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As filed with the Securities and Exchange Commission on April 18, 2013

Registration No. 333-185697

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**AMENDMENT NO. 6
TO
FORM S-1
REGISTRATION STATEMENT**
*UNDER
THE SECURITIES ACT OF 1933*

SeaWorld Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7990
(Primary Standard Industrial
Classification Code Number)

27-1220297
(I.R.S. Employer
Identification Number)

9205 South Park Center Loop, Suite 400
Orlando, Florida 32819
(407) 226-5011

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

G. Anthony (Tony) Taylor, Esq.
Chief Legal and Corporate Affairs Officer, General Counsel and Corporate Secretary
9205 South Park Center Loop, Suite 400
Orlando, Florida 32819
(407) 226-5011

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price per Share(1)(2)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.01 per share	29,900,000	\$27.00	\$807,300,000	\$110,115.72

(1) Includes shares/offering price of shares of common stock that the underwriters have the option to purchase. See "Underwriting (Conflicts of Interest)."

(2) This amount represents the proposed maximum aggregate offering price of the securities registered hereunder to be sold by the Registrant and the selling stockholders. These figures are estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended.

(3) The Registrant previously paid \$84,704.40 of this amount.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor do we or the selling stockholders seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated April 18, 2013.

26,000,000 Shares

SEAWORLD
ENTERTAINMENT

SeaWorld Entertainment, Inc.

Common Stock

This is an initial public offering of shares of common stock of SeaWorld Entertainment, Inc.

SeaWorld Entertainment, Inc. is offering 10,000,000 of the shares to be sold in the offering. The selling stockholders identified in this prospectus are offering an additional 16,000,000 shares. SeaWorld Entertainment, Inc. will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between \$24.00 and \$27.00. SeaWorld Entertainment, Inc. has been approved to list the common stock on The New York Stock Exchange (the "NYSE") under the symbol "SEAS." After the completion of this offering, affiliates of The Blackstone Group L.P. will continue to own a majority of the voting power of all outstanding shares of the common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of the NYSE. See "Principal and Selling Stockholders."

See "[Risk Factors](#)," beginning on page 17 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	\$	\$
Underwriting discounts and commissions(1)	\$	\$
Proceeds, before expenses, to SeaWorld Entertainment, Inc.	\$	\$
Proceeds, before expenses, to the selling stockholders	\$	\$

(1) See "Underwriting (Conflicts of Interest)" for additional information regarding underwriting compensation.

To the extent that the underwriters sell more than 26,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 3,900,000 shares from the selling stockholders at the initial public offering price less the underwriting discounts and commissions.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2013.

Goldman, Sachs & Co.

J.P. Morgan

Citigroup

BofA Merrill Lynch

Barclays

Wells Fargo Securities

Blackstone Capital Markets

Lazard Capital Markets

Macquarie Capital

KeyBanc Capital Markets

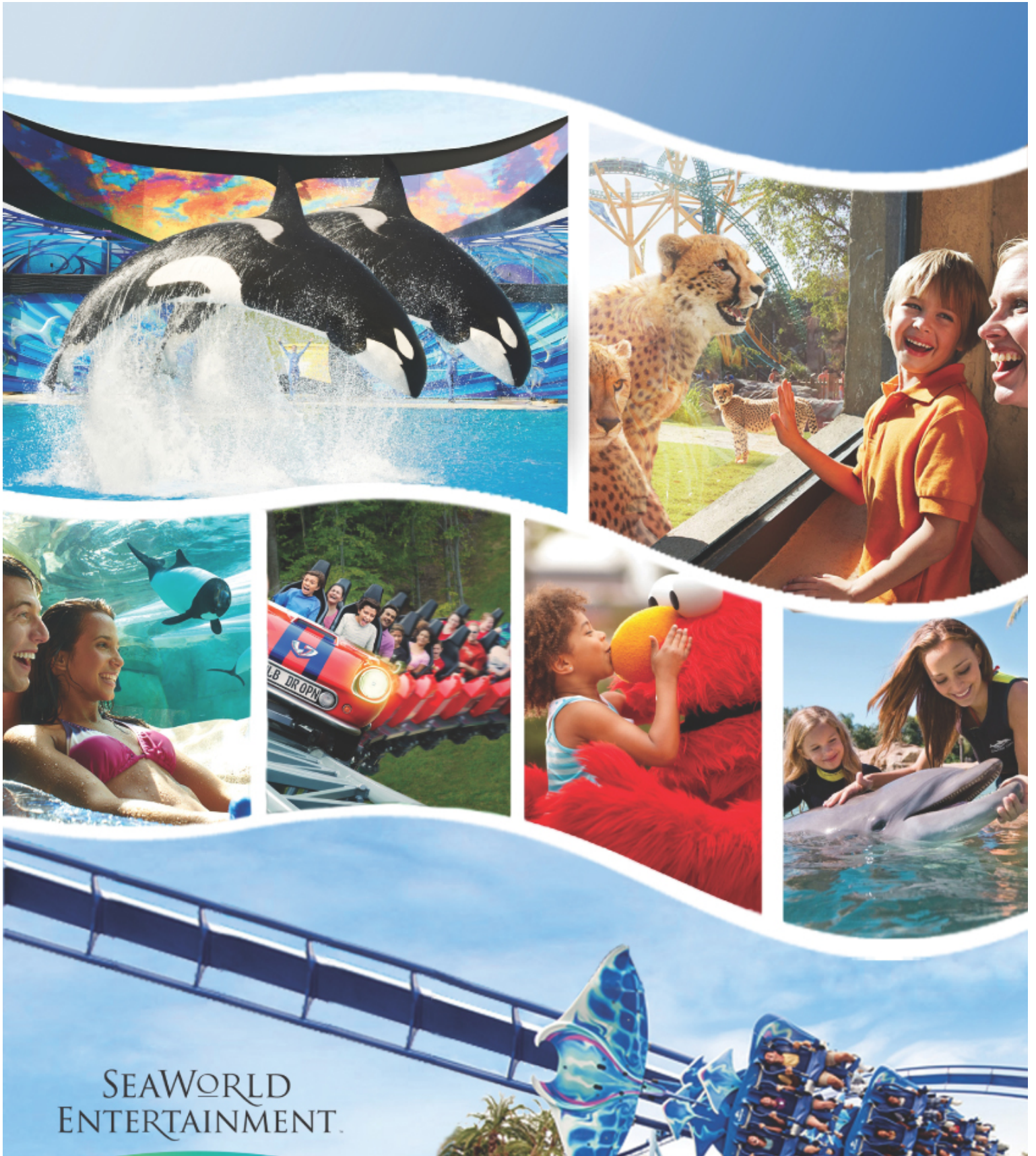
Nomura

Drexel Hamilton, LLC

Ramirez & Co., Inc.

Prospectus dated , 2013.

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SEAWORLD
ENTERTAINMENT.



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Through and including _____, 2013 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Unless otherwise indicated or the context otherwise requires, financial data in this prospectus reflects the consolidated business and operations of SeaWorld Entertainment, Inc. and its consolidated subsidiaries.

We have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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MARKET AND INDUSTRY DATA

Market data and industry statistics and forecasts used throughout this prospectus are based on the good faith estimates of management, which in turn are based upon management's reviews of independent industry publications, reports by market research firms and other independent and publicly available sources. Although we believe that these third-party sources are reliable, we do not guarantee the accuracy or completeness of this information and have not independently verified this information. Similarly, internal Company surveys, while believed by us to be reliable, have not been verified by any independent sources. Unless we indicate otherwise, market data and industry statistics used throughout this prospectus are for the year ended December 31, 2011.

In this prospectus (i) references to the "TEA/AECOM Report" refer to *Theme Index: The Global Attractions Attendance Report*, TEA/AECOM, 2011, (ii) references to the "Freedonia Report" refer to The Freedonia Group Inc.'s *Focus on Amusement Parks* report dated July 2011 and (iii) references to the "IBISWorld Report" refer to the *IBISWorld Industry Report 71311: Amusement Parks in the US* dated July 2012. Unless otherwise noted, attendance rankings included in this prospectus are based on the TEA/AECOM Report and theme park industry statistics are based on the Freedonia Report and/or the IBISWorld Report.

Although we are not aware of any misstatements regarding the industry data that we present in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under "Risk Factors," "Special Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus.

TRADEMARKS, SERVICE MARKS AND TRADENAMES

We own or have rights to use a number of registered and common law trademarks, service marks and trade names in connection with our business in the United States and in certain foreign jurisdictions, including SeaWorld Entertainment™, SeaWorld Parks & Entertainment™, SeaWorld®, Shamu®, Busch Gardens®, Aquatica™, Discovery Cove®, Sea Rescue™ and other names and marks that identify our theme parks, characters, rides, attractions and other businesses. In addition, we have certain rights to use Sesame Street® marks, characters and related indicia through certain license agreements with Sesame Workshop (f/k/a Children's Television Workshop) ("Sesame Workshop").

Solely for convenience, the trademarks, service marks, and trade names referred to in this prospectus are without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, and trade names. This prospectus contains additional trademarks, service marks and trade names of others, which are the property of their respective owners. All trademarks, service marks and trade names appearing in this prospectus are, to our knowledge, the property of their respective owners.

BASIS OF PRESENTATION

On December 1, 2009, investment funds affiliated with The Blackstone Group L.P. and certain co-investors, through SeaWorld Entertainment, Inc. and its wholly-owned subsidiary, SeaWorld Parks & Entertainment, Inc. ("SWPEI"), acquired 100% of the equity interests of Sea World LLC (f/k/a SeaWorld, Inc.) and SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) from certain subsidiaries of Anheuser-Busch Companies, Inc. We refer to this acquisition and related

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financing transactions as the “2009 Transactions.” As a result of the 2009 Transactions, Blackstone and the other co-investors currently own, through SW Cayman L.P., SW Cayman A L.P., SW Cayman B L.P., SW Cayman C L.P., SW Delaware D L.P., SW Cayman E L.P., SW Cayman F L.P., SW Cayman Co-Invest L.P., SW Cayman (GS) L.P. and SW Cayman (GSO) L.P. (collectively, the “Partnerships”), 100% of the common stock of SeaWorld Entertainment, Inc., the issuer in this offering. The Partnerships are the selling stockholders in this offering. For a more complete description of the Partnerships, see “Principal and Selling Stockholders” and “Certain Relationships and Related Party Transactions—Limited Partnership Agreements and Equityholders Agreement.”

As used in this prospectus, unless otherwise noted or the context otherwise requires, (i) references to the “Company,” “we,” “our” or “us” refer to SeaWorld Entertainment, Inc. and its consolidated subsidiaries, (ii) references to the “Issuer” refer to SeaWorld Entertainment, Inc. exclusive of its subsidiaries, (iii) references to “Blackstone” or the “Sponsor” refer to certain investment funds affiliated with The Blackstone Group L.P., (iv) references to the “Investor Group” refer, collectively, to Blackstone and other co-investors in the Partnerships, (v) references to the “2009 Advisory Agreement” refer to the Amended and Restated 2009 Advisory Agreement among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), Sea World Parks & Entertainment LLC, Sea World LLC and affiliates of Blackstone, (vi) references to “ABI” refer to Anheuser-Busch, Incorporated, (vii) references to “guests” refer to our theme park visitors, (viii) references to “customers” refer to any consumer of our products and services, including guests of our theme parks and (ix) references to the “underwriters” are to the firms listed on the cover page of this prospectus.

All references herein to a fiscal year refer to the 12 months ended December 31 of such year, and references to the first, second, third and fourth fiscal quarters refer to the three months ended March 31, June 30, September 30 and December 31, respectively.

Information presented as of and for the fiscal years ended December 31, 2012, 2011 and 2010 is derived from our audited consolidated financial statements for those periods included elsewhere in this prospectus. Information presented for the one month period ended December 31, 2009 is derived from our audited consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the one month period ended December 31, 2009 not included in this prospectus. The results for the one month period ended December 31, 2009 include the results of operations of the Company from December 1, 2009 to December 31, 2009, which is the period in which we first became an independent, stand-alone entity following the 2009 Transactions.

The historical consolidated financial statements and financial data included in this prospectus are those of SeaWorld Entertainment, Inc. and its consolidated subsidiaries. The historical consolidated financial information and financial data for the periods prior to the 2009 Transactions (the “Predecessor Financial Information”) is not presented in this prospectus because it is not comparable and therefore not meaningful to a prospective investor. The Predecessor Financial Information does not fully reflect our operations on a stand-alone basis and we believe would not materially contribute to an investor's understanding of our historical financial performance. The Predecessor Financial Information prepared on a basis comparable with our consolidated financial statements included in this prospectus is not available and cannot be provided without unreasonable effort and expense. We believe that the omission of the Predecessor Financial Information will not have a material impact on an investor's understanding of our financial results and condition and related trends.

[Table of Contents](#)**PROSPECTUS SUMMARY**

This summary highlights certain significant aspects of our business and this offering. This is a summary of information contained elsewhere in this prospectus, is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the section entitled "Risk Factors" and the consolidated financial statements and the notes thereto, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from future results contemplated in the forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Special Note Regarding Forward-Looking Statements." When making an investment decision, you should also read the discussion under "Basis of Presentation" above for the definition of certain terms used in this prospectus and a description of certain transactions and other matters described in this prospectus.

Company Overview

We are a leading theme park and entertainment company delivering personal, interactive and educational experiences that blend imagination with nature and enable our customers to celebrate, connect with and care for the natural world we share. We own or license a portfolio of globally recognized brands including SeaWorld, Shamu and Busch Gardens. Over our more than 50 year history, we have built a diversified portfolio of 11 destination and regional theme parks that are grouped in key markets across the United States, many of which showcase our one-of-a-kind collection of approximately 67,000 marine and terrestrial animals. Our theme parks feature a diverse array of rides, shows and other attractions with broad demographic appeal which deliver memorable experiences and a strong value proposition for our guests. In addition to our theme parks, we have recently begun to leverage our brands into media, entertainment and consumer products.

During the year ended December 31, 2012, we hosted more than 24 million guests in our theme parks, including approximately 3.5 million international guests from over 55 countries and six continents. In the year ended December 31, 2012, we had total revenues of \$1,423.8 million and net income of \$77.4 million. Our increasing revenue and growing profit margins, combined with our disciplined approach to capital expenditures and working capital management, enable us to generate strong and recurring cash flow.

Our portfolio of branded theme parks includes the following names:

- ÿ **SeaWorld.** SeaWorld is widely recognized as the leading marine-life theme park brand in the world. Our SeaWorld theme parks, located in Orlando, San Antonio and San Diego, each rank among the most highly attended theme parks in the industry and offer up-close interactive experiences and a variety of live performances, including shows featuring Shamu in specially designed amphitheaters. We offer our guests numerous animal encounters, including the opportunity to work with trainers and feed marine animals, as well as themed thrill rides and theatrical shows that creatively incorporate our one-of-a-kind animal collection.
- ÿ **Busch Gardens.** Our Busch Gardens theme parks are family-oriented destinations designed to immerse guests in foreign geographic settings. They are renowned for their beauty and award-winning landscaping and gardens and allow our guests to discover the natural side of fun by offering a family experience featuring a variety of attractions and rollercoasters in a richly-themed environment. Busch Gardens Tampa presents our collection of exotic animals













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from Africa, Asia and Australia. Busch Gardens Williamsburg, which has been named the Most Beautiful Park in the World by the National Amusement Park Historical Association for 22 consecutive years, showcases European-themed cultural and culinary experiences, including high-quality theatrical productions.

- ÿ **Aquatica.** Our Aquatica branded water parks are premium, family-oriented destinations that are based in a South Seas-themed tropical setting. Aquatica water parks build on the aquatic theme of our SeaWorld brand and feature high-energy rides, water attractions, white-sand beaches and an innovative and entertaining presentation of marine and terrestrial animals. We position our Aquatica water parks as companion water parks to our SeaWorld theme parks in Orlando and San Diego and we have an Aquatica water park situated within our SeaWorld San Antonio theme park.
- ÿ **Discovery Cove.** Discovery Cove is a reservations only, all-inclusive, marine-life day resort adjacent to SeaWorld Orlando. Discovery Cove offers guests personal, signature experiences, including the opportunity to swim and interact with dolphins, take an underwater walking reef tour and enjoy pristine white-sand beaches and landscaped private cabanas. Discovery Cove presently limits its attendance to approximately 1,300 guests per day and features premium culinary offerings in order to provide guests with a more relaxed, intimate and high-end luxury resort experience.
- ÿ **Sesame Place.** Sesame Place is the only U.S. theme park based entirely on the award-winning television show Sesame Street. Located between Philadelphia and New York City, Sesame Place is a destination where parents and children can share in the spirit of imagination and experience Sesame Street together through whirling rides, water slides, colorful shows and furry friends. In addition, we have introduced Sesame Street brands in our other theme parks through Sesame Street-themed rides, shows, children's play areas and merchandise.

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Our theme parks are consistently recognized among the top theme parks in the world and rank among the most highly-attended in the industry. We generally locate our theme parks in geographical clusters, which improves our ability to serve guests by providing them with a varied, comprehensive vacation experience and valuable multi-park pricing packages, as well as improving our operating efficiency through shared overhead costs. The following table summarizes our theme park portfolio:

Location	Theme Park	Year Opened	Season	Animal Habitats ⁽²⁾	Rides ⁽³⁾	Shows ⁽⁴⁾	Play Areas ⁽⁵⁾	Events ⁽⁶⁾	Distinctive Experiences ⁽⁷⁾
Orlando, FL	 SeaWorld Orlando	1973	Year-round	19	14	18	2	7	17
	 DISCOVERY COVE	2000	Year-round	5	0	0	0	0	5
	 AQUATICA	2008	Year-round	5	13	0	2	0	2
Tampa, FL	 Busch Gardens TAMPA, FL	1959	Year-round	16	30	18	11	9	20
	 Adventure Island	1980	Mar-Oct	0	12	0	4	1	2
San Diego, CA	 SeaWorld San Diego	1964	Year-round	26	10	20	2	4	11
	 AQUATICA	1996 ⁽¹⁾	May-Sep	2	11	0	0	0	0
San Antonio, TX	 SeaWorld San Antonio	1988	Feb-Dec	12	23	29	12	7	32
Williamsburg, VA	 Busch Gardens WILLIAMSBURG, VA	1975	Mar-Oct & Dec	7	38	16	8	6	28
	 Water Country USA	1984	May-Sep	1	14	1	4	0	6
Langhorne, PA	 SESAME PLACE	1980	May-Oct & Dec	0	22	14	9	4	7
Total⁽⁸⁾	 SEAWORLD ENTERTAINMENT			93	187	116	54	38	130

- (1) On November 20, 2012, we acquired the Knott's Soak City Chula Vista water park from a subsidiary of Cedar Fair, L.P. We plan to rebrand this water park as Aquatica San Diego before it re-opens in 2013.
- (2) Represents animal habitats without a ride or show element, often adjacent to a similarly themed attraction.
- (3) Represents rides, including mechanical rides and water slides.
- (4) Represents annual and seasonal shows with live entertainment, animals, characters and/or 3-D or 4-D experiences.
- (5) Represents pure play areas, typically designed for children or seasonal special event oriented, often without a queue (such as water splash areas and Halloween mazes).
- (6) Represents special limited time events.
- (7) Represents special experiences, such as educational tours, immersive dining experiences and swimming with animals, often limited to small groups and individuals and/or requiring a supplemental fee.
- (8) The total number of animal habitats, rides, shows, play areas, events and distinctive experiences in our theme park portfolio varies seasonally.

[Table of Contents](#)**Our Competitive Strengths**

- ÿ **Brands That Consumers Know and Love.** We believe that our brands attract and appeal to guests from around the world and have been established as a part of popular culture. Our brand portfolio is highly stable, which we believe reduces our exposure to changing consumer tastes. We use our brands and intellectual property to increase awareness of our theme parks, drive attendance to our theme parks and create “out-of-park” experiences for our guests as a way to connect with them before they visit our theme parks and to stay connected with them after their visit. Such experiences include various media and consumer product offerings, including websites, advertisements and media programming, toys, books, apparel and technology accessories. The popularity of our brands is evidenced by over 32 million unique visitors to our websites from January 2012 through December 2012. In addition to our theme parks, we have recently begun to leverage our brands into media, entertainment and consumer products, and our Sea Rescue television program was seen by more than 27 million viewers in its first season and has been extended for a second season.
- ÿ **Differentiated Theme Parks.** We own and operate 11 theme parks, including five of the top 20 theme parks in the United States as measured by attendance. Our theme parks are beautifully themed and deliver high-quality entertainment, aesthetic appeal, shopping and dining and have won numerous awards, including Amusement Today’s Golden Ticket Awards for Best Landscaping. Our theme parks feature seven of the 50 highest rated steel rollercoasters in the world, led by Apollo’s Chariot, the #4 rated steel rollercoaster in the world. Our theme parks have won the top three spots in Amusement Today’s annual Golden Ticket Award for Best Marine Life Park since the award’s inception in 2006. We have over 600 attractions that appeal to guests of all ages, including 93 animal habitats, 116 shows and 187 rides. In addition, we have over 300 restaurants and specialty shops. Our theme parks appeal to the entire family and offer a broad range of experiences, ranging from emotional and educational animal encounters to thrilling rides and exciting shows.
- ÿ **Diversified Business Portfolio.** Our portfolio of theme parks is diversified in a number of important respects. Our theme parks are located across the United States, which helps protect us from the impact of localized events. Each theme park showcases a different mix of zoological, thrill-oriented and family-friendly attractions. This varied portfolio of entertainment offerings attracts guests from a broad range of demographics and geographies. Our theme parks appeal to both regional and destination guests, which provides us with a stable attendance base while allowing us to benefit from improvements in macroeconomic conditions, including increased consumer spending and international travel.
- ÿ **One of the World’s Largest Zoological Collections.** We believe we are attractively positioned in the industry due to our ability to display our extensive animal collection in a differentiated and interactive manner. We believe we have one of the world’s largest zoological collections with approximately 67,000 animals, including approximately 7,000 marine and terrestrial animals and approximately 60,000 fish. With 29 killer whales, we have the largest group of killer whales in human care. We have established successful and innovative breeding programs that have produced 30 killer whales, 152 dolphins and 115 sea lions, among other species, and our marine animal populations are characterized by their substantial genetic diversity. More than 80% of our marine mammals were born in human care.
- ÿ **Strong Competitive Position.** Our competitive position is protected by the combination of our powerful brands, extensive animal collection and expertise and attractive in-park assets located on valuable real estate. Our animal collection and zoological expertise, which have evolved over our more than four decades of caring for animals, would be very difficult to

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replicate. Over the past two years, we have made extensive investments in new marketable attractions and infrastructure and we believe that our theme parks are well capitalized. The limited supply of real estate suitable for theme park development coupled with high initial capital investment, long development lead-times and zoning and other land use restrictions constrain the number of large theme parks that can be constructed.

- ÿ ***Proven and Experienced Management Team and Employees with Specialized Animal Expertise.*** Our senior management team, led by Jim Atchison, our Chief Executive Officer and President, includes some of the most experienced theme park executives in the world, with an average tenure of more than 28 years in the industry. The management team is comprised of highly skilled and dedicated professionals with wide ranging experience in theme park operations, zoological operations, product development, business development and marketing. In addition, we are one of the world's foremost zoological organizations with approximately 1,550 employees dedicated to animal welfare, training, husbandry and veterinary care.
- ÿ ***Proximity of Complementary Theme Parks.*** Our theme parks are grouped in key locations near large population centers across the United States, which allows us to realize revenue and operating expense efficiencies. Having theme parks located within close proximity to each other enables us to cross market and offer bundled ticket and travel packages. In addition, closely located theme parks provide operating efficiencies including sales, marketing, procurement and administrative synergies as overhead expenses are shared among the theme parks within each region. We intend to continue to capitalize on this strength through our recent acquisition of Knott's Soak City Chula Vista water park in California, which will complement our SeaWorld San Diego theme park.
- ÿ ***Attractive, Growing Profit Margins and Strong Cash Flow Generation.*** Our attractive and growing profit margins, combined with our disciplined approach to capital expenditures and working capital management, enable us to generate strong and recurring cash flow. Five of our 11 theme parks are open year-round, reducing our seasonal cash flow volatility. In addition, we have substantial tax assets which we expect to be available to defer a portion of our cash tax burden going forward.
- ÿ ***Care for Our Community and the Natural World.*** Caring for our community and the natural world is a core part of our corporate identity and resonates with our guests. We focus on three core philanthropic areas: children, environment, and education. Through the power of entertainment, we are able to inspire children and educate guests of all ages. We support numerous charities and organizations across the country. For example, we are the primary supporter and corporate member of the SeaWorld & Busch Gardens Conservation Fund, a non-profit conservation foundation, which makes grants to wildlife research and conservation projects that protect wildlife and wild places worldwide. In addition, in collaboration with the government and other members of accredited stranding networks, we operate one of the world's most respected programs to rescue ill and injured marine animals, with the goal to rehabilitate and return them back to the wild. Our animal experts have helped more than 22,000 ill, injured, orphaned and abandoned animals for more than four decades.

Our Strategies

We plan to grow our business by increasing our existing theme park revenues through strategies designed to drive higher attendance and increase in-park per capita spending, as well as by creating new sources of revenue through expansion of our theme parks, new theme park development and extending our brands into new media, entertainment and consumer products. We believe that our

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strategies complement each other as they lead to increased brand strength and awareness and drive revenue growth and profitability. Our strategies include the following components:

- ÿ **Continue to Create Memorable Experiences for Our Guests.** Our mission is to use the power of educational entertainment to continue to inspire our guests to celebrate, connect with and care for the natural world we share. We provide our guests with innovative and immersive theme park experiences, such as our 3-D, 360 degree TurtleTrek attraction at SeaWorld Orlando, which opened in 2012. We also offer guests exciting rides, animal encounters and beautifully-themed entertainment that are difficult to replicate, such as in-water experiences with beluga whales at SeaWorld Orlando and our Cheetah Hunt ride, which is a launch coaster opened in 2011 that runs alongside a cheetah habitat at Busch Gardens Tampa. As a result of these distinctive offerings, our guest surveys routinely report very high "Overall Satisfaction" scores, with 97% of recent respondents in 2012 ranking their experience good or excellent. Going forward, we will continue to develop high-quality experiences for our guests, focused on integrating our impressive animal collection with creatively themed settings and products that our guests will remember long after they leave our theme parks.
- ÿ **Drive Increased Attendance to Our Theme Parks.** We plan to drive increased attendance to our theme parks by continually introducing new attractions, differentiated experiences and enhanced service offerings. Because of the historic correlation between capital investment and increased attendance, we plan to add to our award-winning portfolio of assets and spend capital in support of marketable events, such as SeaWorld's 50th Anniversary Celebration. We also plan to increase awareness of our theme parks and brands through effective media and marketing campaigns, including the targeted use of online and social media platforms. For example, since their introduction in 2006, our YouTube channels have attracted approximately 16 million views, and we believe that we can continue to use traditional and new media to increase awareness of our brands and drive attendance to our theme parks.
- ÿ **Expand In-Park Per Capita Spending through New and Enhanced Offerings.** We believe that by providing our guests additional and enhanced offerings at various price points, we can drive further spending in our theme parks. For example, we recently introduced an "all-day-dining deal" for a supplemental fee, which we believe has resulted in increased in-park per capita spending. In addition, we have developed iPhone and Android smartphone applications for our SeaWorld and Busch Gardens theme parks, which offer GPS navigation through the theme parks and interactive theme park maps that show the nearest dining locations, gift shops and ATMs and provide real-time updates on wait times for rides. Our guests have quickly adopted these products with over one million downloads of our smartphone applications from June 2011 through December 2012. We believe that going forward, there are significant avenues to expand guest offerings in ways that both increase guest satisfaction and provide us with incremental revenue.
- ÿ **Grow Revenue through Disciplined and Dynamic Pricing.** We are focused on increasing our revenues through a variety of ticket options and disciplined pricing and promotional strategies. We offer an array of tailored admission options, including season passes and multi-park tickets to motivate the purchase of higher value products and increase in-park per capita spending. In addition, to increase non-peak demand we offer seasonal and special events and concerts, some of which are separately priced. We have begun deploying a dynamic pricing model, which will enable us to adjust admission prices for our theme parks based on expected demand.
- ÿ **Increase Profitability through Operating Leverage and Rigorous Cost Management.** Adding incremental attendance and driving additional in-park per capita spending affords us with an opportunity to realize gains in profitability because of the fixed cost

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base and high operating leverage of our business. We also employ rigorous cost management techniques to drive additional operating efficiencies. For example, we utilize a centralized procurement and strategic sourcing team and participate in several cooperative buying organizations to leverage our purchases company-wide and have also recently consolidated our marketing spending with a single agency to streamline our marketing efforts.

- ÿ ***Pursue Disciplined Capital Deployment, Expansion and Acquisition Opportunities.*** We pursue a disciplined capital deployment strategy focused on the development and improvement of rides, attractions and shows, as well as seek to leverage our strong brands and expertise to pursue selective domestic and international expansion and acquisition opportunities. As part of this strategy, we seek to replicate successful capital investments in particular attractions across multiple theme parks, as we did with our Journey to Atlantis watercoaster that premiered in SeaWorld Orlando and was later introduced in the other SeaWorld theme parks. We have been successful in grouping our theme parks and water parks near each other, which allows us to operate companion theme parks with reduced overhead costs and creates revenue opportunities through multi-park tickets and other joint marketing initiatives. For example, in November 2012, we acquired Knott's Soak City Chula Vista water park, which is located near our SeaWorld San Diego theme park. We plan to re-launch the water park as Aquatica San Diego by mid-2013. We also evaluate new domestic theme park opportunities as well as potential joint venture opportunities that would allow us to expand internationally by combining our brands and zoological and operational expertise with third-party capital.
- ÿ ***Leverage and Expand Our Brands to Increase Awareness and Create New Opportunities.*** Our brands are highly regarded and are primarily based on our own intellectual property, which provides us with opportunities to leverage our intellectual property portfolio and develop new media, entertainment and consumer products. For example, in 2013 we will open Antarctica: Empire of the Penguin at our SeaWorld Orlando theme park that will feature a new animated penguin character, Puck, and coincide with the launch of new in-park merchandise, mobile gaming, and consumer products designed around the Puck character. In addition, we are able to expand into new media platforms by partnering with others to create new, powerful entertainment opportunities. For example, in 2012, we launched Sea Rescue, a Saturday morning television show airing on the ABC Network featuring our work to rescue injured animals in coordination with various government agencies and other rescue organizations, which attracted over 27 million viewers in its first season and has been rated as the number one show in its timeslot in a number of major U.S. markets since its debut.
- ÿ ***Continue our Support of Species Conservation, Sustainability and Animal Welfare.*** Our zoological know-how and coast-to-coast presence provide us with significant opportunities to contribute to global species conservation, sustainability and animal welfare initiatives. For example, our employees regularly assist in animal rescue efforts, and the non-profit SeaWorld & Busch Gardens Conservation Fund, of which we are the primary supporter and corporate member, makes grants to wildlife research and species conservation projects worldwide. Our species conservation efforts and philanthropic activities generate positive awareness and goodwill for our business. These efforts are a core part of our corporate culture and identity and resonate with our customers.

Our Industry

We believe that the theme park industry is an attractive sector characterized by a proven business model that generates significant cash flow and has clear avenues for growth. Theme parks offer a strong consumer value proposition, particularly when compared to other forms of out-of-home entertainment such

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as concerts, sporting events, cruises and movies. As a result, theme parks attract a broad range of guests and generally exhibit strong margins across regions, operators, park types and macroeconomic conditions.

According to the IBISWorld Report, the U.S. theme park industry, which hosts approximately 315 million visitors per year, is comprised of a large number of venues ranging from a small group of high attendance, heavily-themed destination theme parks to a large group of lower attendance local theme parks and family entertainment centers. According to the TEA/AECOM Report, the United States is the largest theme park market in the world with six of the ten largest theme park operators and 12 of the 25 most-visited theme parks in the world. In 2011, the U.S. theme park industry generated approximately \$11.0 billion in revenues, according to the IBISWorld Report.

Risks Related to Our Business and this Offering

Investing in our common stock involves substantial risks, and our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with operating in the theme park industry and the broader entertainment industry. Some of the more significant challenges and risks include the following:

- we could be adversely affected by a decline in discretionary consumer spending or consumer confidence. Difficult economic conditions and the unavailability of discretionary income may adversely impact attendance figures and guest spending patterns at our theme parks, which could adversely affect our revenue and profitability;
- various factors beyond our control, including natural disasters, bad weather or forecasts of bad weather, an outbreak of infectious disease affecting our animals and a rise in oil prices and travel costs, could adversely affect attendance and guest spending patterns at our theme parks;
- our inability to protect our valuable intellectual property rights, including as a result of intellectual property infringement claims by others resulting in the loss of our intellectual property rights, could adversely affect our business;
- incidents or adverse publicity involving the risk of accidents, illnesses, environmental incidents and other incidents concerning our theme parks or the theme park industry generally could harm our brands and reputation, as well as negatively impact our revenue and profitability;
- adverse litigation judgments or settlements could reduce our profitability or limit our ability to operate our business;
- changes in or violations of federal and state regulations governing the treatment of animals, or the loss of licenses and permits required to exhibit animals, could materially adversely affect our business;
- featuring animals at our theme parks involves some degree of risk to our employees and guests which could materially adversely affect us;
- the loss of key personnel, including members of our senior management team who have extensive experience in the industry, may adversely affect our business;
- the restrictions in our debt agreements may limit our flexibility in operating our business;
- our substantial leverage could, among other things, 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; and
- other factors set forth under "Risk Factors" in this prospectus.

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Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the heading "Risk Factors."

Recent Developments

On November 20, 2012, we acquired the Knott's Soak City Chula Vista water park from a subsidiary of Cedar Fair, L.P. for \$15.0 million, of which approximately \$12.0 million was paid at closing and the remaining \$3.0 million will be paid on or before September 1, 2013, subject to customary closing costs and adjustments. We plan to rebrand this water park as Aquatica San Diego before it re-opens in mid-2013.

Corporate History and Information

SeaWorld Entertainment, Inc. was incorporated in Delaware on October 2, 2009 in connection with the 2009 Transactions and changed its name from "SW Holdco, Inc." to SeaWorld Entertainment, Inc. on December 13, 2012.

Our principal executive offices are located at 9205 South Park Center Loop, Suite 400, Orlando, Florida 32819, and our telephone number is (407) 226-5011. We maintain a website at www.seaworldentertainment.com, as well as a number of other theme park specific and marketing websites. The information contained on our websites or that can be accessed through our websites neither constitutes part of this prospectus nor is incorporated by reference herein.

Our Sponsor

Blackstone is one of the world's leading investment and advisory firms. Blackstone's alternative asset management businesses include the management of corporate private equity funds, real estate funds, hedge fund solutions, credit-oriented funds and closed-end mutual funds. Blackstone also provides various financial advisory services, including financial and strategic advisory, restructuring and reorganization advisory and fund placement services. Through its different investment businesses, as of December 31, 2012, Blackstone had assets under management of approximately \$210.2 billion.

After completion of this offering, affiliates of Blackstone will continue to control a majority of the voting power of our outstanding common stock. For a discussion of certain risks, potential conflicts and other matters associated with Blackstone's control, see "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—We will be a 'controlled company' within the meaning of the NYSE rules and the rules of the SEC. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies," "Risk Factors—Risks Related to Our Business and Our Industry—Affiliates of Blackstone control us and their interests may conflict with ours or yours in the future" and "Description of Capital Stock."

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THE OFFERING	
Common stock offered by SeaWorld Entertainment, Inc.	10,000,000 shares.
Common stock offered by the selling stockholders	16,000,000 shares.
Common stock to be outstanding immediately after this offering	92,737,008 shares.
Option to purchase additional shares of common stock from the selling stockholders	3,900,000 shares.
Use of proceeds	<p>We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$231.3 million, based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus. For a sensitivity analysis as to the initial public offering price and other information, see "Use of Proceeds."</p> <p>We intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of our 11% Senior Notes due 2016 (the "Senior Notes") at a redemption price of 111.0% pursuant to a provision in the indenture governing the Senior Notes that permits us to redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings and to pay approximately \$15.4 million of redemption premium, plus accrued interest thereon.</p> <p>Approximately \$47 million of the net proceeds received by us from this offering will be used to make a one-time payment to an affiliate of Blackstone in connection with the termination of the 2009 Advisory Agreement as described in "Use of Proceeds."</p> <p>We intend to use the remaining proceeds received by us from this offering to repay approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities. To the extent we raise more proceeds in this offering than currently estimated, we will repay additional Tranche B Term Loans or use such proceeds for other general corporate purposes. To the extent we raise less proceeds in this offering than currently estimated, we will first reduce the amount of Tranche B Term Loans that will be repaid and then, if necessary, we will reduce the amount of our Senior Notes that will be redeemed.</p>

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	<p>We will not receive any proceeds from the sale of shares of common stock offered by the selling stockholders, including upon the sale of shares if the underwriters exercise their option to purchase additional shares from the selling stockholders in this offering. The selling stockholders will distribute all of the net proceeds they receive to investment funds affiliated with Blackstone and other members of the Investor Group in accordance with the agreements governing the Partnerships. See “Use of Proceeds” and “Certain Relationships and Related Party Transactions—Limited Partnership Agreements and Equityholders Agreement.”</p>
Risk factors	<p>See “Risk Factors” beginning on page 17 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.</p>
Dividend policy	<p>We intend to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our Board of Directors may deem relevant. Our ability to pay dividends on our common stock is limited by the covenants of our senior secured credit facilities (the “Senior Secured Credit Facilities”) and the indenture governing the Senior Notes and may be further restricted by the terms of any future debt or preferred securities. See “Dividend Policy” and “Description of Indebtedness.”</p>
NYSE ticker symbol	<p>“SEAS.”</p>
Conflicts of interest	<p>Affiliates of Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. hold \$300.0 million and \$100.0 million, respectively, in aggregate principal amount of the Senior Notes. As described under “Use of Proceeds,” a portion of the net proceeds from this offering will be used to redeem \$140.0 million in aggregate principal amount of the Senior Notes and such affiliates of Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. will receive their pro rata share of such redemption amount. In addition, affiliates of Blackstone Advisory Partners L.P. own (through their ownership of Class A Units and Class B Units in certain of the Partnerships that collectively own 100% of our common stock) in excess of 10% of our issued and outstanding common stock and, as selling stockholders in this offering, will receive in excess of 5% of the net proceeds of this offering. Affiliates of Goldman, Sachs & Co. also own Class A Units and Class B Units in one of the Partnerships and such affiliates will receive a portion of the net proceeds to the selling stockholders. Because Goldman, Sachs & Co. and Blackstone Advisory</p>

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Partners L.P. are underwriters in this offering and their respective affiliates are expected to receive more than 5% of the net proceeds of this offering and because affiliates of Blackstone Advisory Partners L.P. own in excess of 10% of our issued and outstanding common stock, Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. are deemed to have a “conflict of interest” under Rule 5121 (“Rule 5121”) of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Accordingly, this offering will be conducted in accordance with Rule 5121, which requires, among other things, that a “qualified independent underwriter” has participated in the preparation of, and has exercised the usual standards of “due diligence” with respect to, the registration statement and this prospectus. Citigroup Global Markets Inc. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act of 1933, as amended (the “Securities Act”), specifically including those inherent in Section 11 of the Securities Act. See “Underwriting (Conflicts of Interest).”

The number of shares of our common stock to be outstanding immediately after the consummation of this offering is based on 82,737,008 shares of common stock outstanding as of December 31, 2012 and does not give effect to the shares of common stock reserved for future issuance under the new incentive plan (the “2013 Omnibus Incentive Plan”). A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering. The special pricing committee of the Board of Directors may determine the exact number of shares to be reserved for future issuance under the 2013 Omnibus Incentive Plan at its discretion.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus:

- assumes (1) no exercise of the underwriters’ option to purchase additional shares and (2) an initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus;
- reflects an eight-for-one stock split of our common stock and an increase in our authorized capital stock to 1,000,000,000 shares of common stock, par value \$0.01 per share, effected on April 8, 2013;
- assumes all holders of Class D Units and Employee Units have surrendered such units to the Partnerships for an aggregate of 4,157,896 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of our common stock from the Partnerships prior to the consummation of this offering as described under “Management—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Terms of Equity Award Grants—Employee Units—Vesting Terms”; and
- assumes the filing and effectiveness of our amended and restated certificate of incorporation immediately prior to the consummation of this offering.

[Table of Contents](#)**SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following tables set forth our summary historical consolidated financial and operating data for the periods and as of the dates indicated.

We derived the summary consolidated statements of operations data for the years ended December 31, 2012, 2011 and 2010 from our audited consolidated financial statements included elsewhere in this prospectus. See "Basis of Presentation."

Our historical operating results are not necessarily indicative of future operating results.

The consolidated balance sheet data as of December 31, 2012 is presented:

• on an actual basis;

• on an as adjusted basis to reflect (i) the issuance and sale of 10,000,000 shares of our common stock in this offering based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, (ii) the redemption of \$140.0 million in aggregate principal amount of the Senior Notes and the payment of approximately \$15.4 million of redemption premium, plus accrued interest thereon, and the payment of approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities, and (iii) the payment of approximately \$47 million to Blackstone in connection with the termination of the 2009 Advisory Agreement as described in "Use of Proceeds."

The summary historical consolidated financial data set forth below should be read in conjunction with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

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	Year Ended December 31,		
	2012	2011	2010
	(Amounts in thousands, except per share and per capita amounts)		
Statement of operations data:			
Net revenues			
Admissions	\$ 884,407	\$ 824,937	\$ 730,368
Food, merchandise and other	539,345	505,837	465,735
Total revenues	<u>1,423,752</u>	<u>1,330,774</u>	<u>1,196,103</u>
Costs and expenses			
Cost of food, merchandise and other revenues	118,559	112,498	97,871
Operating expenses	726,509	687,999	673,829
Selling, general and administrative	184,920	172,368	159,506
Depreciation and amortization	166,975	213,592	207,156
Acquisition-related expenses	—	—	—
Total costs and expenses	<u>1,196,963</u>	<u>1,186,457</u>	<u>1,138,362</u>
Operating income (loss)	226,789	144,317	57,741
Other income (expense), net	1,563	(1,679)	1,937
Interest expense	<u>111,426</u>	<u>110,097</u>	<u>134,383</u>
Income (loss) before income taxes	116,926	32,541	(74,705)
Provision for (benefit from) income taxes	<u>39,482</u>	<u>13,428</u>	<u>(29,241)</u>
Net income (loss)	<u>\$ 77,444</u>	<u>\$ 19,113</u>	<u>\$ (45,464)</u>
Net income (loss) attributable to common stockholders	<u>\$ 77,444</u>	<u>\$ 19,113</u>	<u>\$ (45,464)</u>
Per share data⁽¹⁾:			
Basic net income (loss) per share	<u>\$ 0.94</u>	<u>\$ 0.23</u>	<u>\$ (0.56)</u>
Diluted net income (loss) per share	<u>\$ 0.93</u>	<u>\$ 0.23</u>	<u>\$ (0.56)</u>
Pro forma basic earnings per share	<u>\$ 0.84⁽²⁾⁽³⁾</u>		
Pro forma diluted earnings per share	<u>\$ 0.83⁽²⁾⁽³⁾</u>		
Weighted-average number of shares used in per share amounts			
Basic	<u>82,480</u>	<u>81,392</u>	<u>80,800</u>
Diluted	<u>83,552</u>	<u>82,024</u>	<u>80,800</u>
Other financial and operating data:			
Adjusted EBITDA ⁽⁴⁾	\$ 415,206	\$ 382,059	\$ 343,276
Capital expenditures	\$ 191,745	\$ 225,316	\$ 120,196
Attendance	24,391	23,631	22,433
Total revenue per capita	\$ 58.37	\$ 56.31	\$ 53.32
		As of December 31, 2012	
		<u>Actual</u>	<u>As adjusted⁽³⁾⁽⁵⁾</u>
Consolidated balance sheet data (at end of period):			
Cash and cash equivalents		\$ 45,675	\$ 45,675
Total assets		\$ 2,521,052	\$ 2,543,492
Total long-term debt		\$ 1,823,974	\$ 1,661,203
Total equity		\$ 449,848	\$ 640,049
(1) All share and per share amounts reflect an eight-for-one stock split of our common stock effected on April 8, 2013.			
(2) Unaudited pro forma earnings per share is calculated assuming all common shares issued by the Company in the initial public offering were outstanding for the entire period, as the net proceeds to the Company will be less than the portion of the \$500.0 million dividend declared in March 2012 that exceeds net income for such period and the repayment of the Senior Notes. See "Use of Proceeds."			

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- (3) The number of shares of our common stock to be outstanding immediately after the consummation of this offering is based on 82,737,008 shares of common stock outstanding as of December 31, 2012, plus 10,000,000 shares of common stock to be sold by the Company in this offering, and does not give effect to the shares of common stock reserved for future issuance under the 2013 Omnibus Incentive Plan. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering.
- (4) Under the indenture governing the Senior Notes and under our Senior Secured Credit Facilities, our ability to engage in activities such as incurring additional indebtedness, making investments, refinancing certain indebtedness, paying dividends and entering into certain merger transactions is governed, in part, by our ability to satisfy tests based on Adjusted EBITDA.

The Senior Notes and our Senior Secured Credit Facilities generally define "Adjusted EBITDA" as net income (loss) before interest expense, income tax expense (benefit), depreciation and amortization, as further adjusted to exclude certain unusual, non-cash, and other items permitted in calculating covenant compliance under the indenture governing the Senior Notes and our Senior Secured Credit Facilities.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about the calculation of, and compliance with, certain financial covenants in the indenture governing the Senior Notes and in our Senior Secured Credit Facilities. Adjusted EBITDA is a material component of these covenants. In addition, investors, lenders, financial analysts and rating agencies have historically used EBITDA-related measures in our industry, along with other measures to evaluate a company's ability to meet its debt service requirement, to estimate the value of a company and to make informed investment decisions. We also use Adjusted EBITDA in connection with certain components of our executive compensation program as described under "Management—Compensation Discussion and Analysis."

Adjusted EBITDA is not a recognized term under generally accepted accounting principles in the United States ("GAAP"), and should not be considered in isolation or as a substitute for a measure of our liquidity or performance prepared in accordance with GAAP and is not indicative of income from operations as determined under GAAP. Adjusted EBITDA and other non-GAAP financial measures have limitations which should be considered before using these measures to evaluate our liquidity or financial performance. Adjusted EBITDA, as presented by us, may not be comparable to similarly titled measures of other companies due to varying methods of calculation.

We believe that the most directly comparable GAAP measure to Adjusted EBITDA is net income (loss). The following table sets forth a reconciliation of net income (loss) to Adjusted EBITDA:

	Year Ended December 31,		
	2012	2011	2010
	(Amounts in thousands)		
Net income (loss)	\$ 77,444	\$ 19,113	\$ (45,464)
Provision for (benefit from) income taxes	39,482	13,428	(29,241)
Interest expense	111,426	110,097	134,383
Depreciation and amortization expense	166,975	213,592	207,156
Deferred revenue write-downs ^(a)	—	—	17,348
Equity-based compensation expense ^(b)	1,681	823	—
Advisory fee ^(c)	6,201	6,012	4,704
Carve-out costs ^(d)	—	6,085	45,330
Non-cash expenses ^(e)	10,367	12,468	9,060
Debt refinancing costs ^(f)	1,000	441	—
Chula Vista acquisition ^(g)	630	—	—
Adjusted EBITDA	<u>\$415,206</u>	<u>\$ 382,059</u>	<u>\$ 343,276^(h)</u>

(a) Reflects amortization of deferred revenue that would have occurred absent purchase accounting relating to the 2009 Transactions.

(b) Reflects compensation expenses associated with the grants of partnership interests in the Partnerships.

(c) Reflects historical fees paid to an affiliate of the Sponsor under the 2009 Advisory Agreement. In connection with this offering, we intend to terminate the 2009 Advisory Agreement in accordance with its terms. See "Certain Relationships and Related Party Transactions—Advisory Agreement."

(d) Reflects certain carve-out costs and savings related to our separation from ABI and the establishment of certain operations at the Company on a stand-alone basis. These amounts primarily consist of the cost of third-party professional services, relocation expenses, severance costs and cost savings related to the termination of certain employees.

(e) Reflects non-cash expenses related to property and equipment write-offs and non-cash gains/losses on foreign currencies which were expensed.

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- (f) Reflects costs which were expensed related to the 2012 and 2011 amendments to our Senior Secured Credit Facilities.
 - (g) Reflects costs related to our acquisition of the Knott's Soak City Chula Vista water park.
 - (h) The adjustments for the year ended December 31, 2010 include approximately \$20.9 million of adjustments permitted under our debt covenants related to our separation from ABI and certain restructuring costs. As we established some of the services provided to us by ABI at the Company, such services became part of our ongoing cost structure and accordingly, we did not use these adjustments for any periods subsequent to the year ended December 31, 2010. Adjusted EBITDA excluding such adjustments would have been \$322,376 for the year ended December 31, 2010.
- (5) The as adjusted amount is calculated based on the mid-point of the range set forth on the cover of this prospectus and reflects the receipt of the net proceeds to us from this offering, the payment of approximately \$47 million to Blackstone in connection with the termination of the 2009 Advisory Agreement and the redemption of \$140.0 million in aggregate principal amount of the Senior Notes and the payment of approximately \$15.4 million of redemption premium, plus accrued interest thereon, and the payment of approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities, as described in "Use of Proceeds." To the extent we raise more proceeds in this offering than currently estimated, we will repay additional Tranche B Term Loans or use such proceeds for other general corporate purposes. To the extent we raise less proceeds in this offering than currently estimated, we will first reduce the amount of Tranche B Term Loans that will be repaid and then, if necessary, we will reduce the amount of our Senior Notes that will be redeemed.

[Table of Contents](#)**RISK FACTORS**

An investment in our common stock involves a high degree of risk. You should carefully consider each of the following risks as well as the other information included in this prospectus, including "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes, before investing in our common stock. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the common stock could decline and you may lose all or part of your investment in the Company.

Risks Related to Our Business and Our Industry***We could be adversely affected by a decline in discretionary consumer spending or consumer confidence.***

Our success depends to a significant extent on discretionary consumer spending, which is heavily influenced by general economic conditions and the availability of discretionary income. The recent severe economic downturn, coupled with high volatility and uncertainty as to the future global economic landscape, has had and continues to have an adverse effect on consumers' discretionary income and consumer confidence.

Difficult economic conditions and recessionary periods may adversely impact attendance figures, the frequency with which guests choose to visit our theme parks and guest spending patterns at our theme parks. The actual or perceived weakness in the economy could also lead to decreased spending by our guests. For example, in 2009 and 2010, we experienced a decline in attendance as a result of the global economic crisis, which in turn adversely affected our revenue and profitability. Both attendance and total per capita spending at our theme parks are key drivers of our revenue and profitability, and reductions in either can materially adversely affect our business, financial condition and results of operations.

Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks.

Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks. These factors could also affect our suppliers, vendors, insurance carriers and other contractual counterparties. Such factors include:

- war, terrorist activities or threats and heightened travel security measures instituted in response to these events;
- outbreaks of pandemic or contagious diseases or consumers' concerns relating to potential exposure to contagious diseases;
- natural disasters, such as hurricanes, fires, earthquakes, tsunamis, tornados, floods and volcanic eruptions and man-made disasters such as the oil spill in the Gulf of Mexico, which may deter travelers from scheduling vacations or cause them to cancel travel or vacation plans;
- bad weather and even forecasts of bad weather, including abnormally hot, cold and/or wet weather, particularly during weekends, holidays or other peak periods;
- changes in the desirability of particular locations or travel patterns of our guests;
- low consumer confidence;
- oil prices and travel costs and the financial condition of the airline, automotive and other transportation-related industries, any travel-related disruptions or incidents and their impact on travel; and

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• actions or statements by U.S. and foreign governmental officials related to travel and corporate travel-related activities (including changes to the U.S. visa rules) and the resulting public perception of such travel and activities.

