

## **Audit Committee**

The Audit Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities relating to the integrity of the financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, the performance of internal audit function and the performance of the independent auditor, and such other duties as directed by the Board of Directors. The Audit Committee also monitors the Company's safety programs.

### **Audit Committee Charter**

#### **I. PURPOSE**

The primary purpose of the Audit Committee (the "Committee") shall be to assist the Board of Directors (the "Board") in fulfilling its responsibility for the integrity of the company's financial reports. To carry out this purpose, the Committee shall oversee: (A) management's conduct of the Company's financial reporting process, including the integrity of the financial statements and other financial information provided by the Company to governmental and regulatory bodies, to shareholders and other securityholders, or to other users of such information, (B) the Company's compliance with legal and regulatory requirements, (C) the appointment, qualifications (including independence) and performance of the Company's independent auditor and the quality of the annual independent audit of the Company's financial statements and (D) the performance of the Company's internal audit function and management's establishment and application of the Company's systems of internal accounting and financial controls and disclosure controls. The Committee shall also act upon reported violations of the Company's Code of Ethics For Senior Financial Officers. The Committee shall also monitor the Company's safety programs as described below. The Committee shall also carry out such other functions as shall from time to time be assigned to it by the Board of Directors.

In carrying out its purpose, the goal of the Committee shall be to serve as an independent and objective monitor of the Company's financial reporting process and internal control systems, including the activities of the Company's independent auditor and internal audit function, and to provide an open avenue of communication with the Board of Directors for, and among, the independent auditor and financial and executive management.

For purposes of this charter, reference to the business or affairs of the Company shall include the business or affairs of any subsidiary of the Company whose results of operations are consolidated with those of the Company for financial reporting purposes. The Committee's oversight shall also extend to any company controlled by the Company, even though its results of operations are not so consolidated, to the extent that the Committee shall consider appropriate.

## **II. COMMITTEE MEMBERSHIP; CHAIR**

The Committee shall be comprised of three or more members of the Board of Directors, selected by the Board, each of whom has been determined by the Board of Directors to be “independent” in accordance with the criteria established by the U.S. Securities and Exchange Commission (“SEC”) under Section 301 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and the listing standards of the New York Stock Exchange. No member of the Committee may serve on the audit committee of more than three public companies, including the Company, unless the Board of Directors has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Such determination shall be disclosed in the annual proxy statement.

All members of the Committee must be familiar with basic finance and accounting practices and be able to read and understand financial statements and be familiar with the Company’s financial statements and at least one member must be a “financial expert” under the requirements of the Sarbanes-Oxley Act.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until their successors shall be duly elected and qualified. Any member may be removed, with or without cause, by the Board of Directors at any time.

The Board of Directors may appoint one member to be the chairman of the Committee. If the Board fails to appoint a chairman, the members of the Committee shall elect a chairman by majority vote of all members. In the absence of the chairman, the members present at a meeting may elect a chairman for the meeting. The chairman will preside at meetings of the Committee and, subject to action by the entire Committee, set the agenda for Committee meetings.

## **III. COMMITTEE MEETINGS; ACTION BY THE COMMITTEE**

The Committee shall establish a regular meeting schedule, shall regularly meet at least quarterly, and shall meet more frequently as the members deem appropriate and as circumstances dictate. Any member of the Committee may call a special meeting of the Committee by notice given to all members. Notice of meetings shall be given at least 48 hours in advance, provided that, if exigencies of the circumstances pertaining to the matters to be addressed warrant, any lesser notice reasonable under the circumstances shall be sufficient. No notice of a regularly scheduled meeting shall be required. Notice may be waived by any member as permitted by law. Meetings of the Committee may be held telephonically or by other means of communication, provided that each member present may hear and communicate with each other member present.

A majority of the members of the Committee shall constitute a quorum sufficient for the taking of any action by the committee. The Committee shall act by vote of a majority of the members of the Committee (assuming no vacancies).

