

CEDAR FAIR L P  
Form DEFA14A  
December 22, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Cedar Fair, L.P.**

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**On December 22, 2010, Cedar Fair made available the following presentation materials to be used by Cedar Fair at a meeting with Institutional Shareholder Services:**

Presentation to ISS  
December 22, 2010

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Forward-Looking Statements

Some slides and comments included here, particularly related to estimates, comments on expectations about future performance or business conditions, may contain forward looking statements. These statements may involve risks and uncertainties that are difficult to predict, may be beyond our control and could cause actual results to differ materially from

those  
described  
in  
such  
statements.

Although

we  
believe  
that  
the

expectations reflected in such forward-looking statements are reasonable,

we

can

give

no

assurance

that

such

expectations

will

prove

to

be

correct.

Important factors, including those listed under Item 1A in the Partnership's  
Form 10-K, could adversely affect our future financial performance and  
cause actual results to differ materially from our expectations.

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Additional Information About The Special Meeting Request

This may be deemed to be solicitation material in respect of the

Company's Special Meeting of

Unitholders

scheduled

for



January

11,

2011.

On

December

10,

2010,

in

connection

with the

Special Meeting, the Company filed a definitive proxy statement and a form of proxy with the SEC

and the definitive proxy statement and a form of proxy has been mailed on or about December

13, 2010 to the Company's unitholders

of record as of December 9, 2010. In addition, the

Company will file with, or furnish, to the SEC all additional relevant materials. **BEFORE MAKING**

**ANY VOTING DECISION, INVESTORS AND SECURITY HOLDERS OF THE COMPANY ARE**

**URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH OR FURNISHED TO THE**

**SEC, INCLUDING THE COMPANY'S DEFINITIVE PROXY STATEMENT, BECAUSE THEY**

**WILL**

**CONTAIN**

**IMPORTANT**

**INFORMATION**

**ABOUT**

**THE**

**SPECIAL**

**MEETING.**

Investors and

security holders will be able to obtain a copy of the definitive

proxy statement and other

documents filed by the Company free of charge from the SEC's website,

[www.sec.gov](http://www.sec.gov). **The**

Company's Unitholders

will also be able to obtain, without charge, a copy of the definitive proxy

statement and other relevant documents by directing a request by

mail or telephone to Investor

Relations, Cedar Fair, L.P., One Cedar Point Dr., Sandusky, OH 44870, telephone: (419)

627-

2233, or from the Company's website,

[www.cedarfair.com](http://www.cedarfair.com)

or by contacting Morrow

& Co., LLC, at

(203)

658-9400 or toll free at (800)

206-5879

The Company and its directors and executive officers and certain

other members of its

management and employees may be deemed to participate in the solicitation of proxies in

respect of the Special Meeting of Unitholders. Additional information regarding the interests of

such potential participants is included in the definitive proxy statement.

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Agenda

I.

Overview of Company and Corporate Growth Goals

II.

Summary of Our Brief History with Q Investments

III.

Review of Q Investments

Proposals

IV.

Appendix A: Details on Long-term Strategy

V.

Appendix B: EBITDA Reconciliation

5  
Section I  
Company Overview

6

FUN: Attractive Value Proposition for  
Long-Term Investors

Recognized innovative leader  
in regional amusement parks, water parks,  
resorts and active entertainment

Attractive park locations and diverse geographical footprint

High-margin, seasonal industry niche  
Significant barriers to entry  
Strong and distinctive brands  
known for high-quality, pristine parks with cutting-edge attractions  
Consistently voted Best in Class  
Proven and stable business model that consistently generates a healthy revenue stream and strong cash flows  
A Total Return investment, not simply a Yield MLP  
Business strategy designed to increase revenues, adjusted EBITDA and cash flows to fund future growth, while increasing distributions and further reducing debt  
Goal of \$1.25 to \$1.75 per limited partner unit by 2015  
Experienced and proven management team focused on sustainable long-term value creation for unitholders