Any one or more of these factors could adversely affect attendance and total per capita spending at our theme parks, which could materially adversely affect our business, financial condition and results of operations.

Our intellectual property rights are valuable, and any inability to protect them could adversely affect our business.

Our intellectual property, including our trademarks, service marks, domain names, copyrights, patent and other proprietary rights, constitutes a significant part of the value of the Company. To protect our intellectual property rights, we rely upon a combination of trademark, copyright, patent, 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 that 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, breaching any contractual obligations to us, or independently developing 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.

We have obtained and applied for numerous U.S. and foreign trademark and service mark registrations and will continue to evaluate the registration of additional trademarks and service marks or other intellectual property, as appropriate. We cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain registrations for our intellectual property in the United States and other countries could limit our ability to protect our intellectual property rights and impede our marketing efforts in those jurisdictions.

We are actively engaged in enforcement and other activities to protect our intellectual property rights. If it became necessary for us to resort to litigation to protect these rights, any proceedings could be burdensome, costly and divert the attention of our personnel, and we may not prevail. In addition, any repeal or weakening of laws or enforcement in the United States or internationally intended to protect intellectual property rights could make it more difficult for us to adequately protect our intellectual property rights, negatively impacting their value and increasing the cost of enforcing our rights.

We may be subject to claims for infringing the intellectual property rights of others, which could be costly and result in the loss of significant 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 money 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 significantly increase our operating expenses.

[Table of Contents](#)***Incidents or adverse publicity concerning our theme parks or the theme park industry generally could harm our brands or reputation as well as negatively impact our revenues and profitability.***

Our brands 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 of our theme parks and services and our corporate and management integrity. The operation of theme parks involves the risk of accidents, illnesses, environmental incidents and other incidents which may negatively affect the perception of guest and employee safety, health, security and guest satisfaction and which could negatively impact our brands or reputation and our business and results of operations. An accident or an injury at any of our theme parks or at theme parks operated by competitors, particularly an accident or an injury involving the safety of guests and employees, that receives media attention, is the topic of a book, film, documentary or is otherwise the subject of public discussions, may harm our brands or reputation, cause a loss of consumer confidence in the Company, reduce attendance at our theme parks and negatively impact our results of operations. Such incidents have occurred in the past and may occur in the future. In addition, other types of adverse publicity concerning our business or the theme park industry generally could harm our brands, reputation and results of operations. The considerable expansion in the use of social media over recent years has compounded the impact of negative publicity.

Animals in our care are important to our theme parks, and they could be exposed to infectious diseases.

Many of our theme parks are distinguished from those of our competitors in that we offer guest interactions with animals. Individual animals, specific species of animals or groups of animals in our collection could be exposed to infectious diseases. While we have never had any such experiences, an outbreak of an infectious disease among any animals in our theme parks or the public's perception that a certain disease could be harmful to human health may materially adversely affect our animal collection, our business, financial condition and results of operations.

We are subject to complex federal and state regulations governing the treatment of animals which can change and to claims and lawsuits by activist groups before government regulators and in the courts.

We operate in a complex and evolving regulatory environment and are subject to various federal and state statutes and regulations and international treaties implemented by federal law. The states in which we operate also regulate zoological activity involving the import and export of exotic and native wildlife, endangered and/or otherwise protected species, zoological display and anti-cruelty statutes. We incur significant compliance costs in connection with these regulations and violation of such regulations could subject us to fines and penalties and result in the loss of our licenses and permits, which, if occurred, could impact our ability to display certain animals. Future amendments to existing statutes, regulations and treaties or new statutes, regulations and treaties may potentially restrict our ability to maintain our animals, or to acquire new ones to supplement or sustain our breeding programs or otherwise adversely affect our business.

Additionally, from time to time, animal activist and other third-party groups may make claims before government agencies and/or bring 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 structure our operations to comply with all applicable federal and state laws and vigorously defend ourselves when sued, there are no assurances as to the outcome of future claims and lawsuits that could be brought against us. In addition, associated negative publicity could adversely affect our reputation and results of operations.

[Table of Contents](#)***Featuring animals at our theme parks involves risks.***

Our theme parks feature numerous displays and interactions that include animals. All animal enterprises involve some degree of risk. All animal interaction by our employees and our guests in attractions in our theme parks, where offered, involves risk. While we maintain strict safety procedures for the protection of our employees and guests, injuries or death, while rare, have occurred in the past. For example, in February 2010, a trainer was killed while engaged in an interaction with a killer whale. Following this incident, we were subject to an inspection by the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA), which resulted in three citations concerning alleged violations of the Occupational Safety and Health Act and certain regulations thereunder. We have appealed certain of these citations and the appeal process is ongoing. In connection with this incident, we reviewed and revised our safety protocols and made certain safety-related facility enhancements. This incident has also been the subject of significant media attention, including television and newspaper coverage, a documentary and a book, as well as discussions in social media. This incident and similar events that may occur in the future may harm our reputation, reduce attendance and negatively impact our business, financial condition and results of operations.

In addition, seven killer whales are presently on loan to a third party. Although the occurrence of any accident or injury involving these killer whales would be outside of our control, any such occurrence could negatively affect our business and reputation.

We maintain insurance of the type and in amounts that we believe is commercially reasonable and that is available to animal enterprise related businesses in the theme park industry. We cannot predict the level of the premiums that we may be required to pay for subsequent insurance coverage, the level of any self-insurance retention applicable thereto, the level of aggregate coverage available, or the availability of coverage for specific risks.

If we lose licenses and permits required to exhibit animals and/or violate laws and regulations, our business will be adversely affected.

We are required to hold government licenses and permits, some of which are subject to yearly or periodic renewal, for purposes of possessing, exhibiting and maintaining animals. Although our theme parks' licenses and permits have always been renewed in the past, in the event that any of our licenses or permits are not renewed or any of our licenses or permits are revoked, portions of the affected theme park might not be able to remain open for purpose of displaying or retaining the animals covered by such license or permit. Such an outcome could materially adversely affect our business, financial condition and results of operations.

In addition, we are subject to periodic inspections by federal and state agencies and the subsequent issuance of inspection reports. While we believe that we comply with, or exceed, requisite care and maintenance standards that apply to our animals, government inspectors can cite us for alleged statutory or regulatory violations. In unusual instances when we are cited for an alleged deficiency, we are most often given the opportunity to correct any purported deficiencies without penalty. It is possible, however, that in some cases a federal or state regulator could seek to impose monetary fines on us. In the past, when we have been subjected to governmental claims for fines, the amounts involved were not material to our business, financial condition or results of operations. However, while highly unlikely, we cannot predict whether any future fines that regulators might seek to impose would materially adversely affect our business, financial condition or results of operations.

Moreover, many of the statutes under which we operate allow for the imposition of criminal sanctions. While neither of the foregoing situations are likely to occur, either could negatively affect the business, financial condition or results of operations at our theme parks.

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A significant portion of our revenues are generated in the States of Florida, California and Virginia and in the Orlando market. Any risks affecting such markets, such as natural disasters and travel-related disruptions or incidents, may materially adversely affect our business, financial condition and results of operations.

Approximately 55%, 20% and 11% of our revenues are generated in the States of Florida, California and Virginia, respectively. In addition, our revenues and results of operations depend significantly on the results of our Orlando theme parks. The Orlando theme park market is extremely competitive, with a high concentration of theme parks operated by several companies.

Any risks described in this prospectus, such as the occurrence of natural disasters and travel-related disruptions or incidents, affecting the States of Florida, California and Virginia generally or our Orlando theme parks in particular may materially adversely affect our business, financial condition or results of operations, especially if they have the effect of decreasing attendance at our theme parks or, in extreme cases, cause us to close any of our theme parks for any period of time. For example, in 2004, the State of Florida was impacted by Hurricanes Charley, Frances and Jeanne, which caused extensive physical damage and power outages in various parts of the State of Florida. Although we attempted to manage our exposure to such events by implementing our hurricane preparedness plan, our theme parks located in Orlando and Tampa, Florida experienced closures of several days as a result of these storms.

Because we operate in a highly competitive industry, our revenues, profits or market share could be harmed if we are unable to compete effectively.

The entertainment industry, and the theme park industry in particular, is highly competitive. Our theme parks compete with other theme, water and amusement parks and with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sports attractions, restaurants and vacation travel.

Principal direct competitors of our theme parks include theme parks operated by The Walt Disney Company, Universal Studios, Six Flags, Cedar Fair, Merlin Entertainments and Hershey Entertainment and Resorts Company. The principal competitive factors of a theme park include location, price, originality and perceived quality of the rides and attractions, the atmosphere and cleanliness of the theme park, the quality of its food and entertainment, weather conditions, ease of travel to the theme park (including direct flights by major airlines), and availability and cost of transportation to a theme park. Certain of our direct competitors have substantially greater financial resources than we do, and they may be able to adapt more quickly to changes in guest preferences or devote greater resources to promotion of their offerings and attractions than us. Our competitors may be able to attract guests to their theme parks in lieu of our own through the development or acquisition of new rides, attractions or shows that are perceived by guests to be of a higher quality and entertainment value. As a result, we may not be able to compete successfully against such competitors.

If we lose key personnel, our business may be adversely affected.

Our success depends in part upon a number of key employees, including members of our senior management team who have extensive experience in the industry. The loss of the services of our key employees could have a materially adverse effect on our business. Presently, we do not have employment agreements with any of our key employees.

Increased labor costs and employee health and welfare benefits may reduce our results of operations.

Labor is a primary component in the cost of operating our business. We devote significant resources to recruiting and training our managers and employees. Increased labor costs due to

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competition, increased minimum wage or employee benefit costs or otherwise, would adversely impact our operating expenses. The Patient Protection and Affordable Care Act of 2010 and proposed amendments thereto contain provisions which could materially impact our future healthcare costs. While the legislation's ultimate impact is not yet known, it is possible that these changes could significantly increase our compensation costs, which would reduce our net income and adversely affect our cash flows.

Unionization activities or labor disputes may disrupt our operations and affect our profitability.

Although none of our employees are currently covered under collective bargaining agreements, we cannot guarantee that our employees will not elect to be represented by labor unions in the future. If some or all of our employees were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements, it could adversely affect our business, financial condition or results of operations. In addition, a labor dispute involving some or all of our employees may disrupt our operations and reduce our revenues, and resolution of disputes may increase our costs.

Although we maintain binding policies that require employees to submit to a mandatory alternative dispute resolution procedure in lieu of other remedies, as employers, we may be subject to various employment-related claims, such as individual or class actions or government enforcement actions relating to alleged employment discrimination, employee classification and related withholding, wage-hour, labor standards or healthcare and benefit issues. Such actions, if brought against us and successful in whole or in part, may affect our ability to compete or materially adversely affect our business, financial condition or results of operations.

Our business depends on our ability to meet our workforce needs.

Our success depends on our ability to attract, train, motivate and retain qualified employees to keep pace with our needs, including employees with certain specialized skills in the field of animal training and care. If we are unable to do so, our results of operations and cash flows may be adversely affected.

In addition, we employ a significant seasonal workforce. We recruit year-round to fill thousands of seasonal staffing positions each season and work to manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place. There is no assurance that we will be able to recruit and hire adequate seasonal personnel as the business requires or that we will not experience material increases in the cost of securing our seasonal workforce in the future. Increased seasonal wages or an inadequate workforce could materially adversely affect our business, financial condition or results of operations.

Our growth strategy may not achieve the anticipated results.

Our future success will depend on our ability to grow our business, including through capital investments to improve existing and create new theme parks, rides, attractions and shows, as well as in-park product offerings and product offerings outside of our theme parks. Our growth and innovation strategies require significant commitments of management resources and capital investments and may not grow our revenues at the rate we expect or at all. As a result, we may not be able to recover the costs incurred in developing our new projects and initiatives or to realize their intended or projected benefits, which could materially adversely affect our business, financial condition or results of operations.

[Table of Contents](#)***We may not be able to fund theme park capital expenditures and investment in future attractions and projects.***

A principal competitive factor for a theme park is the originality 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. 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 assure you that 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.

The high fixed cost structure of theme park operations can result in significantly lower margins if revenues decline.

A large portion of our expenses is relatively fixed because the costs for full-time employees, maintenance, animal care, utilities, advertising and insurance do not vary significantly with attendance. These fixed costs may increase at a greater rate than our revenues and may not be able to be reduced at the same rate as declining revenues. If cost-cutting efforts are insufficient to offset declines in revenues or are impracticable, we could experience a material decline in margins, revenues, profitability and reduced or negative cash flows. Such effects can be especially pronounced during periods of economic contraction or slow economic growth, such as the recent economic recession.

If we are unable to maintain certain commercial licenses, our business, reputation and brand could be adversely affected.

We rely on licenses from Sesame Workshop to use the Sesame Place tradename and trademark and certain other intellectual property rights, including titles, marks, characters, logos and designs from the Sesame Street television series within our Sesame Place theme park and with respect to Sesame Street themed areas within certain areas of some of our other theme parks, as well as in connection with the sales of certain Sesame Street themed products. Our use of these intellectual property rights is subject to the approval of Sesame Workshop and the licenses may be terminated in certain limited circumstances or in the event of our bankruptcy. Furthermore, the current term of both the Sesame Place theme park license and the multi-park license expire on December 31, 2021, and there is no assurance that we will be able to renegotiate the use of such intellectual property on commercially acceptable terms or at all. The new terms of the licenses may significantly increase our operating expenses, or otherwise adversely affect our business.

ABI is the owner of the Busch Gardens trademarks and domain names. ABI has granted us a perpetual, exclusive, worldwide, royalty-free license to use the Busch Gardens trademark and certain related domain names in connection with the operation, marketing, promotion and advertising of certain of our theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in connection with such theme parks. Under the license, we are required to indemnify ABI against losses related to our use of the marks. If we were to lose or have to renegotiate this license, our business may be adversely affected.

Changes in consumer tastes and preferences for entertainment and consumer products could reduce demand for our entertainment offerings and products and adversely affect the profitability of our business.

The success of our business depends on our ability to consistently provide, maintain and expand theme park attractions as well as create and distribute media programming, online material and consumer products that meet changing consumer preferences. In addition, consumers from outside the United States constitute an increasingly important portion of our theme park attendance, and our

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success depends in part on our ability to successfully predict and adapt to tastes and preferences of this consumer group. If our entertainment offerings and products do not achieve sufficient consumer acceptance or if consumer preferences change, our business, financial condition or results of operations could be materially adversely affected.

Our existing debt agreements contain, and future debt agreements may contain, restrictions that may limit our flexibility in operating our business.

Our existing debt agreements contain, and documents governing our future indebtedness may contain, numerous 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, make capital expenditures, make certain loans, investments and other restricted payments, enter into agreements restricting our subsidiaries' ability to pay dividends, engage in certain transactions with stockholders or affiliates, sell certain assets or engage in mergers, acquisitions and other business combinations, amend or otherwise alter the terms of our indebtedness, alter the business that we conduct, guarantee indebtedness or incur other contingent obligations and create liens. 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. 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. Variable rate indebtedness subjects us to the risk of higher interest rates, which could cause our future debt service obligations to increase significantly.

Our substantial 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, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under our indebtedness.

We are highly leveraged. As of December 31, 2012, as adjusted to give effect to the completion of this offering and the use of proceeds therefrom to repay \$140.0 million in aggregate principal amount of our Senior Notes and approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities, our total indebtedness would have been approximately \$1,661.2 million. 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, future business opportunities and capital expenditures; (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 lesser 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 international banking and capital markets. If unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will

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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. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. We from time to time may increase the amount of our indebtedness, modify the terms of our financing arrangements, issue dividends, make capital expenditures and take other actions that may substantially increase our leverage.

Despite our significant leverage, we may be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our significant leverage.

Our operating results are subject to seasonal fluctuations.

We have historically experienced and expect to continue to experience seasonal fluctuations in our annual theme park attendance and revenue, which are typically higher in our second and third quarters, partly because six of our theme parks are only open for a portion of the year. Approximately two-thirds of our attendance and revenues are generated in the second and third quarters of the year and we typically incur a net loss in the first and fourth quarters. In addition, school vacations and school start dates also cause fluctuations in our quarterly theme park attendance and revenue.

Furthermore, the operating season at some of our theme parks, including Adventure Island, Aquatica San Diego, Busch Gardens Williamsburg, Water Country USA and Sesame Place, is of limited duration. In addition, most of our expenses for maintenance and costs of adding new attractions at our seasonal theme parks are incurred when the operating season is over, which may increase the need for borrowing to fund such expenses during such periods.

When conditions or events described in this section occur during the operating season, particularly during the second and third quarters, 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.

We may not realize the benefits of acquisitions or other strategic initiatives.

Our business strategy may include selective expansion, both domestically and internationally, through acquisitions of assets or other strategic initiatives, such as joint ventures, that allow us to profitably expand our business and leverage our brands. The success of our acquisitions depends on effective integration of acquired businesses and assets into our operations, which is subject to risks and uncertainties, including realization of anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention from other business concerns, and undisclosed or potential legal liabilities of an acquired businesses or assets. Additionally, any international transactions are subject to additional risks, including the impact of economic fluctuations in economies outside of the United States, difficulties and costs of staffing and managing foreign operations due to distance, language and cultural differences, as well as political instability and lesser degree of legal protection in certain jurisdictions, currency exchange fluctuations and potentially adverse tax consequences of overseas operations.

Adverse litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.

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 theme parks, our employees or regulators. The outcome of many of these proceedings cannot be predicted. If any of

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these proceedings were to be determined adversely to us, a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, our business, financial condition and results of operations could be materially adversely affected.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. 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. There can be no assurance that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured, and we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we or other theme 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.

We may be unable to purchase or contract with third-party manufacturers for our theme 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. 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.

Our operations and our ownership of property subject us to environmental requirements, and to environmental expenditures and liabilities.

We incur costs to comply with environmental requirements, such as those relating to water use, wastewater and storm water management and disposal, air emissions control, hazardous materials management, solid and hazardous waste disposal, and the clean-up of properties affected by regulated materials.

We have been required and continue to investigate and clean-up hazardous or toxic substances or chemical releases, and other releases, from current or formerly owned or operated facilities. In addition, in the ordinary course of our business, we generate, use and dispose of large volumes of water, including saltwater, which requires us to comply with a number of federal, state and local regulations and to incur significant expenses. Failure to comply with such regulations could subject us to fines and penalties and/or require us to incur additional expenses. Although we are not now classified as a large quantity generator of hazardous waste, we do store and handle hazardous materials to operate and maintain our equipment and facilities and have done so historically.

We cannot assure you that we will not be required to incur substantial costs to comply with new or expanded environmental requirements in the future or to investigate or clean-up new or newly identified environmental conditions, which could also impair our ability to use or transfer the affected properties and to obtain financing.

Cyber security risks and the failure to maintain the integrity of internal or guest data could result in damages to our reputation and/or subject us to costs, fines or lawsuits.

We collect and retain large volumes of internal and guest data, including credit card numbers and other personally identifiable information, for business purposes, including for transactional or target

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marketing and promotional purposes, and our various information technology systems enter, process, summarize and report such data. We also maintain personally identifiable information about our employees. The integrity and protection of our guest, employee and Company data is critical to our business and our guests and employees have a high expectation that we will adequately protect their personal information. The regulatory environment, as well as the requirements imposed on us by the credit card industry, governing information, security and privacy laws is increasingly demanding and continue to evolve. Maintaining compliance with applicable security and privacy regulations may increase our operating costs and/or adversely impact our ability to market our theme parks, products and services to our guests. Furthermore, a penetrated or compromised data system or the intentional, inadvertent or negligent release or disclosure of data could result in theft, loss, fraudulent or unlawful use of guest, employee or Company data which could harm our reputation or result in remedial and other costs, fines or lawsuits.

The suspension or termination of any of our business licenses may have a negative impact on our business.

We maintain a variety of business licenses issued by federal, state and local authorities that are renewable on a periodic basis. We cannot guarantee that we will be successful in renewing all of our licenses on a periodic basis. The suspension, termination or expiration of one or more of these licenses could materially adversely affect our revenues and profits. In addition, any changes to the licensing requirements for any of our licenses could affect our ability to maintain the licenses.

We have a limited operating history as a stand-alone company, which makes it difficult to predict our future prospects and financial performance.

We began operating as a stand-alone company in December 2009, following the 2009 Transactions, and, as a result, have a limited operating history as an independent company. Accordingly, you should consider our future prospects in light of the risks and challenges encountered by a company with a limited operating history. There can be no assurance that we will be able to successfully meet the challenges, uncertainties, expenses and difficulties encountered by us or that we will be successful in accomplishing our objectives. Our limited operating history as a stand-alone company makes it difficult to predict our future prospects and financial performance.

Affiliates of Blackstone control us and their interests may conflict with ours or yours in the future.

Immediately following this offering of common stock, affiliates of Blackstone will beneficially own approximately 67.5% of our common stock, or approximately 63.3% if the underwriters exercise in full their option to purchase additional shares. As a result, investment funds associated with or designated by affiliates of Blackstone will have the ability to elect all of the members of our Board of Directors and thereby control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence or modification of debt by us, amendments to our amended and restated certificate of incorporation and amended and restated bylaws and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with your interests. In addition, Blackstone may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you. For example, Blackstone could cause us to make acquisitions that increase our indebtedness or cause us to sell revenue-generating assets. Additionally, in certain circumstances, acquisitions of debt at a discount by purchasers that are related to a debtor can give rise to cancellation of indebtedness income to such debtor for U.S. federal income tax purposes.

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Blackstone is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. For example, Blackstone owns a substantial stake in Merlin Entertainments Group, which operates the Legoland theme parks, and certain other investments in the leisure and hospitality industries.

Our amended and restated certificate of incorporation will provide that none of Blackstone, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Blackstone also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as affiliates of Blackstone continue to own a significant amount of our combined voting power, even if such amount is less than 50%, Blackstone will continue to be able to strongly influence or effectively control our decisions and, so long as Blackstone and its affiliates collectively own at least 5% of all outstanding shares of our stock entitled to vote generally in the election of directors, it will be able to appoint individuals to our Board of Directors under a stockholders agreement which we expect to adopt in connection with this offering. In addition, Blackstone will be able to determine the outcome of all matters requiring stockholder approval and will be able to cause or prevent a change of control of the Company or a change in the composition of our Board of Directors and could preclude any unsolicited acquisition of the Company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of the Company and ultimately might affect the market price of our common stock.

Risks Related to this Offering and Ownership of Our Common Stock

No market currently exists for our common stock, and an active, liquid trading market for our common stock may not develop, which may cause our common stock to trade at a discount from the initial offering price and make it difficult for you to sell the common stock you purchase.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in the Company will lead to the development of a trading market on the NYSE or otherwise or how active and liquid that market may become. If an active and liquid trading market does not develop or continue, you may have difficulty selling any of our common stock that you purchase. The initial public offering price for the shares will be determined by negotiations between us, the selling stockholders and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our common stock may decline below the initial offering price, and you may not be able to sell your shares of our common stock at or above the price you paid in this offering, or at all.

You will incur immediate and substantial dilution in the net tangible book value of the shares you purchase in this offering.

Prior stockholders have paid substantially less per share of our common stock than the price in this offering. The initial public offering price of our common stock will be substantially higher than the net tangible book value per share of outstanding common stock prior to completion of the offering. Based on our net tangible book value as of December 31, 2012 and upon the issuance and sale of 10,000,000 shares of common stock by us at an assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, if you purchase our common stock in this offering, you will pay more for your shares than the amounts paid by our existing stockholders for their shares and you will suffer immediate dilution of approximately \$24.33 per share in net tangible book value. Dilution is the amount by which the offering price paid by

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purchasers of our common stock in this offering will exceed the pro forma net tangible book value per share of our common stock upon completion of this offering. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering. You may experience additional dilution upon future equity issuances or the exercise of stock options to purchase common stock granted to our directors, officers and employees under our current and future stock incentive plans, including our 2013 Omnibus Incentive Plan. See “Dilution.”

Our stock price may change significantly following the offering, and you may not be able to resell shares of our 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 our common stock is likely to be volatile. The stock market recently has experienced extreme volatility. This volatility often has been unrelated or disproportionate to the operating performance of particular companies. We, the selling stockholders and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to a number of factors such as those listed in “—Risks Related to Our Business and Our Industry” and the following:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally, or those of amusement and theme parks companies;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, new products, acquisitions, joint marketing relationships, joint ventures, other strategic relationships or capital commitments;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions;
- future sales of our common stock or other securities;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public’s response to press releases or other public announcements by us or third parties, including our filings with the Securities and Exchange Commission (the “SEC”);
- announcements relating to litigation;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our stock;
- changes in accounting principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to these events.

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These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

We cannot assure you that we will pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock.

After completion of this offering, we intend to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our Board of Directors may deem relevant. For more information, see "Dividend Policy." There can be no assurance that we will pay a dividend in the future or continue to pay any dividend if we do commence paying dividends.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control these analysts. Furthermore, if one or more of the analysts who do cover us downgrade our stock or our industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our stock could decline. If one or more of these analysts ceases coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the market, which in turn could cause our stock price or trading volume to decline.

Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline.

After this offering, the sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Upon consummation of this offering, we will have a total of 92,737,008 shares of common stock outstanding. All shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act ("Rule 144"), including our directors, executive officers and other affiliates (including affiliates of Blackstone) may be sold only in compliance with the limitations described in "Shares Eligible for Future Sale."

The 66,737,008 shares held by the Partnerships and certain of our directors, officers and employees immediately following the consummation of this offering will represent approximately 72.0% of our total outstanding shares of common stock following this offering, based on the number of shares outstanding as of December 31, 2012. Such shares will be "restricted securities" within the meaning of Rule 144 and subject to certain restrictions on resale following the consummation of this offering. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration such as Rule 144, as described in "Shares Eligible for Future Sale."

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In connection with this offering, we, our directors and executive officers, and holders of substantially all of our common stock prior to this offering have each agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of our or their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters. See "Underwriting (Conflicts of Interest)" for a description of these lock-up agreements.

Upon the expiration of the lock-up agreements described above, shares held by the Partnerships and certain of our directors, officers and employees will be eligible for resale, subject to volume, manner of sale and other limitations under Rule 144. In addition, pursuant to a registration rights agreement entered into in connection with the 2009 Transactions, we granted the Partnerships the right, subject to certain conditions, to require us to register the sale of their shares of our common stock under the Securities Act. By exercising their registration rights and selling a large number of shares, the Partnerships could cause the prevailing market price of our common stock to decline. Following completion of this offering, the shares covered by registration rights would represent approximately 67.5% of our outstanding common stock (or 63.3%, if the underwriters exercise in full their option to purchase additional shares). Registration of any of these outstanding shares of common stock would result in such shares becoming freely tradable without compliance with Rule 144 upon effectiveness of the registration statement. See "Shares Eligible for Future Sale."

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our shares of common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of common stock or other securities.

In addition, the shares of our common stock reserved for future issuance under the 2013 Omnibus Incentive Plan will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and Rule 144, as applicable. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering. The special pricing committee of the Board of Directors may determine the exact number of shares to be reserved for future issuance under the 2013 Omnibus Incentive Plan at its discretion.

In the future, we may also issue our securities in connection with investments or acquisitions. The amount of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of our common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to you.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, 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 over the market price for the shares held by our stockholders.

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These provisions provide for, among other things:

- a classified Board of Directors with staggered three-year terms;
- the ability of our Board of Directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors; and
- that certain provisions may be amended only by the affirmative vote of the holders of at least 66 2/3% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third-party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. See "Description of Capital Stock."

We will be a "controlled company" within the meaning of the NYSE rules and the rules of the SEC. As a result, we will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that provide protection to stockholders of other companies.

After completion of this offering, affiliates of Blackstone will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of our Board of Directors consist of "independent directors" as defined under the rules of the NYSE;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the compensation and nominating and corporate governance committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating/corporate governance committee, if any, and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

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In addition, on June 20, 2012, the SEC passed final rules implementing provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 pertaining to compensation committee independence and the role and disclosure of compensation consultants and other advisers to the compensation committee. The SEC's rules directed each of the national securities exchanges (including the NYSE on which we have been approved to list our common stock) to develop listing standards requiring, among other things, that:

- compensation committees be composed of fully independent directors, as determined pursuant to new independence requirements;
- compensation committees be explicitly charged with hiring and overseeing compensation consultants, legal counsel and other committee advisors; and
- compensation committees be required to consider, when engaging compensation consultants, legal counsel or other advisors, certain independence factors, including factors that examine the relationship between the consultant or advisor's employer and us.

On January 11, 2013, the SEC approved the proposed listing standards of the national securities exchanges.

As a "controlled company," we will not be subject to these compensation committee independence requirements.

We may be unsuccessful in implementing required internal controls over financial reporting.

We are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act of 2002, and are therefore not required to make a formal assessment of the effectiveness of our internal controls over financial reporting for that purpose. Upon becoming a public company, our management will be required to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal controls over financial reporting.

In connection with the audit for the years ended December 31, 2011 and December 31, 2012, we identified certain significant deficiencies in our internal controls over financial reporting. If we fail to remediate the significant deficiencies identified, fail to remediate any significant deficiencies or material weaknesses that may be identified in the future, or encounter problems or delays in the implementation of internal controls over financial reporting, we may be unable to conclude that our internal controls over financial reporting are effective. Any failure to develop or maintain effective controls or any difficulties encountered in our implementation of our internal controls over financial reporting could result in material misstatements that are not prevented or detected on a timely basis, which could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. Ineffective internal controls could cause investors to lose confidence in us and the reliability of our financial statements and cause a decline in the price of our common stock.

Non-U.S. holders who own or owned more than a certain ownership threshold may be subject to United States federal income tax on gain realized on the disposition of our common stock.

We believe that we are currently a U.S. real property holding corporation for U.S. federal income tax purposes. So long as our common stock continues to be regularly traded on an established securities market, a non-U.S. holder (as defined in "Material United States Federal Income and Estate Tax Consequences to Non-U.S. Holders") who purchases common stock in this offering and holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder's holding period) more than 5% of our common stock will be subject to United States federal income tax on the disposition of our common stock. Non-U.S. holders should consult their own tax advisors concerning the consequences of disposing of shares of our common stock.

[Table of Contents](#)**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains “forward-looking statements” within the meaning of the federal securities laws. All statements, other than statements of historical facts included in this prospectus, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, our results of operations, financial position and our business outlook, business trends and other information referred to under “Prospectus Summary,” “Risk Factors,” “Dividend Policy,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” are forward-looking statements. When used in this prospectus, the words “estimates,” “expects,” “contemplates,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “forecasts,” “may,” “should” and variations of such words or similar expressions are intended to identify forward-looking statements. The forward-looking statements are not historical facts, and are based upon our current expectations, beliefs, estimates and projections, and various assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, estimates and projections will result or be achieved and actual results may vary materially from what is expressed in or indicated by the forward-looking statements.

There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. Such risks, uncertainties and other important factors include, among others, the risks, uncertainties and factors set forth above under “Risk Factors,” and the following risks, uncertainties and factors:

- a decline in discretionary consumer spending or consumer confidence;
- various factors beyond our control adversely affecting attendance and guest spending at our theme parks;
- inability to protect our intellectual property or the infringement on intellectual property rights of others;
- incidents or adverse publicity concerning our theme parks;
- outbreak of infectious disease affecting our animals;
- change in federal and state regulations governing the treatment of animals;
- featuring animals at our theme parks;
- the loss of licenses and permits required to exhibit animals;
- significant portion of revenues generated in the States of Florida, California and Virginia and the Orlando market;
- inability to compete effectively;
- loss of key personnel;
- increased labor costs;
- unionization activities or labor disputes;
- inability to meet workforce needs;
- inability to execute our growth strategy;
- inability to fund theme park capital expenditures;
- high fixed cost structure of theme park operations;

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- inability to maintain certain commercial licenses;
- changing consumer tastes and preferences;
- restrictions in our debt agreements limiting flexibility in operating our business;
- our substantial leverage;
- seasonal fluctuations;
- inability to realize the benefits of acquisitions or other strategic initiatives;
- adverse litigation judgments or settlements;
- inadequate insurance coverage;
- inability to purchase or contract with third-party manufacturers for rides and attractions;
- environmental regulations, expenditures and liabilities;
- cyber security risks;
- suspension or termination of any of our business licenses;
- our limited operating history as a stand-alone company; and
- Blackstone's control of us.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements, including factors disclosed under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. All forward-looking statements in this prospectus apply only as of the date made and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances.

[Table of Contents](#)**USE OF PROCEEDS**

We estimate that we will receive net proceeds of approximately \$231.3 million from the sale of 10,000,000 shares of our common stock in this offering, based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses. Pursuant to the registration rights agreement entered into in connection with the 2009 Transactions, we will pay all expenses (other than underwriting discounts and commissions) of the selling stockholders in connection with this offering. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders.

We intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of the Senior Notes at a redemption price of 111.0% pursuant to a provision in the indenture governing the Senior Notes that permits us to redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings and to pay approximately \$15.4 million of redemption premium, plus accrued interest of approximately \$6.5 million thereon. As of December 31, 2012, \$400.0 million aggregate principal amount of the Senior Notes was outstanding. The Senior Notes mature on December 1, 2016 and have an interest rate of 11.0%. See "Description of Indebtedness."

In connection with this offering, we intend to terminate the 2009 Advisory Agreement in accordance with its terms. We will use approximately \$47 million of the net proceeds to us from this offering to pay a one-time termination fee to an affiliate of Blackstone in connection with the termination of the 2009 Advisory Agreement. See "Certain Relationships and Related Party Transactions—Advisory Agreement."

We intend to use the remaining proceeds received by us from this offering to repay approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities. As of December 31, 2012, our Senior Secured Credit Facilities consisted of the \$152.0 million Tranche A Term Loans, which will mature on February 17, 2016, the \$1,293.8 million Tranche B Term Loans, which will mature on the earlier of (i) August 17, 2017 and (ii) the 91st day prior to the maturity of the Senior Notes, if more than \$50 million of debt with respect to the Senior Notes is outstanding as of such date, and the \$172.5 million Revolving Credit Facility, \$160.9 million of which would have been available for borrowing as of December 31, 2012 after giving effect to \$11.6 million of outstanding letters of credit, which will mature on February 17, 2016. Borrowings under the Tranche B Term Loans bear interest, at SWPEI's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the administrative agent's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing. The margin for the Tranche B Term Loans is 2.00%, in the case of base rate loans, and 3.00%, in the case of LIBOR rate loans, subject to a base rate floor of 2.00% and a LIBOR floor of 1.00%. See "Description of Indebtedness." To the extent we raise more proceeds in this offering than currently estimated, we will repay additional Tranche B Term Loans or use such proceeds for other general corporate purposes. To the extent we raise less proceeds in this offering than currently estimated, we will first reduce the amount of Tranche B Term Loans that will be repaid and then, if necessary, we will reduce the amount of our Senior Notes that will be redeemed.

An increase (decrease) of 1,000,000 shares from the expected number of shares to be sold by us in this offering, assuming no change in the assumed initial public offering price per share, which is the mid-point of the range set forth on the cover page of this prospectus, would increase (decrease) our net proceeds from this offering by \$24.0 million. A \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 per share, based on the mid-point of the range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by \$9.4 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

[Table of Contents](#)**DIVIDEND POLICY**

In 2011 and 2012, we paid special dividends of \$110.1 million and \$500.0 million, respectively, to our stockholders (net of required withholdings).

After completion of this offering, we intend to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our Board of Directors may deem relevant. We expect to pay a quarterly cash dividend on our common stock of \$0.20 per share, or \$0.80 per annum, commencing in the second quarter of 2013. The payment of such quarterly dividends and any future dividends will be at the discretion of our Board of Directors.

Our ability to pay dividends depends on our receipt of cash dividends from our operating subsidiaries, which may further restrict our ability to pay dividends as a result of the laws of their jurisdiction of organization, agreements of our subsidiaries or covenants under any existing and future outstanding indebtedness we or our subsidiaries incur. In particular, the ability of our subsidiaries to distribute cash to SeaWorld Entertainment, Inc. to pay dividends is limited by covenants in our Senior Secured Credit Facilities and the indenture governing the Senior Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Indebtedness" for a description of the restrictions on our ability to pay dividends.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2012:

Y on an actual basis reflecting an eight-for-one stock split of our common stock and an increase in our authorized capital stock to 1,000,000,000 shares of common stock, par value \$0.01 per share, effected on April 8, 2013; and

Y on an as adjusted basis to give effect to (1) the sale by us of approximately 10,000,000 shares of our common stock in this offering, after deducting estimated underwriting discounts and commissions and offering expenses payable by us, and (2) the application of the estimated net proceeds from the offering, as described in "Use of Proceeds," at an assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus.

You should read this table in conjunction with the information contained in "Use of Proceeds," "Selected Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Indebtedness," as well as the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	As of December 31, 2012	
	Actual	As adjusted for this offering ⁽²⁾
	(Dollars in thousands, except per share amounts)	
Cash and cash equivalents	\$ 45,675	\$ 45,675
Long-term debt, including current portion of long-term debt:		
Senior Secured Credit Facility:		
Revolving Credit Facility	\$ —	\$ —
Tranche A Term Loans	152,000	152,000
Tranche B Term Loans	1,293,774	1,271,003
Senior Notes	400,000	260,000
Unamortized discount on long term-debt	(21,800)	(21,800)
Total debt	<u>1,823,974</u>	<u>1,661,203</u>
Stockholders' equity:		
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, actual; 82,737,008 shares issued and outstanding, actual; 1,000,000,000 shares authorized, as adjusted; and 92,737,008 shares issued and outstanding, as adjusted ⁽¹⁾	827	927
Additional paid-in capital	456,923	688,153
Accumulated other comprehensive loss	(1,254)	(1,254)
Accumulated deficit	(6,648)	(47,777)
Total stockholders' equity	<u>449,848</u>	<u>640,049</u>
Total capitalization	<u>\$ 2,273,822</u>	<u>\$ 2,301,252</u>

- (1) The number of shares of our common stock to be outstanding immediately after the consummation of this offering is based on 82,737,008 shares of common stock outstanding as of December 31, 2012, plus 10,000,000 shares of common stock to be sold by the Company in this offering, and does not give effect to the shares of common stock reserved for future issuance under the 2013 Omnibus Incentive Plan. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering.

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- (2) To the extent we change the number of shares of common stock sold by us in this offering from the shares we expect to sell or we change the initial public offering price from the assumed initial offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, or any combination of these events occurs, the net proceeds to us from this offering and each of total stockholders' equity deficit and total capitalization may increase or decrease. A \$1.00 increase (decrease) in the assumed initial public offering price per share of the common stock, assuming no change in the number of shares of common stock to be sold, would increase (decrease) the net proceeds that we receive in this offering and each of total stockholders' equity deficit and total capitalization by approximately \$9.4 million. An increase (decrease) of 1,000,000 shares in the expected number of shares to be sold in the offering, assuming no change in the assumed initial offering price per share, would increase (decrease) our net proceeds from this offering and our total stockholders' equity and total capitalization by approximately \$24.0 million. To the extent we raise less than \$231.3 million of net proceeds in this offering, we will reduce the amount of indebtedness that will be repaid.

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DILUTION

If you invest in our common stock in this offering, your ownership interest in us will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock as adjusted to give effect to this offering. Dilution results from the fact that the per share offering price of the common stock is substantially in excess of the book value per share attributable to the shares of common stock held by existing stockholders.

Our net tangible book deficit as of December 31, 2012 was approximately \$81.5 million, or a deficit of \$0.98 per share of our common stock. We calculate net tangible book deficit per share by taking the amount of our total tangible assets, reduced by the amount of our total liabilities, and then dividing that amount by the total number of shares of common stock outstanding.

After giving effect to our sale of the shares in this offering at an assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and offering expenses payable by us, our pro forma net tangible book value as adjusted to give effect to this offering on December 31, 2012 would have been \$108.7 million, or \$1.17 per share of our common stock. This amount represents an immediate increase in net tangible book value (or a decrease in net tangible book deficit) of \$2.15 per share to existing stockholders and an immediate and substantial dilution in net tangible book value of \$24.33 per share to new investors purchasing shares in this offering at the assumed initial public offering price.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share	\$25.50
Net tangible book deficit per share as of December 31, 2012	(0.98)
Increase in net tangible book value per share attributable to new investors purchasing shares in this offering	<u>2.15</u>
Pro forma net tangible book value per share of common stock, as adjusted to give effect to this offering	<u>1.17</u>
Dilution per share to new investors in this offering	<u>\$24.33</u>

Dilution is determined by subtracting pro forma net tangible book value per share of common stock, as adjusted to give effect to this offering, from the initial public offering price per share of common stock.

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and offering expenses payable by us, a \$1.00 increase or decrease in the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, would increase or decrease the net tangible book value attributable to new investors purchasing shares in this offering by \$0.10 per share and the dilution to new investors by \$0.90 per share and increase or decrease the pro forma net tangible book value per share, as adjusted to give effect to this offering, by \$0.10 per share.

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The following table summarizes, as of December 31, 2012, the differences between the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors. As the table shows, new investors purchasing shares in this offering will pay an average price per share substantially higher than our existing stockholders paid. The table below is based on 92,737,008 shares of common stock outstanding immediately after the consummation of this offering and does not give effect to the shares of common stock reserved for future issuance under the 2013 Omnibus Incentive Plan. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering. The special pricing committee of the Board of Directors may determine the exact number of shares to be reserved for future issuance under the 2013 Omnibus Incentive Plan at its discretion. The table below assumes an initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, for shares purchased in this offering and excludes underwriting discounts and commissions and estimated offering expenses payable by us:

	<u>Shares Purchased</u>		<u>Total Consideration</u>		<u>Average Price Per Share</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount (millions)</u>	<u>Percent</u>	
Existing stockholders	82,737,008	89.2%	\$ 1,023.0	80.0%	\$ 12.36
New investors ⁽¹⁾	<u>10,000,000</u>	<u>10.8</u>	<u>255.0</u>	<u>20.0</u>	<u>25.50</u>
Total	<u>92,737,008</u>	<u>100.0%</u>	<u>\$ 1,278.0</u>	<u>100.0%</u>	<u>\$ 13.78</u>

(1) Does not reflect shares purchased by new investors from the selling stockholders.

If the underwriters were to fully exercise the underwriters' option to purchase 3,900,000 additional shares of our common stock, the percentage of shares of our common stock held by existing stockholders who are directors, officers or affiliated persons would be 85.0% and the percentage of shares of our common stock held by new investors would be 15.0%.

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions and offering expenses payable by us, a \$1.00 increase or decrease in the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, would increase or decrease total consideration paid by new investors and total consideration paid by all stockholders by approximately \$10.0 million.

[Table of Contents](#)**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA**

The following tables set forth our selected historical consolidated financial and operating data as of the dates and for each of the fiscal years ended December 31, 2012, 2011 and 2010 and for the one month period ended December 31, 2009.

The selected financial data for each of the fiscal years ended December 31, 2012, 2011 and 2010 have been derived from our audited consolidated financial statements included elsewhere in this prospectus and the selected financial data for the one month period ended December 31, 2009 have been derived from our audited consolidated financial statements not included in this prospectus. Our historical operating results are not necessarily indicative of future operating results.

On December 1, 2009, investment funds affiliated with Blackstone and certain co-investors, through SeaWorld Entertainment, Inc. and its wholly-owned subsidiary, SWPEI, acquired 100% of the equity interests of Sea World LLC and SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) from subsidiaries of Anheuser-Busch Companies, Inc. The Predecessor Financial Information is not presented in this prospectus because it is not comparable and therefore not meaningful to a prospective investor. The Predecessor Financial Information does not fully reflect our operations on a stand-alone basis and we believe would not materially contribute to an investor's understanding of our historical financial performance. The Predecessor Financial Information prepared on a basis comparable with our consolidated financial statements included in this prospectus is not available and cannot be provided without unreasonable effort and expense. We believe that the omission of the Predecessor Financial Information would not have a material impact on an investor's understanding of our financial results and condition, cash flows and related trends.

The following tables should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

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	Year Ended December 31,			One Month Period Ended December 31,
	2012	2011	2010	2009 ⁽¹⁾
(Amounts in thousands, except per share and per capita amounts)				
Statement of operations data:				
Net revenues				
Admissions	\$ 884,407	\$ 824,937	\$ 730,368	\$ 45,060
Food, merchandise and other	539,345	505,837	465,735	27,918
Total revenues	1,423,752	1,330,774	1,196,103	72,978
Costs and expenses				
Cost of food, merchandise and other revenues	118,559	112,498	97,871	5,472
Operating expenses	726,509	687,999	673,829	51,957
Selling, general and administrative	184,920	172,368	159,506	11,544
Depreciation and amortization	166,975	213,592	207,156	17,973
Acquisition-related expenses	—	—	—	67,966
Total costs and expenses	1,196,963	1,186,457	1,138,362	154,912
Operating income (loss)	226,789	144,317	57,741	(81,934)
Other income (expense), net	1,563	(1,679)	1,937	30
Interest expense	111,426	110,097	134,383	11,501
Income (loss) before income taxes	116,926	32,541	(74,705)	(93,405)
Provision for (benefit from) income taxes	39,482	13,428	(29,241)	(35,664)
Net income (loss)	\$ 77,444	\$ 19,113	\$ (45,464)	\$ (57,741)
Net income (loss) attributable to common stockholders	\$ 77,444	\$ 19,113	\$ (45,464)	\$ (57,741)
Per share data⁽²⁾:				
Basic net income (loss) per share	\$ 0.94	\$ 0.23	\$ (0.56)	\$ (0.71)
Diluted net income (loss) per share	\$ 0.93	\$ 0.23	\$ (0.56)	\$ (0.71)
Pro forma basic earnings per share	\$ 0.84 ⁽³⁾⁽⁴⁾			
Pro forma diluted earnings per share	\$ 0.83 ⁽³⁾⁽⁴⁾			
Weighted-average number of shares used in per share amounts				
Basic	82,480	81,392	80,800	80,800
Diluted	83,552	82,024	80,800	80,800
Other financial and operating data:				
Capital expenditures	\$ 191,745	\$ 225,316	\$ 120,196	\$ 3,149
Attendance	24,391	23,631	22,433	1,402
Total revenue per capita	\$ 58.37	\$ 56.31	\$ 53.32	\$ 52.05

As of
December 31, 2012
(In thousands)

Consolidated balance sheet data (at end of period):

Cash and cash equivalents	\$ 45,675
Total assets	\$ 2,521,052
Total long-term debt	\$ 1,823,974
Total equity	\$ 449,848

- (1) Reflects our financial results from December 1, 2009 to December 31, 2009, which is the period in which we first became an independent, stand-alone entity in connection with the 2009 Transactions.
- (2) All share and per share amounts reflect an eight-for-one stock split of our common stock effected on April 8, 2013.
- (3) Unaudited pro forma earnings per share is calculated assuming all common shares issued by the Company in the initial public offering were outstanding for the entire period, as the net proceeds to the Company will be less than the portion of the \$500.0 million dividend declared in March 2012 that exceeds net income for such period and the repayment of the Senior Notes. See "Use of Proceeds."
- (4) The number of shares of our common stock to be outstanding immediately after the consummation of this offering is based on 82,737,008 shares of common stock outstanding as of December 31, 2012, plus 10,000,000 shares of common stock to be sold by the Company in this offering, and does not give effect to the shares of common stock reserved for future issuance under the 2013 Omnibus Incentive Plan. A total of 15,000,000 shares of common stock has been reserved for future issuance under the 2013 Omnibus Incentive Plan and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains management's discussion and analysis of our financial condition and results of operations and should be read together with "Selected Historical Consolidated Financial Data" and the historical consolidated financial statements and the notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that reflect our plans, estimates and beliefs and involve numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. You should carefully read "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Business Overview

We are a leading theme park and entertainment company delivering personal, interactive and educational experiences that blend imagination with nature and enable our customers to celebrate, connect with and care for the natural world we share. We own or license a portfolio of globally recognized brands, including SeaWorld, Shamu and Busch Gardens. Over our more than 50 year history, we have built a diversified portfolio of 11 destination and regional theme parks that are grouped in key markets across the United States, many of which showcase our one-of-a-kind collection of approximately 67,000 marine and terrestrial animals. Our theme parks feature a diverse array of rides, shows and other attractions with broad demographic appeal which deliver memorable experiences and a strong value proposition for our guests. In addition to our theme parks, we have recently begun to leverage our brands into media, entertainment and consumer products. During the year ended December 31, 2012, we hosted more than 24 million guests in our theme parks, including approximately 3.5 million international guests from over 55 countries and six continents. In the year ended December 31, 2012, we had total revenues of \$1,423.8 million and net income of \$77.4 million.

Key Business Metrics Evaluated by Management

Attendance

We define attendance as the number of guest visits to our theme parks. Increased attendance drives increased admission revenue to our theme parks as well as total in-park spending. The level of attendance at our theme parks is a function of many factors, including the opening of new attractions and shows, weather, global and regional economic conditions, competitive offerings and overall consumer confidence in the economy.

Total Revenue Per Capita

Total revenue per capita consists of admission per capita and in-park per capita spending:

- *Admission Per Capita.* We calculate admission per capita for any period as total admission revenue divided by total attendance. Theme park admissions accounted for approximately 62% of our revenue for the year ended December 31, 2012. Over the same period of time, we reported \$36.26 in admission per capita, representing an increase of 3.9%. Admission per capita is driven by ticket pricing, the mix of tickets purchased (such as single day, multi-day and annual pass) and the mix of attendance by theme parks visited.
- *In-Park Per Capita Spending.* We calculate in-park per capita spending for any period as total food, merchandise and other revenue divided by total attendance. For the year ended December 31, 2012, in-park per capita spending accounted for approximately 38% of our revenue. Over the same time period, we reported \$22.11 of in-park per capita spending, representing an increase of 3.3%. In-park per capita spending is driven by pricing changes, penetration levels (percentage of guests purchasing), new product offerings, the mix of guests and the mix of in-park spending.

[Table of Contents](#)**Trends Affecting Our Results of Operations**

Our success depends to a significant extent on discretionary consumer spending, which is heavily influenced by general economic conditions and the availability of discretionary income. The recent severe economic downturn, coupled with high volatility and uncertainty as to the future global economic landscape, has had and continues to have an adverse effect on consumers' discretionary income and consumer confidence. Difficult economic conditions and recessionary periods may adversely impact attendance figures, the frequency with which guests choose to visit our theme parks and guest spending patterns at our theme parks. Historically, our revenue and attendance growth have been highly correlated with domestic economic growth, as reflected in the gross domestic product (GDP) and the overall level of growth in domestic consumer spending. For example, in 2009 and 2010, we experienced a decline in attendance as a result of the global economic crisis, which in turn adversely affected our revenue and profitability. We expect that forecasted moderate improvements in GDP and growth in domestic consumer spending will have a positive impact on our future performance. Both attendance and total per capita spending at our theme parks are key drivers of our revenue and profitability, and reductions in either can materially adversely affect our business, financial condition, results of operations and cash flows.

Seasonality

The theme park industry is seasonal in nature. Based upon historical results, we generate the highest revenues in the second and third quarters of each year, in part because six of our theme parks are only open for a portion of the year. Approximately two-thirds of our attendance and revenues are generated in the second and third quarters of the year and we typically incur a net loss in the first and fourth quarters. The mix of revenues by quarter is relatively constant, but revenues can shift between the first and second quarters due to the timing of Easter or between the first and fourth quarters due to the timing of Christmas and New Year's. Even for our five theme parks open year-round, attendance patterns have significant seasonality, driven by holidays, school vacations and weather conditions. One of our goals in managing our business is to continue to generate cash flow throughout the year and minimize the effects of seasonality. In recent years, we have begun to encourage attendance during non-peak times by offering a variety of seasonal programs and events, such as a winter kids festival, spring concert series, and Halloween and Christmas events. In addition, during seasonally slow times, operating costs are controlled by reducing operating hours and show schedules. Employment levels required for peak operations are met largely through part-time and seasonal hiring.