The Committee may form and delegate authority to subcommittees consisting of one or more members whenever it considers appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that the decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting and all other actions taken by a subcommittee shall be reported to the Committee on a regular basis. The chairman of the Committee is delegated authority to act for the committee as a subcommittee thereof in respect of any matter on which the Committee may act whenever the exigencies of the circumstances pertaining to such matter make such action appropriate, except with respect to the retention or dismissal of the Company's independent auditor. The requirements for action by a subcommittee shall, except as otherwise provided by act of the Committee, be the same as applicable to the Committee.

The Committee shall meet regularly, which shall be not less often than once annually, in separate executive sessions with each of (i) the Company's senior executive and financial officers and (ii) the Company's independent auditor to discuss any matters that the Committee or each of these groups believe would be appropriate to discuss privately. In addition, the Committee should meet with the independent auditors and management quarterly to review the company's quarterly financial statements.

All non-management directors who are not members of the Committee may attend regularly scheduled meetings of the Committee (but may not vote in respect of Committee matters), except as the Committee may otherwise provide. In addition, the Committee may invite to its meetings any director, member of management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any person not a member, as it deems appropriate in order to carry out its responsibilities.

#### **IV. RESPONSIBILITIES AND AUTHORITY – FINANCIAL MATTERS**

The Committee shall carry out its responsibility for the integrity of the company's financial reporting by performing the activities specified by this charter and such other activities as the Committee shall from time to time consider appropriate. The Committee shall also carry out any other responsibilities assigned to it by the Board of Directors from time to time.

It is recognized that the Company's management is responsible for establishing the Company's internal accounting controls and preparing the Company's financial statements and that the independent auditors are responsible for auditing those financial statements. It is further recognized that the Company's financial management, as well as the outside auditors, have more time, information concerning the Company and expertise in financial reporting matters pertaining to the Company than do Committee members and that, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

In fulfilling its responsibilities, the Committee shall have full access to the Company's book, records, facilities and personnel and the power and authority to investigate any matter brought to its attention. The Committee shall have authority to require any officer of the Company to render to it any report it considers appropriate to carry out these responsibilities. All employees of the Company shall be required to cooperate with the Committee and any person authorized to act on its behalf in any inquiry being conducted by the Committee. In connection with any inquiry or investigation of the Committee, or as the Committee may otherwise consider appropriate to the carry out its responsibilities, the Committee shall be entitled to retain outside legal, accounting, financial or other experts and advisors and shall be provided funding from the Company sufficient to engage such persons. The Committee shall have the authority to determine the compensation to be paid and the other terms of such engagement. The Company shall provide adequate funding for the operation of the Committee and the appropriate officers of the Corporation are hereby authorized to expend the funds necessary for the conduct of the Committee's business upon direction of the Committee or the Chairman thereof, without further authorization of the Board of Directors.

In order to carry out its purpose, the Committee has been delegated by the Board of Directors, and shall have, authority and power over, and shall be responsible for, the following specific matters and shall carry out the following specific functions, subject, however, to any further action that may be taken by the Board of Directors:

#### Supervision of the Independent Audit of the Company's Financial Statements

1. the selection, appointment, termination, evaluation, compensation and oversight of the work of the Company's independent auditor, including approval of the terms and scope of its engagement to conduct an annual audit of the Company's financial statements, subject to approval of the appointment of the Company's independent auditor by the Company's shareholders; the Committee alone shall have authority on behalf of the Company to appoint or terminate the appointment of the Company's independent auditor and the independent auditor shall report directly to the Committee and in the conduct of the annual audit shall be subject to direction only by the Committee;
2. in connection with the selection of the Company's independent auditor, obtaining and reviewing annually a report by the independent auditor describing: (i) the auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company;