7  
Growth Strategy in Place  
Steadily grow attendance and revenues  
through  
continued  
investment  
in

trend-  
setting new rides and attractions  
along  
with new targeted marketing programs  
Maintain strict controls over operating  
costs while maintaining best-in-class  
visitor experience  
Further  
reduce  
debt  
through  
the  
prudent  
use of excess cash flows  
Reduces risk to Cedar Fair  
heavily  
levered capital structure increases  
sensitivity to macroeconomic downturns,  
bad weather and travel trends  
Provides balance sheet flexibility to take  
advantage of growth opportunities in the  
future



8

and Delivering Desired Results in 2010  
Revenues expected between \$965  
million and \$980 million  
Projected Adjusted EBITDA  
between \$345 million and \$355

million

2010 Projected Cash Flow

(in millions)

Adjusted EBITDA

\$345 -

\$355

Cash Interest Costs

~\$130

Cash Taxes

~\$19

Capital Expenditures

~\$85

Cash Distributions

~\$14

2010 Projected Cash Flow

\$97 -

\$107

9

Company on Strong Growth Trajectory

with Measurable Metrics in Place

Grow revenues by 10% to 14% by 2015

(~2.3% CAGR)

Grow adjusted EBITDA by 10% to 14%

by 2015 (~2.3% CAGR)

Achieve

free

cash

flows

of

\$120

million

to

\$140

million

on

an

annual

basis

during

2012 to 2015

Reduce Consolidated Leverage Ratio to

4.0x by 2013

Provide for a sustainable and growing

distribution to unitholders

Goal

of

\$1.25

to

\$1.75

per

limited

partner

unit

by

2015;

however,

should

cash

flows

exceed

our

expectations

this

distribution

could be higher

Represents a 10% to 14% annual yield

based on today's market price

Our proven and stable business model should allow us to:

10  
Section II  
Brief History with Q Investments

11  
Brief History with Q Investments  
Q  
Investments  
has  
held  
FUN

units  
for  
just  
one  
year  
Since that time  
Its  
principal

Geoffrey  
Raynor

was  
offered  
a  
seat  
on  
the  
Board  
(**he**  
declined)

It  
has  
stated  
in  
an  
SEC  
filing  
its  
interest  
in  
merging  
the  
company  
with  
Six  
Flags,

a  
company that just emerged from bankruptcy  
It  
has  
flown  
the  
company's  
former  
COO

who  
resigned  
from

FUN

to  
its  
headquarters  
but  
has  
refused  
to  
meet  
with  
management

It  
has  
actively  
participated  
in  
the  
selection  
of  
two  
new  
Board  
members

It  
has  
threatened  
to  
campaign  
vigorously  
for  
the  
removal  
of  
the  
yet-to be  
named  
new  
CEO

It  
has  
already  
sued  
FUN  
three  
times  
It  
has  
also  
seen



the  
value  
of  
its  
units  
appreciate  
more  
than  
20%

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Brief History with Q Investments  
Q  
Investments  
actions  
over  
the

past  
11  
months  
suggest  
that  
the  
short-term  
interests of their hedge fund investors are not aligned with the  
best  
interests of all Cedar Fair unitholders  
The short-term focus of Q Investments is evident by the fact that, according  
to  
its  
13F  
filing  
as  
of  
September  
30,  
2010,  
only  
one  
stock  
out  
of  
more than  
30 in its portfolio had been held for more than two years  
We  
believe  
Q  
Investments  
true  
intentions  
are  
to  
get  
in,  
make  
a  
quick  
profit  
and get out

with no regard for what is best for long-term investors

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Section III  
Review of Q Investments  
Proposals

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Summary

Overview

Special Meeting of Unitholders: January 11, 2011

Proposal 1: to consider and vote upon a proposal from Q Investments to amend the Partnership Agreement to require the implementation of a policy providing that the