Principal Factors Affecting Our Results of Operations**Revenues**

Our revenues are driven primarily by attendance in our theme parks and the level of per capita spending for admission to the theme parks and per capita spending inside the theme parks for culinary, merchandise and other in-park experiences. The level of attendance in our theme parks is a function of many factors, including the opening of new attractions and shows, weather, global and regional economic conditions, competitive offerings and consumer confidence. The per capita spending for admission to the theme parks is driven by ticket pricing, the mix of ticket type purchased (such as single day, multi-day, and annual pass) and the mix of attendance by theme parks visited. In-park per capita spending is driven by pricing changes, penetration levels (percentage of guests purchasing), new product offerings, the mix of guests and the mix of in-park spending. For other factors affecting our revenues, see "Risk Factors—Risks Related to Our Business and Our Industry."

In addition to the theme parks, we are also involved in entertainment, media, and consumer product businesses that leverage our intellectual property. While these businesses currently do not represent a material percentage of our revenue, they are important strategic drivers in terms of consumer awareness and brand building. We aim to expand these businesses into a greater source of revenue in the future.

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Costs and Expenses

The principal costs of our operations are employee salaries, employee benefits, advertising, maintenance, animal care, utilities and insurance. Factors that affect our costs and expenses include commodity prices, costs for construction, repairs and maintenance, other inflationary pressures and attendance levels. A large portion of our expenses is relatively fixed because the costs for full-time employees, maintenance, animal care, utilities, advertising and insurance do not vary significantly with attendance. For factors affecting our costs and expenses, see "Risk Factors—Risks Related to Our Business and Our Industry."

We barter theme park admission products for advertising and various other products and services. The fair value of the admission products is recognized into revenue and related expenses at the time of the exchange and approximates the fair value of the goods or services received, and such amounts are included within the theme park admission revenue and selling, general, and administrative expenses of our consolidated statements of operations related to bartered ticket transactions.

Results of Operations

The following discussion provides an analysis of our audited consolidated financial data for the years ended December 31, 2012, 2011 and 2010. This data should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

Comparison of the Years Ended December 31, 2012 and 2011

The following table presents key operating and financial information for the years ended December 31, 2012 and 2011:

	<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
	(Amounts in thousands, except per capita amounts)	
Statement of operations data:		
Net revenues		
Admissions	\$ 884,407	\$ 824,937
Food, merchandise and other	539,345	505,837
Total revenues	<u>1,423,752</u>	<u>1,330,774</u>
Costs and expenses		
Cost of food, merchandise and other revenues	118,559	112,498
Operating expenses	726,509	687,999
Selling, general and administrative	184,920	172,368
Depreciation and amortization	166,975	213,592
Total costs and expenses	<u>1,196,963</u>	<u>1,186,457</u>
Operating income	226,789	144,317
Other income (expense), net	1,563	(1,679)
Interest expense	111,426	110,097
Income before income taxes	116,926	32,541
Provision for income taxes	39,482	13,428
Net income	<u>\$ 77,444</u>	<u>\$ 19,113</u>
Other data:		
Attendance	24,391	23,631
Total revenue per capita	\$ 58.37	\$ 56.31

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Admissions revenue. Admissions revenue for the year ended December 31, 2012 increased \$59.5 million (7%) to \$884.4 million as compared to \$824.9 million for the year ended December 31, 2011. The increase in revenue was a result of a 4% increase in admission per capita from \$34.91 in 2011 to \$36.26 in 2012 and a 3% increase in total attendance. The increase in admission per capita was primarily a result of higher ticket pricing and reduced discounts corresponding with the opening of the Manta rollercoaster at SeaWorld San Diego and the Aquatica attraction at SeaWorld San Antonio, as well as increased real consumer spending growth from improved macroeconomic conditions. Increased attendance was primarily driven by increased real consumer spending, as well as the opening of the Manta rollercoaster at SeaWorld San Diego, the Aquatica attraction at SeaWorld San Antonio, the TurtleTrek attraction at SeaWorld Orlando and the Verbolten rollercoaster at Busch Gardens Williamsburg.

Food, merchandise and other revenue. Food, merchandise and other revenue for the year ended December 31, 2012 increased \$33.5 million (7%) to \$539.3 million as compared to \$505.8 million for the year ended December 31, 2011. The increase in revenue was a result of a 3% increase in in-park per capita spending from \$21.41 in 2011 to \$22.11 in 2012 and a 3% increase in total attendance. The increase in in-park per capita spending was driven primarily by price increases and product promotion.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues for the year ended December 31, 2012 increased \$6.1 million (5%) to \$118.6 million as compared to \$112.5 million for the year ended December 31, 2011. These costs represent 21.9% of related revenue earned for the year ended December 31, 2012 and 22.2% of related revenue earned for the year ended December 31, 2011.

Operating expenses. Operating expenses for the year ended December 31, 2012 increased \$38.5 million (6%) to \$726.5 million as compared to \$688.0 million for the year ended December 31, 2011. The increase was primarily driven by increased operating costs relating to new attractions and increased variable costs due to our higher sales volume. These expenses reflected 51.0% of total revenues for the year ended December 31, 2012 and 51.7% for the year ended December 31, 2011.

Selling, general and administrative. Selling, general and administrative expenses for the year ended December 31, 2012 increased \$12.5 million (7%) to \$184.9 million as compared to \$172.4 million for the year ended December 31, 2011. This increase primarily reflects an increase in marketing expenditures and higher corporate expenses resulting from the build-out of our corporate office staff.

Depreciation and amortization. Depreciation and amortization expense for the year ended December 31, 2012 decreased \$46.6 million (22%) to \$167.0 million as compared to \$213.6 million for the year ended December 31, 2011. The decrease was primarily attributable to the partial year impact of assets designated with two-year lives at the December 1, 2009 transaction date, which are now fully depreciated, partially offset by asset additions.

Interest expense. Interest expense for the year ended December 31, 2012 increased \$1.3 million (1%) to \$111.4 million as compared to \$110.1 million for the year ended December 31, 2011, primarily reflecting the effects of our March 2012 debt refinancing, which increased the amount of our outstanding principal balance of our long-term debt and reduced the interest rates on our long-term debt. See our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this prospectus for a further description of the terms of the refinancing.

Provision for income taxes. Provision for income taxes for the year ended December 31, 2012 increased \$26.1 million (194%) to \$39.5 million as compared to \$13.4 million for the year ended December 31, 2011, which primarily reflects an increase in taxable earnings and was partially offset by

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a decrease in our effective income tax rate (from 41.3% to 33.8%). Our effective income tax rate decreased due to changes in our state tax planning structure along with certain non-recurring tax credits.

Comparison of the Years Ended December 31, 2011 and 2010

The following table presents key operating and financial information for the years ended December 31, 2011 and 2010:

	Year Ended December 31,	
	2011	2010
(Amounts in thousands, except per capita amounts)		
Statement of operations data:		
Net revenues		
Admissions	\$ 824,937	\$ 730,368
Food, merchandise and other	505,837	465,735
Total revenues	<u>1,330,774</u>	<u>1,196,103</u>
Costs and expenses		
Cost of food, merchandise and other revenues	112,498	97,871
Operating expenses	687,999	673,829
Selling, general and administrative	172,368	159,506
Depreciation and amortization	213,592	207,156
Total costs and expenses	<u>1,186,457</u>	<u>1,138,362</u>
Operating income	144,317	57,741
Other (expense) income, net	(1,679)	1,937
Interest expense	110,097	134,383
Income (loss) before income taxes	32,541	(74,705)
Provision for (benefit from) income taxes	13,428	(29,241)
Net income (loss)	<u>\$ 19,113</u>	<u>\$ (45,464)</u>
Other data:		
Attendance	23,631	22,433
Total revenue per capita	\$ 56.31	\$ 53.32

Admissions revenue. Admissions revenue in 2011 increased \$94.5 million (13%) to \$824.9 million as compared to \$730.4 million in 2010. The increase in revenue was a result of a 7% increase in admission per capita from \$32.56 in 2010 to \$34.91 in 2011 and a 5% increase in attendance. The increase in admission per capita was primarily a result of higher ticket pricing and reduced discounts corresponding with increased real consumer spending growth from improved macroeconomic conditions and the opening of the One Ocean show at SeaWorld Orlando, the Cheetah Hunt rollercoaster at Busch Gardens Tampa and Sesame Bay of Play at SeaWorld San Antonio. Increased attendance was primarily driven by increased real consumer spending, as well as the opening of the One Ocean show at SeaWorld Orlando, the Cheetah Hunt rollercoaster at Busch Gardens Tampa, Sesame Bay of Play at SeaWorld San Antonio and the Turtle Reef attraction at SeaWorld San Diego.

Food, merchandise and other revenue. Food, merchandise and other revenue in 2011 increased \$40.1 million (9%) to \$505.8 million as compared to \$465.7 million in 2010. The increase in revenue was a result of a 5% increase in attendance and a 3% increase in in-park per capita spending

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from \$20.76 in 2010 to \$21.41 in 2011. The increase in in-park per capita spending was driven primarily by an increased focus on product promotion at our theme parks and strategic price increases in both food and merchandise.

Costs of food, merchandise and other revenues. Costs of food, merchandise and other revenues in 2011 increased \$14.6 million (15%) to \$112.5 million as compared to \$97.9 million in 2010. These costs represent 22.2% of related revenue earned in 2011 as compared to 21.0% of related revenue in 2010 driven primarily by commodity price increases and the impact of inflation.

Operating expenses. Operating expenses for 2011 increased \$14.2 million (2%) to \$688.0 million as compared to \$673.8 million in 2010. These expenses represent 51.7% of total revenues in 2011 as compared to 56.3% in 2010. The year-over-year dollar increase was primarily driven by increased operating costs relating to new attractions and increases in compensation expense, partially offset by strategic cost reductions, such as staffing and scheduling changes and streamlined operating hours at our theme parks. The reduction in operating expenses as a percentage of total revenues year-over-year represents increased operating leverage.

Selling, general and administrative. Selling, general and administrative expenses for 2011 increased \$12.9 million (8%) to \$172.4 million as compared to \$159.5 million in 2010. This increase primarily reflects the separation from ABI and establishment of certain stand-alone corporate operations, including legal, payroll, and procurement, partially offset by a reduction in marketing expenditures.

Depreciation and amortization. Depreciation and amortization expense for 2011 increased \$6.4 million (3%) to \$213.6 million as compared to \$207.2 million in 2010. The increase was primarily attributable to asset additions related to the introduction of several new attractions at our theme parks.

Interest expense. Interest expense for 2011 decreased \$24.3 million (18%) to \$110.1 million as compared to \$134.4 million in 2010, driven primarily by a reduction in our interest rates on our long-term debt as a result of our refinancings in February and April 2011. See our consolidated financial statements and the notes thereto included elsewhere in this prospectus for a further description of the terms of the refinancing.

Provision for (benefit from) income taxes. Provision for income taxes was \$13.4 million for 2011 as compared to an income tax benefit of \$29.2 million for 2010, which primarily reflects an increase in taxable earnings increasing our effective income tax rate from 39.1% to 41.3%. Our effective income tax rate increased due to certain non-recurring tax adjustments.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity are cash generated from operations, funds from borrowings and existing cash on hand. Our principal uses of cash include the funding of working capital obligations, debt service, investments in theme parks (including capital projects), and common stock dividends. We operated with a working capital deficit in 2010, 2011 and 2012 and we expect that we will continue to have working capital deficits in the future. The working capital deficits are due in part to a significant deferred revenue balance from revenues paid in advance for our theme park admissions products and high turnover of in-park products that results in a limited inventory balance. Our cash flow from operations, along with our revolving credit facilities, have allowed us to meet our liquidity needs while maintaining a working capital deficit.

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As market conditions warrant and subject to our contractual restrictions and liquidity position, we, our affiliates and/or our major stockholders, including Blackstone and its affiliates, may from time to time repurchase our outstanding equity and/or debt securities, including the Senior Notes and/or our outstanding bank loans in privately negotiated or open market transactions, by tender or otherwise. Any such repurchases may be funded by incurring new debt, including additional borrowings under our Senior Secured Credit Facilities. Any new debt may also be secured debt. We may also use available cash on our balance sheet. The amounts involved in any such transactions, individually or in the aggregate, may be material. Further, since some of our debt may trade at a discount to the face amount, any such purchases may result in our acquiring and retiring a substantial amount of any particular series, with the attendant reduction in the trading liquidity of any such series.

The following table presents a summary of our cash flows provided by (used in) operating, investing, and financing activities for the periods indicated:

	Year Ended December 31,		
	2012	2011	2010
	(Amounts in thousands)		
Net cash provided by (used in) operating activities	\$ 303,513	\$ 268,249	\$ 202,281
Net cash used in investing activities	(204,318)	(225,316)	(120,196)
Net cash (used in) provided by financing activities	(120,183)	(99,967)	(20,500)
Net (decrease) increase in cash and cash equivalents	<u>\$ (20,988)</u>	<u>\$ (57,034)</u>	<u>\$ 61,585</u>

Cash Flows from Operating Activities

Net cash provided by operating activities increased during the year ended December 31, 2012 as compared to the year ended December 31, 2011 primarily as a result of the following: (i) an increase in cash generated from theme park operations due to increased theme park attendance, increased theme park admission fees and higher in-park spending per capita on food, merchandise and other in-park spending and (ii) lower costs and expenses as a percentage of sales due to our labor efficiency initiatives and greater economies of scale. The increase in net cash provided by operating activities was partially offset by unfavorable changes in our working capital accounts.

Net cash provided by operating activities increased during the year ended December 31, 2011 as compared to the year ended December 31, 2010 primarily as a result of the following: (i) an increase in cash generated from theme park operations due to increased theme park attendance, increased theme park admission fees and higher in-park spending per capita on food, merchandise and other in-park spending; (ii) lower costs and expenses as a percentage of sales due to our labor efficiency initiatives and greater economies of scale; and (iii) changes in our deferred income tax provision. The increase in net cash provided by operating activities was partially offset by unfavorable changes in our working capital accounts.

Cash Flows from Investing Activities

Investing activities consist principally of capital investments we make in our theme parks for future attractions and infrastructure. Net cash used in investing activities during the year ended December 31, 2012 consisted primarily of capital expenditures of \$191.7 million, as well as \$12.0 million for the purchase of Knott's Soak City Chula Vista water park in November 2012. The capital expenditures were largely related to future attractions and zoological safety infrastructure.

Net cash used in investing activities during the year ended December 31, 2011 consisted of capital expenditures of \$225.3 million. The level of capital expenditures in 2011 and 2012 was elevated

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as a result of costs related to building out our corporate infrastructure as a stand-alone company following our separation from ABI, zoological safety infrastructure investments, and catch-up spending due to under-investment in our theme parks prior to the acquisition by Blackstone on December 1, 2009. Excluding the impact of the remaining 2013 and 2014 zoological safety infrastructure investment of approximately \$35 million and potential investments for new theme parks, we plan to reduce the level of capital expenditures to an average of approximately 10% of total revenue per year beginning in 2014.

Net cash used in investing activities during the year ended December 31, 2010 consisted of capital expenditures of \$120.2 million. Our most significant capital expenditure items during the period included future attractions, exhibits and corporate infrastructure projects.

The amount of our capital expenditures may be affected by general economic and financial conditions, among other things, including restrictions imposed by our borrowing arrangements. We generally expect to fund our 2013 capital expenditures through our operating cash flow.

Cash Flows from Financing Activities

In 2011 and 2012, we declared special dividends of \$110.1 million and \$500.0 million, respectively, to our stockholders.

Net cash used in financing activities during the year ended December 31, 2012 was primarily attributable to the following: (i) the payment of a \$503.0 million portion of our dividends described above (net of required withholdings), (ii) repayment of \$93.7 million of debt under our Senior Secured Credit Facilities and (iii) costs of \$7.0 million related to an amendment to the indenture governing our Senior Notes and an amendment to our Senior Secured Credit Facilities. This was partially offset by proceeds of \$487.2 million from the term loan borrowings under our Senior Secured Credit Facilities.

Net cash used in financing activities during the year ended December 31, 2011 was primarily attributable to the following: (i) repayment of \$586.2 million of our long-term debt in connection with a refinancing of our Senior Secured Credit Facilities, (ii) the payment of a \$106.9 million portion of our \$110.1 million dividend (net of required withholdings) and (iii) debt issuance costs of \$5.9 million related to an amendment to the indenture governing our Senior Notes and an amendment to our Senior Secured Credit Facilities. This was partially offset by the proceeds of \$550.3 million from the term loan borrowings under our Senior Secured Credit Facilities, a draw on our revolving credit facility of \$36.0 million and \$12.8 million of proceeds (net of issuance costs) from the issuance of common stock to the Partnerships described above.

Net cash used in financing activities during the year ended December 31, 2010 consisted of repayment of long-term debt of \$20.5 million.

Our Indebtedness

The Issuer is a holding company and conducts its operations through its subsidiaries, which have incurred or guaranteed indebtedness as described below.

Senior Secured Credit Facilities

SWPEI is the borrower under our Senior Secured Credit Facilities. The obligations under our Senior Secured Credit Facilities are fully, unconditionally and irrevocably guaranteed by each of the Issuer, any subsidiary of the Issuer that directly or indirectly owns 100% of the issued and outstanding equity interests of SWPEI, and, subject to certain exceptions, each of SWPEI's existing and future material domestic wholly-owned subsidiaries (collectively, the "Guarantors"). Our Senior Secured

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Credit Facilities are collateralized by first priority or equivalent security interests in (i) all the capital stock of, or other equity interests in, substantially all SWPEI's direct or indirect domestic subsidiaries (other than a domestic subsidiary that is a subsidiary of a foreign subsidiary) and 65% of the capital stock of, or other equity interests in, any of SWPEI's foreign subsidiaries and any of SWPEI's domestic subsidiaries that are treated as disregarded entities for U.S. federal income tax purposes if substantially all the assets of such domestic subsidiary consist of equity interests of one or more "controlled foreign corporations" within the meaning of the Code and (ii) certain tangible and intangible assets of SWPEI and those of the Guarantors (subject to certain exceptions and qualifications).

At December 31, 2012, our Senior Secured Credit Facilities consist of:

- a \$152.0 million senior secured term loan facility (the "Tranche A Term Loans"), which will mature on February 17, 2016;
- a \$1,293.8 million senior secured term loan facility (the "Tranche B Term Loans"), which will mature on the earlier of (i) August 17, 2017 and (ii) the 91st day prior to the maturity of the Senior Notes, if more than \$50 million of debt with respect to the Senior Notes is outstanding as of such date; and
- a \$172.5 million senior secured revolving credit facility (the "Revolving Credit Facility"), \$160.9 million of which would have been available for borrowing as of December 31, 2012 after giving effect to \$11.6 million of outstanding letters of credit, which will mature on February 17, 2016.

In addition, our Senior Secured Credit Facilities also provide us with the option to raise incremental credit facilities, refinance the loans with debt incurred outside our Senior Secured Credit Facilities and extend the maturity date of the revolving loans and term loans, subject to certain limitations.

Borrowings under our Senior Secured Credit Facilities, other than swingline loans, bear interest at a rate per annum equal to, at SWPEI's option, (a) a base rate determined by reference to the higher of either (1) the administrative agent's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1%; subject to a base rate floor of 2.00% and a LIBOR floor of 1.00% for Tranche B Term Loans or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing, in each case plus an applicable margin. Swingline loans bear interest at the interest rate applicable to base rate loans. The applicable margin for (i) Tranche A Term Loans and the revolving credit facility (to include letter of credit fees) is (a) 1.75% for base rate loans and (b) 2.75% for LIBOR rate loans and (ii) Tranche B Term Loans is (a) 2.00% for base rate loans and (b) 3.00% for LIBOR rate loans.

In addition to paying interest on outstanding principal under our Senior Secured Credit Facilities, SWPEI is required to pay a commitment fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The commitment fee rate is 0.50% per annum. SWPEI is also required to pay customary letter of credit fees.

SWPEI is required to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of SWPEI's annual "excess cash flow" (with step-downs to 25% and 0%, as applicable, based upon SWPEI's total leverage ratio), subject to certain exceptions;
- 100% of the net cash proceeds of certain non-ordinary course asset sales or other dispositions subject to reinvestment rights and certain exceptions; and
- 100% of the net cash proceeds of any incurrence of debt by SWPEI or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under our Senior Secured Credit Facilities.

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SWPEI may voluntarily repay amounts outstanding under our Senior Secured Credit Facilities at any time without premium or penalty, other than prepayment premium on voluntary prepayment of Tranche B Term Loans on or prior to March 30, 2013 and customary “breakage” costs with respect to LIBOR loans.

SWPEI is currently required to repay installments on the term loans in quarterly installments equal to approximately \$1.9 million with respect to Tranche A Term Loans and approximately \$3.5 million with respect to Tranche B Term Loans, with the remaining amount payable on the applicable maturity date with respect to such term loans.

Our Senior Secured Credit Facilities contain a number of significant affirmative and negative covenants. Such covenants, among other things, restrict, subject to certain exceptions, the ability of SWPEI and its restricted subsidiaries to:

- incur additional indebtedness, make guarantees and enter into hedging arrangements;
- create liens on assets;
- enter into sale and leaseback transactions;
- engage in mergers or consolidations;
- sell assets;
- make fundamental changes;
- pay dividends and distributions or repurchase SWPEI’s capital stock;
- make investments, loans and advances, including acquisitions;
- engage in certain transactions with affiliates;
- make changes in nature of the business; and
- make prepayments of junior debt.

Our Senior Secured Credit Facilities also contain covenants requiring SWPEI to maintain a specified maximum net total leverage ratio and a minimum interest coverage ratio. In addition, our Senior Secured Credit Facilities contain certain customary representations and warranties, affirmative covenants and events of default.

As of December 31, 2012, we were in compliance in all material respects with all covenants in the provisions contained in the documents governing our Senior Secured Credit Facilities.

In connection with the offering, SWPEI entered into Amendment No. 4 to our Senior Secured Credit Facilities (“Amendment No. 4”) on April 5, 2013 with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, Bank of America, N.A., as lead arranger and bookrunner, and the other agents and lenders party thereto. Amendment No. 4 amends the terms of our existing Senior Secured Credit Facilities to, among other things, permit SWPEI to pay certain distributions and dividends following an initial public offering of the Company in an amount not to exceed the greater of (i) 6% per annum of the net proceeds received by, or contributed to, SWPEI and its restricted subsidiaries from the initial public offering and (ii) an aggregate amount per annum not to exceed:

- \$90.0 million, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 5.00 to 1.00 and greater than 4.50 to 1.00,
- \$120.0 million, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 4.50 to 1.00 and greater than 4.00 to 1.00,

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- the greater of (a) \$120.0 million and (b) 7.5% of “market capitalization,” so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 4.00 to 1.00 and greater than 3.50 to 1.00; and
- an unlimited amount, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 3.50 to 1.00.

In addition, Amendment No. 4 replaces the existing \$172.5 million Revolving Credit Facility maturing in February 17, 2016 with a new \$192.5 million senior secured revolving credit facility maturing on the date which is the earlier of (a) the date that is five years after the effective date of Amendment No. 4 and (b) the 91st day prior to the earlier of (i) the maturity date with respect to the Tranche A Term Loans with an aggregate principal amount greater than \$50,000,000 outstanding, (ii) the maturity date with respect to the Tranche B Term Loans with an aggregate principal amount greater than \$150,000,000 outstanding, (iii) the maturity date of any Senior Notes with an aggregate principal amount greater than \$50,000,000 outstanding and (iv) the maturity date of any indebtedness incurred to refinance any of the Tranche A Term Loans, the Tranche B Term Loans or the Senior Notes, and the terms of the new senior secured revolving credit facility will be substantially the same as the existing Revolving Credit Facility, except that the existing applicable margins will be determined based on SWPEI’s corporate family rating in lieu of a secured leverage ratio. Amendment No. 4 also increases the total leverage ratios at which the percentage of “excess cash flow” that is required to be prepaid under our Senior Secured Credit Facilities decreases, refreshes SWPEI’s \$175.0 million general investment basket, increases the amount of annual capital expenditures from \$165.0 million in any fiscal year to \$185.0 million in any fiscal year and refreshes the \$25.0 million one year pull forward amount of capital expenditures for the fiscal year ended December 31, 2013 and permits certain amendments of the terms of the Senior Notes.

The amendments contemplated by Amendment No. 4 will become effective upon the date of the consummation of this offering, so long as it occurs on or before July 31, 2013, and provided that certain customary conditions are satisfied.

See “Description of Indebtedness—Senior Secured Credit Facilities” for further information on our Senior Secured Credit Facilities.

The Senior Notes

On December 1, 2009, SWPEI issued \$400.0 million aggregate principal amount of 13.5% Senior Notes due 2016. On March 30, 2012, pursuant to an amendment to the indenture governing the Senior Notes, the interest rate was reduced from 13.5% to 11.0%. As of December 31, 2012, we had \$400.0 million aggregate principal amount in 11.0% Senior Notes due 2016 outstanding. Interest on the Senior Notes is payable semi-annually in arrears. The obligations under the Senior Notes are guaranteed by the same entities as those that guarantee our Senior Secured Credit Facilities.

The Senior Notes are senior unsecured obligations and:

- rank senior in right of payment to all existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Senior Notes;
- rank equally in right of payment to all existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Senior Notes; and
- are effectively subordinated in right of payment to all existing and future secured debt (including obligations under our Senior Secured Credit Facilities), to the extent of the value of the assets securing such debt, and are structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the Senior Notes.

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The indenture governing the Senior Notes contains a number of covenants that, among other things, restrict SWPEI's ability and the ability of its restricted subsidiaries to, among other things:

- dispose of certain assets;
- incur additional indebtedness;
- pay dividends;
- prepay subordinated indebtedness;
- incur liens;
- make capital expenditures;
- make investments or acquisitions;
- engage in mergers or consolidations; and
- engage in certain types of transactions with affiliates.

These covenants are subject to a number of important limitations and exceptions.

The indenture governing the Senior Notes provides for certain events of default which, if any of them were to occur, would permit or require the principal of and accrued interest, if any, on the Senior Notes to become or be declared due and payable (subject, in some cases, to specified grace periods).

In connection with the offering, SWPEI entered into the Fourth Supplemental Indenture to the indenture on April 12, 2013 (the "Fourth Supplemental Indenture") with the guarantors named therein and Wilmington Trust, National Association, as trustee. The Fourth Supplemental Indenture provides additional flexibility under the limitation on restricted payments covenant to permit, following an initial public offering, payments of dividends or other distributions in an amount not to exceed the greater of (i) 6% per annum of the net proceeds received by, or contributed to, us and our restricted subsidiaries from the initial public offering and (ii) an aggregate amount per annum not to exceed:

- \$90.0 million, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 5.00 to 1.00 and greater than 4.50 to 1.00;
- \$120.0 million, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 4.50 to 1.00 and greater than 4.00 to 1.00;
- the greater of (a) \$120.0 million and (b) 7.5% of "market capitalization," so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 4.00 to 1.00 and greater than 3.50 to 1.00; and
- an unlimited amount, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 3.50 to 1.00.

In addition, the Fourth Supplemental Indenture increases by \$20.0 million the amount of debt that we can incur and have outstanding at any one time under our Senior Secured Credit Facilities.

The amendments contemplated by the Fourth Supplemental Indenture are expected to become effective upon the date of the consummation of this offering, so long as it occurs on or before July 31, 2013.

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We intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of the Senior Notes at a redemption price of 111.0% pursuant to a provision in the indenture governing the Senior Notes that permits us to redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings and to pay approximately \$15.4 million of redemption premium, plus accrued interest thereon. See “Use of Proceeds.”

As of December 31, 2012, we were in compliance in all material respects with all covenants and the provisions contained in the indenture governing the Senior Notes. See “Description of Indebtedness” for further information on the Senior Notes.

Covenant Compliance

Under the indenture governing the Senior Notes and under our Senior Secured Credit Facilities, our ability to engage in activities such as incurring additional indebtedness, making investments, refinancing certain indebtedness, paying dividends and entering into certain merger transactions is governed, in part, by our ability to satisfy tests based on Adjusted EBITDA.

The Senior Notes and our Senior Secured Credit Facilities generally define “Adjusted EBITDA” as net income (loss) before interest expense, income tax expense (benefit), depreciation and amortization, as further adjusted to exclude certain unusual, non-cash, and other items permitted in calculating covenant compliance under the indenture governing the Senior Notes and our Senior Secured Credit Facilities.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about the calculation of, and compliance with, certain financial covenants in the indenture governing the Senior Notes and in our Senior Secured Credit Facilities. Adjusted EBITDA is a material component of these covenants. In addition, investors, lenders, financial analysts and rating agencies have historically used EBITDA related measures in our industry, along with other measures, to evaluate a company’s ability to meet its debt service requirements to estimate the value of a company and to make informed investment decisions. We also use Adjusted EBITDA in connection with certain components of our executive compensation program as described under “Management—Compensation Discussion and Analysis.” Adjusted EBITDA eliminates the effect of certain non-cash depreciation of tangible assets and amortization of intangible assets, along with the effects of interest rates and changes in capitalization which management believes may not necessarily be indicative of a company’s underlying operating performance.

Adjusted EBITDA is not a recognized term under GAAP, and should not be considered in isolation or as a substitute for a measure of our liquidity or performance prepared in accordance with GAAP and is not indicative of income from operations as determined under GAAP. Adjusted EBITDA and other non-GAAP financial measures have limitations which should be considered before using these measures to evaluate our liquidity or financial performance. Adjusted EBITDA, as presented by us, may not be comparable to similarly titled measures of other companies due to varying methods of calculation.

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The following table reconciles net income (loss) to Adjusted EBITDA:

	Years Ended December 31,		
	2012	2011	2010
	(Amounts in thousands)		
Net income (loss)	\$ 77,444	\$ 19,113	\$ (45,464)
Provision for (benefit from) income taxes	39,482	13,428	(29,241)
Interest expense	111,426	110,097	134,383
Depreciation and amortization expense	166,975	213,592	207,156
Deferred revenue write-downs ^(a)	—	—	17,348
Equity-based compensation expense ^(b)	1,681	823	—
Advisory fee ^(c)	6,201	6,012	4,704
Carve-out costs ^(d)	—	6,085	45,330
Non-cash expenses ^(e)	10,367	12,468	9,060
Debt refinancing costs ^(f)	1,000	441	—
Chula Vista acquisition ^(g)	630	—	—
Adjusted EBITDA	<u>\$415,206</u>	<u>\$ 382,059</u>	<u>\$ 343,276^(h)</u>

- (a) Reflects amortization of deferred revenue that would have occurred absent purchase accounting relating to the 2009 Transactions.
- (b) Reflects compensation expenses associated with the grants of partnership interests in the Partnerships.
- (c) Reflects historical fees paid to an affiliate of the Sponsor under the 2009 Advisory Agreement. In connection with this offering, we intend to terminate the 2009 Advisory Agreement in accordance with its terms. See “Certain Relationships and Related Party Transactions—Advisory Agreement.”
- (d) Reflects certain carve-out costs and savings related to our separation from ABI and the establishment of certain operations at the Company on a stand-alone basis. These amounts primarily consist of the cost of third-party professional services, relocation expenses, severance costs and cost savings related to the termination of certain employees.
- (e) Reflects non-cash expenses related to property and equipment write-offs and non-cash gains/losses on foreign currencies which were expensed.
- (f) Reflects costs which were expensed related to the 2012 and 2011 amendments to our Senior Secured Credit Facilities.
- (g) Reflects costs related to our acquisition of the Knott’s Soak City Chula Vista water park.
- (h) The adjustments for the year ended December 31, 2010 include approximately \$20.9 million of adjustments permitted under our debt covenants, related to our separation from ABI and certain restructuring costs. As we established some of the services provided to us by ABI, such services became part of our ongoing cost structure and accordingly, we did not use these adjustments for any periods subsequent to the year ended December 31, 2010. Adjusted EBITDA excluding such adjustments would have been \$322,376 for the year ended December 31, 2010.

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Contractual Obligations

The following table summarizes our principal contractual obligations as of December 31, 2012 (in thousands):

	<u>Total</u>	<u>Less than 1 Year</u>	<u>1-3 Years</u>	<u>3-5 Years</u>	<u>More than 5 Years</u>
Long-term debt (including current portion) ⁽¹⁾	\$1,845,774	\$ 21,330	\$ 42,660	\$1,781,784	\$ —
Interest ⁽²⁾	379,080	101,635	199,374	78,071	—
Operating leases ⁽³⁾	360,703	12,983	25,609	24,002	298,109
Purchase obligations ⁽⁴⁾	121,334	106,493	14,841	—	—
Total contractual obligations	<u>\$2,706,891</u>	<u>\$242,441</u>	<u>\$282,484</u>	<u>\$1,883,857</u>	<u>\$ 298,109</u>

- (1) The Senior Notes are reflected in this table at their principal amount. We intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of the outstanding Senior Notes and pay approximately \$15.4 million of redemption premium, plus accrued interest thereon. As a result of the redemption, our annualized interest expense is expected to be reduced by \$15.4 million.
- (2) Estimated future interest payments for our Senior Secured Credit Facilities are based on interest rates in effect at December 31, 2012 and estimated future interest payments for the Senior Notes are based on interest rates in effect at December 31, 2012. Interest obligations also include letter of credit and commitment fees for the used and unused portions of our Revolving Credit Facility. In addition, interest expense associated with deferred financing fees was excluded from the table as the expense is non-cash in nature.
- (3) Represents commitments under long-term operating leases, primarily consisting of the lease for the land of our SeaWorld theme park in San Diego, California, requiring annual minimum lease payments.
- (4) We have minimum purchase commitments with various vendors through May 2013. Outstanding minimum purchase commitments consist primarily of capital expenditures related to future attractions, infrastructure enhancements for existing facilities and information technology products and services.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2012.

Quantitative and Qualitative Disclosures about Market Risk

Inflation

The impact of inflation has affected, and will continue to affect, our operations significantly. Our costs of food, merchandise and other revenues are influenced by inflation and fluctuations in global commodity prices. In addition, costs for construction, repairs and maintenance are all subject to inflationary pressures.

Interest Rate Risk

We are exposed to market risks from fluctuations in interest rates, and to a lesser extent on currency exchange rates, from time to time, on imported rides and equipment. The objective of our financial risk management is to reduce the potential negative impact of interest rate and foreign currency exchange rate fluctuations to acceptable levels. We do not acquire market risk sensitive instruments for trading purposes.

We manage interest rate risk through the use of a combination of fixed-rate long-term debt and interest rate swaps that fix a portion of our variable-rate long-term debt.

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The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next 12 months, our estimate is that an additional \$1.4 million will be reclassified as an increase to interest expense.

After considering the impact of interest rate swap agreements, at December 31, 2012, approximately \$950.0 million of our outstanding long-term debt represents fixed-rate debt and approximately \$895.8 million represents variable-rate debt. Assuming an average balance on our revolving credit borrowings of approximately \$40.0 million, a hypothetical 100 bps increase in 30-day LIBOR on our variable-rate debt would lead to an increase of approximately \$3.4 million in annual cash interest costs due to the impact of our fixed-rate swap agreements.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, revenues and expenses, and disclosure of contingencies during the reporting period. Significant estimates and assumptions include the valuation and useful lives of long-lived tangible and intangible assets, the valuation of goodwill and other indefinite-lived intangible assets, the accounting for income taxes, the accounting for self-insurance, revenue recognition and equity-based compensation. Actual results could differ from those estimates. We believe that the following discussion addresses our critical accounting policies which require management's most difficult, subjective and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Property and Equipment

Property and equipment additions are recorded at cost and the carrying value is depreciated on a straight-line basis over the estimated useful lives of those assets. Internal development costs associated with rides and equipment are capitalized after feasibility studies have been completed and substantially all product development is complete. Interest is capitalized on all major construction projects. It is possible that changes in circumstances such as technological advances, changes to our business model or changes in capital strategy could result in the actual useful lives differing from estimates. In those cases in which we determine that the useful life of property and equipment should be shortened, we depreciate the remaining net book value in excess of the salvage value over the revised remaining useful life, thereby increasing depreciation expense evenly through the remaining expected life.

Impairment of Long-Lived Assets

All long-lived assets, including property and equipment and finite-lived intangible assets, are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. The impairment indicators considered important that may trigger an impairment review, if significant, include the following:

- underperformance relative to historical or projected future operating results;
- changes in the manner of use of the assets;
- changes in management, strategy or customers;

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- negative industry or economic trends; and
- macroeconomic conditions.

An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based upon the difference between the fair value and the carrying amounts of the assets. Fair value is generally determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available.

The determination of both undiscounted and discounted future cash flows requires management to make significant estimates and consider an anticipated course of action as of the balance sheet date. Subsequent changes in estimated undiscounted and discounted future cash flows arising from changes in anticipated actions could impact the determination of whether impairment exists, the amount of the impairment charge recorded and whether the effects could materially impact the consolidated financial statements included elsewhere in this prospectus.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill and other indefinite-lived intangible assets are reviewed for impairment annually for ongoing recoverability based on applicable reporting unit performance and consideration of significant events or changes in the overall business environment.

In assessing goodwill for impairment, we initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We consider several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers, and relevant reporting unit specific events such as a change in the carrying amount of net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, and the testing of recoverability of a significant asset group within a reporting unit. If the qualitative assessment is not conclusive, then the recorded value of the reporting unit is compared to the fair value of the reporting unit, which is determined using a discounted future cash flow analysis. If the recorded amount exceeds the fair value, the impairment write-down is quantified by comparing the current implied value of goodwill to the recorded goodwill balance.

Significant judgments required in this testing process may include projecting future cash flows, determining appropriate discount rates and other assumptions. Projections are based on management's best estimates given recent financial performance, market trends, strategic plans and other available information which in recent years have been materially accurate. Although not currently anticipated, changes in these estimates and assumptions could materially affect the determination of fair value or impairment. It is possible that our assumptions about future performance, as well as the economic outlook and related conclusions regarding the valuation of our assets, could change adversely, which may result in impairment that would have a material effect on our financial position and results of operations in future periods. At December 1, 2012 and 2010, a quantitative assessment was performed and we determined that we had no reporting units that were considered impaired as a result of this goodwill impairment test. At December 1, 2011, a qualitative assessment was performed and we determined, after assessing the totality of relevant events and circumstances, that it was not more likely than not that the carrying value exceeded the fair value of the reporting units. Accordingly, based upon the qualitative assessment test that was performed in 2011 and the quantitative assessments that were performed as of December 1, 2012 and 2010, we had no reporting units that were considered at risk of failing step one of the goodwill impairment test.

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Our indefinite-lived intangible assets consist of certain trade names which, after considering legal, regulatory, contractual, and other competitive and economic factors, are determined to have indefinite lives and are valued annually using the relief from royalty method. Significant estimates required in this valuation method include estimated future revenues impacted by the trade names, royalty rate by park, appropriate discount rates, remaining useful life, and other assumptions. Projections are based on management's best estimates given recent financial performance, market trends, strategic plans, brand awareness, operating characteristics by park, and other available information which in recent years have been materially accurate. Changes in these estimates and assumptions could materially affect the fair value determination used in the assessment of impairment. At December 1, 2012, the fair value of trade names was substantially in excess of their carrying values.

Accounting for Income Taxes

We are required to estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as depreciation periods for property and equipment and deferred revenue, for tax and financial accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We must then assess the likelihood that deferred tax assets (primarily net operating and capital loss carryforwards) will be recovered from future taxable income. To the extent that we believe that recovery is not likely, a valuation allowance against those amounts is recognized. To the extent that we recognize a valuation allowance or an increase in the valuation allowance during a period, we recognize these amounts as income tax expense in the consolidated statements of operations. If we undergo an ownership change in the future, as described in Section 382(g) of the Code, our ability to recover certain deferred tax assets (including loss carryforwards) may be limited. This limitation may have the effect of reducing our after-tax cash flow in future years and may affect our need for a valuation allowance on our deferred tax assets.

Significant management judgment is required in determining our provision or benefit for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against net deferred tax assets. Management has analyzed the positive and negative evidence and has determined that it is more likely than not that our deferred tax assets will be realized, and, therefore, no valuation allowances are needed.

Self-Insurance Reserves

Reserves are recorded for the estimated amounts of guest and employee claims and expenses incurred each period that are not covered by insurance. Reserves are established for both identified claims and incurred but not reported ("IBNR") claims. Such amounts are accrued for when claim amounts become probable and estimable. Reserves for identified claims are based upon our own historical claims experience and third-party estimates of settlement costs. Reserves for IBNR claims are based upon our own claims data history, as well as industry averages. All reserves are periodically reviewed for changes in facts and circumstances and adjustments are made as necessary.

Revenue Recognition

We recognize revenue upon admission into a theme park or when products are delivered to customers. For season passes and other multiuse admissions, revenue is deferred and recognized based on the terms of the admission product and the estimated number of visits expected and is adjusted periodically.

We have entered into agreements with certain external theme park, zoo and other attraction operators, to jointly market and sell admission products. These joint products allow admission to both a

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Company park and an external park, zoo or other attraction. The agreements with the external parks specify the allocation of revenue to us from any jointly sold products. Deferred revenue is recorded based on the terms of the respective agreement and the related revenue is recognized upon admission.

Recently Issued Financial Accounting Standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance clarifying how to measure and disclose fair value. This guidance amends the application of the "highest and best use" concept to be used only in the measurement of fair value of nonfinancial assets, clarifies that the measurement of the fair value of equity-classified financial instruments should be performed from the perspective of a market participant who holds the instrument as an asset, clarifies that an entity that manages a group of financial assets and liabilities on the basis of its net risk exposure can measure those financial instruments on the basis of its net exposure to those risks, and clarifies when premiums and discounts should be taken into account when measuring fair value. The fair value disclosure requirements were also amended. This new guidance is effective for fiscal years and interim periods beginning after December 15, 2011. We adopted the amended guidance effective January 1, 2012 and it did not have a material effect on our consolidated financial statements included elsewhere in this prospectus.

In June 2011, the FASB issued guidance that revises the manner in which entities present comprehensive income in their financial statements. The guidance requires entities to report the components of comprehensive income in either a single, continuous statement or two separate but consecutive statements. In December 2011, the FASB issued guidance which defers certain requirements set forth in June 2011. These amendments were made to allow the FASB time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income in all periods presented. Both sets of guidance were effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and are required to be applied retrospectively. We adopted this guidance on January 1, 2012 and accordingly applied to the new guidance retrospectively. Such adoption only resulted in a change in how we present the components of comprehensive income.

In September 2011, the FASB issued guidance related to testing goodwill for impairment. Under the amended guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting units. If the entities determine, based on the qualitative assessment, that it is more likely than not an impairment has not occurred, no further quantitative testing is necessary. The guidance is effective for fiscal years beginning after December 15, 2011, with early adoption permitted. We early adopted the guidance and performed a qualitative assessment as our initial step for the 2011 annual review of goodwill impairment. The adoption of this guidance did not have a material impact on our consolidated financial statements.

In July 2012, the FASB issued new accounting guidance relating to impairment testing for indefinite-lived intangible assets. In accordance with this guidance, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the indefinite-lived intangible asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test as required by existing standards. This guidance is effective for annual and interim impairment tests for fiscal years beginning after September 15, 2012 and early adoption is permitted. We are in the process of evaluating this guidance, which is not expected to have a material impact on our consolidated financial statements included elsewhere in this prospectus.

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BUSINESS

Company Overview

We are a leading theme park and entertainment company delivering personal, interactive and educational experiences that blend imagination with nature and enable our customers to celebrate, connect with and care for the natural world we share. We own or license a portfolio of globally recognized brands, including SeaWorld, Shamu and Busch Gardens. Over our more than 50 year history, we have built a diversified portfolio of 11 destination and regional theme parks that are grouped in key markets across the United States, many of which showcase our one-of-a-kind collection of approximately 67,000 marine and terrestrial animals. Our theme parks feature a diverse array of rides, shows and other attractions with broad demographic appeal which deliver memorable experiences and a strong value proposition for our guests. In addition to our theme parks, we have recently begun to leverage our brands into media, entertainment and consumer products.

During the year ended December 31, 2012, we hosted more than 24 million guests in our theme parks, including approximately 3.5 million international guests from over 55 countries and six continents. In the year ended December 31, 2012, we had total revenues of \$1,423.8 million and net income of \$77.4 million. Our increasing revenue and growing profit margins, combined with our disciplined approach to capital expenditures and working capital management, enable us to generate strong and recurring cash flow.

Our legacy started in 1959 with the opening of our first Busch Gardens theme park in Tampa, Florida. Since then, we have built our portfolio of strong brands and have strategically expanded our portfolio of theme parks across five states and approximately 2,000 acres of owned land, including through acquisitions. We most recently acquired Knott's Soak City Chula Vista water park in California, which we are in the process of rebranding as Aquatica San Diego before it re-opens in 2013.

Our portfolio of branded theme parks includes the following names:

- **SeaWorld.** SeaWorld is widely recognized as the leading marine-life theme park brand in the world. Our SeaWorld theme parks, located in Orlando, San Antonio and San Diego, each rank among the most highly attended theme parks in the industry and offer up-close interactive experiences and a variety of live performances, including shows featuring Shamu in specially designed amphitheatres. We offer our guests numerous animal encounters, including the opportunity to work with trainers and feed marine animals, as well as themed thrill rides and theatrical shows that creatively incorporate our one-of-a-kind animal collection.
- **Busch Gardens.** Our Busch Gardens theme parks are family-oriented destinations designed to immerse guests in foreign geographic settings. They are renowned for their beauty and award-winning landscaping and gardens and allow our guests to discover the natural side of fun by offering a family experience featuring a variety of attractions and rollercoasters in a richly-themed environment. Busch Gardens Tampa presents our collection of animals from Africa, Asia and Australia. Busch Gardens Williamsburg, which has been named the Most Beautiful Park in the World by the National Amusement Park Historical Association for 22 consecutive years, showcases European-themed cultural and culinary experiences, including high-quality theatrical productions.
- **Aquatica.** Our Aquatica branded water parks are premium, family-oriented destinations that are based in a South Seas-themed tropical setting. Aquatica water parks build on the aquatic theme of our SeaWorld brand and feature high-energy rides, water attractions, white-sand beaches and an innovative and entertaining presentation of marine and terrestrial animals. We position our Aquatica water parks as companion water parks to our SeaWorld theme parks in Orlando and San Diego and we have an Aquatica water park situated within our SeaWorld San Antonio theme park.

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- ¶ **Discovery Cove.** Discovery Cove is a reservations only, all-inclusive, marine-life day resort adjacent to SeaWorld Orlando. Discovery Cove offers guests personal, signature experiences, including the opportunity to swim and interact with dolphins, take an underwater walking reef tour and enjoy pristine white-sand beaches and landscaped private cabanas. Discovery Cove presently limits its attendance to approximately 1,300 guests per day and features premium culinary offerings in order to provide guests with a more relaxed, intimate and high-end luxury resort experience.
- ¶ **Sesame Place.** Sesame Place is the only U.S. theme park based entirely on the award-winning television show Sesame Street. Located between Philadelphia and New York City, Sesame Place is a destination where parents and children can share in the spirit of imagination and experience Sesame Street together through whirling rides, water slides, colorful shows and furry friends. In addition, we have introduced Sesame Street brands in our other theme parks through Sesame Street-themed rides, shows, children's play areas and merchandise.

We generate revenue primarily from selling admission to our theme parks and from purchases of food, merchandise and other spending. For the year ended December 31, 2012, theme park admissions accounted for approximately 62% of our revenue, and purchases of food, merchandise and other spending accounted for approximately 38% of our revenue. Over the same period of time, we reported \$36.26 in admission per capita and \$22.11 in-park per capita spending, representing an increase of 3.9% and 3.3%, respectively when compared to the year ended December 31, 2011. For more information, see “—Our Brands” and “—Our Products and Services” below.

As one of the world's foremost zoological organizations and a global leader in animal welfare, training, husbandry and veterinary care, we are committed to helping protect and preserve the environment and the natural world. For more information, see “—Our Animals” and “—Philanthropy and Community Relations” below.

Our Competitive Strengths

- ¶ **Brands That Consumers Know and Love.** We believe that our brands attract and appeal to guests from around the world and have been established as a part of popular culture. Our brand portfolio is highly stable, which we believe reduces our exposure to changing consumer tastes. We use our brands and intellectual property to increase awareness of our theme parks, drive attendance to our theme parks and create “out-of-park” experiences for our guests as a way to connect with them before they visit our theme parks and to stay connected with them after their visit. Such experiences include various media and consumer product offerings, including websites, advertisements and media programming, toys, books, apparel and technology accessories. The popularity of our brands is evidenced by over 32 million unique visitors to our websites from January 2012 through December 2012. In addition to our theme parks, we have recently begun to leverage our brands into media, entertainment and consumer products, and our Sea Rescue television program was seen by more than 27 million viewers in its first season and has been extended for a second season.
- ¶ **Differentiated Theme Parks.** We own and operate 11 theme parks, including five of the top 20 theme parks in the United States as measured by attendance. Our theme parks are beautifully themed and deliver high-quality entertainment, aesthetic appeal, shopping and dining and have won numerous awards, including Amusement Today's Golden Ticket Awards for Best Landscaping. Our theme parks feature seven of the 50 highest rated steel rollercoasters in the world, led by Apollo's Chariot, the #4 rated steel rollercoaster in the world. Our theme parks have won the top three spots in Amusement Today's annual Golden Ticket Award for Best Marine Life Park since the award's inception in 2006. We have over 600 attractions that appeal to guests of all ages, including 93 animal habitats, 116 shows and 187

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rides. In addition, we have over 300 restaurants and specialty shops. Our theme parks appeal to the entire family and offer a broad range of experiences, ranging from emotional and educational animal encounters to thrilling rides and exciting shows.

- ÿ **Diversified Business Portfolio.** Our portfolio of theme parks is diversified in a number of important respects. Our theme parks are located across the United States, which helps protect us from the impact of localized events. Each theme park showcases a different mix of zoological, thrill-oriented and family-friendly attractions. This varied portfolio of entertainment offerings attracts guests from a broad range of demographics and geographies. Our theme parks appeal to both regional and destination guests, which provides us with a stable attendance base while allowing us to benefit from improvements in macroeconomic conditions, including increased consumer spending and international travel.
- ÿ **One of the World's Largest Zoological Collections.** We believe we are attractively positioned in the industry due to our ability to display our extensive animal collection in a differentiated and interactive manner. We believe we have one of the world's largest zoological collections with approximately 67,000 animals, including approximately 7,000 marine and terrestrial animals and approximately 60,000 fish. With 29 killer whales, we have the largest group of killer whales in human care. We have established successful and innovative breeding programs that have produced 30 killer whales, 152 dolphins and 115 sea lions, among other species, and our marine animal populations are characterized by their substantial genetic diversity. More than 80% of our marine mammals were born in human care.
- ÿ **Strong Competitive Position.** Our competitive position is protected by the combination of our powerful brands, extensive animal collection and expertise and attractive in-park assets located on valuable real estate. Our animal collection and zoological expertise, which have evolved over our more than four decades of caring for animals, would be very difficult to replicate. Over the past two years, we have made extensive investments in new marketable attractions and infrastructure and we believe that our theme parks are well capitalized. The limited supply of real estate suitable for theme park development coupled with high initial capital investment, long development lead-times and zoning and other land use restrictions constrain the number of large theme parks that can be constructed.
- ÿ **Proven and Experienced Management Team and Employees with Specialized Animal Expertise.** Our senior management team, led by Jim Atchison, our Chief Executive Officer and President, includes some of the most experienced theme park executives in the world, with an average tenure of more than 28 years in the industry. The management team is comprised of highly skilled and dedicated professionals with wide ranging experience in theme park operations, zoological operations, product development, business development and marketing. In addition, we are one of the world's foremost zoological organizations with approximately 1,550 employees dedicated to animal welfare, training, husbandry and veterinary care.
- ÿ **Proximity of Complementary Theme Parks.** Our theme parks are grouped in key locations near large population centers across the United States, which allows us to realize revenue and operating expense efficiencies. Having theme parks located within close proximity to each other enables us to cross market and offer bundled ticket and travel packages. In addition, closely located theme parks provide operating efficiencies including sales, marketing, procurement and administrative synergies as overhead expenses are shared among the theme parks within each region. We intend to continue to capitalize on this strength through our recent acquisition of Knott's Soak City Chula Vista water park in California, which will complement our SeaWorld San Diego theme park.
- ÿ **Attractive, Growing Profit Margins and Strong Cash Flow Generation.** Our attractive and growing profit margins, combined with our disciplined approach to capital expenditures and working capital management, enable us to generate strong and recurring cash flow. Five of our

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11 theme parks are open year-round, reducing our seasonal cash flow volatility. In addition, we have substantial tax assets which we expect to be available to defer a portion of our cash tax burden going forward.

- ÿ **Care for Our Community and the Natural World.** Caring for our community and the natural world is a core part of our corporate identity and resonates with our guests. We focus on three core philanthropic areas: children, environment, and education. Through the power of entertainment, we are able to inspire children and educate guests of all ages. We support numerous charities and organizations across the country. For example, we are the primary supporter and corporate member of the SeaWorld & Busch Gardens Conservation Fund, a non-profit conservation foundation, which makes grants to wildlife research and conservation projects that protect wildlife and wild places worldwide. In addition, in collaboration with the government and other members of accredited stranding networks, we operate one of the world's most respected programs to rescue ill and injured marine animals, with the goal to rehabilitate and return them back to the wild. Our animal experts have helped more than 22,000 ill, injured, orphaned and abandoned animals for more than four decades.

Our Strategies

We plan to grow our business by increasing our existing theme park revenues through strategies designed to drive higher attendance and increase in-park per capita spending, as well as by creating new sources of revenue through expansion of our theme parks, new theme park development and extending our brands into new media, entertainment and consumer products. We believe that our strategies complement each other as they lead to increased brand strength and awareness and drive revenue growth and profitability. Our strategies include the following components:

- ÿ **Continue to Create Memorable Experiences for Our Guests.** Our mission is to use the power of educational entertainment to continue to inspire our guests to celebrate, connect with and care for the natural world we share. We provide our guests with innovative and immersive theme park experiences, such as our 3-D, 360-degree TurtleTrek attraction at SeaWorld Orlando, which opened in 2012. We also offer guests exciting rides, animal encounters and beautifully-themed entertainment that are difficult to replicate, such as in-water experiences with beluga whales at SeaWorld Orlando and our Cheetah Hunt ride, which is a launch coaster opened in 2011 that runs alongside a cheetah habitat at Busch Gardens Tampa. As a result of these distinctive offerings, our guest surveys routinely report very high "Overall Satisfaction" scores, with 97% of recent respondents in 2012 ranking their experience good or excellent. Going forward, we will continue to develop high-quality experiences for our guests, focused on integrating our impressive animal collection with creatively themed settings and products that our guests will remember long after they leave our theme parks.
- ÿ **Drive Increased Attendance to Our Theme Parks.** We plan to drive increased attendance to our theme parks by continually introducing new attractions, differentiated experiences and enhanced service offerings. Because of the historic correlation between capital investment and increased attendance, we plan to add to our award-winning portfolio of assets and spend capital in support of marketable events, such as SeaWorld's 50th Anniversary Celebration. We also plan to increase awareness of our theme parks and brands through effective media and marketing campaigns, including the targeted use of online and social media platforms. For example, since their introduction in 2006, our YouTube channels have attracted approximately 16 million views, and we believe that we can continue to use traditional and new media to increase awareness of our brands and drive attendance to our theme parks.
- ÿ **Expand In-Park Per Capita Spending through New and Enhanced Offerings.** We believe that by providing our guests additional and enhanced offerings at various price points, we can drive further spending in our theme parks. For example, we recently introduced an

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“all-day-dining deal” for a supplemental fee, which we believe has resulted in increased in-park per capita spending. In addition, we have developed iPhone and Android smartphone applications for our SeaWorld and Busch Gardens theme parks, which offer GPS navigation through the theme parks and interactive theme park maps that show the nearest dining locations, gift shops and ATMs and provide real-time updates on wait times for rides. Our guests have quickly adopted these products with over one million downloads of our smartphone applications from June 2011 through December 2012. We believe that going forward, there are significant avenues to expand guest offerings in ways that both increase guest satisfaction and provide us with incremental revenue.

- ÿ **Grow Revenue through Disciplined and Dynamic Pricing.** We are focused on increasing our revenues through a variety of ticket options and disciplined pricing and promotional strategies. We offer an array of tailored admission options, including season passes and multi-park tickets to motivate the purchase of higher value products and increase in-park per capita spending. In addition, to increase non-peak demand we offer seasonal and special events and concerts, some of which are separately priced. We have begun deploying a dynamic pricing model, which will enable us to adjust admission prices for our theme parks based on expected demand.
- ÿ **Increase Profitability through Operating Leverage and Rigorous Cost Management.** Adding incremental attendance and driving additional in-park per capita spending affords us with an opportunity to realize gains in profitability because of the fixed cost base and high operating leverage of our business. We also employ rigorous cost management techniques to drive additional operating efficiencies. For example, we utilize a centralized procurement and strategic sourcing team and participate in several cooperative buying organizations to leverage our purchases company-wide and have also recently consolidated our marketing spending with a single agency to streamline our marketing efforts.
- ÿ **Pursue Disciplined Capital Deployment, Expansion and Acquisition Opportunities.** We pursue a disciplined capital deployment strategy focused on the development and improvement of rides, attractions and shows, as well as seek to leverage our strong brands and expertise to pursue selective domestic and international expansion and acquisition opportunities. As part of this strategy, we seek to replicate successful capital investments in particular attractions across multiple theme parks, as we did with our Journey to Atlantis watercoaster that premiered in SeaWorld Orlando and was later introduced in the other SeaWorld theme parks. We have been successful in grouping our theme parks and water parks near each other, which allows us to operate companion theme parks with reduced overhead costs and creates revenue opportunities through multi-park tickets and other joint marketing initiatives. For example, in November 2012, we acquired Knott’s Soak City Chula Vista water park, which is located near our SeaWorld San Diego theme park. We plan to re-launch the water park as Aquatica San Diego by mid-2013. We also evaluate new domestic theme park opportunities as well as potential joint venture opportunities that would allow us to expand internationally by combining our brands and zoological and operational expertise with third-party capital.
- ÿ **Leverage and Expand Our Brands to Increase Awareness and Create New Opportunities.** Our brands are highly regarded and are primarily based on our own intellectual property, which provides us with opportunities to leverage our intellectual property portfolio and develop new media, entertainment and consumer products. For example, in 2013 we will open Antarctica: Empire of the Penguin at our SeaWorld Orlando theme park that will feature a new animated penguin character, Puck, and coincide with the launch of new in-park merchandise, mobile gaming, and consumer products designed around the Puck character. In addition, we are able to expand into new media platforms by partnering with others to create new, powerful entertainment opportunities. For example, in 2012, we launched Sea Rescue, a Saturday morning television show airing on the ABC Network featuring our work to rescue injured animals in coordination with various government agencies and other rescue

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organizations, which attracted over 27 million viewers in its first season and has been rated as the number one show in its timeslot in a number of major U.S. markets since its debut.

• **Continue our Support of Species Conservation, Sustainability and Animal Welfare.** Our zoological know-how and coast-to-coast presence provide us with significant opportunities to contribute to global species conservation, sustainability and animal welfare initiatives. For example, our employees regularly assist in animal rescue efforts, and the non-profit SeaWorld & Busch Gardens Conservation Fund, of which we are the primary supporter and corporate member, makes grants to wildlife research and species conservation projects worldwide. Our species conservation efforts and philanthropic activities generate positive awareness and goodwill for our business. These efforts are a core part of our corporate culture and identity and resonate with our customers.

Our Industry

We believe that the theme park industry is an attractive sector characterized by a proven business model that generates significant cash flow and has clear avenues for growth. Theme parks offer a strong consumer value proposition, particularly when compared to other forms of out-of-home entertainment such as concerts, sporting events, cruises and movies. As a result, theme parks attract a broad range of guests and generally exhibit strong margins across regions, operators, park types and macroeconomic conditions.

According to the IBISWorld Report, the U.S. theme park industry, which hosts approximately 315 million visitors per year, is comprised of a large number of venues ranging from a small group of high attendance, heavily-themed destination theme parks to a large group of lower attendance local theme parks and family entertainment centers. According to the TEA/AECOM Report, the United States is the largest theme park market in the world with six of the ten largest theme park operators and 12 of the 25 most-visited theme parks in the world. In 2011, the U.S. theme park industry generated approximately \$11.0 billion in revenues, according to the IBISWorld Report.

Our Brands

We own or license a portfolio of globally recognized brands, including SeaWorld, Shamu, Busch Gardens and Sesame Place. By focusing on nature-based themes, our theme parks distinguish themselves from traditional theme parks and are able to attract a diverse geographic and demographic mix of guests. Our brand portfolio is highly stable, reducing our exposure to changing consumer tastes.

Our strong brands allow us to command higher admissions prices, drive in-park per capita spending and generate out-of-park revenue. We are focused on developing proprietary brands and intellectual property that we can leverage through a variety of media and entertainment platforms and consumer products to drive attendance to our theme parks and create “out-of-park” experiences for our guests as a way to connect with them before they visit our theme parks and to stay connected with them after their visit. Such experiences include various media and consumer product offerings, including websites, advertisements and media programming, toys, books, apparel and technology accessories. Our brands are among our most important assets, and we are actively engaged in enforcement and other activities to protect our intellectual property rights.










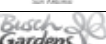


Our Theme Parks

We are best known for our theme parks, which hosted more than 24 million guests during the year ended December 31, 2012. Our theme parks offer guests a variety of exhilarating experiences, from animal encounters that invite exploration and appreciation of the natural world, to thrilling rides and spectacular shows. The theme parks are beautifully themed venues that are consistently recognized

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among the top theme parks in the world and rank among the most highly attended in the industry. In 2011, SeaWorld Orlando, Busch Gardens Tampa and SeaWorld San Diego each ranked among the top 25 theme parks worldwide based on attendance, and Aquatica Orlando and Water Country USA each ranked among the top 20 water parks worldwide based on attendance. We generally locate our theme parks in geographical clusters, which improves our ability to serve guests by providing them with a varied, comprehensive vacation experience and valuable multi-park pricing packages, as well as improving our operating efficiency through shared overhead costs.

The following table summarizes our theme park portfolio:

Location	Theme Park	Year Opened	Season	Animal Habitats ⁽²⁾	Rides ⁽³⁾	Shows ⁽⁴⁾	Play Areas ⁽⁵⁾	Events ⁽⁶⁾	Distinctive Experiences ⁽⁷⁾
Orlando, FL	 SeaWorld Orlando	1973	Year-round	19	14	18	2	7	17
	 DISCOVERY COVE	2000	Year-round	5	0	0	0	0	5
	 AQUATICA Orlando	2008	Year-round	5	13	0	2	0	2
Tampa, FL	 Busch Gardens Tampa, FL	1959	Year-round	16	30	18	11	9	20
	 Adventure Island	1980	Mar-Oct	0	12	0	4	1	2
San Diego, CA	 SeaWorld San Diego	1964	Year-round	26	10	20	2	4	11
	 AQUATICA San Diego	1996 ⁽¹⁾	May-Sep	2	11	0	0	0	0
San Antonio, TX	 SeaWorld San Antonio	1988	Feb-Dec	12	23	29	12	7	32
Williamsburg, VA	 Busch Gardens Williamsburg, VA	1975	Mar-Oct & Dec	7	38	16	8	6	28
	 Water Country USA	1984	May-Sep	1	14	1	4	0	6
Langhorne, PA	 SESAME PLACE SEAWORLD ENTERTAINMENT	1980	May-Oct & Dec	0	22	14	9	4	7
Total⁽⁸⁾				93	187	116	54	38	130

- (1) On November 20, 2012, we acquired the Knott's Soak City Chula Vista water park from Cedar Fair, L.P. We plan to rebrand this water park as Aquatica San Diego before it re-opens in 2013.
- (2) Represents animal habitats without a ride or show element, often adjacent to a similarly themed attraction.
- (3) Represents rides, including mechanical rides and water slides.
- (4) Represents annual and seasonal shows with live entertainment, animals, characters and/or 3-D or 4-D experiences.
- (5) Represents pure play areas, typically designed for children or seasonal special event oriented, often without a queue (such as water splash areas and Halloween mazes).
- (6) Represents special limited time events.
- (7) Represents special experiences, such as educational tours, immersive dining experiences and swimming with animals, often limited to small groups and individuals and/or requiring a supplemental fee.
- (8) The total number of animal habitats, rides, shows, play areas, events and distinctive experiences in our theme park portfolio varies seasonally.

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ÿ **SeaWorld.** SeaWorld is globally recognized as the leading marine-life theme park brand in the world. Our SeaWorld theme parks offer a truly memorable experience for guests of all ages: up-close animal encounters, thrilling attractions and lavish performances that immerse guests in the marine-life theme. Each SeaWorld theme park showcases killer whales at Shamu Stadium, which features inspiring shows, underwater viewing and special dining experiences. We currently own and operate the following SeaWorld branded theme parks:

ÿ *SeaWorld Orlando* is a 279 acre theme park in Orlando, Florida and is open year-round. It is our largest theme park as measured by attendance and revenue. SeaWorld Orlando is home to the original Journey to Atlantis watercoaster ride and Kraken, a floorless rollercoaster. In 2009, SeaWorld Orlando opened Manta, integrating animals and a beautiful aquarium into the theming of a flying rollercoaster. In April 2012, we opened TurtleTrek, one of the first attractions with two extensive naturalistic habitats, home to manatees and sea turtles, and a 3-D, 360-degree dome theater, which allows a 3-D movie to be shown all around guests and even above them.

ÿ *SeaWorld San Antonio* is one of the world's largest marine-life theme parks, encompassing 416 acres in San Antonio, Texas. Open 11 months of the year, SeaWorld San Antonio features thrilling rollercoasters, including the Steel Eel and The Great White, along with a collection of marine-themed shows and experiences, including the killer whale show One Ocean. Our guests can upgrade their experience for an additional fee to also enjoy our Aquatica water park located within SeaWorld San Antonio.

ÿ *SeaWorld San Diego* is the original SeaWorld theme park spanning 190 acres of waterfront property on Mission Bay in San Diego, California. SeaWorld San Diego is open year-round and is one of the most visited paid attractions in San Diego. Its newest attraction is Manta, built in 2012 and modeled on the successful Manta ride in SeaWorld Orlando, which includes animal habitats featuring bat rays and other marine-life as well as a launch rollercoaster shaped like a giant manta ray.

Collectively, our theme parks have won the top three spots in Amusement Today's annual Golden Ticket Award for Best Marine Life Park since the award's inception in 2006. We have over 48 years of experience developing techniques for reproducing, maintaining and showing marine mammals.

ÿ **Busch Gardens.** Our Busch Gardens theme parks are family-oriented theme parks designed to immerse guests in foreign geographic settings and they feature a combination of rollercoasters, exotic animals and high-energy theatrical productions that appeal to all ages. Our Busch Gardens theme parks are renowned for their beauty and cleanliness with award-winning landscaping and gardens. We currently own and operate the following Busch Gardens theme parks:

ÿ *Busch Gardens Tampa* features exotic animals, thrill rides and shows on 306 acres of lush natural landscape. With more than 12,000 animals representing more than 300 species, Busch Gardens Tampa offers more opportunities to learn about and interact with amazing animals than any other of our theme parks. Our zoological collection is a popular attraction for families, and its portfolio of rides, including three of the world's top 30 steel rollercoasters, broaden the theme park's appeal to teens and thrill seekers of all ages. Our newest attractions include the award winning Iceploration show, state-of-the-art Animal Care Center and Christmas Town, which opened in 2012.

ÿ *Busch Gardens Williamsburg* is regularly recognized as one of the highest quality theme parks in the world, capturing dozens of awards over its 37-year history for attraction and show quality, design, landscaping, culinary operations and theming. This 422 acre theme park has

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been named the Most Beautiful Park in the World by the National Amusement Park Historical Association for 22 consecutive years and has earned the Golden Ticket for Best Landscaping each year since the category's inception in 1998. It features some of the industry's top thrill rides with three steel rollercoasters, Apollo's Chariot, Alpenggeist and Griffon, ranked in the top 50 in Amusement Today's annual survey. Its newest steel rollercoaster, Verbolten, a multi-launch, indoor/outdoor rollercoaster that ends with an 88-foot drop toward the theme park's Rhine River, opened in 2012.

- ÿ **Aquatica.** Aquatica are high-end water parks that place an equal emphasis on high-energy water rides and innovative presentations of marine and terrestrial animals, while leveraging our brand and aquatic mammal expertise. We position our Aquatica water parks as companions to our SeaWorld theme parks and currently own and operate the following Aquatica branded theme parks:
 - ÿ Aquatica Orlando is an 81 acre South Seas-themed water park adjacent to SeaWorld Orlando. It was the 3rd most attended water park in North America in 2011 and is open year-round. The theme park features state-of-the-art attractions for guests of all ages and swimming abilities, including some that pass by or through animal habitats, including the signature Dolphin Plunge that carries guests through a Commerson's dolphin habitat.
 - ÿ Aquatica San Diego is the latest theme park to be added to our portfolio. This theme park was acquired from Cedar Fair in November 2012 and is being extensively renovated and rebranded as Aquatica San Diego before it re-opens in 2013.
 - ÿ Aquatica San Antonio is a newly-added water park located within SeaWorld San Antonio and accessible to guests for an additional fee. It features a variety of waterslides, rivers, lagoons, more than 45,000 square feet of beach area, private cabanas and more than 500 stingrays and tropical fish.
- ÿ **Discovery Cove.** Located next to SeaWorld Orlando, Discovery Cove is a reservations only, all-inclusive marine-life theme park that is open year-round to guests. The theme park restricts its attendance to approximately 1,300 guests per day in order to assure a more intimate experience. Discovery Cove provides guests with a full day of activities, including a 30-minute dolphin swim session and the opportunity to snorkel with thousands of tropical fish, wade in a lush lagoon with stingrays, and hand-feed birds in a free flight aviary. We opened new attractions at Discovery Cove in the last two years, The Grand Reef, which includes SeaVenture, an underwater walking tour where guests can get up close to exotic fish and sharks, and Freshwater Oasis, which offers wading adventures and face-to-face encounters with otters and marmosets.
- ÿ **Sesame Place.** Located between Philadelphia and New York City, Sesame Place is the only theme park in America entirely dedicated to Sesame Street's spirit of imagination. The theme park shares SeaWorld's "education and learning through entertainment" philosophy and allows parents to rediscover their own childhood. Our rights to the Sesame Street brand in the United States extend through 2021. Despite its small size and seasonal operating schedule, Sesame Place attracts more than one million guests annually due to its strong family appeal. Sesame Place debuted the Neighborhood Street Party Parade and an annual Christmas event in 2011.
- ÿ **Water Country USA.** Virginia's largest family water play park, Water Country USA, features state-of-the-art water rides and attractions, all set to a 1950s and 1960s surf theme. Water Country USA is the sixth most attended water park in North America and features a 23,000 square-foot wave pool, a science fiction themed interactive children's play area, kid-sized water slides, live shows and several other attractions. Its newest attraction is Vanish Point, a thrilling drop slide, which opened in 2011.

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- ÿ **Adventure Island.** Located adjacent to Busch Gardens Tampa, Adventure Island is a 56 acre water park that is filled with water rides, dining and other attractions that incorporate a Key West theme. The theme park is the seventh most attended water park in North America and features a friendly wave pool and children's water playground that appeal to its core constituency, local families with young children.

Our New Attractions

Our theme parks feature a variety of attractions for our guests, including the following attractions added in 2012:

- ÿ **Animal Care Center (Busch Gardens Tampa):** At our Animal Care Center guests have the opportunity to observe and take part in the animal care experience. From nutrition to x-rays and surgeries, much of the animal care is conducted within guest view in this state-of-the-art animal care facility.
- ÿ **Aquatica San Antonio (SeaWorld San Antonio):** Aquatica San Antonio is a resort style water park opened inside SeaWorld San Antonio and available for an additional fee. It features thrilling water slides, rivers, lagoons, more than 45,000 square feet of beach area, private cabanas and more than 500 stingrays and tropical fish. The water park's signature attraction, Stingray Falls, takes four-seat rafts down twists and turns to an underwater grotto, where guests view stingrays and tropical fish. In addition, Walhalla Wave, a family raft ride, sends guests to the top of a zero-gravity wall, giving riders the sense of weightlessness.
- ÿ **Christmas Town (Busch Gardens Tampa):** Christmas Town allows guests to experience the Christmas season with a separate admission evening event offering more than a million holiday lights, special entertainment, shopping, dining and seasonal attractions.
- ÿ **Entwined: Tales of Good and Grimm (Busch Gardens Williamsburg):** Entwined is Busch Gardens' new storytelling show in Das Festhaus, a restaurant and entertainment venue.
- ÿ **Freshwater Oasis (Discovery Cove):** Freshwater Oasis offers wading adventures and face-to-face encounters with otters and marmosets.
- ÿ **Iceploration (Busch Gardens Tampa):** Iceploration is a new ice show set in the 1,100-seat Moroccan Palace Theater. It combines skaters, oversized puppets, atmospheric special effects, original music and animals to tell the story of a young boy and his grandfather exploring the world.
- ÿ **Just for Kids (SeaWorld Orlando):** Just for Kids is an event that provides children with an opportunity to sing, dance and play. Guests experience live shows, kid-sized rides and some of today's favorite children's music artists at this popular festival.
- ÿ **Let's Play Together (Sesame Place):** Let's Play Together is the newest addition to Sesame Place. Elmo, Cookie Monster, Grover, Rosita, Bert, Ernie and Abby Cadabby play, sing and dance while learning all about the wonderful things that friends do together.
- ÿ **Manta (SeaWorld San Diego):** Manta is an attraction that includes animal habitats featuring bat rays and other marine-life, as well as a launch rollercoaster shaped like a giant manta ray.
- ÿ **TurtleTrek (SeaWorld Orlando):** TurtleTrek is a realistic 3-D, 360 degree movie, providing guests with an opportunity to find out what it is like to "be a turtle" on an epic journey where they encounter hardships and challenges as they try to make it back to their home beach. TurtleTrek also features two large saltwater and freshwater habitats that are home to endangered sea turtles and manatees.
- ÿ **Verbolten (Busch Gardens Williamsburg):** Verbolten is a multi-launch, indoor/outdoor rollercoaster that ends with an 88-foot drop toward the theme park's Rhine River.

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Capital Improvements

We make annual investments to support our existing theme park facilities and attractions, as well as enable the development of new theme park attractions and infrastructure. Maintaining and improving our theme parks, as well as opening new attractions, is critical to remain competitive and increase attendance and our guests' length of stay.

In 2012, we opened new attractions in seven of our theme parks. In 2013, we will open one of our biggest new attractions: Antarctica: Empire of the Penguin, a realm within our SeaWorld Orlando park themed to the snowy continent that will include a new attraction with innovative industry-leading ride technology. Antarctica will immerse guests into a penguin's habitat and will allow them to stroll with a colony of penguins. Also in 2013, we plan to re-open the Knott's Soak City Chula Vista water park, which we acquired in November 2012, as Aquatica San Diego, after making capital investments to upgrade its facilities.

During 2014 and 2015, we plan to celebrate the 50th anniversary of the SeaWorld brand at all three of our SeaWorld theme parks with a variety of new events, attractions, decors and musical features that celebrate our leadership in the marine-life theme park segment. SeaWorld's 50th Anniversary Celebration will be highlighted by major new attractions, such as Explorer's Reef in SeaWorld San Diego, which features an opportunity for our guests to experience hands-on interactions with sea creatures. Beyond the new products and experiences that we will be offering to our guests, we believe that we will be able to capitalize on the strong brand recognition and widespread appeal of our theme parks by raising public awareness of the anniversary celebration across traditional and digital media.

Maintenance and Inspection

Maintenance at our theme parks is a key component of guest service and safety and includes two areas of focus: facilities and infrastructure and rides and attractions. Facilities and infrastructure consists of all functions associated with upkeep, repair, preventative maintenance, code compliance, and improvement of theme park infrastructure. This area is staffed with a combination of external contractors/suppliers and our employees.

Rides and attractions maintenance represents all functions dedicated to the inspection, upkeep, repair and testing of guest experiences, particularly rides. Rides and attractions maintenance is also staffed with a combination of external suppliers, inspectors and our employees, who work to assure that ride experiences are operating within the manufacturer's criteria and that maintenance is conducted according to internal standards, industry best practice and standards (such as ASTM International), state or jurisdictional requirements, as well as the ride designer or manufacturer's specifications. All ride maintenance personnel are trained to perform their duties according to internal training processes, in addition to recognized industry certification programs for maintenance leadership. Every ride at our theme parks is inspected regularly, according to daily, weekly, monthly, and annual schedules, by both park maintenance experts or external consultants. Additionally, all rides are inspected daily by maintenance personnel before use by guests to ensure proper and safe operation.

All maintenance activities are planned and tracked using a networked enterprise software system, in order to schedule and request work, track completion progress and manage costs of parts and materials.

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Our Animals

We are one of the world's foremost zoological organizations and a global leader in animal welfare, training, husbandry and veterinary care. Our mission is to inspire guests through education and up-close experiences and to care for and protect animals. We believe we have one of the largest animal collections in the world, with approximately 67,000 animals, including 7,000 marine and terrestrial animals and 60,000 fish. Animals in our care include certain rare species such as the cheetah, Bengal tiger, West Indian manatee, black rhinoceros and polar bear.

The well-being of the animals in our care is a top priority. Our zoological staff has been caring for animals for more than five decades, and our expertise is a resource for zoos, aquariums and conservation organizations worldwide. Our expertise and innovation in animal husbandry have led to advances in the care of species in zoological facilities and in the conservation of wild populations.

We operate successful zoological breeding programs that help maintain a large and genetically-diverse animal collection. Those efforts have produced 30 killer whales, 152 dolphins and 115 sea lions, among other species. More than 80% of the marine mammals living in our zoological theme parks were born in human care.

Many of our programs represent pioneering contributions to the zoological community. Until the birth of our first killer whale calf in 1985, no zoological institution had successfully bred killer whales. With 29 killer whales, we care for the largest killer whale population in zoological facilities worldwide and today have the most genetically diverse killer whale and dolphin collection in our history. Seven of these killer whales are presently on loan to a third party pursuant to an agreement entered into in February 2004. Pursuant to this agreement, we receive an annual fee, which is not material to our results of operations. In addition to generating incremental revenue for our business, the agreement provides for additional housing capacity for our killer whales. The agreement expires in 2031 and is renewable at the option of the parties.

Our commitment to animals also extends beyond our theme parks and throughout the world. We actively participate in species conservation and rescue efforts as discussed in "—Conservation Efforts" and "—Philanthropy and Community Relations" below.

Our Products and Services

Admission Tickets

We generate most of our revenue from selling admission to our theme parks. For the year ended December 31, 2012, theme park admissions accounted for approximately 62% of our revenue. We work with travel agents, ticket resellers and travel agencies, as well as maintain an online presence to promote advanced sales and provide guest convenience and ease of entry. Approximately 30% of our admission ticket purchases are made online.

Guests who visit our theme parks have the option of purchasing multiple types of admission tickets, from single and multi-day tickets to season, annual and two year passes. We also offer a Fun Card at select theme parks that allows additional visits throughout that calendar year. In addition, visitors can purchase vacation packages with preferred hotels, behind-the-scenes tours, specialty dining packages and front of the line access to enhance their experience.

We also participate in joint programs that are designed to provide visitors to Florida and Southern California with options, flexibility and value in creating their vacation itineraries. For example, we have partnered with several theme parks in Orlando to create the Orlando FlexTicket, which allows guests to purchase a ticket providing access to our theme parks in Orlando and Tampa as well as Universal Studios' Universal Orlando, Islands of Adventure and Wet 'n Wild. We also created the 2-Park FlexTicket in conjunction with Universal Studios, which allows guests to purchase a ticket providing

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access to SeaWorld San Diego and Universal Studios Hollywood. In addition, we partner with independent third parties who sell tickets and/or packages to our theme parks.

We provide discounts, actively run promotions and use dynamic pricing models to adjust to changes in demand during targeted periods to maximize revenue and manage capacity.

Theme Park Operations

Our theme park operations strive to deliver a high level of service, safety and security at our theme parks. Comprised of rides, shows and attractions operations, safety, security, environmental, water park and guest arrival services (including parking, tolls, admissions, guest relations, entry and exit), the theme park operations team manages the planning and execution of the overall theme park experience on a daily basis. In pursuit of continuous improvement at our guest touch points, theme park operations identify and leverage internal best practices across all of our theme parks in order to create a seamless and enjoyable guest experience throughout the entire visit.

Culinary Offerings

We strive to deliver a variety of high quality, creative and memorable culinary experiences to our guests. Our culinary operations are strategically organized into five key guest-oriented disciplines designed to drive in-park per capita spending: restaurants, catering, carts and kiosks, specialty snacks and vending. Our culinary team focuses on providing creative menu offerings that appeal to our diverse guest base.

We offer a variety of dining programs that provide value to our guests while driving incremental revenues. While our menu offerings have broad appeal, they also cater to guests who desire healthy options and those with special allergy-related needs. Our successful all-day-dining program delivers convenience and value to our guests with numerous restaurant choices for one price. We also offer creative immersive dining experiences that allow guests to dine up-close with our animals and characters. Our commitment to care for the natural world extends to the food that we serve. Some of our menus feature sustainable, organic, seasonal and locally grown ingredients that aim to minimize environmental impacts to animals and their habitats. In addition, through culinary supply chain management initiatives, we are well-positioned to take advantage of changing economic and market conditions.

Merchandise

We offer guests the opportunity to capture memories through our products and services, including through traditional retail shops, game venues and customized photos and videos. We make a focused effort to leverage the emotional connection of the theme park experiences, capitalize on trends and optimize brand alignment with our merchandise product offerings.

We operate more than 200 specialty shops at our theme parks, and our retail business encompasses the entire value chain, from product design to production and sourcing, importing and logistics and visual presentation up to the point of sale. Our products encompass more than 55,000 unique SKUs across five divisions. Whether a plush toy, a stylish apparel item showcasing an attraction, a commemorative memento or a tote to carry it all, we create items both big and small so that every guest has a chance to find that perfect item that is a reminder of the memories made in our theme parks.

Through real time photo and video technologies, guests can purchase visual memories to commemorate their experience with us. Whether on a traditional ride or during one of our numerous animal experiences, we capture the moment through the use of state-of-the-art processes and technologies. We continue to explore and develop our photo and retail business to extend beyond the visit with online opportunities to further create customized products.

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In-park games span from traditional theme park operations to arcade experiences, all with the goal of creating positive family experiences for guests of every age.

Our merchandise teams also focus on making a visit to our theme parks easy, convenient and comfortable. This includes offering lockers or service vehicle rentals such as strollers, electric personal carts and wheelchairs.

Licensing and Consumer Products

To capitalize on our popular brands, we have begun to leverage our intellectual property and content through media and consumer strategic licensing arrangements. We extended the reach of our brands through outbound media licensing in areas such as films, television programs and digital e-books, as well as our first-ever multi-platform mobile app game, TurtleTrek, which launched on iTunes in November 2012. We have also expanded into the development of licensed consumer products to drive consumer sales through retail channels beyond our theme parks. Our licensed consumer product offerings currently include toys, books, apparel, and technology accessories, among many other product types. For example, we worked with Mattel to develop our first Barbie I Can Be: SeaWorld Trainer Doll playset, which debuted to the public in 2008. By 2013, we believe that our licensees will have an aggregate of over 250 SKUs across more than 25,000 retail stores. Upcoming new product launches in 2013 are anticipated for direct to retail products, consumer packaged goods, office supplies, puzzles, board games and pet products. We believe that by leveraging our brands and our intellectual property through media and consumer products, we will create new revenue streams and enhance the value of our brands through greater consumer awareness and increased consumer loyalty.

In addition, we have expanded our brand appeal through strategic alliances with well-known external brands, including Sesame Street and The Polar Express. Recently, we entered into an exclusive theme park license with Nelvana Enterprises, a division of Corus Entertainment, for the animated character and series Franklin and Friends, which includes in-park character appearances, DVD specials, custom publishing and co-branded merchandise.

Group Events and Conventions

We host a variety of different group events, meetings and conventions at our theme parks both during the day and at night. Our venues offer indoor and outdoor space for meetings, special events, entertainment shows, picnics, teambuilding events, group tours and special group ticket packages. Park buy-outs allow groups to enjoy exclusive itineraries, including meetings and shows, up-close encounters with animals and behind the scenes tours. Each of our theme parks offers attractive venues, such as SeaWorld Orlando's Ports of Call, a 70,000 square foot dedicated special events complex and banquet facility at the theme park, which is themed as a nautical wharf-side warehouse district, complete with two miniature submarines. The facility offers more than 30,000 square feet of dining space, with a ballroom that provides seating for more than 750 guests and a larger outdoor garden reception area that can accommodate additional guests. In 2012, we hosted more than 1,100 group events at our theme parks across the country.

Corporate Sponsorships and Strategic Alliances

We seek to secure long-term corporate sponsorships and strategic alliances with leading companies and brands that share our core values, deliver significant brand marketing value and influence and drive mutual business gains. We identify prospective corporate sponsors based on their industry and industry-leading position among Fortune 1000 companies, and we select them based on their ability to deliver impactful marketing value to our theme parks and our brands, as well as to consumer products and various entertainment platforms. Our current corporate sponsors include,

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among others, Southwest Airlines, which has been a sponsor for over 20 years, and The Coca-Cola Company. Our corporate sponsors contribute to us in a multitude of ways, such as through direct marketing, advertising, media exposure and licensing opportunities, as well as through the non-for-profit SeaWorld & Busch Gardens Conservation Fund. For example, in 2012, The Coca-Cola Company and Southwest Airlines launched new channel marketing programs and consumer promotions on our behalf with Walmart, Wendy's, Dunkin Donuts, Regal Cinemas, Cinemark, NASCAR, MyCokeRewards and Southwest Vacations.

Our Corporate Culture

Our corporate culture is built on our mission to deliver personal, interactive and educational experiences that enable our customers to celebrate, connect with and care for the natural world we share. Our management team and our employees are passionate about connecting people to nature and animals and are committed to working in a socially responsible and environmentally sustainable manner. We teach our employees to be welcoming, friendly and attentive and to create an environment that allows our guests to build lasting memories with their family and friends. Our consumer-oriented corporate culture is integral to our organization and the cornerstone of our success.

Conservation Efforts

We contribute to species conservation, wildlife rescue, education and environmental stewardship programs around the world. Through SeaWorld & Busch Gardens Conservation Fund, a non-profit organization, we support wildlife research, habitat protection, animal rescue and conservation education. We also work with and support environmental organizations, including the National Wildlife Federation, World Wildlife Fund and The Nature Conservancy and contribute funds in support of efforts to ensure the sustainability of animal species in the wild. Some of our animals also serve as ambassadors in helping raise awareness for species in danger through numerous national media and public appearances. Through our theme parks' up-close animal encounters, educational exhibits and innovative entertainment, we strive to inspire each guest who visits one of our parks to care for and conserve the natural world.

In addition, in collaboration with federal, state and local governments, among others, we operate one of the world's most respected rescue programs for ill and injured marine animals, with the goal of rehabilitating and returning them to the wild. Over four decades, our animal experts have helped more than 22,000 ill, injured, orphaned and abandoned animals.

Our commitment to research and conservation also has led to advances in the care of animals in both zoological facilities and in conserving wild populations. We have pioneered new ways to rehabilitate animals in need. For example, we helped to create nutritional formulas and custom nursing bottles to hand-feed orphaned animals and developed techniques to help save sea turtles with cracked shells, created prosthetic beaks for injured birds and outfitted injured manatees with an "animal wetsuit" allowing them to stay afloat and warm.

Most recently, we have undertaken major sustainability initiatives in our theme parks. For example, we are in the process of discontinuing the use of plastic bags in all our gift shops, and in 2013, we expect to be using only paper and reusable bags. In doing so, we will keep an estimated four million plastic bags from entering landfills and the environment each year.

Philanthropy and Community Relations

We focus our philanthropic efforts in three areas: children, education, and the environment. We are committed to the communities in which we live, learn, work, and play. We also partner with charities across the country whose values and missions are aligned with our own, including hospitals,

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organizations that serve children with disabilities and animal shelter and rescue groups. Through long-term strategic support to advance the missions of these groups, financial support, in-kind resources or hands-on volunteer work, service is an active part of the work we do.

Our theme parks inspire and educate children and guests of all ages through the power of entertainment and our philanthropic efforts reflect this commitment. We extend educational outreach visits to inner-city schools, host “special wish” children to enjoy theme park adventures and create Skype visits with our animals for children too ill to travel.

Finally, a key component of our community outreach is our long-term commitment to honoring the service of members of the U.S. military and acknowledging the sacrifices that their families have made. Currently, we offer a free admission program, which provided approximately 740,000 free single day passes to active military personnel and their families in 2012.

Our Guests and Customers

Our theme parks are located near a number of large metropolitan areas, with a total population of over 55 million people located within 150 miles. Additionally, because our theme parks are divided between regional and destination theme parks, our guests are further diversified among a more stable base of local visitors, non-local domestic visitors and international tourists. Our theme parks are entertainment venues and have broad demographic appeal. In 2012, families comprised 55% of our attendance with an average party size of 3.7 people. In addition to guests of our theme parks, our customers include consumers of our various “out-of-park” product and service offerings.

Seasonality

The theme park industry is seasonal in nature. Based upon historical results, we generate the highest revenues in the second and third quarters of each year, in part because six of our theme parks are only open for a portion of the year. Approximately two-thirds of the Company’s attendance and revenues are generated in the second and third quarters of the year. The percent mix of revenues by quarter is relatively constant each year, but revenues can shift between the first and second quarters due to the timing of Easter and between the first and fourth quarters due to the timing of Christmas and New Year’s. Even for our five theme parks open year-round, attendance patterns have significant seasonality, driven by holidays, school vacations, and weather conditions. One of our goals in managing our business is to continue to generate cash flow throughout the year and minimize the effects of seasonality. In recent years, we have begun to encourage attendance during non-peak times by offering a variety of seasonal programs and events, such as a winter kids festival, spring concert series, and Halloween and Christmas events. In addition, during seasonally slow times, operating costs are controlled by reducing operating hours and show schedules. Employment levels required for peak operations are met largely through part-time and seasonal hiring.

Marketing

Our marketing and sales efforts are focused on generating profitable attendance, in-park per capita spending and building the value of our brands. Through advertising, including local customization, promotions, retail and corporate partners, digital platforms, public relations and sales initiatives, we drive awareness of and intent to visit our theme parks, attendance and higher in-park per capita spending on an international, national and regional level. Our attractive destination locations and strategy of grouping parks together creates high appeal for multi-day visits. Our strategic priorities include: (i) building our brands, (ii) improving guest loyalty, (iii) expanding digital expertise and (iv) broadening appeal (among multi-cultural consumers, kids and domestic markets). With great brands and a diverse team, marketing and sales will play a significant role in driving future growth.

[Table of Contents](#)**Intellectual Property**

Our business is affected by our ability to protect against infringement of our intellectual property, including our trademarks, service marks, domain names, copyrights and other proprietary rights. Important intellectual property includes rights in names, logos, character likenesses, theme park attractions, content of television programs and systems related to the study and care of certain of our animals. In addition, we are party to key license agreements as licensee, including our agreements with Sesame Workshop and ABI as discussed below. To protect our intellectual property rights, we rely upon a combination of trademark, copyright, 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.

Busch Gardens License Agreement

Our subsidiary, SeaWorld Parks & Entertainment LLC, is a party to a trademark license agreement with ABI, which governs our use of the Busch Gardens name and logo. Under the license agreement, ABI granted to us a perpetual, exclusive, worldwide, royalty-free license to use the Busch Gardens trademark and certain related domain names in connection with the operation, marketing, promotion and advertising of our theme parks, as well as in connection with the production, use, distribution and sale of merchandise sold in connection with such theme parks.

The license extends to our Busch Gardens theme parks located in Williamsburg, Virginia and Tampa, Florida, and may also include any amusement or theme park anywhere in the world that we acquire, build or rebrand with the Busch Gardens name in the future, subject to certain conditions. ABI may not assign, transfer or sell the Busch Gardens mark without first granting us a reasonable right of first refusal to purchase such mark.

We have agreed to indemnify ABI from and against third party claims and losses arising out of or in connection with the operation of the theme parks and the related marketing or promotion thereof, any merchandise branded with the licensed marks and the infringement of a third party's intellectual property. We are required to carry certain insurance coverage throughout the term of the license.

The license agreement can be terminated by ABI under certain limited circumstances, including in connection with certain types of change of control of SeaWorld Parks & Entertainment LLC.

Sesame Licenses***Sesame Place Theme Park License Agreements***

Our subsidiary, SeaWorld Parks & Entertainment LLC (f/k/a SPI, Inc.), is a party to a license agreement with Sesame Workshop (f/k/a Children's Television Workshop). Under the license agreement, we were granted the right to use titles, marks, names, and characters from the Sesame Street and The Electric Company television series, as well as certain characters and elements created by Muppets Inc. for the Sesame Street series, related marketing materials, and the Sesame Place design trademark in connection with the children's play parks in Langhorne, Pennsylvania. We pay specified royalties based on receipts from business conducted on the premises of the theme park to Sesame Workshop. We are required to include Sesame Workshop and Muppets Inc. as insured parties under any relevant insurance policies, and have agreed to indemnify Sesame Workshop from and against certain claims and expenses arising out of any personal or property injury at our Sesame Place park or breach of the license agreement. The license agreement can be terminated by Sesame Workshop under certain circumstances, including in connection with a specified change of control of SeaWorld Parks & Entertainment LLC, specified uncured breaches of the license agreement or specified bankruptcy events.

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Under a separate agreement, Sesame Workshop granted SeaWorld Parks & Entertainment LLC a license to develop, manufacture, and produce in the United States (and, in some circumstances, elsewhere in the world) and to distribute and sell at Sesame Place branded play parks, certain products bearing Sesame Place, Sesame Street, and Sesame Street Muppet characters, likenesses, logos, marks and materials, including apparel, flags, bags, mugs, buttons, pens, wristbands and other miscellaneous products. The parties have agreed to indemnify each other from and against claims and expenses in connection with our respective performance under the license agreement and any breach thereof. Sesame Workshop may terminate the license under certain circumstances, including our uncured breach or bankruptcy.

Both agreements are scheduled to remain in effect until December 31, 2021.

Multi-Park License

Under a separate agreement, Sesame Workshop granted SeaWorld Parks & Entertainment LLC rights to use the Sesame Place and Sesame Workshop names and logos, certain Sesame Street characters (including Elmo, Big Bird and Cookie Monster), and granted a limited term right of first negotiation to utilize characters from other Sesame Workshop television series at SeaWorld San Diego, SeaWorld San Antonio, SeaWorld Orlando, and our two Busch Gardens theme parks. Within these theme parks we have rights to use the marks and characters in connection with Sesame Street themed attractions, Sesame Street shows and character appearances, and the marketing, advertising and promotion of the theme parks.

Sesame Workshop has also granted us the right to develop, manufacture, distribute and sell products within our SeaWorld and Busch Gardens theme parks, but also other parks in the United States that are owned or operated by SeaWorld Parks & Entertainment LLC, its subsidiaries or affiliates.

Pursuant to this agreement we pay a specified annual license fee, as well as a specified royalty based on revenues earned in connection with sales of licensed products, all food and beverage items utilizing the licensed elements and any events utilizing such elements if a separate fee is paid for such event.

The parties have agreed to indemnify each other from and against third party claims and expenses arising from their respective performance under the agreement or any breach thereof. Sesame Workshop has the right to terminate the agreement under certain limited circumstances, including a change of control of SeaWorld Parks & Entertainment LLC, SeaWorld Parks & Entertainment LLC's bankruptcy or uncured breach of the agreement, or the termination of the license agreement regarding our Sesame Place theme park.

The agreement is scheduled to remain in effect until December 31, 2021 unless earlier terminated or extended.

Competition

Our theme parks and other product and entertainment offerings compete directly for discretionary spending with other destination and regional theme parks and water and amusement parks and indirectly with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sports attractions, restaurants and vacation travel. Principal direct competitors of our theme parks include theme parks operated by The Walt Disney Company, Universal Studios, Six Flags, Cedar Fair, Merlin Entertainments and Hershey Entertainment and Resorts Company. Our highly differentiated products provide a complementary experience to those offered by fantasy-themed

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Disney and Universal parks. In addition, we benefit from the significant capital investments made in developing the tourism industry in the Orlando area. The Orlando theme park market is extremely competitive, with a high concentration of theme parks operated by several companies.

Competition is based on multiple factors including location, price, the originality and perceived quality of the rides and attractions, the atmosphere and cleanliness of the theme park, the quality of food and entertainment, weather conditions, ease of travel to the theme park (including direct flights by major airlines), and availability and cost of transportation to a theme park. We believe we compete effectively, and our competitive position is protected, due to our strong brand recognition, extensive animal collection, high historical capital investment and valuable real estate. Additionally, we believe that our theme parks feature a sufficient quality and variety of rides and attractions, educational and interactive experiences, merchandise locations, restaurants and family orientation to make them highly competitive with other destination and regional theme parks, as well as other forms of entertainment.

Employees

We currently employ approximately 22,100 employees, approximately 4,400 of whom are employed on a full-time basis. The number of part-time and seasonal employees, many of whom are high school and college students, increases during our peak operating season. None of our employees are covered by a collective bargaining agreement, and we consider our employee relations to be good.

Regulatory

Our operations are subject to a variety of federal, state and local laws, regulations and ordinances including, but not limited to, those regulating the environmental, display, possession and care of our animals, amusement park rides, building and construction, health and safety, labor and employment, workplace safety, zoning and land use and alcoholic beverage and food service. Key statutes and treaties relating to the display, possession and care of our animal collection include the Endangered Species Act, Marine Mammal Protection Act, Animal Welfare Act, Convention on International Trade in Endangered Species and Fauna Protection Act and the Lacey Act. We must also comply with the Migratory Bird Treaty Act, Bald and Golden Eagle Protection Act, Wild Bird Conservation Act and National Environmental Policy Act, among other laws and regulations. We believe that we are in substantial compliance with applicable laws, regulations and ordinances; however, such requirements may change over time, and there can be no assurance that new requirements, changes in enforcement policies or newly discovered conditions relating to our properties or operations will not require significant expenditures in the future.

Insurance

We maintain insurance of the type and in the amounts that we believe to be commercially reasonable for businesses in our industry. We maintain primary and excess casualty coverage of up to \$100 million. As part of this coverage, we retain deductible/self-insured retention exposures of \$1 million per occurrence for general liability claims, \$250,000 per occurrence for property claims, \$250,000 per accident for automobile liability claims, and \$750,000 per occurrence for workers compensation claims. We maintain employers' liability and all coverage required by law in the states in which we operate. Defense costs are included in the insurance coverage we obtain against losses in these areas. Based upon our historical experience of reported claims and an estimate for incurred-but-not-reported claims, we accrue a liability for our deductible/self-insured retention contingencies regarding general liability, automobile liability and workers compensation exposures. We maintain additional forms of special casualty coverage appropriate for businesses in our industry. We also maintain commercial property coverage against fire, natural perils, so-called "extended coverage" perils such as civil commotion, business interruption and terrorism exposures for protection of our real and personal properties (other than land). We generally renegotiate our insurance policies on an

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annual basis. We cannot predict the amounts of premium cost that we may be required to pay for future insurance coverage, the level of any deductibles/self-insured retentions we may retain applicable thereto, the level of aggregate excess coverage available or the availability of coverage for special or specific risks.

Properties

The following table summarizes our principal properties, which includes undeveloped land.

<u>Location</u>	<u>Size</u>	<u>Use</u>
Orlando, FL	76,360 sq ft	Leased Office Space (corporate headquarters)
Orlando, FL	9,636 sq ft	Leased Office Space (call center)
San Diego, CA	190 acres ⁽¹⁾	Leased Land
Chula Vista, CA	66 acres	Owned Water Park
Orlando, FL	279 acres	Owned Theme Park
Orlando, FL	58 acres	Owned All-inclusive Interactive Park
Orlando, FL	81 acres	Owned Water Park
Tampa, FL	56 acres	Owned Water Park
Tampa, FL	306 acres	Owned Theme Park
Dade City, FL	109 acres	Owned Breeding Farm
Langhorne, PA	55 acres	Owned Theme Park
San Antonio, TX	416 acres	Owned Theme Park
Williamsburg, VA	222 acres	Owned Water Park
Williamsburg, VA	422 acres	Owned Theme Park
Williamsburg, VA	5 acres	Owned Warehouse Space
Williamsburg, VA	5 acres	Owned Seasonal Worker Lodging

Our Senior Secured Credit Facilities are collateralized by first priority or equivalent security interests in, among other things, certain tangible and intangible assets, including our fee-owned properties. See "Description of Indebtedness—Senior Secured Credit Facilities."

(1) Includes approximately 17 acres of water in Mission Bay Park, California.

Lease Agreement with City of San Diego

Our subsidiary, Sea World LLC (f/k/a Sea World Inc.), leases approximately 190 acres from the City of San Diego, including approximately 17 acres of water in Mission Bay Park, California (the "Premises"). The current lease term commenced on July 1, 1998 and extends for 50 years or the maximum period allowed by law. Under the lease, the Premises must be used as a marine park facility and related uses. In addition, we may not operate another marine park facility within a radius of 560 miles from the City of San Diego.

The annual rent under the lease is calculated on the basis of a specified percentage of Sea World LLC's gross income from the Premises, or the minimum yearly rent, whichever is greater. The minimum yearly rent is adjusted every three years to an amount equal to 80% of the average accounting year rent actually paid for the three previous years. The current minimum yearly rent is approximately \$9.6 million, which is subject to adjustment on January 1, 2014.

Legal Proceedings

We are subject to various allegations, claims and legal actions arising in the ordinary course of business. While it is impossible to determine with certainty the ultimate outcome of any of these proceedings, lawsuits and claims, management believes that adequate provisions have been made and insurance secured for all currently pending proceedings so that the ultimate outcomes will not have a material adverse effect on our financial position.

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MANAGEMENT

Executive Officers and Directors

The following table sets forth certain information regarding our executive officers and directors as of March 1, 2013:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jim Atchison	46	Chief Executive Officer and President, Director
James M. Heaney	49	Chief Financial Officer
Daniel B. Brown	58	Chief Operating Officer—SeaWorld & Discovery Cove
Donald W. Mills Jr.	54	Chief Operating Officer—Busch Gardens & Sesame Place
Scott D. Helmstedter	49	Chief Creative Officer
G. Anthony (Tony) Taylor	47	Chief Legal and Corporate Affairs Officer, General Counsel and Corporate Secretary
Dave Hammer	52	Chief Administrative Officer
Marc Swanson	41	Chief Accounting Officer
Brad Andrews	63	Chief Zoological Officer
David F. D'Alessandro	61	Chairman of the Board of the Directors
Joseph P. Baratta	41	Director
Bruce McEvoy	35	Director
Judith A. McHale	66	Director
Peter F. Wallace	37	Director

Jim Atchison has been a director, Chief Executive Officer and President of the Company since 2009. He served as President and Chief Operating Officer of Busch Entertainment Corporation from 2007 to 2009, as Executive Vice President and General Manager of SeaWorld Orlando from 2003 to 2007 and as Vice President of Marketing of the same entity from 2002 to 2003. Prior to that, Mr. Atchison was the Vice President of Finance of Busch Gardens Tampa from 1998 to 2002. Mr. Atchison is also a member of the board of directors of the SeaWorld & Busch Gardens Conservation Fund and Hubbs-SeaWorld Research Institute, and he is also a member of the University of Central Florida Board of Trustees. Mr. Atchison holds a bachelor's degree in marketing from the University of South Florida and a master's degree in business administration from the University of Central Florida.

James M. Heaney has been our Chief Financial Officer since January 2012. From 2007 to 2011, he served as Chief Financial Officer and Senior Vice President of Finance and Travel Operations for Disney Cruise Line. Mr. Heaney began his career at Disney as Finance Manager in 1994 and was promoted to Director and Vice President of Finance in 1997 and 2002, respectively. From 1990 to 1994, Mr. Heaney served as Finance Manager and Financial Analyst at Royal Caribbean Cruises Ltd. From 1989 to 1990, he worked as a Financial Analyst of Pueblo Xtra International and from 1988 to 1989, as Financial Systems Analyst of Gould, Inc CSD. Mr. Heaney holds a bachelor's degree in operations management from Texas Tech University and a master's degree in business administration with an academic emphasis in finance from the University of Florida.

Daniel B. Brown has been the Chief Operating Officer—SeaWorld & Discovery Cove since 2010. Prior to that, Mr. Brown served as Park President of SeaWorld Orlando, Discovery Cove and Aquatica from 2007 to 2010, Park President of Busch Gardens Tampa and Adventure Island from 2003 to 2007, Park President of Busch Gardens Williamsburg from 1999 to 2003, and Vice President of Operations of Busch Entertainment Corporation from 1997 to 1999. Mr. Brown serves on the Dean's Advisory Board of USF's Rosen College of Hospitality Management, the executive board of Visit Orlando, the board of the Hubbs-SeaWorld Research Institute and the Orange County International Drive Community Development Area Advisory Committee. He holds a bachelor's degree of Arts from Webster University.

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Donald W. Mills Jr. has been the Chief Operating Officer—Busch Gardens & Sesame Place theme parks since 2010. Prior to that, Mr. Mills served as Executive Vice President and General Manager of Busch Gardens Tampa from 2007 to 2010, Executive Vice President and General Manager of Busch Gardens Williamsburg from 2003 to 2007, Vice President of Park Operations of Busch Gardens Williamsburg from 2002 to 2003, Vice President of Park Operations of SeaWorld San Diego from 1999 to 2002, Vice President of Park Operations of Busch Gardens Tampa and Vice President of Adventure Island from 1992 to 1994. Mr. Mills is a member of the advisory board of the University of South Florida College of Business. He holds a bachelor's degree of Science and Marketing from the University of South Florida.

Scott D. Helmstedter has been our Chief Creative Officer since 2011. He served as Principal and Executive Producer of In Motion Entertainment from 2000 to 2011, and from 1997 to 1999 as a Producer at Universal Studios. Prior to that, from 1995 to 1997, Mr. Helmstedter was the Line Producer of Buena Vista Pictures of The Walt Disney Company, and from 1986 until 1995 he served as Production Manager of The Walt Disney Company. Mr. Helmstedter holds a bachelor's degree of Arts from Azusa Pacific University and a master's degree in business administration from Claremont Graduate University.

G. Anthony (Tony) Taylor has been our Chief Legal Officer, General Counsel and Corporate Secretary since 2010. In March 2013, he was appointed to lead the newly established Corporate Affairs group, which includes Industry & Governmental Affairs, Corporate Communications, Community Affairs, Risk Management and Corporate Social Responsibility. Prior to joining the Company, Mr. Taylor held the position of Associate General Counsel of Anheuser-Busch Companies, Inc. from 2000 to 2010, and a Principal in Blumenfeld Kaplan in St. Louis from 1993 to 2000. He holds bachelors' degrees in political science and speech communication from the University of Missouri and a juris doctor degree from Washington University. Mr. Taylor is a board member and serves as president of The Anthony Armstrong 88 Foundation.

Dave Hammer has been our Chief Administrative Officer since 2009. Prior to that, Mr. Hammer served as Corporate Vice President of Human Resources of Busch Entertainment Corporation from 2004 until 2009, Vice President of Human Resources of Sea World Florida and Corporate Manager of Human Resources for Busch Entertainment Corporation from 1999 to 2001, Director of Human Resources of Busch Properties, Inc. from 1995 to 1999 and as Vice President of Human Resources for Sesame Place from 1991 to 1995. Mr. Hammer is a member of the board of directors of the Florida Chamber of Commerce. He holds a bachelor's degree in human resources from St. Leo College in Tampa, Florida.

Marc Swanson has been our Chief Accounting Officer since 2012. Prior to that, he has been Vice President Performance Management and Corporate Controller of SeaWorld Parks & Entertainment, Inc. from 2011 to 2012, the Corporate Controller of Busch Entertainment Corporation from 2008 to 2011 and the Vice President of Finance of Sesame Place from 2004 to 2008. He is a member of the board of directors of the SeaWorld & Busch Gardens Conservation Fund. Mr. Swanson holds a bachelor's degree in accounting from Purdue University and a master's degree in business administration from DePaul University.

Brad Andrews has been our Chief Zoological Officer since 2010. He served as Corporate Vice President of Zoological Operations of Busch Entertainment Corporation from 1991 to 2010, Vice President and Assistant Zoological Director of the same entity from 1990 to 1991. Prior to that, he served as Curator and Vice President Mammals of SeaWorld Orlando from 1988 until 1990. Mr. Andrews is also a member of the board of directors of the SeaWorld & Busch Gardens Conservation Fund, Hubbs-SeaWorld Research Institute, Wildlife Assistance, International Elephant Foundation,

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International Rhino Foundation, Cheetah Conservation Foundation, African Carnivore Research Association, Conservation Breeding Specialist Group and United States Rugby Foundation. Mr. Andrews holds a bachelor's degree of Science from St. Mary's College.

David F. D'Alessandro has been the chairman of the Board of Directors of the Company since 2010. He served as Chairman, President and Chief Executive Officer of John Hancock Financial Services from 2000 to 2004, having served as President and Chief Operating Officer of the same entity from 1996 to 2000, and guided the company through a merger with ManuLife Financial Corporation in 2004. Mr. D'Alessandro served as President and Chief Operating Officer of ManuLife in 2004. He is a former Partner of the Boston Red Sox. A graduate of Syracuse University, he holds honorary doctorates from three colleges and serves as vice chairman of Boston University.

Joseph P. Baratta has been a director of the Company since 2009. Mr. Baratta is the Global Head of the Private Equity Group at Blackstone, which he joined in 1998. Before joining Blackstone, Mr. Baratta worked at Tinicum Incorporated, McCown De Leeuw & Company and Morgan Stanley. Mr. Baratta is also a trustee of the Private Equity Foundation. Mr. Baratta holds a bachelor's degree from Georgetown University, where he currently serves on the University's Board of Regents and the Advisory Board of the McDonough School of Business.

Bruce McEvoy has been a director of the Company since 2009. Mr. McEvoy is a Managing Director in the Private Equity Group at Blackstone, which he joined in 2006. Before joining Blackstone, Mr. McEvoy worked at General Atlantic and McKinsey & Company. Mr. McEvoy also currently serves on the board of directors of Catalent, GCA Services, Performance Food Group, RGIS Inventory Specialists and Vivint, and he was formerly a director of DJO Orthopedics. Mr. McEvoy graduated from Princeton University and Harvard Business School.

Judith A. McHale has been a director of the Company since March 2013. Ms. McHale currently serves as the President and Chief Executive Officer of Cane Investments, LLC. From 2009 to 2011, Ms. McHale served as Under Secretary of State for Public Diplomacy and Public Affairs for the U.S. Department of State. From 2006 to 2009, Ms. McHale served as a Managing Partner in the formation of GEF/Africa Growth Fund. Prior to that, Ms. McHale served as the President and Chief Executive Officer of Discovery Communications. Ms. McHale currently serves on the board of directors of Ralph Lauren Corporation and Yellow Media Limited. Ms. McHale graduated from the University of Nottingham in England and Fordham University School of Law.

Peter F. Wallace has been a director of the Company since 2009. Mr. Wallace is a Senior Managing Director in Blackstone's Private Equity Group, which he joined in 1997. Mr. Wallace also currently serves on the board of directors of AlliedBarton Security Services, GCA Services, Michaels Stores, Inc., Vivint and the Weather Channel Companies. Mr. Wallace was formerly a director of Crestwood Midstream Partners, New Skies Satellites and Pelmorex Media. Mr. Wallace graduated from Harvard College.

Composition of the Board of Directors

Our business and affairs are managed under the direction of our Board of Directors. Following the completion of this offering, we expect our Board of Directors to initially consist of six directors, two of whom will be independent. In connection with this offering, we will be amending and restating our certificate of incorporation to provide for a classified Board of Directors, with two directors in Class I (expected to be Mr. D'Alessandro and Ms. McHale), two directors in Class II (expected to be Messrs. Atchison and McEvoy) and two directors in Class III (expected to be Messrs. Baratta and Wallace). See "Description of Capital Stock—Anti-Takeover Effects of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law—Classified Board of Directors." In addition, we intend to enter into a stockholders agreement with certain affiliates of

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Blackstone in connection with this offering. This agreement will grant Blackstone the right to designate nominees to our Board of Directors subject to the maintenance of certain ownership requirements in us. See “Certain Relationships and Related Party Transactions—Stockholders Agreement.”

Background and Experience of Directors

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our Board of Directors to satisfy its oversight responsibilities effectively in light of our business and structure, the Board of Directors focused primarily on each person’s background and experience as reflected in the information discussed in each of the directors’ individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. Once appointed, directors serve until they resign or are terminated by the stockholders. In particular, the members of our Board of Directors considered the following important characteristics, among others:

- Mr. Atchison—our Board of Directors considered Mr. Atchison’s extensive familiarity with our business and his thorough knowledge of our industry owing to his 26-year history with the Company.
- Mr. D’Alessandro—our Board of Directors considered Mr. D’Alessandro’s financial and management expertise and his valuable experience gained from his positions as Chairman, President and Chief Executive Officer of John Hancock Financial Services.
- Mr. Baratta—our Board of Directors considered Mr. Baratta’s service on the boards of a diverse group of companies, his significant financial, investment and operational experience as the Global Head of Private Equity at Blackstone and his experience with investments in and advising several companies, including companies in the entertainment industry.
- Mr. McEvoy—our Board of Directors considered Mr. McEvoy’s knowledge and expertise based on his experiences at Blackstone coupled with his experience as a director of several companies, as well as his management consulting experience.
- Ms. McHale—our Board of Directors considered Ms. McHale’s extensive business and management expertise, including her experience as an executive officer and director of several public companies, as well as her prior service as a high-ranking official in the U.S. Department of State.
- Mr. Wallace—our Board of Directors considered Mr. Wallace’s service on the boards of a diverse group of companies, as well as his significant financial and investment experience relating to his position as a Senior Managing Director at Blackstone.

Board Leadership Structure

Our Board of Directors is led by the Non-Executive Chairman. The Chief Executive Officer position is separate from the Chairman position. We believe that the separation of the Chairman and Chief Executive Officer positions is appropriate corporate governance for us at this time.

Role of Board in Risk Oversight

The Board of Directors has extensive involvement in the oversight of risk management related to us and our business and accomplishes this oversight through the regular reporting by the Audit Committee. The Audit Committee represents the Board of Directors by periodically reviewing our accounting, reporting and financial practices, including the integrity of our financial statements, the surveillance of administrative and financial controls and our compliance with legal and regulatory requirements. Through its regular meetings with management, including the finance, legal, and internal

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audit functions, the Audit Committee reviews and discusses all significant areas of our business and summarizes for the Board of Directors all areas of risk and the appropriate mitigating factors. In addition, our Board of Directors receives periodic detailed operating performance reviews from management.

Controlled Company Exception

After the completion of this offering, affiliates of Blackstone will continue to beneficially own more than 50% of our common stock and voting power. As a result, (x) under the terms of the Stockholders Agreement, Blackstone will be entitled to nominate at least a majority of the total number of directors comprising our Board of Directors (see “Certain Relationships and Related Party Transactions—Stockholders Agreement”) and (y) we will be a “controlled company” within the meaning of the NYSE corporate governance standards. Under the NYSE corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including (1) the requirement that a majority of the Board of Directors consist of independent directors, (2) the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities, (3) the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (4) the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. Following this offering, we intend to utilize these exemptions. As a result, following this offering, we will not have a majority of independent directors on our Board of Directors; and we will not have a nominating and corporate governance committee or a compensation committee that is composed entirely of independent directors. Also, such committee will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements. In the event that we cease to be a “controlled company,” we will be required to comply with these provisions within the transition periods specified in the NYSE corporate governance rules.

Board Committees

After the completion of this offering, the standing committees of our Board of Directors will consist of an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Our president and chief executive officer and other executive officers will regularly report to the non-executive directors and the Audit, the Compensation and the Nominating and Corporate Governance Committees to ensure effective and efficient oversight of our activities and to assist in proper risk management and the ongoing evaluation of management controls. The vice president of internal audit will report functionally and administratively to our chief financial officer and directly to the Audit Committee. We believe that the leadership structure of our Board of Directors provides appropriate risk oversight of our activities given the controlling interests held by Blackstone.

Audit Committee

Upon the completion of this offering, we expect to have an Audit Committee, consisting of Ms. McHale, who will be serving as the Chair, and Mr. McEvoy. Ms. McHale qualifies as an independent director under the NYSE corporate governance standards and the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We expect a second new independent director to be placed on the Audit Committee within ninety days of the effective date of this registration statement and we expect a third new independent director to replace Mr. McEvoy within one year of the effective date of this registration statement so that all of our

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Audit Committee members will be independent as such term is defined in Rule 10A-3(b)(i) under the Exchange Act and under NYSE Rule 303(A). Following this offering, our Board of Directors will determine which member of our Audit Committee qualifies as an "audit committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K.

The purpose of the Audit Committee will be to prepare the audit committee report required by the SEC to be included in our proxy statement and to assist our Board of Directors in overseeing and monitoring (1) the quality and integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) our independent registered public accounting firm's qualifications and independence, (4) the performance of our internal audit function and (5) the performance of our independent registered public accounting firm.

Our Board of Directors will adopt a written charter for the Audit Committee which will be available on our website upon the completion of this offering.

Compensation Committee

Upon the completion of this offering, we expect to have a Compensation Committee, consisting of Mr. D'Alessandro, who will be serving as the Chair, and Messrs. Wallace and McEvoy.

The purpose of the Compensation Committee is to assist our Board of Directors in discharging its responsibilities relating to (1) setting our compensation program and compensation of our executive officers and directors, (2) monitoring our incentive and equity-based compensation plans and (3) preparing the compensation committee report required to be included in our proxy statement under the rules and regulations of the SEC.

Our Board of Directors will adopt a written charter for the Compensation Committee which will be available on our website upon the completion of this offering.

Nominating and Corporate Governance Committee

Upon the completion of this offering, we expect to have a Nominating and Corporate Governance Committee, consisting of Mr. D'Alessandro, who will be serving as the Chair, and Messrs. Wallace and McEvoy. The purpose of our Nominating and Corporate Governance Committee will be to assist our Board of Directors in discharging its responsibilities relating to (1) identifying individuals qualified to become new Board of Directors members, consistent with criteria approved by the Board of Directors, subject to the stockholders agreement with Blackstone; (2) reviewing the qualifications of incumbent directors to determine whether to recommend them for reelection and selecting, or recommending that the Board of Directors select, the director nominees for the next annual meeting of stockholders; (3) identifying Board of Directors members qualified to fill vacancies on any Board of Directors committee and recommending that the Board of Directors appoint the identified member or members to the applicable committee, subject to the stockholders agreement with Blackstone; (4) reviewing and recommending to the Board of Directors corporate governance principles applicable to us; (5) overseeing the evaluation of the Board of Directors and management; and (6) handling such other matters that are specifically delegated to the committee by the Board of Directors from time to time.

Our Board of Directors will adopt a written charter for the Nominating and Corporate Governance Committee which will be available on our website upon completion of this offering.

Compensation Committee Interlocks and Insider Participation

Presently, our Board of Directors does not have a compensation committee; therefore, our Board of Directors makes all decisions about our executive compensation. Mr. Atchison does not participate in the

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Board of Directors' discussions regarding his own compensation. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our Board of Directors or the Compensation Committee. We are parties to certain transactions with Blackstone described in "Certain Relationships and Related Party Transactions" section of this prospectus.

Code of Ethics

We will adopt a new Code of Business Conduct that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer, which will be available on our website upon the completion of this offering. Our Code of Business Conduct is a "code of ethics," as defined in Item 406(b) of Regulation S-K. Please note that our Internet website address is provided as an inactive textual reference only. We will make any legally required disclosures regarding amendments to, or waivers of, provisions of our code of ethics on our Internet website.

Compensation Discussion and Analysis

Introduction

Our executive compensation plan is designed to attract and retain individuals with the qualifications to manage and lead the Company as well as to motivate them to develop professionally and contribute to the achievement of our financial goals and ultimately create and grow our equity value.

Our named executive officers for 2012 are:

- Jim Atchison, our President and Chief Executive Officer;
- James M. Heaney, our Chief Financial Officer; and
- our three other most highly compensated executive officers who served in such capacities at December 31, 2012, namely,
 - Daniel B. Brown, our Chief Operating Officer—SeaWorld & Discovery Cove;
 - Donald W. Mills, Jr., our Chief Operating Officer—Busch Gardens & Sesame Place; and
 - Scott D. Helmstedter, our Chief Creative Officer.

Executive Compensation Objectives and Philosophy

Our primary executive compensation objectives are to:

- attract, retain and motivate senior management leaders who are capable of advancing our mission and strategy and ultimately, create and maintain our long-term equity value. Such leaders must engage in a collaborative approach and possess the ability to execute our business strategy in an industry characterized by competitiveness, growth and a challenging business environment;
- reward senior management in a manner aligned with our financial performance; and
- align senior management's interests with our equity owners' long-term interests through equity participation and ownership.

To achieve our objectives, we deliver executive compensation through a combination of the following components:

- Base salary;

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- Bonuses which are tied to company financial performance;
- Long-term incentive compensation;
- Broad-based employee benefits;
- Supplemental executive perquisites; and
- Severance benefits.

Our total executive compensation plan is inclusive of base salaries and other benefits and perquisites, including severance benefits, which are designed to attract and retain senior management talent. We also use annual cash incentive compensation and long-term equity incentives to ensure a performance-based delivery of pay that aligns, as closely as possible, the rewards of our named executive officers with the long-term interests of our equity-owners while enhancing executive retention.

Compensation Determination Process

Presently, our Board of Directors does not have a compensation committee; therefore, our Board of Directors makes all decisions about our executive compensation.

In making initial compensation determinations with respect to our named executive officers, our Board of Directors considered a number of variables, consistent with our executive compensation objectives, including individual circumstances related to each executive's recruitment or retention and the position for which they were hired. For example, our Board of Directors granted to Mr. Atchison a substantially greater number of equity awards in light of his role as our President and Chief Executive Officer as compared to the other named executive officers. The specific terms of each of the equity grants to our named executive officers are discussed below under "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards." Our Board of Directors did not use any compensation consultants in making its compensation determinations and has not benchmarked any of its compensation determinations against a peer group.

Mr. Atchison generally participates in discussions and deliberations with our Board of Directors regarding the determinations of annual cash incentive awards for our executive officers. Specifically, he makes recommendations to our Board of Directors regarding the performance targets to be used under our annual bonus plan and the amounts of annual cash incentive awards. Mr. Atchison does not participate in discussions regarding his own compensation. In connection with this offering, we will establish a compensation committee that will be responsible for making all executive compensation determinations. We also intend to review, and may engage a compensation consultant to assist us in evaluating, the elements and levels of our executive compensation, including base salaries, annual cash incentive awards and annual equity-based incentives for our named executive officers.

Compensation Elements

The following is a discussion and analysis of each component of our executive compensation program.

Base Salary

Annual base salaries compensate our executive officers for fulfilling the requirements of their respective positions and provide them with a level of cash income predictability and stability with respect to a portion of their total compensation. Our Board of Directors believes that the level of an executive officer's base salary should reflect such executive's performance, experience and breadth of

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responsibilities, salaries for similar positions within our industry and any other factors relevant to that particular job. The Board of Directors utilized the experience, market knowledge and insight of its members in evaluating the competitiveness of current salary levels. Our Human Resources Department is also a resource for such information as needed.

In the sole discretion of our Board of Directors, base salaries for our executive officers may be periodically adjusted to take into account changes in job responsibilities or competitive pressures. Our Board of Directors did not make any adjustments to any of our named executive officers' base salaries in 2012.

Bonuses

Annual Cash Incentive Compensation. Annual cash incentive awards are available to all salaried exempt employees, including our named executive officers, under our annual bonus plan. The objectives of the bonus plan are to motivate these employees to achieve short-term performance goals and tie a portion of their cash compensation to our performance by rewarding them based on our overall performance.

Under our SeaWorld Parks & Entertainment Bonus Plan (the "2012 Bonus Plan"), each employee eligible to participate in the 2012 Bonus Plan was eligible to earn an annual cash incentive award based on our achievement of such employee's Adjusted EBITDA target for 2012. The Adjusted EBITDA target was determined by our Board of Directors early in the year, after taking into consideration management's recommendations and our budget for the year.

Under our 2012 Bonus Plan, Adjusted EBITDA is defined in the same way as the definition of Adjusted EBITDA that is used for covenant calculations under the indenture governing our Senior Notes and the credit agreement governing our Senior Secured Credit Facilities, which define Adjusted EBITDA as net income (loss) before interest expense, income tax expense (benefit), depreciation and amortization, as further adjusted to exclude certain unusual, non-cash, and other items permitted under such covenants.

Each participant in the 2012 Bonus Plan had a bonus potential target, computed as a percentage of salary, based on job level. For fiscal 2012, the bonus potential target for Mr. Atchison was 100% of his 2012 base salary and the bonus potential target for each of Messrs. Heaney, Brown, Mills and Helmstedter was 75% of their respective 2012 base salaries.

As detailed in the following table, actual amounts paid under the 2012 Bonus Plan were calculated by multiplying each named executive officer's base salary by his bonus potential percentage to obtain their bonus potential target, which was then adjusted by an achievement factor based on our actual achievement against the Adjusted EBITDA target.

Salary	X	Bonus Potential Percentage	=	Bonus Potential Target
Bonus Potential Target	X	Achievement Factor	=	Actual Bonus Paid

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The achievement factor was determined by calculating our achievement against the Adjusted EBITDA target based on the pre-established scale set forth in the following table:

	Adjusted EBITDA Target		
	Threshold	Target	Maximum
Performance Percentage of Target	95%	100%	105%
Achievement Factor	33%	100%	130%

Based on the pre-established scale set forth above, no cash incentive award would have been paid unless our Adjusted EBITDA for 2012 was at or above 95% of the Adjusted EBITDA target; provided, however, that if Adjusted EBITDA performance was below 95% of target, but no less than 83.3% of target, then the Board of Directors had the ability to award a special discretionary payment up to 25% of a named executive officer's bonus potential target. If our actual performance was 100% of target, then the named executive officers would have been paid their respective bonus potential target amounts. If performance was 105% of target, then our named executive officers would have been eligible for a maximum cash incentive award equal to 130% of their respective bonus potential target amounts. For performance percentages between the specified threshold, target and maximum levels, the resulting achievement factor would have been adjusted on a linear basis. For performance above 105% of target, additional payments could have been awarded by our Board of Directors upon a determination that an additional discretionary payment was warranted.

Notwithstanding the establishment of the performance target and the formula for determining the cash incentive award payment amounts as illustrated in the tables above, our Board of Directors had the ability to exercise negative discretion and award a lesser amount to our named executive officers under our annual 2012 Bonus Plan than the amount determined by the bonus plan formula if, in the exercise of its business judgment, our Board of Directors determined that a lesser amount was warranted under the circumstances. In addition, with respect to Messrs. Heaney, Brown, Mills and Helmstedter, if Adjusted EBITDA performance exceeded target, then a cash incentive award above target could only be paid upon an initial recommendation from Mr. Atchison to our Board of Directors and a final determination by our Board of Directors that an award above target was warranted.

For fiscal 2012, our Board of Directors set an Adjusted EBITDA target of \$415.6 million and our actual Adjusted EBITDA was \$415.2 (or 99.9% of target), which resulted in an achievement factor of 98.73% based on the pre-established scale. The following table illustrates the calculation of the annual cash incentive awards payable to each of our named executive officers under our 2012 Bonus Plan in light of these performance results. Actual amounts awarded to each of the named executive officers are also reported under the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table under the "2012" designation.

	2012 Salary	Bonus Potential Percentage	Bonus Potential Target	Achievement Factor	Actual Bonus Paid
Jim Atchison	\$395,000	100%	\$395,000	98.73%	\$389,984
James M. Heaney ⁽¹⁾	\$275,000	75%	\$206,250	98.73%	\$203,631
Daniel B. Brown	\$297,000	75%	\$222,750	98.73%	\$219,921
Donald W. Mills, Jr.	\$280,008	75%	\$210,006	98.73%	\$207,339
Scott D. Helmstedter	\$275,000	75%	\$206,250	98.73%	\$203,631

- (1) Since Mr. Heaney commenced employment with us on January 20, 2012, his annual cash incentive award was pro-rated and calculated based on eleven months of his \$300,000 annual base salary.

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Discretionary Bonuses. From time to time, our Board of Directors may award discretionary bonuses in addition to any annual bonus payable under our annual bonus plan. For fiscal 2012, our Board of Directors awarded Mr. Heaney a discretionary bonus of \$50,000 in recognition of his significant contributions during the fourth quarter of fiscal 2012.

Long-Term Incentive Compensation

Our management employees, including our named executive officers, were granted long-term incentive awards that are designed to promote our interests by providing our management employees with the opportunity to participate in our equity, thereby incentivizing them to remain in our service. These long-term incentive awards were granted to our named executive officers in the form of Employee Units in the Partnerships. In addition, certain members of management, including Messrs. Atchison, Brown and Mills, purchased Class D Units of the Partnerships.

The Class D Units have economic characteristics that are similar to those of shares of common stock in a corporation and the Employee Units are profits interests having economic characteristics similar to stock appreciation rights (i.e., Employee Units only have value to the extent there is appreciation in the value of our business from and after the applicable date of grant).

Investment funds affiliated with Blackstone and other co-investors hold Class A Units and Class B Units of the Partnerships. In addition, ABI holds Class C Units in the Partnerships, which entitle ABI to receive, subject to certain conditions, a specified portion of distributions from the Partnerships. Under the terms of the partnership agreements of the Partnerships, an affiliate of Blackstone determines any voting and disposition decisions with respect to the shares of our common stock held by the Partnerships.

The Employee Units are divided into a time-vesting portion (one-third of the Employee Units granted), a 2.25x exit-vesting portion (one-third of the Employee Units granted), and a 2.75x exit-vesting portion (one-third of the Employee Units granted). Unvested Employee Units are not entitled to distributions from the Partnerships. For additional information regarding our Employee Units, see “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Employee Units.”

The Employee Units granted to our named executive officers are designed to motivate them to focus on efforts that will increase the value of our equity while enhancing their retention. The specific sizes of the equity grants made to our named executive officers were determined in light of Blackstone’s practices with respect to management equity programs at other private companies in its portfolio and the executive officer’s position and level of responsibilities with us.

In connection with this offering, we expect that our directors, officers and employees will surrender all Class D Units and Employee Units of the Partnerships held by them and receive shares of our common stock from the Partnerships. For more information, see “Management—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Terms of Equity Award and Grants—Employee Units.”

In addition, we also expect to make grants of restricted shares of our common stock to our directors, officers and employees in connection with this offering. We expect to grant our named executive officers the following number of restricted shares of our common stock (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus): Mr. Atchison, 89,773; Mr. Heaney, 29,924; Mr. Brown, 29,923; Mr. Mills, 29,924; and Mr. Helmstedter, 17,954. The actual number of restricted shares granted may vary based on the price of the shares of common stock in this offering. These restricted shares will have vesting terms substantially similar to those applicable to shares delivered in respect of the

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unvested Employee Units held by our directors, officers and employees, except that any restricted shares that would otherwise vest within six months following the closing of the offering will instead vest on the day following the six month anniversary of the closing of this offering.

Fiscal 2012 Grants. On June 7, 2012, Mr. Heaney was granted 37,500 Employee Units and Mr. Brown was granted 10,000 Employee Units. Mr. Heaney commenced employment as our Chief Financial Officer on January 20, 2012 and his fiscal 2012 grant reflected an initial grant of Employee Units in connection with his hiring. In fiscal 2011, a portion of Mr. Brown's initial grant of Employee Units was withheld. On June 7, 2012, Mr. Brown was granted the 10,000 Employee Units that had been withheld from his original allocation. Since the 10,000 Employee Units had been withheld from Mr. Brown's initial fiscal 2011 grant, it was determined appropriate to compensate Mr. Brown for the taxes he incurred in connection with this grant.

Benefits and Perquisites

We provide to all our employees, including our named executive officers, broad-based benefits that are intended to attract and retain employees while providing them with retirement and health and welfare security. Broad-based employee benefits include:

- a 401(k) savings plan;
- medical, dental, vision, life and accident insurance, disability coverage, dependent care and healthcare flexible spending accounts; and
- employee assistance program benefits.

Under our 401(k) savings plan, we match a portion of the funds set aside by the employee. All matching contributions by us become vested on the two-year anniversary of the participant's hire date. At no cost to the employee, we provide an amount of basic life and accident insurance coverage valued at two times the employee's annual base salary. The employee may also select supplemental life and accident insurance, for a premium to be paid by the employee.

We also provide our executive officers with limited perquisites and personal benefits that are not generally available to all employees, such as executive relocation assistance and complimentary access to our theme parks. In addition, all employees with at least three weeks of vacation have the opportunity to participate in our vacation sell benefit program and sell back vacation days to us in order to offset personal health insurance premiums. We provide these limited perquisites and personal benefits in order to further our goal of attracting and retaining our executive officers. These benefits and perquisites are reflected in the All Other Compensation column of the Summary Compensation Table and the accompanying footnote in accordance with SEC rules.

Severance Arrangements

Our Board of Directors believes that a Key Employee Severance Plan (the "Severance Plan") is necessary to attract and retain the talent necessary for our long-term success. Our Board of Directors views our Severance Plan as a recruitment and retention device that helps secure the continued employment and dedication of our named executive officers, including when we are considering strategic alternatives.

Each of our named executive officers is eligible for the Severance Plan benefits. Under the terms of the Severance Plan, each named executive officer is entitled to severance benefits if his employment is terminated for any reason other than voluntary resignation or willful misconduct. The severance payments under the Severance Plan are contingent upon the affected executive's execution of a release and waiver of claims, which contains non-compete, non-solicitation and confidentiality provisions. See "—Potential Payments Upon Termination" for descriptions of these arrangements.

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Summary Compensation Table

The following table provides summary information concerning compensation paid or accrued by us to or on behalf of our named executive officers for services rendered to us during 2012.

Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$) ⁽⁴⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾	Total (\$)
Jim Atchison Chief Executive Officer and President and Director	2012	395,000	—	—	—	389,984	—	17,781	802,765
	2011	395,000	—	—	—	497,700	—	10,010	902,710
James M. Heaney Chief Financial Officer	2012	283,077	50,000	542,750	—	203,631	—	8,478	1,087,936
Daniel B. Brown Chief Operating Officer—SeaWorld & Discovery Cove	2012	297,000	—	240,000	—	219,921	—	331,029	1,087,950
	2011	297,000	—	—	—	280,655	—	21,129	598,784
Donald W. Mills, Jr. Chief Operating Officer—Busch Gardens	2012	280,008	—	—	—	207,339	—	18,442	505,789
	2011	280,008	—	—	—	264,608	—	20,420	565,036
Scott D. Helmstedter Chief Creative Officer	2012	275,000	—	—	—	203,631	—	9,802	488,433
	2011	206,250	—	—	—	194,906	—	5,597	406,753

- (1) Mr. Heaney commenced employment as our Chief Financial Officer on January 20, 2012 and the amount reported in this column for Mr. Heaney reflects the portion of his annual base salary earned in fiscal 2012 from such date.
- (2) Amount reported represents the discretionary bonus paid to Mr. Heaney. See "Compensation Discussion and Analysis—Compensation Elements—Bonuses—Discretionary Bonuses."
- (3) Amounts included in this column reflect the aggregate grant date fair value of Employee Units in the Partnerships granted during 2012, calculated in accordance with FASB ASC Topic 718, utilizing the assumptions discussed in Note 18 to our consolidated financial statements for the year ended December 31, 2012.
- (4) Amounts included in this column reflect the named executive officer's annual cash incentive awards paid. See "Compensation Discussion and Analysis—Compensation Elements—Bonuses—Annual Cash Incentive Compensation." The amount reported for Mr. Heaney in fiscal 2012 will reflect a pro-rated annual cash incentive award in connection with his January 20, 2012 employment commencement date. In addition, the amount reported for Mr. Helmstedter in fiscal 2011 reflects a pro-rated annual cash incentive award in connection with his April 1, 2011 employment commencement date.
- (5) We have no pension benefits, nonqualified defined contribution or other nonqualified deferred compensation plans for executive officers.
- (6) Amounts reported under All Other Compensation for fiscal 2012 include contributions to our 401(k) plan on behalf of our named executive officers as follows: Mr. Atchison \$8,750; Mr. Heaney \$7,437; Mr. Brown \$8,750; Mr. Mills \$8,750; and Mr. Helmstedter \$8,750. Amounts reported also include life and long-term disability insurance premiums paid by us on behalf of our named executive officers as follows: Mr. Atchison \$1,435; Mr. Heaney \$1,041; Mr. Brown \$1,131; Mr. Mills \$1,076; and Mr. Helmstedter \$1,052. Amounts reported for Messrs. Atchison, Brown and Mills also include the dollar value of vacation days sold to pay for personal health insurance premiums under our vacation sell benefit program as follows: Mr. Atchison \$7,596; Mr. Brown \$11,423; and Mr. Mills \$8,616. Amount reported for Mr. Brown also includes a tax gross-up of \$309,725 with respect to the taxable income on his June 7, 2012 Employee Unit grant. See "Compensation Discussion and Analysis—Long-Term Incentive Compensation—Fiscal 2012 Grants." In addition, the named executive officers (and their spouses) each receive a Corporate Executive Card that entitles them and an unlimited number of guests to complimentary access to our theme parks. There is no incremental cost to us associated with the use of the Corporate Executive Card.

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Grants of Plan-Based Awards in 2012

The following table provides supplemental information relating to grants of plan-based awards made to our named executive officers during 2012.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽³⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#) ⁽²⁾	Maximum (#)		
Jim Atchison		130,350	395,000	513,500					
James M. Heaney	6/7/2012	68,063	206,250	268,125		25,000	12,500	542,750	
Daniel B. Brown	6/7/2012	73,508	222,750	289,575		6,667	3,333	240,000	
Donald W. Mills, Jr.		69,302	210,006	273,007					
Scott D. Helmstedter		68,063	206,250	268,125					

- (1) Reflects possible payouts under our 2012 Bonus Plan. See “—Compensation Discussion and Analysis—Compensation Elements—Bonuses—Annual Cash Incentive Compensation” for a discussion of threshold, target and maximum cash incentive compensation payouts. Since Mr. Heaney commenced employment with us on January 20, 2012, his annual cash incentive award was pro-rated and calculated based on eleven months of his \$300,000 annual base salary. The actual amounts of cash incentive compensation paid to our named executive officers under our 2012 Bonus Plan are disclosed in the Summary Compensation Table under the Non-Equity Incentive Plan Compensation column.
- (2) As described in more detail in the “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Terms of Equity Award Grants” section that follows, amounts reported reflect grants of Employee Units that are divided into three tranches for vesting purposes; one third are time-vesting and two-thirds are exit-vesting (of which one-third are 2.25x exit-vesting and one-third are 2.75x exit-vesting). The exit-vesting units are reported as an equity incentive plan award in the “Estimated Future Payouts Under Equity Incentive Plan Awards” column, while the time-vesting tranche of the awards are reported as an all other stock award in the “All Other Stock Awards: Number of Shares of Stock or Units” column.
- (3) Represents the grant date fair value of the 37,500 Employee Units granted to Mr. Heaney and the 10,000 Employee Units granted to Mr. Brown, calculated in accordance with FASB ASC Topic 718 and utilizing the assumptions discussed in Note 18 to our consolidated financial statements for the year ended December 31, 2012.

[Table of Contents](#)**Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards*****Terms of Equity Award Grants******Employee Units***

As a condition to receiving his Employee Units, each named executive officer was required to enter into a subscription agreement with us and the Partnerships and to become a party to the partnership agreements of each of the Partnerships as well as an equity holders agreement. These agreements generally govern the named executive officer's rights with respect to the Employee Units. In connection with this offering, we expect that our directors, officers and employees will surrender all Class D Units and Employee Units of the Partnerships held by them and receive shares of our common stock. The number of shares of our common stock delivered to such equity holders of the Partnerships will be determined in a manner intended to replicate the economic benefit provided by the Class D Units and Employee Units based upon the valuation of us derived from the initial public offering price, and the number of shares will have the same value as the Class D Units or Employee Units held by the equity holder immediately prior to such transaction. Class D Units and vested Employee Units will be converted into shares of common stock and unvested Employee Units will be converted into unvested restricted shares of our common stock, which will be subject to vesting terms substantially similar to those applicable to the unvested Employee Units immediately prior to such transaction, as described below under "—Vesting Terms."

Vesting Terms

Only vested Employee Units are entitled to distributions from the Partnerships. The Employee Units are divided into a time-vesting portion (1/3 of the Employee Units granted), a 2.25x exit-vesting portion (1/3 of the Employee Units granted), and a 2.75x exit-vesting portion (1/3 of the Employee Units granted).

- ***Time-Vesting Units:*** 12 months after the initial "vesting reference date," as defined in the applicable subscription agreement, 20% of the named executive officer's time-vesting Employee Units will vest, subject to his continued employment through such date. Thereafter, an additional 20% of the named executive officer's time-vesting Employee Units will vest every year until he is fully vested, subject to his continued employment through each vesting date. Notwithstanding the foregoing, the time-vesting Employee Units will become fully vested on an accelerated basis upon a change of control (as defined in the equity holders agreement) that occurs while the named executive officer is still employed by us.
- ***2.25x Exit-Vesting Units:*** The 2.25x exit-vesting Employee Units vest if the named executive officer is employed by us when and if Blackstone receives cash proceeds in respect of its Partnership units equal to (x) a 20% annualized effective compounded return rate on its investment and (y) a 2.25x multiple on its investment.
- ***2.75x Exit-Vesting Units:*** The 2.75x exit-vesting Employee Units vest if the named executive officer is employed by us when and if Blackstone receives cash proceeds in respect of its Partnership units equal to (x) a 15% annualized effective compounded return rate on its investment and (y) a 2.75x multiple on its investment.

Employee Units vest across all Partnerships pro rata with the named executive officer's aggregate holdings in each Partnership, maintaining a constant ratio of Employee Units held in each Partnership throughout the period in which a named executive officer holds Employee Units, subject to the right of the Partnerships to adjust the number of a named executive officer's Employee Units in a particular Partnership from time to time (which will not affect any vesting thereof).

Any Employee Units that have not vested as of the date of termination of a named executive officer's employment will be immediately forfeited.

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Outstanding Equity Awards at 2012 Fiscal-Year End

The following table provides information regarding outstanding equity awards made to our named executive officers as of December 31, 2012. The equity awards held by the named executive officers are Employee Units, which represent an equity interest in the Partnerships.

Name	Grant Date	Equity Awards			
		Number of Shares or Units That Have Not Vested (#)(1)	Market Value of Shares or Units That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(4)
Jim Atchison	5/6/2011	15,000	810,000	75,000	—
James M. Heaney	6/7/2012	12,500	—	25,000	—
Daniel B. Brown	5/6/2011	3,667	198,018	18,333	—
	6/7/2012	3,333	—	6,667	—
Donald W. Mills, Jr.	5/6/2011	5,000	270,000	25,000	—
Scott D. Helmstedter	5/6/2011	6,000	324,000	15,000	—

(1) Reflects time-vesting Employee Units that have not vested. The following provides information with respect to the vesting schedule of the time-vesting Employee Units that have not vested as of December 31, 2012:

• Mr. Atchison—these units vest 20% a year over five years on each anniversary of the December 1, 2009 vesting reference date.

• Mr. Heaney—these units vest 20% a year over five years on each anniversary of the April 1, 2012 vesting reference date.

• Mr. Brown—the units granted to Mr. Brown on May 6, 2011 vest 20% a year over five years on each anniversary of the December 1, 2009 vesting reference date. The units granted to Mr. Brown on June 7, 2012 vest 20% a year over five years on each anniversary of the January 1, 2012 vesting reference date.

• Mr. Mills—these units vest 20% a year over five years on each anniversary of the December 1, 2009 vesting reference date.

• Mr. Helmstedter—these units vest 20% a year over five years on each anniversary of the April 1, 2011 vesting reference date.

Vesting of the time-vesting Employee Units will be accelerated upon a change of control that occurs while the executive is still employed by us, as described under “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards-Terms of Equity Award Grants.”

(2) Reflects exit-vesting Employee Units (of which one-half are 2.25x exit-vesting and one-half are 2.75x exit-vesting). Unvested exit-vesting Employee Units vest as described under the “—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards-Terms of Equity Award Grants” section above.

(3) Based on the appreciation in the value of our business from and after the date of grant through June 7, 2012, the date of the Company’s most recent valuation.

(4) The value of our business had not appreciated to a level that would have created value in the exit-vesting Employee Units as of June 7, 2012, the date of the Company’s most recent valuation. Therefore, we believe the market value of the exit-vesting Employee Units was zero on that date.

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Option Exercises and Stock Vested in 2012

The following table provides information regarding the number of Employee Units held by our named executive officers that vested during 2012.

<u>Name</u>	<u>Equity Awards</u>	
	<u>Number of Shares or Units Acquired on Vesting (#)</u>	<u>Value Realized on Vesting (\$)⁽¹⁾</u>
Jim Atchison	7,500	405,000
James M. Heaney	—	—
Daniel B. Brown	1,833	98,982
Donald W. Mills, Jr.	2,500	135,000
Scott D. Helmstedter ⁽²⁾	1,500	—

- (1) Based on the appreciation in the value of our business from and after the date of grant through June 7, 2012, the date of the Company's most recent valuation.
- (2) Based on the appreciation in the value of our business from and after the date of grant through May 6, 2011, the date of the Company's most current valuation prior to Mr. Helmstedter's April 1, 2012 vesting date.

Pension Benefits

We have no pension benefits for the executive officers.

Nonqualified Deferred Compensation for 2012

We have no nonqualified defined contribution or other nonqualified deferred compensation plans for executive officers.

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Potential Payments Upon Termination

The following table describes the potential payments and benefits that would have been payable to our named executive officers under existing plans assuming a termination of their employment for reasons other than willful misconduct or a voluntary resignation on December 31, 2012.

The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the named executive officers. These include accrued but unpaid salary and distributions of plan balances under our 401(k) savings plan.

Name	Cash Severance Payment \$(1)	Continuation of Group Health Plans \$(2)	Accrued but Unused Vacation \$(3)	Executive Outplacement Services \$(4)	Value of Employee Unit Acceleration \$(5)	Total (\$)
Jim Atchison						
Termination under the Severance Plan	1,185,000	71,540	10,635	10,000	—	1,277,175
Change of Control	—	—	—	—	810,000	810,000
James M. Heaney						
Termination under the Severance Plan	675,000	19,777	—	10,000	—	704,777
Change of Control	—	—	—	—	—	—
Daniel B. Brown						
Termination under the Severance Plan	519,750	19,777	7,996	10,000	—	557,523
Change of Control	—	—	—	—	198,018	198,018
Donald W. Mills, Jr.						
Termination under the Severance Plan	490,014	24,199	21,539	10,000	—	545,752
Change of Control	—	—	—	—	270,000	270,000
Scott D. Helmstedter						
Termination under the Severance Plan	618,750	11,532	—	10,000	—	640,282
Change of Control	—	—	—	—	324,000	324,000

(1) Cash severance payment includes the following:

- ÿ Mr. Atchison—two times the sum of his annual base salary (\$395,000) plus his targeted bonus under the 2012 Bonus Plan (\$395,000);
- ÿ Mr. Heaney—eighteen months base salary (\$450,000) plus his targeted bonus under the 2012 Bonus Plan (\$225,000);
- ÿ Mr. Brown—twelve months base salary (\$297,000) plus his targeted bonus under the 2012 Bonus Plan (\$222,750);
- ÿ Mr. Mills—twelve months base salary (\$280,008) plus his targeted bonus under the 2012 Bonus Plan (\$210,006); and
- ÿ Mr. Helmstedter—eighteen months base salary (\$412,500) plus his targeted bonus under the 2012 Bonus Plan (\$206,250).

(2) Reflects the cost of providing the executive officer with continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twenty-four months for Mr. Atchison and for a period of twelve months for Messrs. Heaney, Brown, Mills and Helmstedter, in each case, assuming 2013 rates.

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- (3) Amounts shown represent the following number of accrued but unused vacation days: Mr. Atchison, 7 days; Mr. Heaney, 0 days; Mr. Brown, 7 days; Mr. Mills, 22 days; and Mr. Helmstedter, 0 days
- (4) Amounts shown assume that executive outplacement services are provided to each of the named executive officers for a period of nine months.
- (5) Upon a change of control, our named executive officers' unvested time-vesting Employee Units would become immediately vested. The amounts reported are based on the appreciation in the value of our business from and after the applicable date of grant through June 7, 2012, the date of the Company's most recent valuation. Amounts reported assume that the exit-vesting Employee Units do not vest upon a change of control since the value of our business had not appreciated to a level that would have created value in the exit-vesting Employee Units as of June 7, 2012, the date of the Company's most recent valuation.

Severance Arrangements and Restrictive Covenants

We have adopted the Severance Plan for the benefit of certain key employees. Each of the named executive officers is a member of our Strategy Committee and is eligible for severance pay and benefits under the Severance Plan. All severance pay and benefits must be approved by the Chief Administrative Officer and our Chairman of the Board of Directors.

Mr. Atchison

If Mr. Atchison's employment terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure, business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Mr. Atchison will be entitled to receive:

- a lump sum payment equal to two times his annual base pay at the time of termination;
- any remaining accrued but unused vacation;
- the targeted bonus for the plan year in which he is terminated;
- continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twenty four months; and
- executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

Messrs. Heaney and Helmstedter

If the employment of Messrs. Heaney and Helmstedter terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure, business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Messrs. Heaney and Helmstedter will be entitled to receive:

- a lump sum payment equal to eighteen months of his annual base pay at the time of termination;
- any remaining accrued but unused vacation;
- the targeted bonus for the plan year in which he is terminated;
- continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twelve months; and
- executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

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Messrs. Brown and Mills

If the employment of Messrs. Brown and Mills terminates as a result of (1) job elimination resulting from a business reorganization, reduction in force, facility closure, business consolidation; (2) job elimination resulting from a sale or merger; (3) lack of an available position following a return from a certified medical leave of absence or work related injury or illness; or (4) unsatisfactory job performance, Messrs. Brown and Mills will be entitled to receive:

- a lump sum payment equal to twelve months of his annual base pay at the time of termination;
- any remaining accrued but unused vacation;
- the targeted bonus for the plan year in which he is terminated;
- continued health, dental, vision, prescription drug and mental health coverage as enrolled at the time of his termination for a period of twelve months; and
- executive outplacement services (as determined by us), which services must be engaged within thirty days of the termination of employment.

In order to be eligible for the Severance Plan benefits, the employee must sign and return a release and waiver of claims that will include but is not limited to (1) a one-year non-compete covenant; (2) a two-year non-solicitation covenant; (3) a non-disparagement covenant; (4) an agreement to cooperate in any current or future legal matters relating to activities or matters occurring the employees term of employment; and (5) the release of any and all claims that the employee may have in connection with their employment with us or with the termination of employment.

No benefits are payable under the Severance Plan if (1) the eligible employee fails or refuses to return the release and waiver of claims; (2) the eligible employee voluntarily terminates their employment for "any" reason; or (3) the eligible employee engages in willful misconduct as determined at the discretion of the Chief Administrative Officer and our Chairman of the Board of Directors.

Director Compensation

The following table summarizes all compensation for our non-employee directors (other than Sponsor-affiliated directors) for fiscal year 2012. The employee directors and Sponsor-affiliated directors receive no additional compensation for serving on the Board of Directors or the Audit Committee and, as a result, are not listed in the table below. The compensation paid to Mr. Atchison, our President and Chief Executive Officer, is presented in the Summary Compensation Table and the related explanatory tables.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
David F. D'Alessandro	200,000	—	—	—	—	—	200,000
Joseph P. Baratta	—	—	—	—	—	—	—
Bruce McEvoy	—	—	—	—	—	—	—
Judith A. McHale ⁽²⁾	—	—	—	—	—	—	—
Peter F. Wallace	—	—	—	—	—	—	—

- (1) As of December 31, 2012, Mr. D'Alessandro held 6,562 unvested time-vesting Employee Units and 35,000 unvested Employee Units subject to both time-vesting and exit-vesting criteria.
- (2) Ms. McHale was appointed to the Board of Directors on March 8, 2013. Since she was appointed after the 2012 fiscal year, she did not receive any compensation from us during the 2012 fiscal year. A description of Ms. McHale's compensation arrangement is set forth below under "Description of Director Compensation."

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Description of Director Compensation

This section contains a description of the material terms of our compensation arrangements for Mr. D'Alessandro and Ms. McHale. As noted above, Messrs. Baratta, McEvoy and Wallace are employees of Blackstone and do not receive any compensation from us for their services on our Board of Directors. All of our directors, including Messrs. Baratta, McEvoy and Wallace, are reimbursed for the out-of-pocket expenses they incur in connection with their service as directors. Following the completion of this offering, we intend to continue to pay a cash retainer to our independent directors for serving as directors and an additional cash payment for serving as a committee chair, and we expect to grant equity-based awards to our independent directors under the 2013 Omnibus Incentive Plan (as defined herein).

Mr. D'Alessandro. Mr. D'Alessandro, who serves as Chairman of the Board of Directors, receives an annual cash retainer of \$200,000 a year. In addition, Mr. D'Alessandro was provided the opportunity to invest in Class D Units of the Partnerships and, in fiscal 2010, he was granted 52,500 Employee Units as part of his compensation. Similar to the Employee Units granted to our named executive officers, Mr. D'Alessandro's Employee Units are divided into a time-vesting portion (one-third of the Employee Units granted), a 2.25x exit-vesting portion (one-third of the Employee Units granted), and a 2.75x exit-vesting portion (one-third of the Employee Units granted). In connection with this offering, Mr. D'Alessandro will surrender his Class D Units and Employee Units of the Partnerships and will receive shares of our common stock. Restricted shares of our common stock issued in respect of unvested Employee Units will be subject to vesting terms substantially similar to those described below under "—Vesting Terms." The vesting terms of Mr. D'Alessandro's Employee Units are set forth below.

Vesting Terms

- ÿ *Time-Vesting Units:* 25% of the time-vesting Employee Units vested on Mr. D'Alessandro's September 7, 2010 start date and the remaining 75% vest in equal annual installments on each of the first four anniversaries of his September 7, 2010 start date. Notwithstanding the foregoing, the time-vesting Employee Units will become fully vested on an accelerated basis upon a change of control (as defined in the equity holders agreement) that occurs while Mr. D'Alessandro is still serving as our Chairman of the Board of Directors.
- ÿ *2.25x Exit-Vesting Units:* The 2.25x Employee Units vest based on a double trigger that includes both time-vesting and exit-vesting criteria. The time-vesting criteria are the same as the portion of his award that is solely time-vesting described above. 25% of the 2.25x Employee Units satisfied the time-vesting criteria on Mr. D'Alessandro's September 7, 2010 start date and the remaining 75% will satisfy the time-vesting criteria in equal annual installments on each of the first four anniversaries of his September 7, 2010 start date. The exit-vesting criteria will be satisfied when and if Blackstone receives cash proceeds in respect of its Partnership units equal to (x) a 20% annualized effective compounded return rate on its investment and (y) a 2.25x multiple on its investment. Upon Mr. D'Alessandro's departure as Chairman of the Board of Directors, all 2.25x Employee Units which have satisfied the time-vesting criteria, will remain outstanding subject to achievement of the exit-vesting criteria.
- ÿ *2.75x Exit-Vesting Units:* The 2.75x Employee Units vest based on a double trigger that includes both time-vesting and exit-vesting criteria. The time-vesting criteria are the same as the portion of his award that is solely time-vesting described above. 25% of the 2.25x Employee Units satisfied the time-vesting criteria on Mr. D'Alessandro's September 7, 2010 start date and the remaining 75% will satisfy the time-vesting criteria in equal annual installments on each of the first four anniversaries of his September 7, 2010 start date. The exit-vesting criteria will be satisfied when and if Blackstone receives cash proceeds in respect of its Partnership units equal to (x) a 15% annualized effective compounded return rate on its investment and (y) a 2.75x multiple on its

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investment. Upon Mr. D'Alessandro's departure as Chairman of the Board of Directors, all 2.75x Employee Units which have satisfied the time-vesting criteria, will remain outstanding subject to achievement of the exit-vesting criteria.

Forfeiture Provisions

Generally, any Employee Units that have not vested upon Mr. D'Alessandro's departure as Chairman of the Board of Directors will be immediately forfeited, except that the 2.25x Employee Units and the 2.75x Employee Units will, to the extent the applicable time-vesting criteria have been met, remain outstanding following Mr. D'Alessandro's departure, subject to achievement of the applicable exit-vesting criteria. If Mr. D'Alessandro is terminated by us for cause (or he voluntarily resigns when grounds exist for cause) or in the event he breaches any of the restrictive covenants set forth in the subscription agreement, all of his Employee Units (whether vested or unvested) will be forfeited.

Ms. McHale. On March 8, 2013, Ms. McHale was appointed to the Board of Directors. We have entered into a letter agreement with Ms. McHale pursuant to which she will receive an annual retainer of \$80,000 (representing \$60,000 for her service as a non-employee director and \$20,000 for her service as the Chair of the Audit Committee) payable in cash in four installments on the date of each quarterly scheduled Board meeting; provided, however, her retainer installment payable in respect of her first quarter of service will be pro-rated to reflect the partial service during such quarter. In addition, upon completion of this offering, she will receive an annual equity award comprised of restricted shares of our restricted common stock valued at \$120,000, based on the closing price of shares of our common stock on the applicable date of grant; provided, however, with respect to the initial award, the value will be based upon the price of shares of our common stock offered to the public in connection with this offering.

Vesting Terms and Forfeiture

Ms. McHale's annual equity award will be subject to vesting in three annual installments on each anniversary of the applicable date of grant (or with respect to the initial award, March 8, 2013), subject to her continued service on the Board of Directors; provided, that if the stockholders fail to re-elect her to the Board of Directors, or she is otherwise removed from the Board of Directors without cause, any unvested portion of an annual equity award will vest in full. Upon any other termination of her service prior to the completion of the applicable vesting period, she will forfeit the unvested portion of any annual equity award.

Compensation Arrangements in Connection with This Offering

Our Board of Directors retained Frederic W. Cook & Co., Inc. ("FW Cook"), an independent compensation consulting firm, to advise on executive compensation in connection with this offering. Our Board of Directors reviewed the cash compensation arrangements of our executive officers with FW Cook and determined to increase the base salary and/or target annual bonus opportunities for certain such individuals, including for our named executive officers. In determining the increases in base salary and target annual bonus opportunities for each of the named executive officers, our Board of Directors reviewed, among other things, each named executive officer's past performance of his job responsibilities and his contributions to our financial and business performance as well as competitive conditions. In addition, our Board of Directors reviewed compensation peer group data provided by FW Cook for companies engaged in the same or similar industries as the Company. Due to the limited number of "pure leisure facilities" public companies, our Board of Directors determined that it was appropriate to include other companies in the compensation peer group that are in the entertainment, restaurant and hospitality industries and compete with us for executive talent. The compensation peer group that the Board of Directors used to benchmark named executive officer base salaries and target

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annual bonus opportunities was composed of the following 14 companies: Ameristar Casinos, Inc.; Boyd Gaming Corporation; Cedar Fair, L.P.; The Cheesecake Factory Incorporated; Chipotle Mexican Grill, Inc.; Cinemark Holdings, Inc.; Hyatt Hotels Corporation; The Madison Square Garden Company; Panera Bread Company; Penn National Gaming, Inc.; Pinnacle Entertainment, Inc.; Regal Entertainment Group; Six Flags Entertainment Corporation; and Vail Resorts, Inc. While the compensation peer group included companies of smaller, comparable and larger size, our expected market capitalization placed us at the 47th percentile of the peer group companies. Based on the review, our Board of Directors determined to set total annual cash compensation for our named executive officers, i.e., base salaries and target annual bonus opportunities, at a level that is generally between the 25th percentile and the median of the compensation peer group, but to place a greater portion of the total cash compensation at-risk under our variable performance-based cash bonus opportunity as compared to the compensation peer group. Our Board of Directors determined that setting base salary and target annual bonus opportunities at these levels was appropriate to reward performance and ensure retention as we transition from a private to a publicly traded company. The following table sets forth the new base salaries and target annual bonus opportunities for our named executive officers, effective as of April 1, 2013:

	<u>Base Salary</u>	<u>Bonus Potential Percentage⁽¹⁾</u>	<u>Bonus Potential Target⁽¹⁾</u>
Jim Atchison	\$698,000	150%	\$1,047,000
James M. Heaney	\$356,000	100%	\$ 356,000
Daniel B. Brown	\$346,000	100%	\$ 346,000
Donald W. Mills, Jr.	\$346,000	100%	\$ 346,000
Scott D. Helmstedter	\$284,000	100%	\$ 284,000

- (1) Any annual cash incentive awards earned for fiscal 2013 will be pro-rated for the period from January 1, 2013 through March 31, 2013 at the named executive officer's former bonus potential percentage and for the period April 1, 2013 through the end of the 2013 fiscal year, based on the new bonus potential percentages set forth above.

2013 Omnibus Incentive Plan

In connection with this offering, our Board of Directors expects to adopt, and our stockholders expect to approve, the 2013 Omnibus Incentive Plan prior to the completion of the offering.

Purpose. The purpose of the 2013 Omnibus Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants and advisors (and prospective directors, officers, employees, consultants and advisors) can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

Administration. The 2013 Omnibus Incentive Plan will be administered by the compensation committee of our Board of Directors or such other committee of our Board of Directors to which it has delegated power, or if no such committee or subcommittee thereof exists, the Board of Directors (as applicable, the "Committee"). The Committee has the sole and plenary authority to establish the terms and conditions of any award consistent with the provisions of the 2013 Omnibus Incentive Plan. The Committee is authorized to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the 2013 Omnibus Incentive Plan and any instrument or agreement relating to, or any award granted under, the 2013 Omnibus Incentive Plan; establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee deems appropriate for

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the proper administration of the 2013 Omnibus Incentive Plan; and to make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the 2013 Omnibus Incentive Plan. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it in accordance with the terms of the 2013 Omnibus Incentive Plan. Any such allocation or delegation may be revoked by the Committee at any time. Unless otherwise expressly provided in the 2013 Omnibus Incentive Plan, all designations, determinations, interpretations, and other decisions under or with respect to the 2013 Omnibus Incentive Plan or any award or any documents evidencing awards granted pursuant to the 2013 Omnibus Incentive Plan are within the sole discretion of the Committee, may be made at any time and are final, conclusive and binding upon all persons or entities, including, without limitation, us, any holder or beneficiary of any award, and any of our stockholders.

Shares Subject to the 2013 Omnibus Incentive Plan. The 2013 Omnibus Incentive Plan provides that the total number of shares of common stock that may be issued under the 2013 Omnibus Incentive Plan is 15,000,000. Of this amount, the maximum number of shares for which incentive stock options may be granted is 15,000,000; the maximum number of shares for which options or stock appreciation right may be granted to any individual participant during any single fiscal year is 1,500,000; the maximum number of shares for which performance compensation awards denominated in shares may be granted to any individual participant in respect of a single fiscal year is 600,000 (or if any such awards are settled in cash, the maximum amount may not exceed the fair market value of such shares on the last day of the performance period to which such award relates); the maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, shall not exceed \$500,000 in total value; and the maximum amount that may be paid to any individual for a single fiscal year under a performance compensation award denominated in cash is \$2,750,000. Except for substitute awards (as described below), in the event any award terminates, lapses, or is settled without the payment of the full number of shares subject to such award, including as a result of net set settlement of the award or as a result of the award being settled in cash, the undelivered shares may be granted again under the 2013 Omnibus Incentive Plan, unless the shares are surrendered after the termination of the 2013 Omnibus Incentive Plan, and only if stockholder approval is not required under the then-applicable rules of the exchange on which the shares of common stock are listed. Awards may, in the sole discretion of the Committee, be granted in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by us or with which we combine (referred to as "substitute awards"), and such substitute awards shall not be counted against the total number of shares that may be issued under the 2013 Omnibus Incentive Plan, except that substitute awards intended to qualify as "incentive stock options" shall count against the limit on incentive stock options described above. No award may be granted under the 2013 Omnibus Incentive Plan after the tenth anniversary of the effective date (as defined therein), but awards theretofore granted may extend beyond that date.

Options. The Committee may grant non-qualified stock options and incentive stock options, under the 2013 Omnibus Incentive Plan, with terms and conditions determined by the Committee that are not inconsistent with the 2013 Omnibus Incentive Plan; provided that all stock options granted under the 2013 Omnibus Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our common stock underlying such stock options on the date an option is granted (other than in the case of options that are substitute awards), and all stock options that are intended to qualify as incentive stock options must be granted pursuant to an award agreement expressly stating that the option is intended to qualify as an incentive stock option, and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422

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of the Code. The maximum term for stock options granted under the 2013 Omnibus Incentive Plan will be ten years from the initial date of grant, or with respect to any stock options intended to qualify as incentive stock options, such shorter period as prescribed by Section 422 of the Code. However, if a non-qualified stock option would expire at a time when trading of shares of common stock is prohibited by the Company's insider trading policy (or Company-imposed "blackout period"), the term will automatically be extended to the 30th day following the end of such period. The purchase price for the shares as to which a stock option is exercised may be paid to us, to the extent permitted by law (i) in cash or its equivalent at the time the stock option is exercised, (ii) in shares having a fair market value equal to the aggregate exercise price for the shares being purchased and satisfying any requirements that may be imposed by the Committee, or (iii) by such other method as the Committee may permit in its sole discretion, including without limitation (A) in other property having a fair market value on the date of exercise equal to the purchase price; (B) if there is a public market for the shares at such time, through the delivery of irrevocable instructions to a broker to sell the shares being acquired upon the exercise of the stock option and to deliver to us the amount of the proceeds of such sale equal to the aggregate exercise price for the shares being purchased, or (C) through a "net exercise" procedure effected by withholding the minimum number of shares needed to pay the exercise price and all applicable required withholding taxes. Any fractional shares of common stock will be settled in cash.

Stock Appreciation Rights. The Committee may grant stock appreciation rights, with terms and conditions determined by the Committee that are not inconsistent with the 2013 Omnibus Incentive Plan. Generally, each stock appreciation right will entitle the participant upon exercise to an amount (in cash, shares or a combination of cash and shares, as determined by the Committee) equal to the product of (i) the excess of (A) the fair market value on the exercise date of one share of common stock, over (B) the strike price per share, times (ii) the numbers of shares of common stock covered by the stock appreciation right. The strike price per share of a stock appreciation right will be determined by the Committee at the time of grant but in no event may such amount be less than the fair market value of a share of common stock on the date the stock appreciation right is granted (other than in the case of stock appreciation rights granted in substitution of previously granted awards). The Committee may in its sole discretion substitute, without the consent of the holder or beneficiary of such stock appreciation rights, stock appreciation rights settled in shares of common stock (or settled in shares or cash in the sole discretion of the Committee) for nonqualified stock options.

Restricted Shares and Restricted Stock Units. The Committee may grant restricted shares of our common stock or restricted stock units, representing the right to receive, upon the expiration of the applicable restricted period, one share of common stock for each restricted stock unit, or, in its sole discretion of the Committee, the cash value thereof (or any combination thereof). As to restricted shares of our common stock, subject to the other provisions of the 2013 Omnibus Incentive Plan, the holder will generally have the rights and privileges of a stockholder as to such restricted shares of common stock, including without limitation the right to vote such restricted shares of common stock (except, that if the lapsing of restrictions with respect to such restricted shares of common stock is contingent on satisfaction of performance conditions other than or in addition to the passage of time, any dividends payable on such restricted shares of common stock will be retained, and delivered without interest to the holder of such shares when the restrictions on such shares lapse). To the extent provided in the applicable award agreement, the holder of outstanding restricted stock units will be entitled to be credited with dividend equivalent payments (upon the payment by us of dividends on shares of common stock) either in cash or, at the sole discretion of the Committee, in shares of common stock having a value equal to the amount of such dividends (and interest may, at the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which will be payable at the same time as the underlying restricted stock units are settled following the release of restrictions on such restricted stock units.

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Other Stock-Based Awards. The Committee may issue unrestricted common stock, rights to receive grants of awards at a future date, or other awards denominated in shares of common stock (including, without limitation, performance shares or performance units), under the 2013 Omnibus Incentive Plan, including performance-based awards.

Performance Compensation Awards. The Committee may also designate any award as a “performance compensation award” intended to qualify as “performance-based compensation” under section 162(m) of the Code. The Committee also has the authority to make an award of a cash bonus to any participant and designate such award as a performance compensation award under the 2013 Omnibus Incentive Plan. The Committee has sole discretion to select the length of any applicable performance periods, the types of performance compensation awards to be issued, the applicable performance criteria and performance goals, and the kinds and/or levels of performance goals that are to apply. The performance criteria that will be used to establish the performance goals may be based on the attainment of specific levels of performance of the Company (and/or one or more affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and are limited to the following: (i) net earnings or net income (before or after taxes); (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, and cash flow return on capital), which may but are not required to be measured on a per share basis; (viii) earnings before or after taxes, interest, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other ‘value creation’ metrics; (xvii) inventory control; (xviii) enterprise value; (xix) sales; (xx) stockholder return; (xxi) client retention; (xxii) competitive market metrics; (xxiii) employee retention; (xxiv) timely completion of new product rollouts; (xxv) timely launch of new facilities; (xxvi) measurements related to a new purchasing “co-op”; (xxvii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxviii) system-wide revenues; (xxix) royalty income; (xxx) comparisons of continuing operations to other operations; (xxxi) market share; (xxxii) cost of capital, debt leverage year-end cash position or book value; (xxxiii) strategic objectives, development of new product lines and related revenue, sales and margin targets, franchisee growth and retention, menu design and growth, co-branding or international operations; or (xxxiv) any combination of the foregoing. Any one or more of the performance criteria may be stated as a percentage of another performance criteria, or used on an absolute or relative basis to measure our performance as a whole or any of our divisions or operational and/or business units, product lines, brands, business segments, administrative departments or any combination thereof, as the Committee may deem appropriate, or any of the above performance criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices. Unless otherwise determined by the Committee at the time a performance compensation award is granted, the Committee shall, during the first 90 days of a performance period (or, within any other maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the performance compensation awards granted to any participant for such performance period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a performance goal for such performance period, based on and in order to appropriately reflect the

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following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) extraordinary nonrecurring items as described in Accounting Standards Codification Topic 225-20 (or any successor pronouncement thereto) and/or in management's discussion and analysis of financial condition and results of operations appearing in our annual report to stockholders for the applicable year; (vi) acquisitions or divestitures; (vii) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (viii) foreign exchange gains and losses; (ix) discontinued operations and nonrecurring charges; and (x) a change in our fiscal year.

Following the completion of a performance period, the Committee will review and certify in writing whether, and to what extent, the performance goals for the performance period have been achieved and, if so, calculate and certify in writing that amount of the performance compensation awards earned for the period based upon the performance formula. In determining the actual amount of an individual participant's performance compensation award for a performance period, the Committee has the discretion to reduce or eliminate the amount of the performance compensation award consistent with Section 162(m) of the Code. Unless otherwise provided in the applicable award agreement, the Committee does not have the discretion to (A) grant or provide payment in respect of performance compensation awards for a performance period if the performance goals for such performance period have not been attained; or (B) increase a performance compensation award above the applicable limitations set forth in the 2013 Omnibus Incentive Plan.

Effect of Certain Events on 2013 Omnibus Incentive Plan and Awards. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of common stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of our shares of common stock or other securities, issuance of warrants or other rights to acquire our shares of common stock or other securities, or other similar corporate transaction or event (including, without limitation, a change in control, as defined in the 2013 Omnibus Incentive Plan) that affects the shares of common stock, or (b) unusual or nonrecurring events (including, without limitation, a change in control) affecting us, any affiliate, or the financial statements of us or any affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that in either case an adjustment is determined by the Committee in its sole discretion to be necessary or appropriate, then the Committee must make any such adjustments in such manner as it may deem equitable, including without limitation, any or all of: (i) adjusting any or all of (A) the share limits applicable under the 2013 Omnibus Incentive Plan with respect to the number of awards which may be granted hereunder, (B) the number of our shares of common stock or other securities which may be delivered in respect of awards or with respect to which awards may be granted under the 2013 Omnibus Incentive Plan and (C) the terms of any outstanding award, including, without limitation, (1) the number of shares of common stock subject to outstanding awards or to which outstanding awards relate, (2) the exercise price or strike price with respect to any award or (3) any applicable performance measures; (ii) providing for a substitution or assumption of awards, accelerating the exercisability of, lapse of restrictions on, or termination of, awards or providing for a period of time for participants to exercise outstanding awards prior to the occurrence of such event; and (iii) cancelling any one or more outstanding awards and causing to be paid to the holders holding vested awards (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Committee (which if applicable may be based upon the price per share of common stock received or to be received by other stockholders of the Company in such event), including without limitation, in the case of options and stock appreciation rights, a cash payment equal to the excess, if any, of the fair market value of the shares of common stock subject to the option or stock appreciation right over the aggregate exercise price thereof. For the avoidance of doubt, the

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Committee may cancel any stock option or stock appreciation right for no consideration if the fair market value of the shares subject to such option or stock appreciation right is less than or equal to the aggregate exercise price or strike price of such stock option or stock appreciation right.

Nontransferability of Awards. An award will not be transferable or assignable by a participant otherwise than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us or any affiliate. However, the Committee may, in its sole discretion, permit awards (other than incentive stock options) to be transferred, including transfer to a participant's family members, any trust established solely for the benefit of participant or such participant's family members, any partnership or limited liability company of which participant, or participant and participant's family members, are the sole member(s), and a beneficiary to whom donations are eligible to be treated as "charitable contributions" for tax purposes.

Amendment and Termination. The Board of Directors may amend, alter, suspend, discontinue, or terminate the 2013 Omnibus Incentive Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the 2013 Omnibus Incentive Plan or for changes in GAAP to new accounting standards, (ii) it would materially increase the number of securities which may be issued under the 2013 Omnibus Incentive Plan (except for adjustments in connection with certain corporate events), or (iii) it would materially modify the requirements for participation in the 2013 Omnibus Incentive Plan; provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award shall not to that extent be effective without such individual's consent. The Committee may also, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award granted or the associated award agreement, prospectively or retroactively, subject to the consent of the affected Participant if any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of any Participant with respect to such award; provided, further, that without stockholder approval, except as otherwise permitted in the 2013 Omnibus Incentive Plan, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any stock appreciation right, (ii) the Committee may not cancel any outstanding option or stock appreciation right and replace it with a new option or stock appreciation right (with a lower exercise price or strike price, as the case may be) or other award or cash payment that is greater than the value of the cancelled option or stock appreciation right, and (iii) the Committee may not take any other action which is considered a "repricing" for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which our securities are listed or quoted.

Dividends and Dividend Equivalents. The Committee in its sole discretion may provide part of an award with dividends or dividend equivalents, on such terms and conditions as may be determined by the Committee in its sole discretion; provided, that no dividend equivalents shall be payable in respect of outstanding (i) Options or stock appreciation right or (ii) unearned performance compensation awards or other unearned awards subject to performance conditions (other than or in addition to the passage of time) (although dividend equivalents may be accumulated in respect of unearned awards and paid within 15 days after such awards are earned and become earned, payable or distributable).

Clawback/Forfeiture. An award agreement may provide that the Committee may in its sole discretion cancel such award if the participant, while employed by or providing services to us or any affiliate or after termination of such employment or service, violates a non-competition, non-solicitation

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or non-disclosure covenant or agreement or otherwise has engaged in or engages in other detrimental activity that is in conflict with or adverse to our interests or the interests of any affiliate, including fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion. The Committee may also provide in an award agreement that if the participant otherwise has engaged in or engages in any activity referred to in the preceding sentence, the participant will forfeit any gain realized on the vesting or exercise of such award, and must repay the gain to us. The Committee may also provide in an award agreement that if the participant receives any amount in excess of what the participant should have received under the terms of the award for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the participant shall be required to repay any such excess amount to us. Without limiting the foregoing, all awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law.

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PRINCIPAL AND SELLING STOCKHOLDERS

The following table and accompanying footnotes set forth information with respect to the beneficial ownership of our common stock, as of April 18, 2013, for:

- each person known by us to own beneficially more than 5% of our outstanding shares of common stock;
- each of our directors;
- each of our named executive officers;
- all of our directors and executive officers as a group; and
- each selling stockholder.

For further information regarding material transactions between us and the selling stockholders, see “Certain Relationships and Related Party Transactions.”

The number of shares and percentages of beneficial ownership prior to this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately prior to the consummation of this offering. The number of shares and percentages of beneficial ownership after this offering set forth below are based on the number of shares of our common stock to be issued and outstanding immediately after the consummation of this offering.

Beneficial ownership for the purposes of the following table is determined in accordance with the rules and regulations of the SEC. A person is a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security or has the right to acquire such powers within 60 days.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to their beneficially owned common stock.

Except as otherwise indicated in the footnotes below, the address of each beneficial owner is c/o SeaWorld Entertainment, Inc., 9205 South Park Center Loop, Suite 400, Orlando, Florida 32819.

Name of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Shares of Common Stock Offered	Common Stock Beneficially Owned After this Offering			
	Number	%(5)		Assuming the Underwriters' Option is not Exercised		Assuming the Underwriters' Option is Exercised in Full	
				Number	%	Number	%
Principal and Selling Stockholders:							
The Partnerships affiliated with The Blackstone Group L.P.(1)(2)	82,811,569	100%	16,000,000	62,653,673(6)	67.5%	58,753,673	63.3%
Directors and Named Executive Officers:							
Jim Atchison	—	—		703,748	*	703,748	*
David F. D'Alessandro	—	—		337,724	*	337,724	*
Joseph P. Baratta(3)	—	—		—	—	—	—
Bruce McEvoy(3)	—	—		—	—	—	—
Judith A. McHale(4)	—	—		4,705	*	4,705	*
Peter Wallace(3)	—	—		—	—	—	—
James M. Heaney	—	—		148,157	*	148,157	*
Dan Brown	—	—		246,696	*	246,696	*
Donald Mills	—	—		233,307	*	233,307	*
Scott Helmstedter	—	—		136,541	*	136,541	*
All directors and executive officers as a group (10 persons)(5)	—	—		1,810,878	2.0%	1,810,878	2.0%

* Less than 1%.

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- (1) As of April 18, 2013, the Partnerships owned 100% of our outstanding common stock and no other person or entity had a direct beneficial ownership interest in our common stock as of such date until the expiration of the lock-up period related to such common stock. The shares to be sold in this offering by the Partnerships, including any additional shares that the underwriters have the option to purchase, will be allocated among the Partnerships pro rata based on their current ownership percentages.
- (2) Reflects shares of our common stock held by the Partnerships as follows: 64,712,306 shares of our common stock held by SW Cayman L.P. ("SWC"), 2,019,910 shares of our common stock held by SW Cayman A L.P. ("SWCA"), 2,271,742 shares of our common stock held by SW Cayman B L.P. ("SWCB"), 2,072,612 shares of our common stock held by SW Cayman C L.P. ("SWCC"), 744,601 shares of our common stock held by SW Delaware D L.P. ("SWDD"), 2,333,479 shares of our common stock held by SW Cayman E L.P. ("SWCE"), 1,823,686 shares of our common stock held by SW Cayman F L.P. ("SWCF"), 2,777,566 shares of our common stock held by SW Cayman Co-Invest L.P. ("SWCCI"), 3,041,750 shares of our common stock held by SW Cayman (GS) L.P. ("SWCGS") and 1,013,917 shares of our common stock held by SW Cayman (GSO) L.P. Blackstone and other members of the Investor Group own various classes of interests in the Partnerships as described under "Certain Relationships and Related Party Transactions—Limited Partnership Agreements." Investors in SCWGS include certain affiliates of Goldman, Sachs & Co.

Under the terms of the partnership agreements of the Partnerships, the general partner determines any voting and dispositions decisions with respect to the shares of our common stock held by the Partnerships. In certain circumstances, Blackstone and certain other members of the Investor Group are permitted to surrender their interests in the Partnerships to the Partnerships and receive shares of our common stock held by the Partnerships. The general partner of each of the Partnerships is SW Cayman Limited. SW Cayman Limited is wholly owned by Blackstone Capital Partners (Cayman III) V L.P. The general partner of Blackstone Capital Partners (Cayman III) V L.P. is Blackstone Management Associates (Cayman) V L.P. The general partner of Blackstone Management Associates (Cayman) V L.P. is BCP V GP L.L.C. The sole member of BCP V GP L.L.C. is Blackstone Holdings III L.P. The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman. As a result of his control of Blackstone Group Management L.L.C., Mr. Schwarzman has voting and investment power with respect to the shares held by the Partnerships. Each of such Blackstone entities (other than the Partnerships to the extent of their direct holdings) and Mr. Schwarzman may be deemed to beneficially own the shares beneficially owned by the Partnerships directly or indirectly controlled by it or him, but each disclaims beneficial ownership of such shares. The address of each of Mr. Schwarzman and each of the other entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.
- (3) Messrs. Baratta, McEvoy and Wallace are each employees of Blackstone, but each disclaims beneficial ownership of the shares beneficially owned by the Partnerships. The address for Messrs. Baratta, McEvoy and Wallace is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.
- (4) Reflects shares of restricted common stock to be granted to Ms. McHale within thirty days following the consummation of this offering pursuant to her letter agreement.
- (5) As of April 18, 2013, the Partnerships owned 100% of our outstanding common stock. Certain of our directors and officers own 8,500 Class D Units and 52,604.17 Employee Units in the Partnerships, as described under "Management—Compensation Discussion and Analysis." Under the terms of the partnership agreements of the Partnerships, SW Cayman Limited, the general partner of the Partnerships, determines any voting and disposition decisions with respect to the shares of our common stock held by the Partnerships. SW Cayman Limited is an affiliate of Blackstone as described in footnote (2) above. In connection with this offering, we expect that our directors and officers will surrender all Class D Units and Employee Units of the Partnerships held by them and receive shares of our common stock from the Partnerships. Based on an assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus, we expect such directors and officers to receive in the aggregate approximately 1,810,878 shares of our common stock from the Partnerships in respect of such Class D Units and Employee Units. For more information, see "Management—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Terms of Equity Award and Grants—Employee Units."
- (6) In connection with the offering, we expect all holders of Class D Units and Employee Units in the Partnerships, including our directors and executive officers, to surrender such units to the Partnerships for an aggregate of 4,157,896 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of our common stock from the Partnerships.

[Table of Contents](#)**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS****Stockholders Agreement**

In connection with this offering, we expect to enter into a stockholders agreement with the Partnerships, which are affiliates of Blackstone. This agreement will grant the Partnerships the right to nominate to our Board of Directors a number of designees equal to: (i) at least a majority of the total number of directors comprising our Board of Directors as long as the Partnerships and their affiliates beneficially own at least 50% of the shares of our common stock entitled to vote generally in the election of our directors; (ii) at least 40% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 40% but less than 50% of the shares of our common stock entitled to vote generally in the election of our directors; (iii) at least 30% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 30% but less than 40% of the shares of our common stock entitled to vote generally in the election of our directors; (iv) at least 20% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 20% but less than 30% of the shares of our common stock entitled to vote generally in the election of our directors; and (v) at least 10% of the total number of directors comprising our Board of Directors at such time as long as the Partnerships and their affiliates beneficially own at least 5% but less than 20% of the shares of our common stock entitled to vote generally in the election of our directors. For purposes of calculating the number of directors that the Partnerships are entitled to nominate pursuant to the formula outlined above, any fractional amounts would be rounded up to the nearest whole number (e.g., one and one quarter directors shall equate to two directors) and the calculation would be made on a pro forma basis after taking into account any increase in the size of our Board of Directors.

In addition, in the event a vacancy on the Board of Directors is caused by the death, retirement or resignation of a Partnership's director-designee, the Partnerships shall, to the fullest extent permitted by law, have the right to have the vacancy filled by a new Partnership's director-designee.

Limited Partnership Agreements and Equityholders Agreement

Investment funds affiliated with Blackstone and other co-investors hold Class A Units and Class B Units of the Partnerships. In addition, ABI holds Class C Units in the Partnerships, which entitle ABI to receive, subject to certain conditions, a specified portion of distributions from the Partnerships.

As of December 31, 2012, Blackstone beneficially owned 8,600,000 Class A Units in the Partnerships consisting of 6,870,315.17 Class A Units in SWC, 248,783.61 Class A Units in SWCA, 279,799.84 Class A Units in SWCB, 255,273.63 Class A Units in SWCC, 91,709.15 Class A Units in SWDD, 287,403.79 Class A Units in SWCE, 224,615.11 Class A Units in SWCF and 342,099.70 Class A Units in SWCCI. Other members of the Investor Group, including certain of our directors and officers, affiliates of Goldman, Sachs & Co. and other investors, own the remaining limited partnership units in the Partnerships, consisting of 101,000 Class B Units, ten Class C Units, 29,240.02 Class D Units and 669,293 Employee Units. In connection with this offering, we expect that our directors, officers and employees will surrender all Class D Units and Employee Units to the Partnerships held by them and receive shares of our common stock with substantially equivalent value to such Class D Units and the Employee Units. Shares of our common stock issued in respect of the unvested Employee Units will be subject to vesting terms substantially similar to those described above under "Management—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards—Terms of Equity Award Grants—Employee Units—Vesting Terms."

Pursuant to the limited partnership agreements of each of the Partnerships (referred to herein as the "Partnership Agreements"), Blackstone, through its affiliate SW Cayman Limited, the general partner of the Partnerships, has the right to determine when dispositions of shares of our common

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stock held by the Partnerships will be made and, subject to certain exceptions, when distributions will be made to the limited partners of the Partnerships and the amount of any such distributions. If SW Cayman Limited authorizes a distribution, such distribution will be made to the partners of the Partnerships (1) in the case of a tax distribution (as described below), to the holders of limited partnerships units in proportion to the amount of taxable income of the Partnerships allocated to such holders and (2) in the case of other distributions, pro rata in accordance with the percentages of their respective partnership interests, subject to vesting requirements of certain Employee Units held by members of our management. ABI holds Class C Units in the Partnerships, which entitle ABI to receive, subject to certain conditions, a specified portion of distributions from the Partnerships. ABI has consent rights with respect to certain amendments to the Partnership Agreements.

The Partnership Agreements provide that SW Cayman Limited, as the general partner, will be entitled in its sole discretion and without the approval of the other partners to perform or cause to be performed all management and operational functions relating to the Partnerships and shall have the sole power to bind the Partnerships. The limited partners may not participate in the management or control of the Partnerships.

The Partnership Agreements provide that, subject to certain exceptions, the general partner will not withdraw from the Partnerships or resign as a general partner. The general partner is not permitted to transfer its general partnership interests except to an affiliate of the general partner. The Partnership Agreements also provide that, subject to certain exceptions, the limited partners will not transfer their limited partnership interests. Under the terms of the Partnership Agreements, an affiliate of Blackstone determines any voting and disposition decisions with respect to the shares of our common stock held by the Partnerships. In certain circumstances, Blackstone and certain other members of the Investor Group are permitted to surrender their interests in the Partnerships to the Partnerships and receive shares our common stock held by the Partnerships.

The Partnership Agreements contain a covenant limiting the Partnerships' ability to enter into transactions with their affiliates, which is similar to the affiliate transactions covenant contained in the indenture governing the Senior Notes.

The Partnership Agreements provide that each of the Partnerships will be dissolved upon the earliest of (i) the determination of the general partner to dissolve the Partnerships, (ii) such date when there are no limited partners, (iii) at such times as all of the assets of the Partnership have been converted into cash and cash equivalents, (iv) the entry of a decree of judicial dissolution of the Partnership or (v) the dissolution, resignation, expulsion or bankruptcy of the general partner.

In connection with the 2009 Transactions, we entered into an equityholders agreement with the Partnerships and certain equity holders of the Partnerships. Pursuant to the agreement, in the event that we propose to redeem or repurchase any of our equity interests held by the Partnerships, we are required to offer each Partnership the right to participate in such redemption or repurchase on a pro rata basis. The agreement also requires us to issue a corresponding number of common equity interests to the Partnerships in connection with vesting of Employee Units.

Registration Rights Agreement

In connection with the 2009 Transactions, we entered into a registration rights agreement with the Partnerships and certain equity holders of the Partnerships. Subject to certain conditions, this agreement provides to the Partnerships an unlimited number of "demand" registrations and customary "piggyback" registration rights. The registration rights agreement also provides that we will pay certain expenses of the Partnerships and certain of its equity holders relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act.

[Table of Contents](#)**2009 Advisory Agreement**

In connection with the 2009 Transactions, SWPEI, SeaWorld Parks & Entertainment LLC and Sea World LLC entered into an advisory agreement with Blackstone Management Partners L.L.C. ("BMP") pursuant to which BMP provided certain strategic and structuring advice and assistance to us. This agreement was amended and restated in March 2013. In the year ended December 31, 2012, we paid approximately \$6.2 million (excluding expense reimbursement) to Blackstone pursuant to the 2009 Advisory Agreement.

Under the 2009 Advisory Agreement, we have agreed to indemnify Blackstone and its affiliates and their respective partners, members, officers, directors, employees, agents and representatives for any and all losses relating to the services contemplated by the 2009 Advisory Agreement and the engagement of Blackstone pursuant to, and the performance by Blackstone of the services contemplated by, the 2009 Advisory Agreement. In connection with this offering, the parties intend to terminate the 2009 Advisory Agreement, provided that the provisions relating to indemnification and certain other provisions will survive termination. In connection with such termination, we will pay BMP total fees of approximately \$47 million. The termination fee will be calculated by determining the present value (using a discount rate equal to the yield to maturity on the business day immediately preceding the date on which such termination fee is payable of the class of outstanding U.S. government bonds having a final maturity closest to the tenth anniversary of the date of the 2009 Advisory Agreement) of all then-current and future monitoring fees payable under the agreement (assuming that the agreement terminated on its tenth anniversary).

Debt and Interest Payments

As of December 31, 2012, approximately \$100.0 million of the Senior Notes and approximately \$106.1 million of aggregate principal amount of Tranche B Term Loans under our Senior Secured Credit Facilities were owned by affiliates of Blackstone. We make periodic interest payments on such debt in accordance with its terms. See "Description of Indebtedness—Senior Notes."

Repurchase of Securities

As market conditions warrant, we and our major stockholders, including Blackstone and its affiliates, may from time to time, depending upon market conditions, seek to repurchase our debt securities or loans in privately negotiated or open market transactions, by tender offer or otherwise.

Equity Investment by Directors and Executive Officers

Our management employees, including our named executive officers, received long-term incentive awards that are designed to promote our interests by providing our management employees with the opportunity to acquire an equity interest in the Partnerships as an incentive for the person to remain in our service. In fiscal 2011 and fiscal 2012, our named executive officers received grants of such awards in the form of Employee Units in the Partnerships. In addition, certain directors and members of management, including Messrs. Atchison, Brown and Mills, purchased Class D Units of the Partnerships.

Equity Healthcare Program Agreement

Effective as of January 1, 2012, we entered into an employer health program agreement with Equity Healthcare LLC ("Equity Healthcare"), an affiliate of Blackstone, pursuant to which Equity Healthcare provides to us certain negotiating, monitoring and other services in connection with our health benefit plans. Because of the combined purchasing power of its client participants, Equity Healthcare is able to negotiate pricing terms for providers that are believed to be more favorable than the companies could obtain for themselves on an individual basis.

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In consideration for Equity Healthcare's services, we paid Equity Healthcare a fee of \$2.50 per participating employee per month for benefit plans beginning on or after January 1, 2012 and we will pay a fee of \$2.60 per participating employee per month for plans beginning on or after January 1, 2013 and \$2.70 per participating employee per month for plans beginning on or after January 1, 2014. As of December 31, 2012, we had approximately 3,400 employees enrolled in Equity Healthcare health benefit plans.

Core Trust Purchasing Group Participation Agreement

Effective May 1, 2010, we entered into a five year participation agreement with Core Trust Purchasing Group ("CPG"), which designates CPG as our exclusive "group purchasing organization" for the purchase of certain products and services from third party vendors. CPG secures from vendors pricing terms for goods and services that are believed to be more favorable than participants in the group purchasing organization could obtain for themselves on an individual basis. Under the participation agreement, we must purchase 80% of the requirements of our participating locations for core categories of specified products and services, from vendors participating in the group purchasing arrangement with CPG or CPG may terminate the contract.

We do not pay any fees to participate in this group arrangement, and we can terminate participation in any category of products and services at any time prior to the expiration of the agreement without penalty with a reasonable business justification, including if pricing under the agreement becomes uncompetitive or uneconomical, customer service is not satisfactory or participation negatively impacts our corporate governance or compliance policies.

In connection with purchases by its participants (including us), CPG receives a commission from the vendors in respect of such purchases. Additionally, Blackstone has entered into a separate agreement with CPG whereby Blackstone receives a portion of the gross fees vendors pay to CPG based on the volume of purchases made by us. CPG is not a Blackstone affiliate and Blackstone is not a party to our participation agreement with CPG. A portion of the fees CPG remits to Blackstone is intended to reimburse Blackstone for a portion of the costs it incurs in connection with facilitating our participation in CPG and monitoring the services CPG provides to us. Our purchases through CPG were approximately \$25.0 million and \$22.2 million for the fiscal year ended December 31, 2012 and 2011, respectively.

Other

Mr. Thomas J. Valley, the Director of Domestic Sales of a subsidiary of the Company, is the brother-in-law of our Chief Executive Officer and President. Mr. Valley's total compensation for fiscal 2012 was \$108,566.

From time to time, we do business with a number of other companies affiliated with Blackstone. We believe that all such arrangements have been entered into in the ordinary course of business and have been conducted on an arms-length basis.

[Table of Contents](#)**Related Persons Transaction Policy**

Our Board of Directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests and/or improper valuation (or the perception thereof). Prior to the completion of this offering, our Board of Directors will adopt a written policy on transactions with related persons that is in conformity with the requirements upon issuers having publicly-held common stock that is listed on the NYSE. Under the new policy:

- ÿ any related person transaction, and any material amendment or modification to a related person transaction, must be reviewed and approved or ratified by a committee of the Board of Directors composed solely of independent directors who are disinterested or by the disinterested members of the Board of Directors; and
- ÿ any employment relationship or transaction involving an executive officer and any related compensation must be approved by the compensation committee of the Board of Directors or recommended by the compensation committee to the Board of Directors for its approval.

In connection with the review and approval or ratification of a related person transaction:

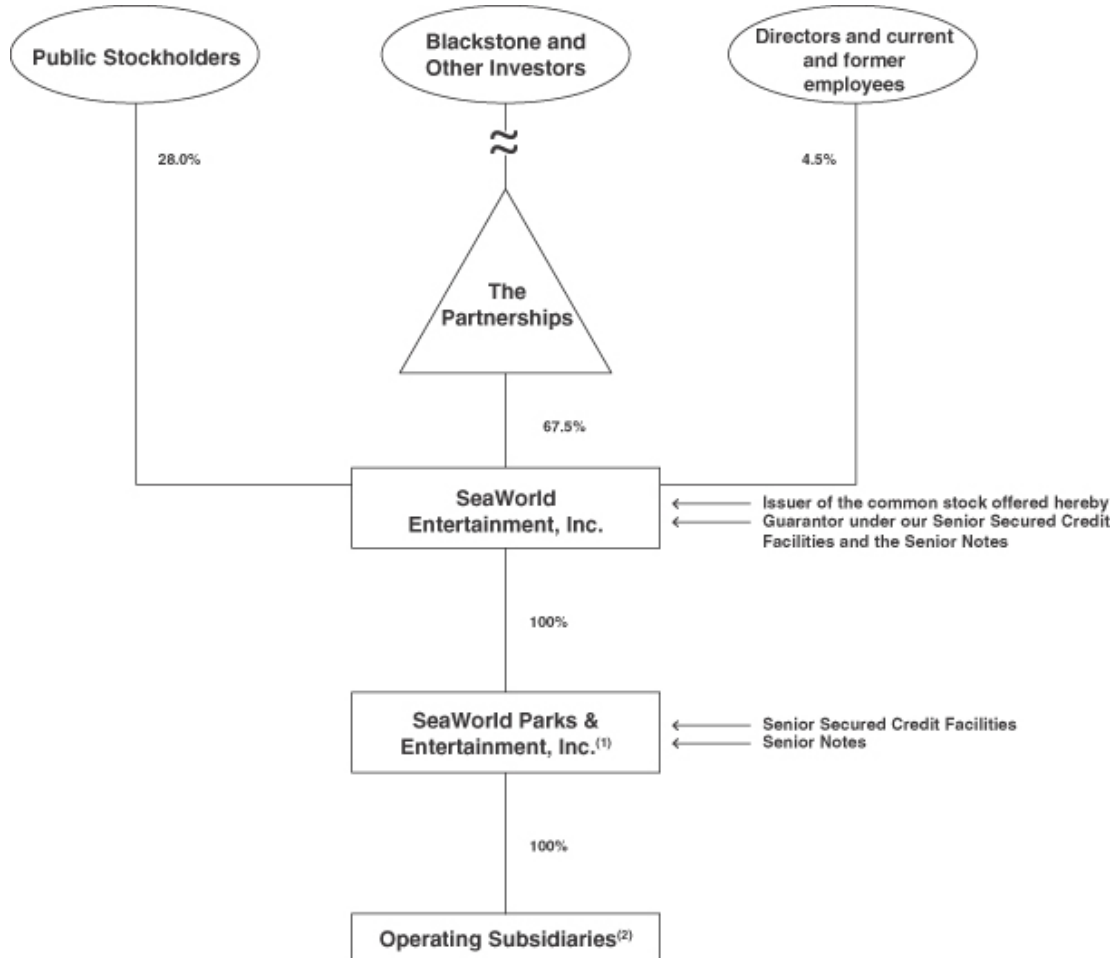
- ÿ management must disclose to the committee or disinterested directors, as applicable, the name of the related person and the basis on which the person is a related person, the material terms of the related person transaction, including the approximate dollar value of the amount involved in the transaction, and all the material facts as to the related person's direct or indirect interest in, or relationship to, the related person transaction;
- ÿ management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction complies with the terms of our agreements governing our material outstanding indebtedness that limit or restrict our ability to enter into a related person transaction;
- ÿ management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction will be required to be disclosed in our applicable filings under the Securities Act or the Exchange Act, and related rules, and, to the extent required to be disclosed, management must ensure that the related person transaction is disclosed in accordance with such Acts and related rules; and
- ÿ management must advise the committee or disinterested directors, as applicable, as to whether the related person transaction constitutes a "personal loan" for purposes of Section 402 of the Sarbanes-Oxley Act of 2002.

In addition, the related person transaction policy provides that the committee or disinterested directors, as applicable, in connection with any approval or ratification of a related person transaction involving a non-employee director or director nominee, should consider whether such transaction would compromise the director or director nominee's status as an "independent," "outside," or "non-employee" director, as applicable, under the rules and regulations of the SEC, the NYSE and the Code.

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ORGANIZATIONAL STRUCTURE

The following diagram illustrates our organizational structure after giving effect to the consummation of this offering.



- (1) SWPEI is the borrower under our Senior Secured Credit Facilities and the issuer of the Senior Notes. We intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of the Senior Notes and pay approximately \$15.4 million of redemption premium, plus accrued interest thereon, and pay approximately \$22.8 million of the Tranche B Term Loans under our Senior Secured Credit Facilities. See "Description of Indebtedness" and "Use of Proceeds."
- (2) The obligations under our Senior Secured Credit Facilities and the Senior Notes are guaranteed by SeaWorld Entertainment, Inc. and all of the existing subsidiaries of SeaWorld Entertainment, Inc.

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DESCRIPTION OF INDEBTEDNESS

Senior Secured Credit Facilities

In December 2009, SWPEI entered into Senior Secured Credit Facilities with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, Banc of America Securities LLC and Deutsche Bank Securities Inc., as joint lead arrangers, and the other agents and lenders from time to time party thereto. In February and April 2011, we entered into amendments of our Senior Secured Credit Facilities with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, and the other agents and lenders from time to time party thereto. In March 2012, SWPEI entered into an amendment of our Senior Secured Credit Facilities with Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, and the other agents and lenders from time to time party thereto.

At December 31, 2012, our Senior Secured Credit Facilities consist of:

- the \$152.0 million Tranche A Term Loans, which will mature on February 17, 2016;
- the \$1,293.8 million Tranche B Term Loans, which will mature on the earlier of (i) August 17, 2017 and (ii) the 91st day prior to the maturity of the Senior Notes, if more than \$50 million of debt with respect to the Senior Notes is outstanding as of such date; and
- the \$172.5 million Revolving Credit Facility, \$160.9 million of which would have been available for borrowing as of December 31, 2012 after giving effect to \$11.6 million of outstanding letters of credit, which will mature on February 17, 2016.

The obligations under our Senior Secured Credit Facilities are fully, unconditionally and irrevocably guaranteed by each of the Issuer, any subsidiary of the Issuer that directly or indirectly owns 100% of the issued and outstanding equity interests of SWPEI, and, subject to certain exceptions, each of SWPEI's existing and future material domestic wholly-owned subsidiaries.

The Revolving Credit Facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as the swingline borrowings. In addition, our Senior Secured Credit Facilities also provide us with the option to raise incremental credit facilities, refinance the loans with debt incurred outside our Senior Secured Credit Facilities and extend the maturity date of the revolving loans and term loans, subject to certain limitations.

Interest Rate and Fees

Borrowings for the Tranche A Term Loans bear interest, at SWPEI's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the administrative agent's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing. The margin for the Tranche A Term Loans is 1.75%, in the case of base rate loans, and 2.75%, in the case of LIBOR rate loans, subject to a step-down of 0.25% upon achievement of a secured leverage ratio less than or equal to 2.25 to 1.00.

Borrowings under the Tranche B Term Loans bear interest, at SWPEI's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the administrative agent's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing. The margin for the Tranche B Term Loans is 2.00%, in the case of base rate loans, and 3.00%, in the case of LIBOR rate loans, subject to a base rate floor of 2.00% and a LIBOR floor of 1.00%.

Borrowings under the Revolving Credit Facility bear interest, at SWPEI's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the administrative

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agent's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing. The margin for the Revolving Credit Facility is 1.75%, in the case of base rate loans, and 2.75%, in the case of LIBOR rate loans, subject to a step-down of 0.25% upon achievement of a secured leverage ratio less than or equal to 2.25 to 1.00.

In addition to paying interest on outstanding principal under the Senior Secured Credit Facilities, SWPEI is required to pay a commitment fee to the lenders under the Revolving Credit Facility in respect of the unutilized commitments thereunder. The commitment fee rate is 0.50% per annum. SWPEI is also required to pay customary letter of credit fees.

Prepayments

Our Senior Secured Credit Facilities, as amended, requires SWPEI to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of SWPEI's annual "excess cash flow" (with step-downs to 25% and 0%, as applicable, based upon SWPEI's total leverage ratio), subject to certain exceptions;
- 100% of the net cash proceeds of certain non-ordinary course asset sales or other dispositions, subject to reinvestment rights and certain exceptions; and
- 100% of the net cash proceeds of any incurrence of debt by SWPEI or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under our Senior Secured Credit Facilities.

Notwithstanding any of the foregoing, each lender of term loans has the right to reject its pro rata share of mandatory prepayments described above, in which case we may retain the amounts so rejected.

The foregoing mandatory prepayments will be applied pro rata to installments of term loans in direct order of maturity.

SWPEI may voluntarily repay amounts outstanding under our Senior Secured Credit Facilities at any time without premium or penalty, other than prepayment premium on voluntary prepayment of Tranche B Term Loans on or prior to March 30, 2013 and customary "breakage" costs with respect to LIBOR loans.

Amortization

SWPEI is currently required to repay installments on the term loans in quarterly installments equal to approximately \$1.9 million with respect to Tranche A Term Loans and approximately \$3.5 million with respect to Tranche B Term Loans, with the remaining amount payable on the applicable maturity date with respect to such term loans.

Collateral

Our Senior Secured Credit Facilities are collateralized by first priority or equivalent security interests in (i) all the capital stock of, or other equity interests in, substantially all of SWPEI's direct or indirect domestic subsidiaries (other than a domestic subsidiary that is a subsidiary of a foreign subsidiary) and 65% of the capital stock of, or other equity interests in, any of SWPEI's direct foreign subsidiaries and any of SWPEI's domestic subsidiaries that are treated as disregarded entities for U.S. federal income tax purposes if substantially all the assets of such domestic subsidiary consist of equity

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interests of one or more “controlled foreign corporations” within the meaning of the Code and (ii) certain tangible and intangible assets of SWPEI and those of the Guarantors (subject to certain exceptions and qualifications).

Certain Covenants and Events of Default

Our Senior Secured Credit Facilities contain a number of significant affirmative and negative covenants. Such covenants, among other things, restrict, subject to certain exceptions, the ability of SWPEI and its restricted subsidiaries to:

- incur additional indebtedness, make guarantees and enter into hedging arrangements;
- create liens on assets;
- enter into sale and leaseback transactions;
- engage in mergers or consolidations;
- sell assets;
- make fundamental changes;
- pay dividends and distributions or repurchase SWPEI’s capital stock;
- make investments, loans and advances, including acquisitions;
- engage in certain transactions with affiliates;
- make changes in nature of the business; and
- make prepayments of junior debt.

Our Senior Secured Credit Facilities also contain covenants that (i) require SWPEI to maintain a (A) maximum net total leverage ratio and (B) minimum interest coverage ratio, and (ii) impose maximum annual capital expenditures requirements.

In addition, our Senior Secured Credit Facilities contain certain customary representations and warranties, affirmative covenants and events of default. If an event of default occurs, the lenders under our Senior Secured Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under our Senior Secured Credit Facilities and all actions permitted to be taken by a secured creditor.

As of December 31, 2012, we were in compliance in all material respects with all covenants in the provisions contained in the documents governing our Senior Secured Credit Facilities.

In connection with the offering, SWPEI entered into Amendment No. 4 to our Senior Secured Credit Facilities. Amendment No. 4 amends the terms of our existing Senior Secured Credit Facilities to, among other things, permit SWPEI to pay certain distributions and dividends following an initial public offering of the Company in an amount not to exceed the greater of (i) 6% per annum of the net proceeds received by, or contributed to, SWPEI and its restricted subsidiaries from the initial public offering and (ii) an aggregate amount per annum not to exceed:

- \$90.0 million, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 5.00 to 1.00 and greater than 4.50 to 1.00,
- \$120.0 million, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 4.50 to 1.00 and greater than 4.00 to 1.00,
- the greater of (a) \$120.0 million and (b) 7.5% of “market capitalization,” so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 4.00 to 1.00 and greater than 3.50 to 1.00; and

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• an unlimited amount, so long as, after giving pro forma effect to such payment, the total leverage ratio shall be no greater than 3.50 to 1.00.