3. approval on behalf of the Company in advance of any audit services to be provided to the Company by the independent auditor and, to the extent permitted by law to be provided by the independent auditor, any non-audit services to be provided to the Company by it; provided, however, that the provision by the independent auditor of non-audit services shall be permissible without the prior approval of the Committee in cases where (i) the aggregate compensation for all such non-audit services constitutes not more than 5% of the total compensation payable by the Company to the auditor for the fiscal year of the Company in which such non-audit services are provided, (ii) such non-audit services were not considered by the Committee as services that might be provided to the Company by the independent auditor at the time of its appointment, and (iii) the provision of such services by the independent auditor are promptly brought to the attention of the Committee and approved prior to completion of the audit for the year in which such services were provided (which approval may be provided by the Chairman of the Committee or any other member or members to whom the Committee delegates such approval authority);
4. reviewing and evaluating, at least annually, the qualifications, performance and independence of the Company's independent auditor and reporting to the Board on the conclusions of its review; in conducting its review and evaluation, the Committee should:
  - (a) determine whether the lead audit partner (having primary responsibility for the audit) or the audit partner responsible for reviewing the audit is required to rotate in compliance with applicable law, and
  - (b) take into account the opinions of management and the company's personnel responsible for the internal audit function.
5. establishing hiring policies for the Company in respect of employees and former employees of the independent auditor;
6. reviewing (i) any audit problems or difficulties encountered in the course of the work of the independent auditor, including any restrictions on the scope of activities or access to required information; (ii) any changes required in the planned scope of the audit plan; (iii) the annual budget for and staffing of the independent audit; and (iv) the coordination of audit efforts between the independent auditor and the Company's internal audit function in order to further completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;

7. the resolution of any disagreement between management and the independent auditor regarding the presentation of the Company's financial position and results of operations in the Company's financial statements;

Overview of the Internal Audit Function, Internal Controls and Financial Reports

8. reviewing with the independent auditor and management: the adequacy of the Company's internal accounting and financial controls and procedures and disclosure controls and procedures, including computerized information system controls, procedures and security and including any report provided by the chief financial officer or chief executive officer regarding any material aspect of the Company's internal accounting and financial control system; and, in such regard, (i) management and the independent auditor shall brief the Committee on any of the following matters that come to their attention: (A) significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; (B) fraudulent activity, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and the related findings, and (C) the recommendations of the independent auditor for addressing any such matters, together with management's responses, and (ii) the Committee shall receive a report on and consider, at least annually, the implementation of any improvements to the Company's internal accounting controls and procedures undertaken as a result of any such review until such improvements have been fully implemented;
9. reviewing (i) any audit problems or difficulties encountered in the course of the conduct of the internal audit function, including any restrictions on the scope of activities or access to required information; (ii) any material changes required in the planned scope of the annual internal audit plan; and (iii) the coordination of audit efforts between the independent auditor and the Company's internal audit function in order to further completeness of coverage, reduction of redundant efforts, and the effective use of audit resources;
10. establishing and overseeing the maintenance of procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters;

11. reviewing and discussing quarterly reports from the independent auditors on: (i) all critical accounting policies and practices to be used in the preparation of the Company's financial statements; (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management for use in the Company's financial statements, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and (iii) other material written communications between the independent auditor and management regarding the Company's financial reports, such as any management letter or schedule of unadjusted differences;
12. reviewing with the independent auditor (i) all of its significant findings during the year, including the status of previous audit recommendations, (ii) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise), (iii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement and (iv) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
13. reviewing the Company's financial statements, including (i) prior to public release, reviewing with management and the independent auditor the Company's annual and quarterly financial statements to be filed with the SEC, including (A) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," (B) any certifications regarding the financial statements or the Company's internal accounting and financial controls and procedures and disclosure controls or procedures filed with SEC by the Company's senior executive and financial officers and (C) discussing with the independent auditors the matters required to be discussed by Statement of Auditing Standards No. 61 or No. 71, (ii) with respect to the independent auditor's annual audit report and certification, before release of the annual audited financial statements, meeting separately with the independent auditor without any management member present and discussing the adequacy of the Company's system of internal accounting and financial controls and the appropriateness of the accounting principles used in and the judgments made in the preparation of the Company's audited financial statements and the quality of the Company's financial reports, (iii) making a recommendation to the Board of Directors regarding the inclusion of the audited annual financial statements in the Company's Annual Report on Form 10-K to be filed with the SEC and (iv) prior to submission to any governmental authority

of any financial statements of the Company that differ from the financial statements filed by the Company with the SEC, reviewing such financial statements and any report, certification or opinion thereon provided by the independent auditor;