Chairman of the Board of Directors of the General Partner be an independent director who has not previously served as an officer of the General Partner or its affiliates  
Proposal 2: to consider and vote upon a proposal from Q Investments to amend the Partnership Agreement to require the General Partner to make dividend distribution a higher priority than debt repayment and to take every action possible, including seeking necessary amendments to loan agreements, indentures and other documentation, to implement such distribution with the goal of returning to close to historical distribution levels based upon earnings  
Cedar Fair is asking unitholders  
to vote AGAINST both proposals

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Summary

Implications  
Proposal 1: Weakens Cedar Fair by requiring changes to the Company's by-laws  
that

puts  
unnecessary  
restrictions

on  
the  
pool  
of

qualified  
succession  
candidates

going forward

Proposal 2: Favors Q Investments

short-term hedge funds investors over the

Company's long-term investors

by preventing the Board from making prudent  
decisions with the Company's capital



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Proposal 1: Succession Planning

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Proposal Would Restrict FUN s

Growth Potential by Unnecessarily

Shrinking Pool of Qualified Candidates

Implementing such a policy that so restricts who could be considered as a possible CEO successor will not result in strengthening the Company s corporate governance or in creating

or enhancing  
long-term value for unitholders  
As part of ongoing succession planning and corporate governance duties, the Board is  
open  
to  
considering  
and  
evaluating  
the  
concept  
of  
separating  
the  
roles  
of  
Chairman  
and  
Chief Executive Officer  
However,  
the  
proposal  
as  
structured  
would  
be  
highly  
disruptive  
to  
the  
Company's  
ongoing  
succession-planning  
process  
that  
is  
well  
under  
way  
with  
Korn/Ferry International, a leading executive search firm  
Such  
a  
policy  
would  
limit  
the  
Board's  
ability  
to  
determine

the  
most  
capable  
candidate,  
including members of management, based on experience, abilities and business  
climate at any given time  
Attracting, retaining and grooming a deep and talented management team to  
run the diverse business portfolio has been  
and will continue to be  
a  
strategic imperative for the Company  
Proposal 1: Succession Planning

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While there is no set policy regarding Executive Chairman, the Board believes the most effective leadership model for the

Company  
at  
this  
time  
is  
for  
Dick  
Kinzel  
to  
continue  
as  
Chairman and CEO through his contract term ending January 2, 2012  
The Board regularly monitors its governance practices  
Proactively  
and  
voluntarily  
changed  
the  
Partnership  
Agreement  
in  
2004  
to  
enable  
unitholders  
to elect the Board of the General Partnership  
Recent  
appointment  
of  
two  
independent  
directors,  
both  
designated  
by  
Q  
Investments,  
further  
demonstrates  
the  
Company's  
commitment  
to  
maintaining  
appropriate  
unitholder  
representation, open communications and effective corporate governance  
Active  
lead  
independent

director  
in  
place  
along  
with  
annual  
board  
governance  
and  
individual director performance reviews  
FUN Has a Strong Track Record of  
Sound Corporate Governance Practices

19  
Lead independent director  
Michael Kwiatkowski  
Seven of nine Board members meet NYSE independence requirements  
All  
members  
of



Audit,  
Governance  
and  
Compensation  
committees  
are  
independent

Two directors designated by Q Investments recently joined the Board:

Eric Affeldt

(Member of Audit and Compensation committees)

John Scott (Member of Audit and Succession Planning committees)

Both oppose Q Investments

proposals

Retained Korn/Ferry International to work with the special committee of independent  
directors

of

the

Board

to

identify

qualified

candidate

to

succeed

Dick

Kinzel

as

CEO

Company

expects

process

to

be

completed

by

the

end

of

the

second

quarter

of 2011

Current Board and Committee Structure

Ensures Independence

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Proposal 2: Use of Cash

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Proposal 2: Use of Cash

In the first half of 2010, the Board carefully evaluated a wide range of financing options and use-of-cash scenarios

including  
input  
from  
Q  
Investments  
and  
other  
unitholders

with its independent advisors  
In July, debt refinancing was determined to be in the best long-term interest of  
the  
Company  
and  
its  
unitholders  
as  
it  
would  
allow  
for  
significantly  
enhanced  
financial flexibility and greater stability, among other things  
Company  
negotiated  
reinstatement  
of  
distributions  
into  
refinancing  
terms,  
beginning in 2010  
Refinancing allowed the Company to resume its distributions to unitholders,  
which  
marked  
the  
24  
consecutive  
year  
of  
paying  
a  
unitholder  
distribution  
Prior  
to  
2009,  
the

Board  
had  
increased  
the  
distribution  
to  
unitholders  
in  
22  
of  
23 consecutive years

Q Investments

request to mandate change in the Company's proven fiscal policy  
is an apparent effort to create more short-term cash flow at the expense of long-  
term value creation and sustainable growth, which we believe is not in the best  
interests of all  
unitholders

Q Investments

proposal needlessly jeopardizes FUN's  
financial flexibility by putting  
short-term gains ahead of the long-term health and total returns of the Company  
th

22  
Commitment to Distributions Is Critical  
Piece of MLP Structure  
\$0.22  
\$0.54  
\$0.57  
\$0.65

\$0.74  
\$0.83  
\$0.94  
\$1.03  
\$1.13  
\$1.18  
\$1.26  
\$1.29  
\$1.39  
\$1.50  
\$1.58  
\$1.65  
\$1.74  
\$1.79  
\$1.83  
\$1.87  
\$1.90  
\$1.92  
\$1.23  
\$0.25  
\$0.00  
\$0.50  
\$1.00  
\$1.50  
\$2.00  
\$2.50

More  
than

\$1.4 billion paid  
in distributions since 1987

Dollars per unit

FUN

has  
demonstrated

its  
commitment

to  
distributions

to  
unitholders

over

its  
history

and has reconfirmed its commitment to growing distributions moving forward

23  
FUN Maintains an Unwavering Focus on Sustainable,  
Long-Term  
Value  
Creation  
for  
All



Unitholders  
The  
Company's  
long-term  
growth  
strategy  
is  
designed  
to  
provide  
unitholders  
with a  
strong and sustainable distribution  
and comprises:  
steady  
reinvestment  
in  
the  
parks  
and  
targeted  
marketing  
programs  
to generate  
continued organic growth  
strict  
controls  
over  
operating  
costs  
while  
maintaining  
best-in-class  
visitor  
experience  
prudent fiscal management  
that responsibly maintains an appropriate balance  
between distributions and a balance sheet, as well as an investment policy, that  
provides maximum long-term returns  
FUN  
has  
announced  
plans  
for  
increasing  
the  
distribution  
over  
the  
next

five  
years  
and returning it to its historical rates in conjunction with a measured  
reduction in debt levels  
Management  
believes  
a  
policy  
limiting  
financial  
flexibility  
puts  
an  
unhealthy, short-term  
focus  
on use of cash with no regard for risk, changing business conditions and  
circumstances

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Debt Refinancing Critical Component of  
Prudent Fiscal Policy

Cedar Fair is targeting a long-term capital structure that provides a low cost of capital,  
cushion against downside scenarios and ample liquidity to finance future growth and  
distributions

Stronger credit ratings will provide lower cost of capital and enhance financial flexibility

The absence of tax shield on debt reinforces the fortress balance sheet argument

Challenging access to capital during downturns:

Equity  
issuance:

As  
a  
MLP,  
ability  
to  
raise  
equity  
is  
limited

cannot  
raise enough  
equity to make a material impact on debt or leverage

Asset  
sales:

In  
a  
downturn,  
selling  
theme  
park  
assets  
is  
challenging  
due  
to  
lack  
of  
strategic  
buyers  
and  
depressed  
valuations

even  
if  
possible,  
an  
asset  
sale  
would

have an immaterial deleveraging impact

Therefore, creating balance sheet strength is a critical component of a prudent financial  
policy

Cedar Fair's current dividend yield of 1.7% is in line with S&P 500 firms

The Company plans to steadily increase its distributions towards

the MLP average  
distributions (~6% yield) and its own historical distribution levels going forward

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Unit price performance one year prior to distribution suspension

Source: FactSet; market data as of 12/10/10

Since Our Focus Turned to Debt Reduction and Capital  
Structure, the Units have Recovered and Outperformed

25%

50%

75%  
100%  
125%  
150%  
Nov-08  
Feb-09  
May-09  
Aug-09  
Nov-09  
FUN  
S&P500  
14%  
(50%)  
75%  
100%  
125%  
150%  
175%  
200%  
225%  
Nov-09  
Feb-10  
May-10  
Aug-10  
Nov-10  
FUN  
S&P500  
19%  
112%  
Unit price performance since distribution suspension

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Analysts Support Debt Refinancing

Four out of five equity research analysts recommend FUN with a buy rating

**We**  
believe  
debt



retirement  
is  
a  
more  
compelling  
use  
of  
cash flow in the near term and consider that to be the  
biggest key to improving unit holder value.

-

Hilliard Lyons, June 2010

**Overall,**  
the  
first  
half  
could  
not  
have  
gone  
better  
for  
FUN,  
as the company improved its park-level results,  
increased margins, and renegotiated its debt with  
expanded operating flexibility and extended maturities.

-

Longbow, August 2010

**[Debt refinancing] will produce greater financial**  
flexibility and capital structure certainty allowing for (1)  
future distribution reinstatement mid-late 2011, (2) debt  
reduction, and (3) growth of business.

-

Wells Fargo, August 2010

**Further, while the less aggressive debt pay down is**  
slightly disappointing, we recognize that there is a  
balance that must be struck between debt pay down and  
the payment of a distribution, and we believe the  
resumption and projected increase of the distribution will  
be viewed favorably by the market.

-

KeyBanc, October 2010

**We**  
believe  
Cedar  
Fair  
has  
addressed  
one  
of  
its primary

risks with the July 2010 refinancing thereby extending maturities which removed an overhang on the stock as investors were nervous about impending debt maturities.

-

Merriman, November 2010

**We** believe fears surrounding maturities and covenants on debt were the biggest overhang on FUN shares, and with these fears alleviated, we expect to see appreciation from here.

-

Longbow, July 2010

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Achieving Long-term Growth

The Company's long-term goals are obtainable because the Company refinanced its debt in July 2010 to provide the financial flexibility

and

balance  
sheet  
strength

necessary  
to  
take full  
advantage of its long-term growth potential

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Cedar Fair's Board Unanimously  
Recommend Unitholders  
Vote AGAINST  
the Proposals Submitted by Q Investments

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Section IV  
Appendix A: Details on Long-  
term Strategy

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Achieving Long-term Growth

Create Value

Trademark new rides and attractions

Unique experience customer cannot  
recreate at home

Increased focus on special events

Create Urgency

Limited Time

offers

Text message offers when inside park

Goal: Grow revenues by 10% to 14% by 2015 (~2.3% CAGR)

Create Buzz

Media placement

Online social networks (Facebook,  
Twitter)

Digital marketing (blogs, text messaging)

Extend Customers

Stay

Market competitive renovations to  
existing hotels

Consideration of accommodations /  
resort development at other parks where  
appropriate



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Achieving Long-term Growth  
Revenue Growth  
Expanding market share and  
visitor spend  
Strict cost controls  
Proven history of controlling

operating costs

Low corporate overhead

Remain focused on our four  
cornerstones: Safety,

Cleanliness, Courtesy and

Service

wrapped in Integrity

Maintain operating margins

between 34% and 36%

Goal: Grow adjusted EBITDA by 10% to 14% by 2015 (~2.3% CAGR)

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Achieving Long-term Growth

Adjusted EBITDA

CAGR of ~2.3% to 2015 required to meet cash flow goals

Cash FOR:

Cash Interest Expense

2011

~\$160  
million  
(due  
to

old  
swaps  
which  
mature  
in

2011  
and  
2012)

2012  
and  
beyond

\$110  
million  
to

\$120  
million

Capital Expenditures

2011 expected to be approximately \$75 million to \$80 million

Future average annual spend approximately \$80 million to \$90 million

Cash Taxes

Approximately \$15 million to \$20 million on an annual basis starting with 2011

Goal: Achieve free cash flows of \$120 million to \$140 million on an  
annual basis during 2012 to 2015

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Achieving Long-term Growth

We have stabilized our capital structure:

Long-term debt includes:

\$1.175 billion senior secured term loan (matures Dec. 2016)

\$405 million senior unsecured notes (mature Dec. 2018)

\$260

million  
available  
through  
a  
senior  
secured  
revolving  
credit  
facility

(matures July 2015)

Reduce Leverage Ratios

Reduce through growth in adjusted EBITDA and reduction of debt through the use of excess cash flow

Senior secured leverage ratio to be reduced to sub-3.0x in 2013 (currently at 3.4x)

Consolidated Leverage Ratio to be reduced to 4.0x in 2013 (currently at 4.5x)

Interest Rates

Guideline: ~60/40 fixed/variable

Current swaps expire in Oct. 2011 (\$1.0 billion) and Feb. 2012 (\$268 million)

Recently entered into \$600 million of forward starting swaps

Begin October 2011, mature in December 2015

LIBOR at an average rate of 2.6%

Goal: Reduce Consolidated Leverage Ratio to 4.0x by 2013

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Achieving Long-term Growth

Excess Cash Flow distribution capacity per Credit Agreement

50% available

senior secured leverage ratio is  $>3.25x$

75% available

senior secured leverage ratio is  $2.75x$  to  $3.25x$

100% available

senior secured leverage ratio is <2.75x

Cedar Fair remains committed to issuing a distribution on a quarterly basis

Provide

for

a

sustainable

and

growing

distribution

to

unitholders

beginning

today

Represents a 10%-14% annual yield beginning 2015 based on current unit price

Stabilizing the capital structure has put us in a position to reward

unitholders

as we execute our plan:



35  
Achieving Long-term Growth  
Declared 2010 distribution of \$0.25 per unit  
Payable  
on  
December  
15,

2010

to

unitholders

of

record

on

December

3,

2010

24 consecutive year Cedar Fair has paid a distribution

2011 Distribution

\$20 million available for distributions under current senior secured credit agreement

Board has announced it intends to pay full amount, or approximately \$0.35 per unit

Quarterly distributions would start at \$0.08 per unit in March of 2011

Additional \$20 million available for distributions if senior secured leverage ratio falls below

3.0x

2012 Distribution and Beyond

Plan to steadily increase distribution on an annual basis

Goal: \$1.25 -

\$1.75 annual distribution per LP unit by 2015; however, should

cash flows exceed our expectations this distribution could be higher

th

36  
Section V  
Appendix B: EBITDA Reconciliation

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EBITDA Reconciliation  
EBITDA Adjustments  
(\$ in thousands)  
LTM 9/26/2010  
Net income  
\$5,308

Interest expense  
137,598  
Interest (income)  
(1,076)  
Provision for taxes  
4,093  
Depreciation and amortization  
130,675  
EBITDA  
\$276,688  
Loss on early debt extinguishment  
35,289  
Net effect of swaps  
19,001  
Unrealized foreign exchange (gain) on Note  
(4,789)  
Equity-based compensation  
(687)  
Loss on impairment of goodwill and other  
Intangibles  
5,890  
Loss on impairment/retirement of fixed  
assets, net  
345  
Terminated merger costs  
16,153  
Class action settlement costs  
276  
Adj. EBITDA  
\$348,166