In addition, Amendment No. 4 replaces the existing \$172.5 million Revolving Credit Facility maturing in February 17, 2016 with a new \$192.5 million senior secured revolving credit facility maturing on the date which is the earlier of (a) the date that is five years after the effective date of Amendment No. 4 and (b) the 91st day prior to the earlier of (i) the maturity date with respect to the Tranche A Term Loans with an aggregate principal amount greater than \$50,000,000 outstanding, (ii) the maturity date with respect to the Tranche B Term Loans with an aggregate principal amount greater than \$150,000,000 outstanding, (iii) the maturity date of any Senior Notes with an aggregate principal amount greater than \$50,000,000 outstanding and (iv) the maturity date of any indebtedness incurred to refinance any of the Tranche A Term Loans, the Tranche B Term Loans or the Senior Notes, and the terms of the new senior secured revolving credit facility will be substantially the same as the existing Revolving Credit Facility, except that the existing applicable margins will be determined based on SWPEI's corporate family rating in lieu of a secured leverage ratio. Amendment No. 4 also increases the total leverage ratios at which the percentage of "excess cash flow" that is required to be prepaid under our Senior Secured Credit Facilities decreases, refreshes SWPEI's \$175.0 million general investment basket, increases the amount of annual capital expenditures from \$165.0 million in any fiscal year to \$185.0 million in any fiscal year and refreshes the \$25.0 million one year pull forward amount of capital expenditures for the fiscal year ended December 31, 2013 and permits certain amendments of the terms of the Senior Notes.

The amendments contemplated by Amendment No. 4 will become effective upon the date of the consummation of this offering, so long as it occurs on or before July 31, 2013, and provided that certain customary conditions are satisfied.

Senior Notes

General

On December 1, 2009, SWPEI issued \$400.0 million aggregate principal amount of 13.5% Senior Notes due 2016. On March 30, 2012, pursuant to an amendment to the indenture governing the Senior Notes, the interest rate was reduced from 13.5% to 11.0%. As of December 31, 2012, we had \$400.0 million aggregate principal amount in Senior Notes outstanding. Interest on the Senior Notes is payable semi-annually in arrears. The obligations under the Senior Notes are guaranteed by the same entities as those that guarantee our Senior Secured Credit Facilities.

In connection with the offering, SWPEI entered into the Fourth Supplemental Indenture to the indenture on April 12, 2013. The Fourth Supplemental Indenture provides additional flexibility under the limitation on restricted payments covenant to permit, following an initial public offering, payments of dividends or other distributions in an amount not exceed the greater of (i) 6% per annum of the net proceeds received by, or contributed to, us and our restricted subsidiaries from the initial public offering and (ii) an aggregate amount per annum not to exceed:

- \$90.0 million, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 5.00 to 1.00 and greater than 4.50 to 1.00;
- \$120.0 million, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 4.50 to 1.00 and greater than 4.00 to 1.00;
- the greater of (a) \$120.0 million and (b) 7.5% of "market capitalization", so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 4.00 to 1.00 and greater than 3.50 to 1.00; and
- an unlimited amount, so long as, after giving pro forma effect to such payment, the consolidated total leverage ratio shall be no greater than 3.50 to 1.00.

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In addition, the Fourth Supplemental Indenture increases by \$20.0 million the amount of debt that we can incur and have outstanding at any one time under our Senior Secured Credit Facilities.

The amendments contemplated by the Fourth Supplemental Indenture are expected to become effective upon the date of the consummation of this offering, so long as it occurs on or before July 31, 2013.

Ranking

The Senior Notes are senior unsecured obligations and:

- rank senior in right of payment to all existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the Senior Notes;
- rank equally in right of payment to all existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the Senior Notes; and
- are effectively subordinated in right of payment to all existing and future secured debt (including obligations under our Senior Secured Credit Facilities), to the extent of the value of the assets securing such debt, and are structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the Senior Notes.

Optional Redemption

We may redeem some or all of the Senior Notes at any time prior to December 1, 2014 at a price equal to 100% of the principal amount of Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date. The "Applicable Premium" is defined as the greater of (1) 1.0% of the principal amount of the Senior Notes and (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at December 1, 2014 or plus (ii) all required interest payments due on the Senior Notes through December 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (b) the principal amount of the Senior Notes.

After December 1, 2014, we may redeem the Senior Notes at the redemption prices listed below, if redeemed during the 12-month period beginning on December 1 of each of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2014	105.50%
2015	102.75%

In addition, until December 1, 2014, we may redeem up to 35% of the aggregate principal amount of the Senior Notes at a redemption price equal to 111.0% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, subject to the right of holders of the Senior Notes of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds received by us from one or more equity offerings; provided that (i) at least 65% of the sum of the aggregate principal amount of the Senior Notes originally issued under the indenture remains outstanding immediately after the occurrence of each such redemption and (ii) each such redemption occurs within 90 days of the date of closing of each such equity offering. Pursuant to such provisions, we intend to use a portion of the net proceeds received by us from this offering to redeem \$140.0 million in aggregate principal amount of the Senior Notes at a redemption price of 111.0% and to pay approximately \$15.4 million of redemption premium, plus accrued interest thereon. See "Use of Proceeds."

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Change of Control Offer

Upon the occurrence of a change of control (as defined in the indenture governing the Senior Notes), SWPEI will be required to offer to repurchase some or all of the Senior Notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants

The indenture governing the Senior Notes contains a number of covenants that, among other things, restrict SWPEI's ability and the ability of its restricted subsidiaries to, among other things:

- dispose of certain assets;
- incur additional indebtedness;
- pay dividends;
- prepay subordinated indebtedness;
- incur liens;
- make capital expenditures;
- make investments or acquisitions;
- engage in mergers or consolidations; and
- engage in certain types of transactions with affiliates.

These covenants are subject to a number of important limitations and exceptions.

Events of Default

The indenture governing the Senior Notes provides for certain events of default which, if any of them were to occur, would permit or require the principal of and accrued interest, if any, on the Senior Notes to become or be declared due and payable (subject, in some cases, to specified grace periods).

As of December 31, 2012, we were in compliance in all material respects with all covenants and the provisions contained in the indenture governing the Senior Notes.

[Table of Contents](#)**DESCRIPTION OF CAPITAL STOCK**

In connection with this offering, we will amend and restate our certificate of incorporation and our bylaws. The following is a description of the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of this offering, the forms of which are filed as exhibits to the registration statement of which this prospectus is a part.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the General Corporation Law of the State of Delaware (the "DGCL"). Upon the consummation of this offering, our authorized capital stock will consist of 1,000,000,000 shares of common stock, par value \$0.01 per share, and 100,000,000 shares of preferred stock, par value \$0.01 per share. No shares of preferred stock will be issued or outstanding immediately after the public offering contemplated by this prospectus. Unless our Board of Directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock do not have cumulative voting rights in the election of directors.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock do not have preemptive, subscription, redemption or conversion rights. The common stock will not be subject to further calls or assessment by us. There will be no redemption or sinking fund provisions applicable to the common stock. All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The rights, powers, preferences and privileges of holders of our common stock will be subject to those of the holders of any shares of our preferred stock we may authorize and issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation authorizes our Board of Directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or by the NYSE, the authorized shares of preferred stock will be available for issuance without further action by you. Our Board of Directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our Board of Directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;

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- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of the Company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of the Company or any other corporation, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our common stock might believe to be in their best interests or in which the holders of our common stock might receive a premium for your common stock over the market price of the common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our common stock by restricting dividends on the common stock, diluting the voting power of the common stock or subordinating the liquidation rights of the common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our common stock.

Dividends

The DGCL permits a corporation to declare and pay dividends out of “surplus” or, if there is no “surplus,” out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. “Surplus” is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the Board of Directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets.

Declaration and payment of any dividend will be subject to the discretion of our Board of Directors. The time and amount of dividends will be dependent upon our financial condition, operations, cash requirements and availability, debt repayment obligations, capital expenditure needs and restrictions in our debt instruments, industry trends, the provisions of Delaware law affecting the payment of distributions to stockholders and any other factors our Board of Directors may consider relevant.

We intend to pay cash dividends on our common stock, subject to our compliance with applicable law, and depending on, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, restrictions in our debt agreements and in any preferred stock, business prospects and other factors that our Board of Directors may deem relevant. We expect to pay a quarterly cash dividend on our common stock of \$0.20 per share, or \$0.80 per annum, commencing in the second quarter of 2013. The payment of such quarterly dividends and any future dividends will be at the discretion of our Board of Directors. Our ability to pay dividends on our common stock is limited by the covenants of our Senior Secured Credit Facilities and the indenture governing the Senior Notes and may be further restricted by the terms of any future debt or preferred securities. See “Dividend Policy” and “Description of Indebtedness.”

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Annual Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by our Board of Directors. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and Certain Provisions of Delaware Law

Our amended and restated certificate of incorporation, amended and restated bylaws and the DGCL contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our Board of Directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile change of control and enhance the ability of our Board of Directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply if and so long as our common stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. Additional shares that may be used in the future may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our Board of Directors may generally issue preferred shares on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our Board of Directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Classified Board of Directors

Our amended and restated certificate of incorporation provides that our Board of Directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible, and with the directors serving three-year terms. As a result, approximately one-third of our Board of Directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our Board of Directors. Our amended and

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restated certificate of incorporation and amended and restated bylaws provide that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by the Board of Directors.

Business Combinations

We have opted out of Section 203 of the DGCL; however, our amended and restated certificate of incorporation contains similar provisions providing that we may not engage in certain “business combinations” with any “interested stockholder” for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, our Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding certain shares; or
- at or subsequent to that time, the business combination is approved by our Board of Directors and by the affirmative vote of holders of at least 66 ²/₃% of our outstanding voting stock that is not owned by the interested stockholder.

Generally, a “business combination” includes a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with that person’s affiliates and associates, owns, or within the previous three years owned, 15% or more of our outstanding voting stock. For purposes of this section only, “voting stock” has the meaning given to it in Section 203 of the DGCL.

Under certain circumstances, this provision will make it more difficult for a person who would be an “interested stockholder” to effect various business combinations with the Company for a three-year period. This provision may encourage companies interested in acquiring the Company to negotiate in advance with our Board of Directors because the stockholder approval requirement would be avoided if our Board of Directors approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in our Board of Directors and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our amended and restated certificate of incorporation provides that Blackstone and its affiliates, and any of their respective direct or indirect transferees and any group as to which such persons are a party, do not constitute “interested stockholders” for purposes of this provision.

Removal of Directors; Vacancies

Under the DGCL, unless otherwise provided in our amended and restated certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our amended and restated certificate of incorporation provides that directors may be removed with or without cause upon the affirmative vote of a majority in voting power of all outstanding shares of stock entitled to vote thereon, voting together as a single class; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, directors may only be removed for cause, and only by the affirmative vote of holders of at least 66 ²/₃% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class. In addition, our amended and

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restated certificate of incorporation also provides that, subject to the rights granted to one or more series of preferred stock then outstanding or the rights granted under the stockholders agreement with affiliates of Blackstone, any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancies on our Board of Directors will be filled only by the affirmative vote of a majority of the remaining directors, even if less than a quorum, by a sole remaining director or by the stockholders; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, any newly created directorship on the Board of Directors that results from an increase in the number of directors and any vacancy occurring in the Board of Directors may only be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director (and not by the stockholders).

No Cumulative Voting

Under Delaware law, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our amended and restated certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors.

Special Stockholder Meetings

Our amended and restated certificate of incorporation provides that special meetings of our stockholders may be called at any time only by or at the direction of the Board of Directors or the chairman of the Board of Directors; provided, however, at any time when Blackstone and its affiliates beneficially own, in the aggregate, at least 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, special meetings of our stockholders shall also be called by the Board of Directors or the chairman of the Board of Directors at the request of Blackstone and its affiliates. Our amended and restated bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of the Company.

Requirements for Advance Notification of Director Nominations and Stockholder Proposals

Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the Board of Directors or a committee of the Board of Directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our amended and restated bylaws also specify requirements as to the form and content of a stockholder's notice. Our amended and restated bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions will not apply to Blackstone and its affiliates so long as the stockholders agreement remains in effect. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

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Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will preclude stockholder action by written consent at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors.

Supermajority Provisions

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the Board of Directors is expressly authorized to make, alter, amend, change, add to, rescind or repeal, in whole or in part, our bylaws without a stockholder vote in any matter not inconsistent with the laws of the State of Delaware and our amended and restated certificate of incorporation. For as long as Blackstone and its affiliates beneficially own, in the aggregate, at least 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws by our stockholders will require the affirmative vote of a majority in voting power of the outstanding shares of our stock present in person or represented by proxy at the meeting of stockholders and entitled to vote on such amendment, alteration, change, addition, rescission or repeal. At any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of all outstanding shares of the stock of the Company entitled to vote generally in the election of directors, any amendment, alteration, rescission or repeal of our bylaws by our stockholders will require the affirmative vote of the holders of at least 66 ²/₃% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our amended and restated certificate of incorporation provides that at any time when Blackstone and its affiliates beneficially own, in the aggregate, less than 40% in voting power of the stock of the Company entitled to vote generally in the election of directors, the following provisions in our amended and restated certificate of incorporation may be amended, altered, repealed or rescinded only by the affirmative vote of the holders of at least 66 ²/₃% in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class:

- the provision requiring a 66 ²/₃% supermajority vote for stockholders to amend our amended and restated bylaws;
- the provisions providing for a classified Board of Directors (the election and term of our directors);
- the provisions regarding resignation and removal of directors;
- the provisions regarding competition and corporate opportunities;
- the provisions regarding entering into business combinations with interested stockholders;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;

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- ÿ the provisions regarding filling vacancies on our Board of Directors and newly created directorships;
- ÿ the provisions eliminating monetary damages for breaches of fiduciary duty by a director; and
- ÿ the amendment provision requiring that the above provisions be amended only with a 66 2/3% supermajority vote.

The combination of the classification of our Board of Directors, the lack of cumulative voting and the supermajority voting requirements will make it more difficult for our existing stockholders to replace our Board of Directors as well as for another party to obtain control of us by replacing our Board of Directors. Because our Board of Directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management or the Company, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of our Board of Directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of the Company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of us. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf, to the fullest extent permitted by law, of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Company to the Company or the Company's stockholders, creditors or other constituents, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or our amended and restated bylaws, or (iv) action asserting a claim against the Company or any director or officer of the Company governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in

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shares of capital stock of the Company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

Conflicts of Interest

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of Blackstone or any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Blackstone or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted, to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

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The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

We currently are party to indemnification agreements with certain of our directors and officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Listing

We have been approved to list our common stock on the NYSE under the symbol "SEAS."

[Table of Contents](#)**SHARES ELIGIBLE FOR FUTURE SALE****General**

Prior to this offering, there has not been a public market for our common stock, and we cannot predict what effect, if any, market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of common stock, including shares issued upon the exercise of outstanding options, in the public market, or the perception that such sales could occur, could materially and adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of our equity or equity-related securities at a time and price that we deem appropriate. See "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Future sales, or the perception of future sales, by us or our existing stockholders in the public market following this offering could cause the market price for our common stock to decline."

Upon the consummation of this offering, we will have 92,737,008 shares of common stock outstanding. All shares sold in this offering will be freely tradable without registration under the Securities Act and without restriction by persons other than our "affiliates" (as defined under Rule 144). The 66,737,008 shares of common stock held by the Partnerships and certain of our directors, officers and employees after this offering, based on the number of shares outstanding as of December 31, 2012, will be "restricted" securities under the meaning of Rule 144 and may not be sold in the absence of registration under the Securities Act, unless an exemption from registration is available, including the exemptions pursuant to Rule 144 under the Securities Act.

The restricted shares held by our affiliates will be available for sale in the public market at various times after the date of this prospectus pursuant to Rule 144 following the expiration of the applicable lock-up period.

In addition, a total of 15,000,000 shares of our common stock has been reserved for issuance under our 2013 Omnibus Incentive Plan (subject to adjustments for stock splits, stock dividends and similar events), which will equal approximately 16.2% shares of our common stock outstanding immediately following this offering and we intend to issue approximately 494,408 shares (based on the assumed initial public offering price of \$25.50 per share, which is the mid-point of the range set forth on the cover page of this prospectus) of restricted stock to our directors, officers and employees under the 2013 Omnibus Incentive Plan in connection with this offering. The special pricing committee of the Board of Directors may determine the exact number of shares to be reserved for future issuance under the 2013 Omnibus Incentive Plan at its discretion. We intend to file one or more registration statements on Form S-8 under the Securities Act to register common stock issued or reserved for issuance under the 2013 Omnibus Incentive Plan. Any such Form S-8 registration statement will automatically become effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions or the lock-up restrictions described below.

Rule 144

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to be or have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate, is entitled to sell such shares without registration, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of a prior owner other than an affiliate, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

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In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates, who have met the six month holding period for beneficial ownership of “restricted shares” of our common stock, are entitled to sell within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 927,370 shares immediately after this offering; or
- the average reported weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. The sale of these shares, or the perception that sales will be made, could adversely affect the price of our common stock after this offering because a great supply of shares would be, or would be perceived to be, available for sale in the public market.

Lock-Up Agreements

In connection with this offering, we, our officers, directors, and all significant equity holders, including the selling stockholders, have agreed with the underwriters, subject to certain exceptions, not to sell, dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of common stock during the period ending 180 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters.

The 180-day restricted period described in the preceding paragraph will be automatically extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or announce material news or a material event; or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 15-day period following the last day of the 180-day period,

in which case the restrictions described in this paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event. See “Underwriting (Conflicts of Interest).”

Registration Rights

Pursuant to a registration rights agreement, we have granted the Partnerships and certain equity holders of the Partnerships the right to cause us, subject to certain conditions, at our expense, to file registration statements under the Securities Act covering resales of our common stock held by them. Following completion of this offering, the shares covered by registration rights would represent approximately 67.5% of our outstanding common stock (or 63.3%, if the underwriters exercise in full their option to purchase additional shares). These shares also may be sold under Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates. For a description of rights the Partnerships and certain equity holders of the Partnerships have to require us to register the shares of common stock they own, see “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

[Table of Contents](#)**MATERIAL UNITED STATES FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS**

The following is a summary of the material United States federal income and estate tax consequences to a non-U.S. holder (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering as of the date hereof. Except where noted, this summary deals only with common stock that is held as a capital asset.

A “non-U.S. holder” means a person (other than a partnership) that is not for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This summary is based upon provisions of the Code and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income and estate tax consequences different from those summarized below. This summary does not address all aspects of United States federal income and estate taxes and does not deal with foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws (including if you are a United States expatriate, “controlled foreign corporation,” “passive foreign investment company,” a person who holds or receives our common stock pursuant to the exercise of any employee stock option or otherwise as compensation or a partnership or other pass-through entity for United States federal income tax purposes). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this summary.

If a partnership holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our common stock, you should consult your tax advisors.

If you are considering the purchase of our common stock, you should consult your own tax advisors concerning the particular United States federal income and estate tax consequences to you of the ownership of the common stock, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Dividends

Distributions on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and will first be applied against and reduce a holder’s adjusted tax basis in the common stock, but not below zero. Any remaining excess will be treated as capital gain subject to the rules discussed under “—Gain on Disposition of Common Stock.”

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Dividends paid to a non-U.S. holder of our common stock generally will be subject to withholding of United States federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, if required by an applicable income tax treaty, are attributable to a United States permanent establishment) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to United States federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code. Any such effectively connected dividends received by a foreign corporation may be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of our common stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required (a) to complete Internal Revenue Service Form W-8BEN (or other applicable form) and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable United States Treasury regulations. Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder of our common stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Common Stock

Any gain realized on the disposition of our common stock generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a “United States real property holding corporation” for United States federal income tax purposes at any time during the shorter of the five-year period ending on the date of the disposition or such non-U.S. holder’s holding period for our common stock.

An individual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain in the same manner as if it were a United States person as defined under the Code and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses (even though the individual is not considered a resident of the United States) provided such a non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

We believe that we are currently a “United States real property holding corporation” for United States federal income tax purposes. So long as our common stock continues to be regularly traded on

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an established securities market, only a non-U.S. holder who holds or held (at any time during the shorter of the five year period preceding the date of disposition or the holder's holding period) more than 5% of our common stock will be subject to United States federal income tax on the disposition of our common stock.

Federal Estate Tax

Common stock held by an individual non-U.S. holder at the time of death will be included in such holder's gross estate for United States federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such holder unless such holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such holder is a United States person as defined under the Code), or such holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), or such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

Additional Withholding Requirements

Under legislation enacted in 2010 and administrative guidance, a 30% United States federal withholding tax may apply to dividends paid after December 31, 2013, and the gross proceeds from a disposition of our common stock occurring after December 31, 2016, in each case paid to (i) a "foreign financial institution" (as specifically defined in the legislation), whether such foreign financial institution is the beneficial owner or an intermediary, unless such foreign financial institution agrees to verify, report and disclose its United States "account" holders (as specifically defined in the legislation) and meets certain other specified requirements or (ii) a non-financial foreign entity, whether such non-financial foreign entity is the beneficial owner or an intermediary, unless such entity provides a certification that the beneficial owner of the payment does not have any substantial United States owners or provides the name, address and taxpayer identification number of each such substantial United States owner and certain other specified requirements are met. In certain cases, the relevant foreign financial institution or non-financial foreign entity may qualify for an exemption from, or be deemed to be in compliance with, these rules. Prospective investors should consult their own tax advisors regarding this legislation and whether it may be relevant to their ownership and disposition of our common stock.

[Table of Contents](#)**New Tax on Investment Income**

Recent legislation would require certain taxpayers to pay a 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of our common stock for taxable years beginning after December 31, 2012, but exempts from such tax non-resident alien individuals. Newly published proposed regulations, upon which, by their terms, taxpayers may rely until final regulations are promulgated, exempt from the tax non-U.S. trusts and estates all of whose beneficiaries are non-U.S. persons. Such proposed regulations reserve on the treatment of non-U.S. trusts and estates with U.S. beneficiaries. Prospective investors should consult their tax advisors regarding the tax consequences of the new legislation and the proposed regulations on the ownership and disposition of our common stock.

[Table of Contents](#)**UNDERWRITING (CONFLICTS OF INTEREST)**

We, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. and J.P. Morgan Securities LLC are the representatives of the underwriters.

<u>Underwriters</u>	<u>Number of Shares</u>
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Citigroup Global Markets Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Barclays Capital Inc.	
Wells Fargo Securities, LLC	
Blackstone Advisory Partners L.P.	
Lazard Capital Markets LLC	
Macquarie Capital (USA) Inc.	
KeyBanc Capital Markets Inc.	
Nomura Securities International, Inc.	
Drexel Hamilton, LLC.	
Samuel A. Ramirez & Company, Inc.	
Total	<u>26,000,000</u>

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional 3,900,000 shares from the selling stockholders to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 3,900,000 additional shares.

Paid by Us

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

Paid by the Selling Stockholders

	<u>No Exercise</u>	<u>Full Exercise</u>
Per Share	\$	\$
Total	\$	\$

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Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial public offering price. After the initial offering of the shares, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of our common stock, including the selling stockholders, have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

The 180-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 15-day period following the last day of the 180-day period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Prior to the offering, there has been no public market for the shares. The initial public offering price has been negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have been approved to list our common stock on the NYSE under the symbol "SEAS." In order to meet one of the requirements for listing the common stock on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial owners.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A "covered short position" is a short position that is not greater than the amount of additional shares for which the underwriters' option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. "Naked" short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

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The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, no offer of shares may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant portion of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representative;

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each underwriter has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32,

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Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

We estimate that the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$8.4 million and are payable by us. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to \$25,000 as set forth in the underwriting agreement.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

[Table of Contents](#)**Conflicts of Interest**

Affiliates of Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. hold \$300.0 million and \$100.0 million, respectively, in aggregate principal amount of the Senior Notes. As described under "Use of Proceeds," a portion of the net proceeds from this offering will be used to redeem \$140.0 million in aggregate principal amount of the Senior Notes and such affiliates of Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. will receive their pro rata share of such redemption amount. In addition, affiliates of Blackstone Advisory Partners L.P. own (through their ownership of Class A Units and Class B Units in certain of the Partnerships that collectively own 100% of our common stock) in excess of 10% of our issued and outstanding common stock and, as selling stockholders in this offering, will receive in excess of 5% of the net proceeds of this offering. Affiliates of Goldman, Sachs & Co. also own Class A Units and Class B Units in one of the Partnerships and such affiliates will receive a portion of the net proceeds to the selling stockholders. Because Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. are underwriters in this offering and their respective affiliates are expected to receive more than 5% of the net proceeds of this offering and because affiliates of Blackstone Advisory Partners L.P. own in excess of 10% of our issued and outstanding common stock, Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. are deemed to have a "conflict of interest" under FINRA Rule 5121. Accordingly, this offering will be conducted in accordance with Rule 5121, which requires, among other things, that a "qualified independent underwriter" has participated in the preparation of, and has exercised the usual standards of "due diligence" with respect to, the registration statement and this prospectus. Citigroup Global Markets Inc. has agreed to act as qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11 of the Securities Act. Citigroup Global Markets Inc. will not receive any additional fees for serving as qualified independent underwriter in connection with this offering. We have agreed to indemnify Citigroup Global Markets Inc. against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. Pursuant to Rule 5121, Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. will not confirm any sales to any account over which they exercise discretionary authority without the specific written approval of the account holder. See "Use of Proceeds" and "Certain Relationships and Related Party Transactions" for additional information.

Discretionary Sales

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares offered by them.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to us and to persons and entities with relationships with us, for which they received or will receive customary fees and expenses. In particular, affiliates of each of Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital Inc. and Blackstone Advisory Partners L.P. are lenders under our Senior Secured Credit Facilities and have received and will receive fees from us. In connection with Amendment No. 4 to our Senior Secured Credit Facilities, affiliates of each of Citigroup Global Markets Inc. and Wells Fargo Securities, LLC will become lenders under our Senior Secured Credit Facilities and will receive fees from us. In addition, an affiliate of Blackstone Advisory Partners L.P. provided certain strategic and structuring advice and assistance to

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us pursuant to the 2009 Advisory Agreement. In connection with this offering, the parties intend to terminate the 2009 Advisory Agreement. See “Certain Relationships and Related Party Transactions—Advisory Agreement.”

In connection with their investments in the Senior Notes, affiliates of Goldman, Sachs & Co. and Blackstone Advisory Partners L.P. have certain information rights, including the right to receive monthly updates on our financial and operational performance and copies of certain materials provided to our Board of Directors.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to our assets, securities and/or instruments (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Lazard Frères & Co. LLC referred this transaction to Lazard Capital Markets LLC and will receive a referral fee from Lazard Capital Markets LLC in connection therewith.

[Table of Contents](#)**LEGAL MATTERS**

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters relating to this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York. An investment vehicle comprised of selected partners of Simpson Thacher & Bartlett LLP, members of their families, related persons and others owns an interest representing less than 1% of the capital commitments of funds affiliated with The Blackstone Group L.P.

EXPERTS

The financial statements of the Company as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012, and the related financial statement schedule included elsewhere in this prospectus, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, you should refer to the registration statement and its exhibits and schedules.

We will file annual, quarterly and special reports and other information with the SEC. Our filings with the SEC will be available to the public on the SEC's website at <http://www.sec.gov>. Those filings will also be available to the public on, or accessible through, our website under the heading "Investor Relations" at www.seaworldentertainment.com. The information we file with the SEC or contained on or accessible through our corporate website or any other website that we may maintain is not part of this prospectus or the registration statement of which this prospectus is a part. You may also read and copy, at SEC prescribed rates, any document we file with the SEC, including the registration statement (and its exhibits) of which this prospectus is a part, at the SEC's Public Reference Room located at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room.

We intend to make available to our common stockholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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[Table of Contents](#)**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
SeaWorld Entertainment, Inc.
Orlando, Florida

We have audited the accompanying consolidated balance sheets of SeaWorld Entertainment, Inc. and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2012. Our audits also included the financial statement schedule listed in the Index at Page F-1. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of SeaWorld Entertainment, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Certified Public Accountants
Tampa, Florida
March 22, 2013
(Except for Note 20, as to which the date is April 17, 2013)

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SeaWorld Entertainment, Inc. and Subsidiaries
Consolidated Balance Sheets
as of December 31, 2012 and 2011
(In thousands, except share and per share amounts)

Assets	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 45,675	\$ 66,663
Accounts receivable—net	41,149	45,980
Inventories	36,587	32,431
Prepaid expenses and other current assets	17,817	12,252
Deferred tax assets, net	17,405	9,529
Total current assets	<u>158,633</u>	<u>166,855</u>
Property and equipment, net	1,774,643	1,747,878
Goodwill	335,610	335,610
Trade names, net	164,608	165,709
Other intangible assets, net	31,120	33,837
Deferred tax assets, net	6,356	52,566
Other assets	50,082	44,640
Total Assets	<u>\$ 2,521,052</u>	<u>\$ 2,547,095</u>
	Liabilities and Stockholders' Equity	
Current Liabilities:		
Accounts payable	\$ 89,946	\$ 104,915
Current maturities on long-term debt	21,330	52,500
Accrued salaries, wages and benefits	33,088	32,189
Deferred revenue	82,567	82,233
Other accrued expenses	19,350	8,399
Total current liabilities	<u>246,281</u>	<u>280,236</u>
Long-term debt	1,802,644	1,365,387
Other liabilities	22,279	29,005
Total liabilities	<u>2,071,204</u>	<u>1,674,628</u>
Commitments and contingencies (Note 13)		
Stockholders' Equity:		
Common stock, \$0.01 par value-authorized, 1,000,000,000 shares; issued and outstanding, 82,737,008 shares in 2012 and 82,418,808 in 2011	827	824
Additional paid-in capital	456,923	955,735
Accumulated other comprehensive loss	(1,254)	—
Accumulated deficit	(6,648)	(84,092)
Total stockholders' equity	<u>449,848</u>	<u>872,467</u>
Total Liabilities and Stockholders' Equity	<u>\$ 2,521,052</u>	<u>\$ 2,547,095</u>

See accompanying notes to consolidated financial statements

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SeaWorld Entertainment, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Loss)
for the Years Ended December 31, 2012, 2011 and 2010
(In thousands, except per share amounts)

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Net revenues:			
Admissions	\$ 884,407	\$ 824,937	\$ 730,368
Food, merchandise and other	539,345	505,837	465,735
Total revenues	1,423,752	1,330,774	1,196,103
Costs and expenses:			
Cost of food, merchandise and other revenues	118,559	112,498	97,871
Operating expenses	726,509	687,999	673,829
Selling, general and administrative	184,920	172,368	159,506
Depreciation and amortization	166,975	213,592	207,156
Total costs and expenses	1,196,963	1,186,457	1,138,362
Operating income	226,789	144,317	57,741
Other income (expense), net	1,563	(1,679)	1,937
Interest expense	111,426	110,097	134,383
Income (loss) before income taxes	116,926	32,541	(74,705)
Provision for (benefit from) income taxes	39,482	13,428	(29,241)
Net income (loss)	\$ 77,444	\$ 19,113	\$ (45,464)
Other comprehensive loss:			
Unrealized loss on derivatives, net of tax	(1,254)	—	—
Comprehensive income (loss)	\$ 76,190	\$ 19,113	\$ (45,464)
Basic earnings per share:			
Weighted average common shares outstanding	82,480	81,392	80,800
Net income (loss) per share	\$ 0.94	\$ 0.23	\$ (0.56)
Diluted earnings per share:			
Weighted average common shares outstanding	83,552	82,024	80,800
Net income (loss) per share	\$ 0.93	\$ 0.23	\$ (0.56)
Unaudited pro forma basic earnings per share (Note 5)	\$ 0.84		
Unaudited pro forma diluted earnings per share (Note 5)	\$ 0.83		

See accompanying notes to consolidated financial statements

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SeaWorld Entertainment, Inc. and Subsidiaries
Consolidated Statements of Changes in Stockholders' Equity
for the Years Ended December 31, 2012, 2011 and 2010
(In thousands, except share amounts)

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance—December 31, 2009	80,800,000	\$ 808	\$ 1,052,192	\$ (57,741)	\$ —	\$ 995,259
Net loss	—	—	—	(45,464)	—	(45,464)
Balance—December 31, 2010	80,800,000	808	1,052,192	(103,205)	—	949,795
Issuance of common stock	1,041,920	10	12,826	—	—	12,836
Equity-based compensation	576,888	6	817	—	—	823
Dividend declared to stockholders	—	—	(110,100)	—	—	(110,100)
Net income	—	—	—	19,113	—	19,113
Balance—December 31, 2011	82,418,808	824	955,735	(84,092)	—	872,467
Equity-based compensation	318,200	3	1,188	—	—	1,191
Unrealized loss on derivatives, net of tax	—	—	—	—	(1,254)	(1,254)
Dividend declared to stockholders	—	—	(500,000)	—	—	(500,000)
Net income	—	—	—	77,444	—	77,444
Balance—December 31, 2012	<u>82,737,008</u>	<u>\$ 827</u>	<u>\$ 456,923</u>	<u>\$ (6,648)</u>	<u>\$ (1,254)</u>	<u>\$ 449,848</u>

See accompanying notes to consolidated financial statements

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SeaWorld Entertainment, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
for the Years Ended December 31, 2012, 2011 and 2010
(In thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:			
Net income (loss)	\$ 77,444	\$ 19,113	\$ (45,464)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	166,975	213,592	220,695
Amortization of debt issuance costs and discounts	14,757	18,446	20,814
Loss on disposal of property and equipment	11,223	11,346	9,060
Deferred income tax provision (benefit)	38,979	12,197	(29,241)
Equity-based compensation	1,191	823	—
Changes in assets and liabilities:			
Accounts receivable	4,651	11,574	14,710
Inventories	(4,156)	(4,089)	2,372
Prepaid expenses and other current assets	(1,327)	(3,711)	1,038
Accounts payable	(6,247)	(6,223)	(26,684)
Accrued salaries, wages and benefits	899	6,514	14,778
Deferred revenue	(1,444)	(13,983)	21,057
Other accrued expenses	(760)	1,186	(5,879)
Other assets and liabilities	1,328	1,464	5,025
Net cash provided by operating activities	<u>303,513</u>	<u>268,249</u>	<u>202,281</u>
Cash Flows From Investing Activities:			
Capital expenditures	(191,745)	(225,316)	(120,196)
Acquisition of Knott's Soak City Water Park	(12,000)	—	—
Change in restricted cash	(573)	—	—
Net cash used in investing activities	<u>(204,318)</u>	<u>(225,316)</u>	<u>(120,196)</u>
Cash Flows From Financing Activities:			
Repayment of long-term debt	(57,680)	(586,248)	(20,500)
Proceeds from the issuance of long-term debt	487,163	550,291	—
Net proceeds from issuance of common stock	—	12,836	—
(Repayment of) / Draw on revolving credit facility	(36,000)	36,000	—
Dividend paid to Stockholders	(502,977)	(106,920)	—
Deferred offering costs	(3,665)	—	—
Debt issuance costs	(7,024)	(5,926)	—
Net cash used in financing activities	<u>(120,183)</u>	<u>(99,967)</u>	<u>(20,500)</u>
Change in Cash and Cash Equivalents	<u>(20,988)</u>	<u>(57,034)</u>	<u>61,585</u>
Cash and Cash Equivalents—Beginning of year	<u>66,663</u>	<u>123,697</u>	<u>62,112</u>
Cash and Cash Equivalents—End of year	<u>\$ 45,675</u>	<u>\$ 66,663</u>	<u>\$ 123,697</u>
Supplemental Disclosures of Noncash Investing and Financing Activities:			
Dividends declared, but unpaid	\$ 203	\$ 3,180	\$ —
Capital expenditures in Accounts Payable	\$ 22,696	\$ 28,441	\$ 24,872
Issuance of Notes Payable related to business acquisition	\$ 3,000	\$ —	\$ —

See accompanying notes to consolidated financial statements

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SEAWORLD ENTERTAINMENT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. DESCRIPTION OF THE BUSINESS

SeaWorld Entertainment, Inc. through its wholly-owned subsidiary SeaWorld Parks & Entertainment, Inc. ("SEA") (collectively, the "Company"), owns and operates ten theme parks within the United States. The Company is owned by ten limited partnerships (the "Partnerships"), owned by affiliates of The Blackstone Group L.P. ("Blackstone") and certain co-investors. Prior to December 1, 2009, the Company did not have any operations. On December 1, 2009, the Company acquired all of the outstanding equity interests of Busch Entertainment LLC and affiliates (the "Predecessor") from Anheuser-Busch Companies, Inc. and Anheuser-Busch InBev SA/NV ("A-B/InBev"). See Note 4. The Company operates SeaWorld theme parks in Orlando, Florida; San Antonio, Texas; and San Diego, California, and Busch Gardens theme parks in Tampa, Florida, and Williamsburg, Virginia. The Company operates water park attractions in Orlando, Florida (Aquatica); Tampa, Florida (Adventure Island), and Williamsburg, Virginia (Water Country USA). The Company also operates a reservations-only attraction offering interaction with marine animals (Discovery Cove) and a seasonal park in Langhorne, Pennsylvania (Sesame Place).

During the years ended December 31, 2012, 2011 and 2010, approximately 55%, 56% and 56% of the Company's revenues were generated in the State of Florida, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation—The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany accounts have been eliminated in consolidation.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities, revenues and expenses, and disclosure of contingencies during the reporting period. Significant estimates are deferred revenue and the valuation of self-insurance, deferred tax assets, and goodwill and other indefinite-lived intangible assets. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include cash held at financial institutions as well as operating cash onsite at each theme park to fund daily operations and amounts due from third-party credit card companies. The amounts due from third-party credit card companies totaled \$15,076 and \$13,165 at December 31, 2012 and 2011, respectively. The cash balances in non-interest bearing accounts held at financial institutions are fully insured by the Federal Deposit Insurance Corporation ("FDIC") through December 31, 2012. Interest bearing accounts are insured up to \$250. At times, cash balances may exceed federally insured amounts and potentially subject the Company to a concentration of credit risk. Management believes that no significant concentration of credit risk exists with respect to these cash balances because of its assessment of the creditworthiness and financial viability of the respective financial institutions.

Accounts Receivable—Net—Accounts receivable are reported at net realizable value and consist primarily of amounts due from customers for the sale of admission products. The Company is not exposed to a significant concentration of credit risk. The Company does record an allowance for estimated uncollectible receivables, based on the amount and status of past-due accounts, contractual terms of the receivables, and the Company's history of uncollectible accounts. For all periods presented, the allowance for uncollectible accounts and the related provision were insignificant.

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Inventories—Inventories are stated at the lower of cost or market value with the cost being determined by the weighted average cost method. Inventories consist primarily of products for resale, including merchandise, culinary items, and miscellaneous supplies. Obsolete or excess inventories are recorded at their estimated realizable value.

Restricted Cash—Restricted cash is recorded in other current assets and consists of funds received from strategic partners for use in approved marketing and promotional activities.

Property and Equipment—Net—Property and equipment are recorded at cost; the cost of routine maintenance, repairs, spare parts and minor renewals is expensed as incurred. Internal development costs associated with rides and equipment are capitalized after feasibility studies have been completed and substantially all product development is complete. The cost of the assets is depreciated using the straight-line method based on the following estimated useful lives:

Land improvements	10–40 years
Buildings	5–40 years
Rides and equipment	3–15 years
Animals	1–40 years

Material costs to purchase animals exhibited in the theme parks are capitalized and amortized over their estimated remaining productive lives (1–40 years). In-house animal breeding costs are expensed as they are incurred since they are insignificant to the consolidated financial statements. All costs (including training) to maintain the animals after they are placed into service at the parks are expensed as incurred. Construction in process assets consist primarily of rides and other attractions that are under construction and have not yet been placed in service. These assets are stated at cost and are not depreciated. Once construction of assets is completed and the assets are placed into service, assets are reclassified to the appropriate asset class based on their nature and depreciated in accordance with the useful lives above. Interest is capitalized on major construction projects. Total interest capitalized for the years ended December 31, 2012 and 2011, was \$5,791 and \$5,600, respectively.

Computer System Development Costs—The Company capitalizes computer system development costs that meet established criteria and amortizes those costs to expense on a straight-line basis over five years. The capitalized costs related to the computer system development costs were \$2,694 and \$2,009 for the years ended December 31, 2012 and 2011, respectively, and are recorded in other assets in the accompanying consolidated balance sheets. Computer system development costs not meeting the proper criteria for capitalization, including systems reengineering costs, are expensed as incurred.

Impairment of Long-Lived Assets—All long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. An impairment loss may be recognized when estimated undiscounted future cash flows expected to result from the use of the asset, including disposition, are less than the carrying value of the asset. The measurement of the impairment loss to be recognized is based upon the difference between the fair value and the carrying amounts of the assets. Fair value is generally determined based upon a discounted cash flow analysis. In order to determine if an asset has been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available (generally a theme park). No impairment losses were recognized during the years ended December 31, 2012, 2011, and 2010.

Goodwill and Indefinite-Lived Intangible Assets—Goodwill and indefinite-lived intangible assets are not amortized, but instead reviewed for impairment at least annually on December 1, with ongoing recoverability based on applicable reporting unit performance and consideration of significant events or changes in the overall business environment.

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In assessing goodwill for impairment, the Company will initially evaluate qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company considers several factors, including macroeconomic conditions, industry and market conditions, overall financial performance of the reporting unit, changes in management, strategy or customers, and relevant reporting unit specific events such as a change in the carrying amount of net assets, a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit, and the testing for recoverability of a significant asset group within a reporting unit. If this qualitative assessment results in a conclusion that it is more likely than not that the fair value of a reporting unit exceeds the carrying value, then no further testing is performed for that reporting unit. If the qualitative assessment is not conclusive and it is necessary to calculate the fair value of a reporting unit, then the impairment analysis for goodwill is performed at the reporting unit level using a two-step approach. The first step is a comparison of the fair value of the reporting unit, determined using future cash flow analysis, to its recorded amount. If the recorded amount exceeds the fair value, the second step quantifies any impairment write-down by comparing the current implied value of goodwill to the recorded goodwill balance. The Company's indefinite-lived intangible assets consist of certain trade names which, after considering legal, regulatory, contractual, and other competitive and economic factors, are determined to have indefinite lives and are valued annually using the relief from royalty method. The Company performed its annual impairment test of goodwill and indefinite lived assets on December 1, 2012 and 2011, and found no impairments.

Other Intangible Assets—The Company's other intangible assets consist primarily of certain trade names, relationships with ticket resellers, and a favorable lease asset. These intangible assets are amortized on the straight-line basis over their estimated remaining lives.

Self-Insurance Reserves—Reserves are recorded for the estimated amounts of guest and employee claims and expenses incurred each period that are not covered by insurance. Reserves are established for both identified claims and incurred but not reported ("IBNR") claims. Such amounts are accrued for when claim amounts become probable and estimable. Reserves for identified claims are based upon the Company's historical claims experience and third-party estimates of settlement costs. Reserves for IBNR claims are based upon the Company's claims data history, as well as industry averages. The Company maintains self-insurance reserves for healthcare, auto, general liability and workers compensation claims. Total claims reserves were \$23,509 and \$23,189 at December 31, 2012 and 2011, respectively, and are recorded in other accrued expenses and other liabilities. All reserves are periodically reviewed for changes in facts and circumstances and adjustments are made as necessary.

Debt Financing Costs—Direct costs incurred in issuance of long-term debt are being amortized to interest expense using the effective interest method over the term of the related debt.

Revenue Recognition—The Company recognizes revenue upon admission into a park or when products are delivered to customers. For season passes and other multi-use admissions, deferred revenue is recorded and the related revenue is recognized over the terms of the admission product and its related use. Deferred revenue includes a current and long-term portion. At December 31, 2012 and 2011, long-term deferred revenue of \$6,315 and \$8,109, respectively, is included in other liabilities in the accompanying consolidated balance sheets. The Company has entered into agreements with certain external theme park, zoo, and other attraction operators to jointly market and sell admission products. These joint products allow admission to both a Company park and an external park, zoo or other attraction. The agreements with the external parks, specify the allocation of revenue to the Company from any jointly sold products. The Company's portion of revenue is deferred and recognized upon admission. The Company barter theme park admission products and sponsorship opportunities for advertising, employee recognition awards, and various other services. The fair value of the admission products is recognized into revenue and related expense at the time of the exchange and

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approximates the fair value of the goods or services received. For the years ended December 31, 2012, 2011, and 2010, \$19,628, \$19,734, and \$17,149, respectively, were included within admissions revenue and selling, general, and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss) related to bartered ticket transactions.

Advertising and Promotional Costs—Advertising production costs are deferred and expensed the first time the advertisement is shown. Advertising and media costs are expensed as incurred and for the years ended December 31, 2012, 2011, and 2010, totaled approximately \$116,712, \$113,300, and \$122,600, respectively, and are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

Equity-Based Compensation—The Company measures the cost of employee services rendered in exchange for share-based compensation based upon the grant date fair market value. The cost is recognized over the requisite service period, which is generally the vesting period.

Income Taxes—Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is established for deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. Realization is dependent on generating future taxable income or the reversal of deferred tax liabilities during the periods in which those temporary differences become deductible. The Company evaluates its tax positions by determining if it is more likely than not a tax position is sustainable upon examination, based upon the technical merits of the position, before any of the benefit is recorded for financial statement purposes. The benefit is measured as the largest dollar amount of position that is more likely than not to be sustained upon settlement. Previously recorded benefits that no longer meet the more-likely than not threshold are charged to earnings in the period that the determination is made. Interest and penalties accrued related to uncertain positions are charged to the provision/benefit for income taxes.

Fair Value Measurements—Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

An entity is permitted to measure certain financial assets and financial liabilities at fair value with changes in fair value recognized in earnings each period. The Company has not elected to use the fair value option for any of its financial assets and financial liabilities that are not already recorded at fair value. Carrying values of financial instruments classified as current assets and current liabilities approximate fair value, due to their short-term nature.

A description of the Company's policies regarding fair value measurement is summarized below.

Fair Value Hierarchy—Fair value is determined for assets and liabilities, which are grouped according to a hierarchy, based upon significant levels of observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available. These two types of inputs have created the following fair value hierarchy:

Level 1—Quoted prices for identical instruments in active markets.

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Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Determination of Fair Value—The Company generally uses quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access to determine fair value, and classifies such items in Level 1. Fair values determined by Level 2 inputs utilize inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, and inputs other than quoted market prices that are observable for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. If quoted market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters, such as interest and currency rates, and the like. Assets or liabilities valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Segment Reporting—The Company maintains discrete financial information for each of its eleven theme parks, which is used by the Chief Operating Decision Maker (“CODM”), identified as the Chief Executive Officer, as a basis for allocating resources. Each theme park has been identified as an operating segment and meets the criteria for aggregation due to similar economic characteristics. In addition, all of the theme parks provide similar products and services and share similar processes for delivering services. The theme parks have a high degree of similarity in the workforces and target the same consumer group. Accordingly, based on these economic and operational similarities and the way the CODM monitors the operations, the Company has concluded that its operating segments may be aggregated and that it has one reportable segment.

Derivative Instruments and Hedging Activities—During fiscal year 2012, the Company entered into certain derivative transactions, as detailed in Note 14, and elected the related derivative instruments and hedging activities accounting policy described herein. Accounting Standards Codification Topic (“ASC”) 815, *Derivatives and Hedging*, provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity’s financial position, results of operations and cash flows. Further, qualitative disclosures are required that explain the Company’s objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash

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flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risk, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2011, the Financial Accounting Standards Board ("FASB") issued guidance clarifying how to measure and disclose fair value. This guidance amends the application of the "highest and best use" concept to be used only in the measurement of fair value of nonfinancial assets, clarifies that the measurement of the fair value of equity-classified financial instruments should be performed from the perspective of a market participant who holds the instrument as an asset, clarifies that an entity that manages a group of financial assets and liabilities on the basis of its net risk exposure can measure those financial instruments on the basis of its net exposure to those risks, and clarifies when premiums and discounts should be taken into account when measuring fair value. The fair value disclosure requirements were also amended. This new guidance was effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In June 2011, the FASB issued guidance that revises the manner in which entities present comprehensive income in their financial statements. The guidance requires entities to report the components of comprehensive income in either a single, continuous statement or two separate but consecutive statements. In December 2011, the FASB issued guidance which defers certain requirements set forth in June 2011. These amendments were made to allow the FASB time to redeliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income in all periods presented. Both sets of guidance were effective for fiscal years, and interim periods within those years, beginning after December 15, 2011 and were required to be applied retrospectively. The Company adopted this guidance on January 1, 2012 and accordingly applied the new guidance retrospectively.

In September 2011, the FASB issued guidance related to testing goodwill for impairment. Under the amended guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting units. If the entities determine, based on the qualitative assessment, that it is more likely than not an impairment has not occurred, no further quantitative testing is necessary. The guidance was effective for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company early adopted the guidance and performed a qualitative assessment as its initial step for the 2011 annual review of goodwill impairment. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In July 2012, the FASB issued new accounting guidance relating to impairment testing for indefinite-lived intangible assets. In accordance with this guidance, an entity has the option first to assess qualitative factors to determine whether events and circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. If after such assessment an entity concludes that the indefinite-lived intangible asset is not impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test as required by existing standards. This guidance is effective for annual and interim impairment tests for fiscal years beginning after September 15, 2012 and early adoption is permitted. The Company is in the process of evaluating this guidance, which is not expected to have a material impact on its consolidated financial statements.

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4. ACQUISITIONS

On December 1, 2009, investment funds affiliated with Blackstone and certain co-investors, through SeaWorld Entertainment, Inc. and its wholly-owned subsidiary, SEA, acquired all of the outstanding equity interests of SeaWorld LLC and SeaWorld Parks & Entertainment LLC from Anheuser-Busch Companies, Inc. for approximately \$2,300,000. The acquisition (and its related expenses) was financed by a capital contribution from the Partnerships of \$1,010,000, and the issuance of \$1,460,000 in long-term debt, net of \$34,000 original issue discount (see Note 11).

In connection with the acquisition, Anheuser-Busch received from the Partnerships the right to receive, subject to certain conditions, distributions of up to \$400,000 under the terms of the Partnership agreements. Such right has been included in the purchase price and included in additional paid-in capital at their aggregate fair value of \$38,000 using a valuation technique referred to as a Monte Carlo simulation. The Monte Carlo simulation is based upon significant inputs that are not observable in the market. Key assumptions include the probability of a liquidation event, projected income before income taxes, amortization, depreciation, interest, and a discount rate of 16%. The estimated fair value of these instruments was measured on a nonrecurring basis as they were valued on the date of acquisition using significant unobservable (Level 3) inputs under the guidance for fair value measurements.

Goodwill recognized in the acquisition, which is deductible for tax purposes, is attributed primarily to historical operating performance of the parks. Goodwill of \$269,332 and \$66,278 respectively, was allocated to the SeaWorld Orlando and Discovery Cove theme parks and is tested annually for impairment on December 1. There have been no additions or impairments of goodwill for the years ended December 31, 2012, 2011 or 2010.

In November 2012, the Company acquired Knott's Soak City, a standalone Southern California water park, from an affiliate of Cedar Fair L.P, for a total price of \$15,000. The Company paid \$12,000 at closing and has a note payable for the remaining \$3,000 due on or before September 1, 2013. Since the acquisition, there were no material revenues or expenses associated with the park included within the consolidated financial statements because the park was closed for the season. The Company plans to rebrand the water park as Aquatica San Diego before it re-opens in 2013.

The Company allocated the cost of the acquisition to the assets acquired based upon their respective fair values. These fair values are based on management's estimates and assumptions, including variations of the income approach, the market approach and the cost approach, resulting in a purchase price allocation as follows:

Land	\$12,100
Other property & equipment	2,400
Non-compete agreement	<u>500</u>
Total assets acquired	<u>\$15,000</u>

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5. EARNINGS PER SHARE

Earnings per share is computed as follows (in thousands, except per share data):

	Year Ended December, 31 2012			Year Ended December, 31 2011			Year Ended December, 31 2010		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic earnings per share	\$ 77,444	82,480	\$ 0.94	\$ 19,113	81,392	\$ 0.23	\$ (45,464)	80,800	\$ (0.56)
Effect of dilutive incentive-based time vested unit awards		1,072			632			—	
Diluted earnings per share	<u>\$ 77,444</u>	<u>83,552</u>	<u>\$ 0.93</u>	<u>\$ 19,113</u>	<u>82,024</u>	<u>\$ 0.23</u>	<u>\$ (45,464)</u>	<u>80,800</u>	<u>\$ (0.56)</u>
Unaudited pro forma basic earnings per share	\$ 77,444	92,480	\$ 0.84						
		1,072							
Unaudited pro forma diluted earnings per share	<u>\$ 77,444</u>	<u>93,552</u>	<u>\$ 0.83</u>						

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is determined based on the dilutive effect of incentive units using the treasury stock method.

Unaudited pro forma earnings per share is calculated assuming all common shares issued by the Company in the initial public offering were outstanding for the entire period, as the net proceeds to the Company will be less than the portion of the \$500.0 million dividend declared in March 2012 that exceeds net income for such period and the repayment of the Senior Notes.

6. INVENTORIES

Inventories as of December 31, 2012 and 2011, consisted of the following:

	2012	2011
Merchandise	\$31,435	\$27,937
Food and beverage	5,152	4,461
Supplies	—	33
Total	<u>\$36,587</u>	<u>\$32,431</u>

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at December 31, 2012 and 2011, consisted of the following:

	2012	2011
Prepaid insurance	\$ 8,157	\$ 7,152
Prepaid marketing and advertising costs	2,500	3,365
Deferred offering costs	3,665	—
Other	3,495	1,735
Total	<u>\$17,817</u>	<u>\$12,252</u>

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8. PROPERTY AND EQUIPMENT—NET

The components of property and equipment—net as of December 31, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 286,200	\$ 274,100
Land improvements	238,860	201,319
Buildings	468,647	418,318
Rides and equipment	1,100,423	977,233
Animals	161,194	161,144
Construction in process	88,237	140,770
Less accumulated depreciation	(568,918)	(425,006)
Total	<u>\$ 1,774,643</u>	<u>\$ 1,747,878</u>

Depreciation expense was approximately \$161,700, \$209,300, and \$202,800 for the years ended December 31, 2012, 2011, and 2010, respectively.

9. TRADE NAMES AND OTHER INTANGIBLE ASSETS—NET

Trade names-net are comprised of the following at December 31, 2012:

	<u>Weighted Average Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Trade names—indefinite lives		\$ 157,000	\$ —	\$ 157,000
Trade names—definite lives	10 years	11,000	3,392	7,608
Total		<u>\$ 168,000</u>	<u>\$ 3,392</u>	<u>\$ 164,608</u>

Trade names-net are comprised of the following at December 31, 2011:

	<u>Weighted Average Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Trade names—indefinite lives		\$ 157,000	\$ —	\$ 157,000
Trade names—definite lives	10 years	11,000	2,291	8,709
Total		<u>\$ 168,000</u>	<u>\$ 2,291</u>	<u>\$ 165,709</u>

Other intangible assets-net at December 31, 2012, consisted of the following:

	<u>Weighted Average Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Favorable lease asset	39 years	\$ 18,200	\$ 1,397	\$ 16,803
Reseller agreements	8.11 years	22,300	8,483	13,817
Non-compete agreement	5 years	500	—	500
Total		<u>\$ 41,000</u>	<u>\$ 9,880</u>	<u>\$ 31,120</u>

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Other intangible assets-net at December 31, 2011, consisted of the following:

	<u>Weighted Average Amortization Period</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Favorable lease asset	39 years	\$ 18,200	\$ 934	\$ 17,266
Reseller agreements	8.11 years	22,300	5,729	16,571
Total		<u>\$ 40,500</u>	<u>\$ 6,663</u>	<u>\$ 33,837</u>

Total amortization was approximately \$4,300 for the years ended December 31, 2012, 2011, and 2010. The total weighted average amortization period of all finite-lived intangibles is 19.3 years. Total expected amortization of the finite-lived intangible assets for the succeeding five years and thereafter is as follows:

<u>Years Ending December 31</u>	
2013	\$ 4,418
2014	4,418
2015	4,418
2016	4,418
2017	4,213
Thereafter	16,843
	<u>\$38,728</u>

10. OTHER ACCRUED EXPENSES

Other accrued expenses at December 31, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Accrued property taxes	\$ 1,974	\$ 1,644
Accrued interest	3,877	4,908
Note payable (Note 4)	3,000	—
Self-Insurance reserve	7,800	—
Other	2,699	1,847
Total	<u>\$19,350</u>	<u>\$8,399</u>

11. LONG-TERM DEBT

Long-term debt at December 31, 2012 and 2011, consisted of the following:

	<u>2012</u>	<u>2011</u>
Term Loan A	\$ 152,000	\$ 159,500
Term Loan B	1,293,774	844,043
Revolving credit agreement	—	36,000
Senior Notes	400,000	400,000
	1,845,774	1,439,543
Less discounts	(21,800)	(21,656)
Less current maturities	(21,330)	(52,500)
Total long-term debt, net of current maturities	<u>\$ 1,802,644</u>	<u>\$ 1,365,387</u>

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In connection with the acquisition described in Note 4, on December 1, 2009, SEA both entered into senior secured credit facilities ("Senior Secured Credit Facilities") and issued senior notes (the "Senior Notes"):

Senior Secured Credit Facilities

Effective on February 17 and April 15, 2011, and March 30, 2012 SEA entered into Amendments No. 1 and 2 and 3, respectively, of the Senior Secured Credit Facilities (collectively, the "Amendments"). As a result of Amendment No. 1, the original term loan was refinanced into two tranches of term loans, Term A Loans (original balance of \$150,000), and Term B Loans (original balance of \$900,000). As a result of Amendment No. 2, \$17,000 of Term Loan B was refinanced to Term Loan A. In addition, the revolving credit commitment availability under the Senior Secured Credit Facilities increased to \$172,500. As a result of Amendment No. 3, the Term B Loan was increased by \$500,000 for the purposes of financing a dividend payment to stockholders in the same amount. In addition the Senior Secured Credit Facilities agreement was further amended to limit future restricted payments, as defined, in the credit agreement, to be payable only when certain leverage ratio targets have been met and in an amount not to exceed the "cumulative credit" (as defined) amount available. The amended credit agreement was not deemed to be substantially different, as defined in the authoritative accounting guidance, from the original agreement. At December 31, 2012 and 2011, following the Amendments, the Senior Secured Credit Facilities consisted of:

- Tranche A Term Loans, balance of \$152,000 and 159,500, respectively, which will mature on February 17, 2016;
- Tranche B Term Loans, balance of \$1,293,744 and \$844,043, respectively, which will mature on the earlier of (i) August 17, 2017 or (ii) the 91st day prior to the maturity of the Senior Notes, if more than \$50 million of debt with respect to the Senior Notes is outstanding as of such date; and
- Revolving Credit Facility, balance of \$0 and \$36,000, respectively, which will mature on February 17, 2016.

Borrowings related to the Tranche A Term Loans and the revolving credit facility bear interest, at SEA's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) Bank of America's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the British Bankers Association ("BBA") LIBOR rate for the interest period relevant to such borrowing. The margin for the Tranche A Term Loans is 1.75%, in the case of base rate loans, and 2.75%, in the case of LIBOR rate loans, subject to a step-down of 0.25% upon achievement of a secured leverage ratio less than or equal to 2.25 to 1.00. SEA selected the LIBOR rate at December 31, 2012 and 2011, related to the Term A Term Loans and the revolving credit loans (interest rate of 2.92% for both loans at December 31, 2012, respectively).

Borrowings under the Tranche B Term Loans bear interest, at SEA's option, at a rate equal to a margin over either (a) a base rate determined by reference to the higher of (1) the Bank of America's prime lending rate and (2) the federal funds effective rate plus 1/2 of 1% or (b) a LIBOR rate determined by reference to the BBA LIBOR rate for the interest period relevant to such borrowing. The margin for the Tranche B Term Loans is 2.00%, in the case of base rate loans, and 3.00%, in the case of LIBOR rate loans, subject to a base rate floor of 2.00% and a LIBOR floor of 1.00%. SEA selected the LIBOR rate at December 31, 2012, related to the Term B Term Loans (interest rate of 4% at December 31, 2012).

SEA is required to repay installments on the term loans in quarterly installments equal to \$1,875 with respect to Tranche A Term Loans and \$3,457 with respect to Tranche B Term Loans, with the remaining amount payable on the applicable maturity date with respect to such term loans.

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In addition, the Senior Secured Credit Facilities, as amended, requires the Company to prepay outstanding term loans, subject to certain exceptions, in an amount equal to:

- 50% (which percentage will be reduced to 25% and 0%, as applicable, subject to SEA attaining certain total leverage ratios) of its annual excess cash flow, as defined;
- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property by SEA and its restricted subsidiaries (including insurance and condemnation proceeds, subject to de minimis thresholds), if SEA does not reinvest those net cash proceeds in assets to be used in its business or to make certain other permitted investments (a) within 12 months of the receipt of such net cash proceeds or (b) if SEA commits to reinvest such net cash proceeds within 12 months of the receipt thereof, within 180 days of the date of such commitment; and
- 100% of the net proceeds of any incurrence of debt by SEA or any of its restricted subsidiaries, other than debt permitted to be incurred or issued under the Senior Secured Credit Facilities.

Notwithstanding any of the foregoing, each lender of term loans has the right to reject its pro rata share of mandatory prepayments described above, in which case SEA may retain the amounts so rejected. The foregoing mandatory prepayments will be applied pro rata to installments of term loans in direct order of maturity.

There were no mandatory prepayments during the year ended December 31, 2012 or 2011.

The obligations under the Senior Secured Credit Facilities are fully, unconditionally and irrevocably guaranteed by the Company, any subsidiary of the Company that directly or indirectly owns 100% of the issued and outstanding equity interests of SEA, and, subject to certain exceptions, each of SEA's existing and future material domestic wholly-owned subsidiaries. The Senior Secured Credit Facilities are collateralized by first priority or equivalent security interests, subject to certain exceptions, in (i) all the capital stock of, or other equity interests in, substantially all of the Company's direct or indirect domestic subsidiaries and 65% of the capital stock of, or other equity interests in, any foreign subsidiaries and (ii) certain tangible and intangible assets of SEA and the Company. Certain financial, affirmative and negative covenants, including a maximum total net leverage ratio and minimum interest coverage ratio, are included in the Senior Secured Credit Facilities. If an event of default occurs, the lenders under the Senior Secured Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Senior Secured Credit Facilities and all actions permitted to be taken by a secured creditor. SEA was in compliance with the covenants at December 31, 2012 and 2011.

The additional \$500,000 of borrowing on Term Loan B under Amendment 3 was issued at a discount of \$6,245. The discount is being amortized to interest expense using the weighted average interest method.

Revolving credit available under the Senior Secured Credit Facilities as of December 31, 2012 and 2011, was \$160,931 and \$124,707, respectively. The revolving credit commitment includes up to \$20,000 in short-term loans (five days in duration) and up to \$50,000 in letters of credit. Any amounts borrowed under the short-term loans or as letters of credit reduce the total amount available under the revolving credit loan. All amounts outstanding under the revolving credit commitment are due on February 17, 2016, except for borrowings under the short term loans, which are payable within five business days of the original borrowing.

Amounts outstanding at December 31, 2012 and 2011, relating to the Revolving Credit Facility were \$0 and \$36,000 (at an interest rate of 2.99%), respectively.

As of December 31, 2012, the Company had approximately \$11.6 million of outstanding letters of credit.

[Table of Contents](#)**Senior Notes**

On December 1, 2009, SEA issued \$400.0 million of 13.5% Senior Notes due December 1, 2016. In conjunction with the execution of Amendment No. 3 to the Senior Secured Credit Facilities, SEA also entered into the Second Supplemental Indenture dated March 30, 2012 relating to the Senior Notes. Among other matters, the Second Supplemental Indenture granted waivers to allow SEA to issue the additional \$500,000 of Term B Loans to fund the dividend payment discussed above and decreased the interest rate on the Senior Notes from 13.5% per annum to 11% per annum. SEA can redeem the Senior Notes at any time and the Senior Notes are unsecured. Interest is paid semi-annually in arrears. Until December 1, 2014, and in the case of an Equity Offering (as defined in the indenture) SEA may redeem up to 35% of the Senior Notes at a price of 111% of the aggregate principal balance plus accrued interest using the net cash proceeds from an Equity Offering (as defined in the indenture). Prior to December 1, 2014, the Company may redeem some or all of the Senior Notes at a price equal to 100% of the principal amount of Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date. The "Applicable Premium" is defined as the greater of (1) 1.0% of the principal amount of the Senior Notes and (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of the Senior Notes at December 1, 2014 plus (ii) all required interest payments due on the Senior Notes through December 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate plus 50 basis points over (b) the principal amount of the Senior Notes. On or after December 1, 2014, the Senior Notes may be redeemed at 105.5% and 102.75% of the principal balance beginning on December 1, 2014 and 2015, respectively. The Second Supplemental Indenture also increased the minimum covenant leverage ratio from 2.75 to 1.00 to 3.0 to 1.0. The Senior Notes were issued at a discount of \$80.72 per \$1 or a total of \$33,950. The discount is being amortized to interest expense using the weighted average interest method. The obligations under the Senior Notes are guaranteed by the same entities as those that guarantee the Senior Secured Credit Facilities.

In connection with the issuance of the Senior Notes, the holders of the Senior Notes received warrants to purchase 101,000 (not in thousands) Partnerships units for \$100 (not in thousands) per unit. The Partnerships, in turn, received warrants to acquire 808,000 (not in thousands) shares of the Company's common stock. The total value of the warrants at December 1, 2009 was \$5,000 and was recorded by the Company as additional paid-in capital and a discount on the Senior Notes. The additional discount is being amortized to interest expense over the term of the Senior Notes. The unamortized discount at December 31, 2012 and 2011, of \$2,798 and \$3,512, respectively, is presented as a reduction of the carrying value of the Senior Notes in the accompanying consolidated financial statements. During 2011, all the warrants were exercised for cash in accordance with the underlying warrant agreement, the holders of the Senior Notes received 101,000 (not in thousands) limited partnership units of the Partnerships and the Company issued a total of 808,000 (not in thousands) shares of common stock to the Partnerships.

Cash paid for interest relating to the Senior Secured Credit Facilities and the Senior Notes discussed above was \$102,551, \$97,575 and \$121,239 during the years ended December 31, 2012, 2011 and 2010, respectively.

The Company has deferred \$77,546 in financing costs that were paid to issue the long-term debt. Deferred financing costs, net of accumulated amortization, were \$44,103 and \$39,232 as of December 31, 2012 and 2011, respectively, and are being amortized to interest expense using the effective interest method over the term of the Senior Notes and are included in other assets in the accompanying consolidated balance sheets. Financing costs paid to the creditors amounting to \$15,046 and \$5,926 in 2012 and 2011, respectively, directly related to the Amendments noted above were recorded as deferred financing costs.

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The fair value of the term loans at December 31, 2012, approximates their carrying value due to the variable nature of the underlying interest rates. The fair value of the Senior Notes approximates \$416,300 at December 31, 2012. The estimated fair value of the Senior Notes was computed using significant inputs that are not observable in the market including a discount rate of 10.5% and projected cash flows of the underlying Senior Notes.

Long-term debt at December 31, 2012, is repayable as follows, not including any possible prepayments described above:

<u>Years Ending</u> <u>December 31</u>	
2013	\$ 21,330
2014	21,330
2015	21,330
2016	<u>1,781,784</u>
Total	<u>\$ 1,845,774</u>

12. INCOME TAXES

For the years ended December 31, 2012, 2011, and 2010, the provision for (benefit from) income taxes is comprised of the following:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Current income tax expense (benefit)			
Federal	\$ (70)	\$ (70)	\$ —
State	542	1,277	—
Foreign	<u>31</u>	<u>24</u>	<u>—</u>
Total current income tax provision	<u>503</u>	<u>1,231</u>	<u>—</u>
Deferred income tax provision (benefit):			
Federal	37,873	11,429	(24,074)
State	<u>1,106</u>	<u>768</u>	<u>(5,167)</u>
Total deferred income tax provision (benefit)	<u>38,979</u>	<u>12,197</u>	<u>(29,241)</u>
Total income tax provision (benefit)	<u>\$ 39,482</u>	<u>\$ 13,428</u>	<u>\$ (29,241)</u>

The deferred income tax provision (benefit) represents the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Cash paid for income taxes totaled \$767, and \$513, and \$0, for the years ended December 31, 2012, 2011, and 2010, respectively.

The Company has determined that there are no positions currently taken that would rise to a level requiring an amount to be recorded or disclosed as an uncertain tax position. If such positions do arise, it is the Company's intent that any interest or penalty amount related to such positions will be recorded as a component of tax expense to the applicable period.

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The components of deferred income tax assets and liabilities as of December 31, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Deferred income tax assets:		
Acquisition costs	\$ 22,651	\$ 23,866
Net operating loss	222,702	197,241
Self-insurance	7,912	7,507
Deferred revenue	1,077	3,337
Other	<u>5,736</u>	<u>2,477</u>
Total deferred income tax assets	<u>260,078</u>	<u>234,428</u>
Deferred income tax liabilities:		
Property and equipment	(199,836)	(146,002)
Goodwill	(21,028)	(14,030)
Amortization	(11,307)	(8,429)
Other	<u>(4,146)</u>	<u>(3,872)</u>
Total deferred income tax liabilities	<u>(236,317)</u>	<u>(172,333)</u>
Net deferred income tax assets	<u>\$ 23,761</u>	<u>\$ 62,095</u>

The Company has federal tax net operating loss carryforwards as of December 31, 2012, of approximately \$556,000. The net operating loss carryforwards, if not used to reduce taxable income in future periods, will begin to expire in 2029, for both state and federal tax purposes. Realization of the net deferred income tax assets is dependent upon generating sufficient taxable income prior to expiration of the loss carryforwards, which may include reversal of the other deferred income tax components. Although realization is not assured, management believes it is more likely than not that all of the deferred income tax assets will be realized. The Company files federal and state income tax returns in various jurisdictions with varying statute of limitation expiration dates. The 2009 through 2012 tax years generally remain subject to examination by tax authorities.

The reconciliation between the U.S. federal statutory income tax rate and the Company's effective income tax provision (benefit) rate for the years ended December 31, 2012, 2011, and 2010, is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Income tax rate at federal statutory rates	35.00%	35.00%	35.00%
State taxes, net of federal benefit	1.36	5.57	3.67
Other	<u>(2.59)</u>	<u>0.69</u>	<u>0.47</u>
Income tax rate	<u>33.77%</u>	<u>41.26%</u>	<u>39.14%</u>

13. COMMITMENTS AND CONTINGENCIES

At December 31, 2012, the Company has commitments under long-term operating leases requiring annual minimum lease payments as follows:

<u>Years Ending December 31</u>	
2013	\$ 12,983
2014	12,803
2015	12,806
2016	11,993
2017	12,009
Thereafter	<u>298,109</u>
Total	<u>\$360,703</u>

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Rental expense was \$23,886, \$22,119, and \$19,719 for the years ended December 31, 2012, 2011, and 2010, respectively.

The SeaWorld theme park in San Diego, California, leases the land for the theme park from the City of San Diego. The lease term is for 50 years ending on July 1, 2048. Lease payments are based upon gross revenue from the San Diego theme park subject to certain minimums. On January 1, 2011, the minimum annual rent payment was recalculated in accordance with the lease agreement and remained at \$9,600 and is included in the table above for all periods presented. This annual rent will remain in effect until January 1, 2014, at which time the next recalculation will be completed in accordance with the lease agreement.

Pursuant to license agreements with Sesame Workshop, the Company pays a specified annual license fee, as well as a specified royalty based on revenues earned in connection with sales of licensed products, all food and beverage items utilizing the licensed elements and any events utilizing such elements if a separate fee is paid for such event.

The Company has commenced construction of certain new theme park attractions and other projects under contracts with various third parties. At December 31, 2012, additional capital payments of approximately \$121,000 are necessary to complete these projects. These projects are expected to be completed during 2013 and 2014.

In addition, the Company is a party to various claims and legal proceedings arising in the normal course of business. Matters where an unfavorable outcome to the Company is probable and which can be reasonably estimated are accrued. Such accruals, which are not material for any period presented, are based on information known about the matters, the Company's estimate of the outcomes of such matters, and the Company's experience in contesting, litigating, and settling similar matters. Matters that are considered reasonably possible to result in a material loss are not accrued for, but an estimate of the possible loss or range of loss is disclosed, if such amount or range can be determined. Management does not expect any known claims or legal proceedings to have a material adverse effect on the Company's consolidated financial position, results of operations, or cash flows.

14. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's borrowings. As of December 31, 2012, the Company does not have any derivatives outstanding that are not designated in hedge accounting relationships. In addition, the Company did not have any material derivatives outstanding as of December 31, 2011.

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Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. During the year ended December 31, 2012, the Company entered into two interest rate swaps with a combined notational of \$550,000 that were used to hedge the variable cash flows associated with existing variable rate debt.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the year ended December 31, 2012 the hedges were 100% effective therefore there was no ineffective portion recognized in earnings. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next 12 months, the Company estimates that an additional \$1,360 will be reclassified as an increase to interest expense.

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the balance sheet as of December 31, 2012:

	Derivatives As of December 31, 2012	
	<u>Balance Sheet Location</u>	<u>Fair Value</u>
Derivatives designated as hedging instruments:		
Interest rate swaps	Other Liabilities	\$ 1,880
Total derivatives designated as hedging instruments		<u>\$ 1,880</u>

The unrealized loss on derivatives is recorded net of \$627 in tax and included within the statement of operations and comprehensive income (loss) for the year ended December 31, 2012.

Tabular Disclosure of the Effect of Derivative Instruments on the Statement of Comprehensive Income (Loss)

The table below presents the pre-tax effect of the Company's derivative financial instruments on the statement of comprehensive income (loss) for the year ended December 31, 2012:

	<u>Year Ended December 31, 2012</u>
Derivatives in Cash Flow Hedging Relationships:	
Gain (loss) related to effective portion of derivatives recognized in accumulated other comprehensive income	\$ (1,522)
Gain (loss) related to effective portion of derivatives reclassified from accumulated other comprehensive income to interest expense	\$ (358)
Gain (loss) related to ineffective portion of derivatives recognized in other income (expense)	\$ —

Credit Risk-Related Contingent Features

The Company has agreements with each of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its derivative obligations.

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As of December 31, 2012, the termination value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was \$1,929. As of December 31, 2012, the Company has posted no collateral related to these agreements. If the Company had breached any of these provisions at December 31, 2012, it could have been required to settle its obligations under the agreements at their termination value of \$1,929.

15. FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement is required to be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The Company has determined that the majority of the inputs used to value its derivative financial instruments using the income approach fall within Level 2 of the fair value hierarchy. The Company uses readily available market data to value its derivatives, such as interest rate curves and discount factors. ASC 820 also requires consideration of credit risk in the valuation. The Company uses a potential future exposure model to estimate this credit valuation adjustment ("CVA"). The inputs to the CVA are largely based on observable market data, with the exception of certain assumptions regarding credit worthiness which make the CVA a Level 3 input. Based on the magnitude of the CVA, it is not considered a significant input and the derivatives are classified as Level 2. Of the Company's long-term obligations, the Term A Loans and Term B Loans are classified in Level 2 of the fair value hierarchy. The fair value of the term loans as of December 31, 2012 approximates their carrying value due to the variable nature of the underlying interest rates and the frequent intervals at which such interest rates are reset. The Senior Notes are classified in Level 3 of the fair value hierarchy and have been valued using significant inputs that are not observable in the market including a discount rate of 10.48% and projected cash flows of the underlying Senior Notes. The Company does not have any assets measured at fair value as of December 31, 2012.

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Liabilities:				
Letters of Credit	—	\$ 11,569	—	\$ 11,569
Long-term obligations(a)	—	\$ 1,445,774	\$ 416,317	\$ 1,862,091
Derivative financial instruments (b)	—	\$ 1,880	—	\$ 1,880

(a) Reflected at carrying value in the consolidated balance sheet as current maturities on long-term debt of \$21,330 and long-term debt of \$1,802,644. As of December 31, 2011, the carrying value and fair value of long-term obligations, including the current portion, was \$1,417,887 and \$1,468,543, respectively.

(b) Reflected at fair value in the consolidated balance sheet as other liabilities of \$1,880.

16. RELATED-PARTY TRANSACTIONS

Certain affiliates of Blackstone provide monitoring, advisory, and consulting services to the Company under an advisory fee agreement. Fees related to these services, which are based upon a

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multiple of Adjusted EBITDA, as defined in the advisory agreement, amounted to \$6,201, \$6,012, and \$4,704 for the years ended December 31, 2012, 2011, and 2010, respectively, are included in selling, general, and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss). In connection with the advisory agreement, a termination fee calculated based on the terms of the agreement will be paid by the Company if certain triggering events occur, including, but not limited to, an initial public offering.

The Company had an arrangement with another former Blackstone portfolio theme park company to sell admission tickets on a combined basis. The Company earned revenue of approximately \$7,400 (through June, 2011) and \$18,400 during the years ended December 31, 2011 and 2010, respectively, under the combined ticket arrangement. Blackstone sold its interest in such theme park company in June 2011.

The Company entered into a transition services agreement ("TSA") with Anheuser-Busch Companies, Inc., effective December 1, 2009, to receive support in the areas of information technology, accounting, tax, human resources, and procurement. Services were provided for a term of six months. The services were at graduated rates that increased over the term and range from \$10 to \$190 per month, depending upon the type of service. Extensions were charged at the initial rates plus 33%. In addition, in February 2010, the Company elected to purchase certain one-time information technology support for \$624. As of December 31, 2010, the Company no longer received services under the TSA. Total cost under the TSA for the year ended December 31, 2010 was \$4,860, and is included in selling, general, and administrative expenses in the accompanying consolidated statements of operations and comprehensive income (loss).

17. RETIREMENT PLAN

The Company sponsors a defined contribution plan, under Section 401(k) of the Internal Revenue Code, that it established in March 2010. The plan is a qualified automatic contributions arrangement, which automatically enrolls employees, once eligible, unless they opt out. The Company makes matching cash contributions subject to certain restrictions, structured as a 100% match on the first 1% contributed by the employee and a 50% match on the next 5% contributed by the employee. Employer-matching contributions for the years ended December 31, 2012, 2011, and 2010, totaled \$8,767, \$7,345 and \$6,165, respectively.

18. EQUITY-BASED COMPENSATION

In 2011 and 2012, the Partnerships granted employee units to certain key employees of SEA. Upon vesting of the employee units, the Company issues the corresponding number of shares of common stock of the Company to the Partnerships. There is no related cost to the employee upon vesting of the units.

The total number of units authorized for awards is 750,000 (not in thousands). The total number of employee units granted, (which are accounted for as equity awards) was 721,401 (not in thousands) and they were divided into three equal tranches as follows:

Time-Vesting Units (TVUs)—One-third of the employee units (240,470) (not in thousands) granted vest over five years (20% per year). The vesting begins on the earlier of December 1, 2009, or the grant date. Vesting is contingent upon continued employment. In the event of a change of control (defined as a sale or disposition of the assets of the limited partnership to other than a Blackstone-affiliated group or, if any group other than a Blackstone-affiliated entity, becomes the general partner or the beneficial owner of more than 50% interest), the employee units immediately 100% vest. The TVUs were recorded at the fair market value at the date of grant and will be amortized to compensation

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expense over the vesting period. Total compensation expense related to the TVUs was \$1,191 and \$823 for the years ended December 31, 2012 and 2011 respectively, and is included in selling, general, and administrative expenses in the accompanying consolidated statement of operations and comprehensive income (loss) and as contributed capital in the accompanying statements of stockholders' equity. Total unrecognized compensation cost related to the nonvested TVUs, expected to be recognized over the next three years, was approximately \$2,702 as of December 31, 2012.

The activity related to the TVUs for the year ended December 31, 2012, is as follows:

	<u>Employee Units</u> (not in thousands)	<u>Weighted Average Grant Date Fair Value</u>	<u>Weighted Average Remaining Contractual Term</u>
Outstanding-January 1, 2012	134,109	\$ 21.34	
Granted	21,167	23.15	
Vested	(39,775)	21.29	
Forfeited	(2,800)	21.34	
Outstanding-December 31, 2012	<u>112,701</u>	21.70	25.5 months

Total units granted in 2011 totaled 219,303 (not in thousands) at a weighted average fair value of \$21.34 per share.

2.25x and 2.75x Performance Vesting Units (PVUs)—Two tranches of the employee units vest only if certain events occur. The 2.25x PVUs vest if the employee is employed by the Company when and if Blackstone receives cash proceeds (not subject to any clawback, indemnity or similar contractual obligation) in respect of its Partnerships units equal to (x) a 20% annualized effective compounded return rate on Blackstone's investment and (y) a 2.25x on Blackstone's investment. The 2.75x PVUs vest if the employee is employed by the Company when and if Blackstone receives cash proceeds (not subject to any clawback, indemnity or similar contractual obligation) in respect of its Partnerships units equal to (x) a 15% annualized effective compounded return rate on Blackstone's investment and (y) a 2.75x multiple on Blackstone's investment. The employee units have no termination date other than termination of employment from the Company. There are no service or period vesting conditions associated with the PVUs other than employment at the time the benchmark is reached. No compensation will be recorded related to these PVUs until their issuance is probable. There was no compensation expense recorded during 2012 or 2011 for the PVUs. Total unrecognized compensation expense as of December 31, 2012 was approximately \$2,900 and \$2,000 for the 2.25x and 2.75x units, respectively. None of the PVUs were exercisable at December 31, 2012.

The activity related to the 2.25x units for the year ended December 31, 2012, is as follows:

	<u>Employee Units</u> (not in thousands)	<u>Weighted Average Grant Date Fair Value</u>
Outstanding-January 1, 2012	206,220	\$ 12.65
Granted	21,164	15.66
Vested	—	—
Forfeited	(2,333)	12.65
Outstanding-December 31, 2012	<u>225,051</u>	13.06

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The activity related to the 2.75x units for the year ended December 31, 2012, is as follows:

	<u>Employee Units (not in thousands)</u>	<u>Weighted Average Fair Value</u>
Outstanding-January 1, 2012	206,220	\$ 8.88
Granted	21,164	10.52
Vested	—	—
Forfeited	<u>(2,333)</u>	8.88
Outstanding-December 31, 2012	<u>225,051</u>	8.99

The fair value of each employee unit granted was estimated on the date of grant using a composite of the discounted cash flow model and the guideline public company approach to determine the underlying enterprise value. The discounted cash flow model is based upon significant inputs that are not observable in the market. Key assumptions include projected cash flows, a discount rate of 10.5%, and a terminal value. The guideline public company approach uses relevant public company valuation multiples to determine fair value. The value of the individual equity tranches was allocated based upon the Option-Pricing Method model. Significant assumptions include a holding period of 2.6 to 3.6 years, a risk free rate of 0.33% to 1.22%, volatility of approximately 49% to 57% and a discount for lack of marketability, depending upon the units, from 31% to 53% and 0 dividend yield. Volatility for SEA's stock is estimated using the average volatility calculated for a peer group, which is based upon daily price observations over the estimated term of units granted.

19. STOCKHOLDERS' EQUITY

In 2011, the Company sold 233,920 shares of common stock to the Partnership (not in thousands) for net cash consideration of \$2,736.

During 2011, all the warrants, issued in accordance with the Senior Notes, were exercised for cash in accordance with the underlying warrant agreement. The holders of the Senior Notes received 101,000 (not in thousands) limited partnership units of the Partnerships and the Company issued a total of 808,000 (not in thousands) shares of common stock to the Partnerships (see Note 11).

The Company declared dividends in the amount of \$500,000 and \$110,100 to common stockholders on March 30, 2012 and September 29, 2011, respectively. The dividends were accounted for as returns of capital.

20. SUBSEQUENT EVENTS

In connection with the preparation of the consolidated financial statements, the Company evaluated subsequent events after the consolidated balance sheet date of December 31, 2012, through March 22, 2013, the date the consolidated financial statements were issued and updated such evaluation through the date of reissuance, April 17, 2013, to determine whether any events occurred that required recognition or disclosure in the accompanying consolidated financial statements.

Stock Split and Authorized Shares

On April 7, 2013, the Company's Board of Directors authorized an eight-for-one split of the Company's common stock which was effective on April 8, 2013. The Company retained the current par value of \$0.01 per share for all shares of common stock after the stock split, and accordingly, stockholders' equity on the accompanying consolidated balance sheets and consolidated statements of

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changes in stockholders' equity reflects the stock split by reclassifying from "Additional paid-in capital" to "Common stock" an amount equal to the par value of the additional shares arising from the split. The Company's historical share and per share information has been retroactively adjusted to give effect to this stock split.

Contemporaneously with the stock split, on April 8, 2013, the Company's Board of Directors approved an increase in the number of authorized shares of common stock to 1 billion shares.

Debt

On April 5, 2013, SEA entered into Amendment No. 4 to the Senior Secured Credit Facilities ("Amendment No. 4") and on April 12, 2013, entered into the Fourth Supplemental Indenture to the Indenture (the "Fourth Supplemental Indenture") related to the Senior Notes.

Amendment No. 4 amends the terms of the existing Senior Secured Credit Facilities to, among other things, permit SEA to pay certain distributions and dividends following an initial public offering of the Company. In addition, Amendment No. 4 replaces the existing \$172,500 senior secured revolving credit facility with a new \$192,500 senior secured revolving credit facility.

The Fourth Supplemental Indenture provides additional flexibility under the limitation on restricted payments covenant to permit certain dividends following an initial public offering. Additionally, the Fourth Supplemental Indenture increases by \$20,000 the amount of debt that the Company can incur and have outstanding at any one time under the Senior Secured Credit Facilities and amends the transactions with affiliates covenant to allow for the payment of a termination fee not to exceed \$50,000 in connection with the termination of the 2009 Advisory Agreement.

The amendments contemplated by Amendment No. 4 and the Fourth Supplemental Indenture are expected to become effective upon the date of the consummation of the Company's initial public offering, so long as it occurs on or before July 31, 2013, and provided that certain customary conditions are satisfied.

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Schedule I-Registrant's Condensed Financial Statements
SeaWorld Entertainment, Inc.
Parent Company Only
Condensed Balance Sheets
as of December 31, 2012 and 2011
(In thousands, except share and per share amounts)

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets:		
Cash	\$ 203	\$ 3,180
Total current assets	203	3,180
Investment in wholly owned subsidiary	<u>451,102</u>	<u>872,467</u>
Total Assets	<u>\$451,305</u>	<u>\$875,647</u>
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accrued Liabilities	<u>\$ 203</u>	<u>\$ 3,180</u>
Total current liabilities	<u>203</u>	<u>3,180</u>
Total liabilities	<u>203</u>	<u>3,180</u>
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$0.01 par value-authorized, 1,000,000,000 shares; issued and outstanding, 82,737,008 shares in 2012 and 82,418,808 in 2011	827	824
Additional paid-in capital	456,923	955,735
Accumulated deficit	<u>(6,648)</u>	<u>(84,092)</u>
Total stockholders' equity	<u>451,102</u>	<u>872,467</u>
Total Liabilities and Stockholders' Equity	<u>\$451,305</u>	<u>\$875,647</u>

See accompanying notes to condensed financial statements

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SeaWorld Entertainment, Inc.
Parent Company Only
Condensed Statements of Operations and Comprehensive Income (Loss)
for the Years Ended December 31, 2012, 2011 and 2010
(In thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Equity in net income (loss) of subsidiary	\$77,444	\$19,113	\$(45,464)
Net income (loss)	<u>77,444</u>	<u>19,113</u>	<u>(45,464)</u>
Other comprehensive loss	<u>—</u>	<u>—</u>	<u>—</u>
Comprehensive income (loss)	<u>\$77,444</u>	<u>\$19,113</u>	<u>\$(45,464)</u>

See accompanying notes to condensed financial statements

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SeaWorld Entertainment, Inc.
Parent Company Only
Condensed Statements of Cash Flows
for the Years Ended December 31, 2012 and 2011 and 2010
(In thousands)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:			
Net income (loss)	\$ 77,444	\$ 19,113	\$(45,464)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in net (income) loss of subsidiary	(77,444)	(19,113)	45,464
Net cash provided by (used in) operating activities	<u>—</u>	<u>—</u>	<u>—</u>
Cash Flows From Investing Activities:			
Capital contributed to subsidiary	—	(2,736)	—
Dividend received from subsidiary (return of capital)	500,000	100,000	—
Net cash provided by investing activities	<u>500,000</u>	<u>97,264</u>	<u>—</u>
Cash Flows From Financing Activities:			
Net proceeds from issuance of common stock	—	12,836	—
Dividend paid to stockholders (return of capital)	(502,977)	(106,920)	—
Net cash used in financing activities	<u>(502,977)</u>	<u>(94,084)</u>	<u>—</u>
Change in Cash and Cash Equivalents	(2,977)	3,180	—
Cash and Cash Equivalents—Beginning of year	3,180	—	—
Cash and Cash Equivalents—End of year	<u>\$ 203</u>	<u>\$ 3,180</u>	<u>\$ —</u>

See accompanying notes to condensed financial statements

[Table of Contents](#)**Notes to Condensed Parent Company Only Financial Statements****1. DESCRIPTION OF SEAWORLD ENTERTAINMENT, INC.**

SeaWorld Entertainment, Inc. (the "Parent") was incorporated in Delaware on October 2, 2009 to effect the purchase of all the outstanding equity interests of Busch Entertainment LLC and affiliates from Anheuser-Busch Companies, Inc. The Parent has no operations or significant assets or liabilities other than its investment in SeaWorld & Parks Entertainment, Inc. ("SEA"). Accordingly, the Parent is dependent upon distributions from SEA to fund its obligations. However, under the terms of SEA's various debt agreements, SEA's ability to pay dividends or lend to the Parent is restricted, except that SEA may pay specified amounts to the Parent to fund the payment of the Company's tax obligations.

2. BASIS OF PRESENTATION

The accompanying condensed financial statements (parent company only) include the accounts of the Parent and its investment in SEA accounted for in accordance with the equity method, and do not present the financial statements of the Parent and its subsidiary on a consolidated basis. These parent company only financial statements should be read in conjunction with the SeaWorld Entertainment, Inc. consolidated financial statements.

3. GUARANTEES

On December 1, 2009, SEA entered into senior secured credit facilities (the "Senior Secured Credit Facilities") and issued senior notes (the "Senior Notes"). The Senior Secured Credit Facilities were amended on February 17, 2011, April 15, 2011 and March 30, 2012.

Under the terms of the Senior Secured Credit Facilities, the obligations of SEA are fully, unconditionally and irrevocably guaranteed by Parent, any subsidiary of Parent that directly or indirectly owns 100% of the issued and outstanding equity interest of SEA, and subject to certain exceptions, each of SEA's existing and future material domestic wholly-owned subsidiaries (collectively, the "Guarantors").

The obligations under the Senior Notes are guaranteed by the same Guarantors as under the Senior Secured Credit Facilities. In the event of a default under the Senior Notes, the principal and accrued interest would become immediately due and payable (subject to, in some cases, grace periods).

4. DIVIDENDS FROM SUBSIDIARIES

The Parent received dividends in the amount of \$500,000 and \$100,000 from SEA on March 30, 2012 and September 29, 2011, respectively, which has been reflected as a return of capital in the accompanying condensed financial statements. On those same dates, the Parent declared dividends (defined as a restricted payment in the Senior Secured Credit Facilities) of \$500,000 and \$110,100 to the Partnerships, of which \$609,897 was paid as of December 31, 2012. This dividend has also been reflected as a return of capital in the accompanying condensed financial statements.

5. SUBSEQUENT EVENT***Stock Split and Authorized Shares***

On April 7, 2013, the Parent's Board of Directors authorized an eight-for-one split of the Parent's common stock which was effective on April 8, 2013. The Parent retained the current par value of \$0.01 per share for all shares of common stock after the stock split, and accordingly, stockholders' equity on the accompanying consolidated balance sheets reflects the stock split by reclassifying from "Additional

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paid-in capital” to “Common stock” an amount equal to the par value of the additional shares arising from the split. The Parent’s historical share information has been retroactively adjusted to give effect to this stock split.

Contemporaneously with the stock split, on April 8, 2013, the Parent’s Board of Directors approved an increase in the number of authorized shares of common stock to 1 billion shares.

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26,000,000 Shares

SeaWorld Entertainment, Inc.

Common Stock



Goldman, Sachs & Co.
J.P. Morgan
Citigroup
BofA Merrill Lynch
Barclays
Wells Fargo Securities
Blackstone Capital Markets
Lazard Capital Markets
Macquarie Capital
KeyBanc Capital Markets
Nomura
Drexel Hamilton, LLC
Ramirez & Co., Inc.

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PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the expenses payable by the Registrant expected to be incurred in connection with the issuance and distribution of common stock being registered hereby (other than underwriting discounts and commissions). All of such expenses are estimates, except for the Securities and Exchange Commission (the "SEC") registration fee, the Financial Industry Regulatory Authority Inc. ("FINRA") filing fee and the NYSE filing fee and listing fee.

SEC registration fee	\$ 110,116
FINRA filing fee	121,595
NYSE filing fee and listing fee	250,000
Printing fees and expenses	750,000
Legal fees and expenses	3,500,000
Registrar and transfer agent fees	50,000
Accounting fees and expenses	3,375,000
Miscellaneous expenses	<u>213,289</u>
Total	<u>\$8,370,000</u>

Item 14. Indemnification of Directors and Officers.

Section 102(b)(7) of the Delaware General Corporation Law (the "DGCL") allows a corporation to provide in its certificate of incorporation that a director of the corporation will not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except where the director breached the duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our amended and restated certificate of incorporation will provide for this limitation of liability.

Section 145 of the DGCL ("Section 145"), provides, among other things, that a Delaware corporation may indemnify any person who was, is or is threatened to be made, party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of such corporation), by reason of the fact that such person is or was an officer, director, employee or agent of such corporation or is or was serving at the request of such corporation as a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful. A Delaware corporation may indemnify any persons who were or are a party to any threatened, pending or completed action or suit by or in the right of the corporation by reason of the fact that such person is or was a director, officer, employee or agent of another corporation or enterprise. The indemnity may include expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, provided such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the corporation's best interests, provided further that no indemnification is permitted without judicial approval if the officer, director, employee or agent is adjudged to be liable to the corporation. Where an

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officer or director is successful on the merits or otherwise in the defense of any action referred to above, the corporation must indemnify him or her against the expenses (including attorneys' fees) which such officer or director has actually and reasonably incurred.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would otherwise have the power to indemnify such person under Section 145.

Our amended and restated bylaws will provide that we must indemnify and advance expenses to our directors and officers to the full extent authorized by the DGCL.

The indemnification rights set forth above shall not be exclusive of any other right which an indemnified person may have or hereafter acquire under any statute, any provision of our amended and restated certificate of incorporation, our amended and restated bylaws, agreement, vote of stockholders or disinterested directors or otherwise. Notwithstanding the foregoing, we shall not be obligated to indemnify a director or officer in respect of a proceeding (or part thereof) instituted by such director or officer, unless such proceeding (or part thereof) has been authorized by the Board of Directors pursuant to the applicable procedure outlined in the amended and restated bylaws.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held jointly and severally liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the Board of Directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

We expect to maintain standard policies of insurance that provide coverage (1) to our directors and officers against loss rising from claims made by reason of breach of duty or other wrongful act and (2) to us with respect to indemnification payments that we may make to such directors and officers.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors and the selling stockholders, and by us and the selling stockholders of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Item 15. Recent Sales of Unregistered Securities.

Following the 2009 Transactions, the Registrant issued an aggregate of 2,011,569 shares of its common stock to the Partnerships for aggregate proceeds to the Registrant of approximately \$13.0 million. Such securities were issued in reliance on the exemption contained in Section 4(2) of the Securities Act as transactions by the issuer not involving a public offering. No underwriters were involved in any of these sales of securities.

Item 16. Exhibits and Financial Statement Schedules.

(a) *Exhibits.* See the Exhibit Index immediately following the signature page hereto, which is incorporated by reference as if fully set forth herein.

(b) *Financial Statement Schedules.* Schedule I—Registrant's Condensed Financial Statements is included in the registration statement beginning on page F-29.

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Item 17. Undertakings.

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(2) The undersigned Registrant hereby undertakes that:

- (A) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (B) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Orlando, Florida, on April 18, 2013.

SeaWorld Entertainment, Inc.

By: /s/ JAMES ATCHISON
 Name: James Atchison
 Title: Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on April 18, 2013.

<u>Signature</u>	<u>Capacity</u>
<u>/s/ JAMES ATCHISON</u> James Atchison	Chief Executive Officer, President and Director (Principal Executive Officer)
*	
<u>James M. Heaney</u>	Chief Financial Officer (Principal Financial Officer)
*	
<u>Marc G. Swanson</u>	Chief Accounting Officer (Principal Accounting Officer)
*	
<u>David F. D'Alessandro</u>	Director
*	
<u>Bruce McEvoy</u>	Director
*	
<u>Peter Wallace</u>	Director
*	
<u>Joseph Baratta</u>	Director
*	
<u>Judith A. McHale</u>	Director

*By: /s/ G. ANTHONY (TONY) TAYLOR
 Name: G. Anthony (Tony) Taylor
 Title: Attorney-in-Fact

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<u>Exhibit No.</u>	<u>Description</u>
1.1**	Form of Underwriting Agreement
3.1**	Form of Amended and Restated Certificate of Incorporation of SeaWorld Entertainment, Inc.
3.2**	Form of Amended and Restated Bylaws of SeaWorld Entertainment, Inc.
5.1	Opinion of Simpson Thacher & Bartlett LLP
10.1**	Indenture, dated as of December 1, 2009, among SW Acquisitions Co., Inc., the guarantors named therein and Wilmington Trust FSB, as trustee
10.2**	First Supplemental Indenture, dated as of August 30, 2011, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee
10.3**	Second Supplemental Indenture, dated as of March 30, 2012, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee
10.4**	Third Supplemental Indenture, dated as of December 17, 2012, among SeaWorld Parks & Entertainment, Inc., (f/k/a SW Acquisitions Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee
10.5**	Amendment No. 3, dated as of March 30, 2012, to the Credit Agreement, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors party thereto from time to time, Bank of America, N.A., as administrative agent, collateral agent, Letter of Credit issuer and swing line lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A., as joint lead arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Capital, Deutsche Bank Securities Inc., Goldman Sachs Lending Partners LLC, J.P. Morgan Securities LLC, Macquarie Capital (USA) Inc. and Mizuho Corporate Banks, Ltd. as joint bookrunners, Deutsche Bank Securities Inc. and Barclays Bank plc, as co-syndication agents, and the other agents and lenders from time to time party thereto (the amended and restated Credit Agreement is included as Exhibit A hereto)
10.6**	Joinder Agreement, dated as of December 17, 2012, under the Credit Agreement, among SeaWorld of Texas Holdings, LLC, SeaWorld of Texas Management, LLC, SeaWorld of Texas Beverage, LLC and Bank of America, N.A., as administrative agent and collateral agent
10.7**	Security Agreement, dated as of December 1, 2009, among SW Acquisitions Co., Inc., the other grantors named therein and Bank of America, N.A., as collateral agent
10.8**	Supplement No. 1, dated as of December 17, 2012, to the Security Agreement among the grantors identified therein and Bank of America, N.A., as collateral agent
10.9**	Pledge Agreement, dated as of December 1, 2009, between SeaWorld Entertainment, Inc. (f/k/a/SW Holdco, Inc.) and Bank of America, N.A., as collateral agent
10.10**	Patent Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent
10.11**	Trademark Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent

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<u>Exhibit No.</u>	<u>Description</u>
10.12**	Trademark Security Agreement, dated as of December 1, 2009, by Sea World LLC in favor of Bank of America, N.A., as collateral agent
10.13**	Copyright Security Agreement, dated as of December 1, 2009, by SeaWorld Parks & Entertainment (f/k/a Busch Entertainment LLC) in favor of Bank of America, N.A., as collateral agent
10.14**	Copyright Security Agreement, dated as of December 1, 2009, by Sea World LLC in favor of Bank of America, N.A., as collateral agent
10.15**†	Form of Restricted Stock Grant and Acknowledgment
10.16**	Form of Stockholders Agreement
10.17**	Registration Rights Agreement, dated December 1, 2009, by and among SeaWorld Entertainment, Inc. (f/k/a SW Holdco, Inc.), SW Cayman L.P. and the equityholders named therein
10.18**	Lease Amendment, dated January 9, 1978, by and between the City of San Diego and Sea World Inc.
10.19**	Lease Amendment, dated March 6, 1979, by and between the City of San Diego and Sea World Inc.
10.20**	Lease Amendment, dated December 12, 1983, by and between the City of San Diego and Sea World Inc.
10.21**	Lease Amendment, dated June 24, 1985, by and between the City of San Diego and Sea World Inc.
10.22**	Lease Amendment, dated September 22, 1986, by and between the City of San Diego and Sea World Inc.
10.23**	Lease Amendment, dated June 29, 1998, by and between the City of San Diego and Sea World Inc.
10.24**	Lease Amendment, dated July 9, 2002, by and between the City of San Diego and Sea World Inc.
10.25**	Trademark License Agreement, dated December 1, 2009, by and between Anheuser-Busch Incorporated and Busch Entertainment LLC
10.26**	Amended and Restated Agreement, dated April 1, 1983, by and between SeaWorld Parks & Entertainment LLC (f/k/a SPI, Inc.) and Sesame Workshop (f/k/a Children's Television Workshop) (Portions of this exhibit have been omitted pursuant to a request for confidential treatment)
10.27**	Amendment, dated August 24, 2006, to the Amended and Restated Agreement, dated April 1, 1983, by and between SeaWorld Parks & Entertainment LLC (f/k/a SPI, Inc.) and Sesame Workshop (f/k/a Children's Television Workshop)
10.28**	License Agreement, dated August 24, 2006, by and between Sesame Workshop and SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) (Portions of this exhibit have been omitted pursuant to a request for confidential treatment)
10.29**	Change in Control Notification and Consent, dated October 6, 2009, pursuant to the license agreement, dated April 1, 1983, as amended on August 24, 2006, between SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) and Sesame Workshop
10.30**	Change in Control Notification and Consent, dated October 6, 2009, pursuant to the license agreement, dated August 24, 2006, between SeaWorld Parks & Entertainment LLC (f/k/a Busch Entertainment Corporation) and Sesame Workshop
10.31**†	2013 Omnibus Incentive Plan
10.32**	Amended and Restated 2009 Advisory Agreement
10.33**†	Offer Letter to James M. Heaney, dated January 17, 2012

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<u>Exhibit No.</u>	<u>Description</u>
10.34**†	Offer Letter to Scott D. Helmstedter, dated February 16, 2011
10.35**†	Offer Letter to David D'Alessandro, dated September 1, 2010
10.36**†	Summary Compensation Letter to Donald W. Mills Jr., dated April 22, 2010
10.37**†	SeaWorld Parks & Entertainment, Inc. Key Employee Severance Plan, effective August 1, 2010
10.38**	Second Amended and Restated Equityholders Agreement, dated as of April 11, 2011
10.39**†	Offer Letter to Judith McHale, dated January 17, 2013
10.40**†	Form of Restricted Stock Agreement
10.41**	Amendment No. 4 , dated as of April 5, 2013, to the Credit Agreement, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisitions Co., Inc.), the guarantors party thereto from time to time, Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line lender, Bank of America, N.A., as lead arranger and bookrunner, and the other agents and lenders from time to time party thereto (the amended and restated Credit Agreement is included as Exhibit A hereto)
10.42	Fourth Supplemental Indenture, dated as of April 12, 2013, among SeaWorld Parks & Entertainment, Inc. (f/k/a SW Acquisition Co., Inc.), the guarantors named therein and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee
21.1**	List of Subsidiaries
23.1	Consent of Simpson Thacher & Bartlett LLP (included in exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP
24.1**	Power of Attorney (included in the signature page to this Registration Statement)
**	Previously filed.
†	Identifies exhibits that consist of a management contract or compensatory plan or arrangement.