14. reviewing with management the Company's earnings press releases (including the use of any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies; it being understood, however, that the Committee need not discuss in advance each earnings press release or each instance in which the Company may provide earnings guidance;
15. reviewing with management and the independent auditor significant risks or exposures to the Company's business and assessing the steps management has taken to minimize such risks and the Company's underlying policies and guidelines with respect to risk assessment and risk management;
16. reviewing periodically the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

#### Legal Compliance

17. reviewing periodically with the Company's General Counsel legal and regulatory matters that may have a material impact on the Company's financial statements;

#### General

18. reviewing and approving in advance all proposed transactions between the Company and any director, executive officer or holder of ten percent or more of the Company's voting stock, other than any transactions in the ordinary course between the Company and any such holder provided such holder is an institutional investor (i.e. an entity which files reports on Form 13-G under the Securities Exchange Act of 1934).
19. preparing all reports required to be included in the Company's proxy statement by the Company's audit committee, pursuant to and in accordance with applicable rules and regulations of the SEC.
20. reporting regularly to the Board of Directors following each meeting, which reports shall include any issues that arise with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the company's independent auditors or the performance of the internal audit function and with respect to such other matters as are relevant to the Committee's discharge of its

responsibilities and, in such regard, the Committee shall provide such recommendations as the Committee may deem appropriate; and

21. maintaining minutes or other records of meetings and actions of the Committee.

## **V. RESPONSIBILITIES AND DUTIES – SAFETY MATTERS**

The Committee shall have the additional role of specified oversight of the Company's safety policies and procedures as reflected in the Company's Safety Manual (the "Safety Procedures"); the Company's management is responsible for developing and implementing the Company's Safety Procedures and their adequacy. Additionally, it is recognized that the Company does employ and retain individuals with expertise and experience in the safe operation of the Company's amusement facilities and that these individuals, and not the Committee members, have the time, knowledge and information necessary to assess the adequacy of the Company's Safety Procedures for assuring adherence to those policies. Consequently, in carrying out its oversight responsibilities the Committee is not providing any expert or special assurance as to safety matters.

The following functions shall be the common recurring activities of the Committee in carrying out its safety oversight function. These functions are set forth as a guide with understanding that the Committee may diverge from this guide as appropriate given the circumstances.

The Committee's duties and responsibilities will include:

1. Review, on an annual basis, a report addressed to the Committee from the person designated by management as the executive in charge of safety matters (the " Safety Manager") concerning the appropriateness of the Company's existing Safety Procedures, their implementation and any proposals of the Safety Manager or management concerning changes therein.
2. Review, on an annual basis, a report from the Company's General Counsel regarding the appropriateness of the Safety Procedures under existing law and including a discussion of new legislation and legal trends.
3. The Chair or such other member or members designated by the Committee will act as special liaison between the Committee and the Safety Manager and will be available to discuss with the Safety Manager, either by phone or in person, any safety issues that the Safety Manager believes require Committee attention prior to the next scheduled Committee meeting. Without limiting the generality of the foregoing, in the event of any material dispute between the Safety Manager and senior management of the Company with regard to safety matters, the Safety Manager shall

bring such situation to the attention of the Chair or such designated member or members of the Committee.

4. In the event of any vacancy in the position of Safety Manager, the Committee (or designated members thereof) will meet with any person whom management proposes to be selected as the successor Safety Manager prior to the effectiveness of such selection. In that case the Committee will make a recommendation to management regarding such selection.
5. The Committee shall instruct management to develop procedures so that any park-level Safety Manager is able to report directly to the Company's Safety Manager any safety concerns relating to such park.
6. Periodically report to the Board of Directors on significant results of the foregoing activities.

#### Annual Self-Evaluation

In addition, the Committee shall conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with the Charter of the Committee. In addition, the Committee shall annually review and reassess the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable.