increased tariffs on goods imported from China, including many items that we purchase for our business. While the impact has been immaterial to date, tariffs or duties could lower our gross margin on impacted products. Additionally, even if the products that we import are not affected directly by tariffs or other duties, the imposition of such additional tariffs on goods imported into the United States could cause increased pricing of other consumer goods, which could lower the discretionary income of our potential guests and decrease attendance or in- park spending. We may be subject to claims for infringing the intellectual property rights of others, which could be costly and result in the loss of intellectual property rights. We cannot be certain that we do not and will not infringe the intellectual property rights of others. We have been in the past, and may be in the future, subject to litigation and other claims in the ordinary course of our business based on allegations of infringement or other violations of the intellectual property rights of others. Regardless of their merits, intellectual property claims can divert the efforts of our personnel and are often time- consuming and expensive to litigate or settle. In addition, to the extent claims against us are successful, we may have to pay substantial monetary damages or discontinue, modify, or rename certain products or services that are found to be in violation of another party’ s rights. We may have to seek a license (if**

available on acceptable terms, or at all) to continue offering products and services, which may increase our operating expenses. Risks Related to Proposed Mergers The proposed Mergers and the integration of Cedar Fair and Six Flags may be more difficult, costly or time- consuming than expected, and we may fail to realize the anticipated benefits of the Mergers. The success of the proposed Mergers will depend in part on our ability to realize anticipated revenue and cost synergies and on our ability to successfully integrate the businesses. If we are not able to successfully achieve these objectives, the anticipated benefits of the Mergers may not be realized fully, or at all, or may take longer to realize than expected. In addition, our ability to achieve the goals for the proposed Mergers may be affected by future prospects, execution of business strategies, and our ability to manage the various factors discussed within this report, including within the forward- looking statements. The actual benefits of the proposed Mergers also could be less than anticipated if, for example, completion of the Mergers and / or integration of the businesses are more difficult, costly or time- consuming than we expect. The market price of CopperSteel' s common stock following the closing of the Mergers may be affected by factors different from those that historically have affected or currently affect our common stock. Upon completion of the Mergers, CopperSteel' s financial position may differ from each of Six Flags' and Cedar Fair' s financial positions before the completion of the Mergers, and the results of operations of CopperSteel may be affected by factors that are different from those currently affecting the results of operations of each of Six Flags and Cedar Fair. Accordingly, the market price and performance of CopperSteel' s common stock is likely to be different from the performance of our common stock prior to the closing of the Mergers. We have incurred and expect to continue to incur substantial costs, fees, expenses, and charges related to the Mergers and integration, and may incur additional costs we do not currently anticipate. We have incurred $ 15. 4 million of costs, fees expenses, and charges related to the Mergers and integration and we expect to continue to incur additional costs, fees, expenses, and charges related to the Mergers and integration. We may incur additional costs that we do not currently anticipate. These costs include and may include legal, financial advisory, accounting, consulting and other advisory fees, retention, severance and employee benefit- related costs, public company filing fees and other regulatory fees, as well as closing, integration and other related costs. Some of the costs are payable regardless of whether or not the Mergers are completed. We may be unable to retain personnel successfully while the Mergers are pending or after the Mergers are completed. The success of the Mergers will depend in part on our ability to retain key employees while the Mergers are pending or after the Mergers are consummated. If we are unable to retain key employees, including management, who are critical to the successful completion, integration and future operation of CopperSteel, we could face disruption in our operations, loss of key information, expertise or know- how, or unanticipated recruiting costs, which may impact our ability to achieve our goals related to the transaction. The announcement or completion of the proposed Mergers may disrupt and / or harm our current plans and operations or those of Cedar Fair, may divert management' s time and attention and may affect existing business relationships, any of which may impact financial performance, operating results and / or our ability to achieve the benefits of the Mergers. The announcement or completion of the proposed Mergers may disrupt and / or harm our current plans and operations and / or those of Cedar Fair. Management' s time and attention also may be diverted on transaction- related issues. There also may be adverse reactions to or changes in business relationships as a result of the announcement or completion of the Mergers. Any of these factors could affect our and / or Cedar Fair' s financial performance or operating results, and / or could impact our ability to achieve the benefits of the Mergers. Regulatory approvals may not be received, may take longer than expected, or may impose conditions that are not presently anticipated or that affect the anticipated benefits of the Mergers. Before the Mergers may be completed, various approvals, consents and non- objections must be obtained from regulatory authorities in the United States and Mexico. These approvals could be delayed or not obtained at all, which could disrupt operations, or could delay or adversely affect completion of the Merger. In Mexico, on January 25, 2024, the Mexican Federal Competition Commission concluded its review of the transactions and determined to allow the transactions to proceed as proposed, subject to customary statutory requirements. On January 22, 2024, Six Flags and Cedar Fair each received a request for additional information and documentary materials (a " Second Request ") from the DOJ in connection with the DOJ' s review of the Mergers. The effect of a Second Request is to extend the waiting period imposed by the HSR Act, until 30 days after each of Six Flags and Cedar Fair has substantially complied with the Second Request issued to it, unless that period is extended voluntarily by the parties or terminated earlier by the DOJ. The Second Request, and any further inquiries or actions from the DOJ, could have the effect of substantially delaying, imposing restrictions on, or impeding or precluding the completion of the proposed Mergers. In deciding whether to grant antitrust clearance, the DOJ will consider the effect of the Mergers on competition and take such action under the antitrust laws as it deems necessary or desirable in the public interest. The DOJ may take steps to prevent the Mergers, or the approvals that are granted may impose terms and conditions, including requiring the parties to seek divestitures of substantial assets, limitations, obligations or costs, or place restrictions on the conduct of CopperSteel' s business or require changes to the terms of the transactions contemplated by the Merger Agreement, which could affect the anticipated benefits of the Mergers. The Merger Agreement may be terminated in accordance with its terms, and the Mergers may not be completed, which could negatively impact our business, financial results, and / or unit price. The Merger Agreement is subject to a number of conditions which must be satisfied or waived in order to complete the Mergers, including approval of Six Flags' stockholders. If the Mergers are not completed or are delayed for any reason, there may be adverse consequences and we may experience negative reactions from investors, the financial markets, our customers, our vendors and / or our employees. The Merger Agreement subjects Six Flags and Cedar Fair to restrictions on their respective business activities prior to the closing of the Mergers. The Merger Agreement subjects Six Flags and Cedar Fair to restrictions on their respective business activities prior to the closing of the Mergers. The Merger Agreement obligates each of Six Flags

and Cedar Fair to generally conduct its businesses in the ordinary course until the closing and to use its reasonable best efforts to (i) preserve intact their current business organizations, (ii) preserve their assets and properties in good repair and condition and (iii) keep available the services of their current officers and other key employees and preserve their relationships with those having business dealings with Six Flags and Cedar Fair. These restrictions could prevent Six Flags and Cedar Fair from pursuing certain business opportunities that arise prior to the closing and are outside the ordinary course of business. The Merger Agreement limits Six Flags' ability to pursue alternative transaction proposals, which may discourage other companies from making a favorable alternative transaction proposal and, in specified circumstances, could require Six Flags to pay Cedar Fair a termination fee. The Merger Agreement contains certain provisions that restrict Six Flags' ability to solicit, initiate or knowingly encourage (including by way of furnishing information), or take any other action designed to facilitate, any inquiries or the making of competing alternative transaction proposals. Such competing alternative transaction proposals include proposals by third- parties involving, among other things (an " Alternative Transaction "): any transaction or series of transactions which result in the acquisition of more than 20 % of the outstanding equity or voting power of Six Flags; any merger, consolidation, share exchange or similar transaction resulting in the acquisition or, or acquisition of control over, assets or business representing 20 % or more of the consolidated revenues, net income or assets of Six Flags and any transaction resulting in the disposition of assets representing 20 % or more of the consolidated revenues, net income or assets of Six Flags. Furthermore, under the terms of the Merger Agreement, our Board is not permitted to (i) withdraw, qualify, modify or propose to take such actions, in a manner adverse to Cedar Fair, its recommendation with respect to the Merger Agreement Proposal or (ii) recommend or approve, or propose to take such actions, an Alternative Transaction proposal, subject to certain exceptions for actions taken in good faith in connection with a superior transaction proposal or intervening event to the extent necessary to satisfy its fiduciary duties under applicable law. Additionally, we are subject to restrictions on our ability to participate in any discussions or negotiations, or cooperate with any third parties with respect to any inquiries regarding, or the making of, any proposal that would constitute an Alternative Transaction, subject to certain exceptions under the Merger Agreement. The Merger Agreement further provides that, under specified circumstances, including after receipt of certain alternative acquisition proposals, Six Flags may be required to pay Cedar Fair a cash termination fee equal to $ 63. 2 million. These provisions could discourage a potential third- party acquirer or other strategic transaction partner that might have an interest in acquiring all or a significant portion of Six Flags from considering or pursuing an Alternative Transaction with Six Flags or proposing such a transaction, even if it were prepared to pay consideration with a higher per share value than the total value proposed to be paid or received in the Mergers. These provisions might also result in a potential third- party acquirer or other strategic transaction partner proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Litigation relating to the proposed Mergers may be filed against Cedar Fair, us and / or each entity' s board of directors that could prevent or delay the closing and / or result in the payment of damages. In connection with the proposed Mergers, it is possible that the Cedar Fair unitholders and / or the stockholders of Six Flags may file lawsuits against Cedar Fair, us and / or each entity' s board of directors. Among other remedies, these unitholders and / or stockholders could seek damages and / or to enjoin the Mergers. Any such potential lawsuits could prevent or delay the closing and / or result in substantial costs to us. The outcome of any such actions would be uncertain and may create uncertainty relating to the Mergers and may be costly and distracting to management. Further, the defense or settlement of any lawsuit or claim that remains unresolved at the time of the Mergers may adversely affect our business, financial condition, results of operations and cash flows or those of CopperSteel. Six Flags Stockholders as of immediately prior to the Mergers will have reduced ownership in CopperSteel. Following the closing of the proposed Mergers, Six Flags' existing stockholders are expected to own approximately 48. 8 % of the issued and outstanding shares of CopperSteel and Cedar Fair' s existing unitholders are expected to own approximately 51. 2 % of the issued and outstanding shares of CopperSteel, in each case on a fully diluted basis. As a result, existing Six Flags Stockholders will have less influence on the policies of CopperSteel than they currently have on the policies of Six Flags. Due to the proposed Mergers, CopperSteel' s future ability to use net operating losses to offset future taxable income may be restricted and these net operating losses could expire or otherwise be unavailable. Due to the proposed merger with Cedar Fair, CopperSteel' s ability to use net operating losses to offset future taxable income [will be / may be] restricted and these net operating losses (" NOLs ") could expire or otherwise be unavailable. In general, under Section 382 of the Code and corresponding provisions of state law, a corporation that undergoes an " ownership change " is subject to limitations on its ability to utilize its pre- change NOLs to offset future taxable income. For these purposes, an ownership change generally occurs where the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5 % of a corporation' s stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period. [Prior to the Mergers, some of Six Flags' existing NOLs were subject to limitations.] Following the Mergers, CopperSteel' s ability to use NOLs may be subject to [further] limitations and CopperSteel may not be able to fully use these NOLs to offset future taxable income. There is also a risk that, due to regulatory changes or for other unforeseen reasons, existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. In addition, the U. S. Tax Cuts and Jobs Act of 2017 (the " Tax Act ") resulted in a reduction in the economic benefit of the NOLs and other deferred tax assets available to us. Under the Tax Act, US federal NOLs generated after December 31, 2017 will not be subject to expiration.