



the
world's
thrill capital.

With 38 theme and water

parks in eight countries, Six Flags owns and operates more parks than any other company in the world. Of those parks, 23 are Six Flags-branded. ■ Six Flags has 28 parks in the U.S. alone and 16 of the largest theme parks in North America. Nearly two-thirds of the population of the continental United States lives within 150 miles of one of our parks. ■ Six Flags expects to continue to grow both domestically and internationally. This continued global growth will cultivate ever-broader recognition of the Six Flags brand and industry position.

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letter to **our** shareholders

As for so many other U.S.-based leisure and entertainment companies, the impact of a significant economic slowdown and the aftermath of the tragic events of September 11th combined to make 2001 a very challenging business environment for our Company. Our overall performance for the year was well below our expectations, with modest systemwide revenue growth of approximately 4.4% and earnings before interest, taxes, depreciation and amortization (“EBITDA”) basically flat to the prior year. At the same time, we recognize that our park employees once again rose to the occasion, and in the midst of these unprecedented external challenges, prevented the impact on the Company from being as severe as it was for so many other companies which endured significant declines in revenue and cash flow. Our employees’ focused performance in the face of these obstacles is all the more impressive given the challenges we had just faced in the 2000 season when our operations were hampered by extremely adverse weather that lasted for an extended period during our core summer season in a broad range of U.S. markets. The stability of our revenue and cash flow in the face of back-to-back seasons beset by aberrant circumstances speaks volumes about the quality of our parks, the strong fundamentals of our business and the deep experience and operating skill of our park personnel.



GARY STORY
President &
Chief Operating Officer



KIERAN BUNKE
Chairman &
Chief Executive Officer



JIM DANNHAUSER
Chief Financial Officer

2001 Performance Consolidated revenues in 2001 were a record \$1.05 billion, a 3.9% increase over 2000 revenues of \$1.01 billion. This increase was primarily attributable to the inclusion in 2001 results of the performance of three parks acquired after the 2000 season. One of the acquired parks, the former SeaWorld of Ohio, operated in 2001 together with our previously owned adjacent Six Flags facility as a single gate. Excluding the results of the acquired parks in Montreal and Seattle and excluding the increase in revenues at the combined Ohio facility, consolidated park revenues in 2001 decreased approximately 1.1% from the prior year on a constant currency basis. Including the results of our unconsolidated parks, same-park revenues were flat to 2000 levels on a constant currency basis. Adjusted EBITDA for the full year, including the Company's share of the EBITDA from the partnership parks, was \$402.5 million, flat to the prior year.

On the whole, our domestic performance in 2001, while below our expectations, was reasonably good especially in light of the difficult economic environment and the impact we experienced in the immediate aftermath of September 11th. Including our unconsolidated parks, domestic park full-year attendance was up 3.1% over 2000, flat on a same-park basis. Revenue at those parks increased 4.6%, 1.1% on a same-park basis.

We estimate that we lost at least \$25 million in revenues in the four weeks immediately following September 11th. At that late date in the season, it is impossible to make any meaningful expense reductions so that the missed revenues resulted in a roughly equivalent reduction in EBITDA. We are pleased that our parks saw a strong rebound in performance in the latter part of October from the decline in the immediate aftermath of September 11th. That positive trend continued at the few parks open after the October period as well.

underscoring the more rapid rebound that our regional drive-to parks experienced.

Internationally, 2001 revenues declined approximately \$12.8 million, or 7.8%, from 2000 performance on a same-park constant currency basis. This decline principally reflects disappointing performance at our European parks, which represent approximately 10% of our consolidated results. Our European revenues on a constant currency basis were down 7.4% to the prior year. Our European performance was negatively affected by a number of factors, including some impact from the early season hoof and mouth disease crisis and some difficult weather. More significantly, we feel that our

European parks, which are less established than their U.S. counterparts, may have more directly felt the effects of the economic difficulties

there. In the face of the revenue shortfall in Europe, we also could have done a better job reducing expenses as we did domestically.

We have instituted a significant number of changes to improve performance in Europe this season and in years to come. These include putting a new executive in charge of the division who has substantial domestic and international theme park experience. We have also added other experienced executives in the marketing, revenue and operating areas. We have changed our advertising agency for Europe, and have gone through an exhaustive review of our pricing and marketing strategies. In general, we are giving this division significant oversight here and abroad. And, as part of our 2002 capital investment program, we are adding exciting attractions to a number of our European parks. So we are anticipating a strong rebound in performance there in 2002 and beyond.

While 2001 was a difficult year, there were a number of bright spots and accomplishments to report to you. We did successfully conclude three important acquisitions ahead of the 2001 season including Enchanted Village & Wild Waves,





located in the Seattle, Washington market; the former SeaWorld Ohio marine mammal and sea life park in the Cleveland, Ohio market located adjacent to (and now combined with) our Six Flags Worlds of Adventure theme park and water park; and La Ronde, a 146-acre theme park located near downtown Montreal on the former site of the 1967 Montreal World's Fair. These parks each offer excellent growth potential over the next several seasons as we take advantage of their individual market opportunities.

In 2001, we also successfully rebranded our park in the Brussels market, which is now Six Flags Belgium. It follows the well-received debut in Europe of the Six Flags brand at our Six Flags Holland park in 2000. The strong market reaction to the introduction of the Six Flags brand in conjunction with the utilization of our Looney Tunes, DC Comics and other animated characters licensed on an exclusive basis from Warner Bros. will be a powerful asset as we endeavor to put our

European division back on a growth track in 2002 and beyond.

2001 also marked the 40th anniversary of our Six Flags brand and the original Six Flags Over Texas park. We celebrated this event with several improvements and special events at the park, which contributed to an outstanding season. We will be exporting several of these successful events and promotions to a number of our other parks this season.

We also made substantial progress in the construction of our second Warner Bros. Movie World Park in Europe. This \$400 million park, whose cost is being funded almost exclusively by third parties, opened in Madrid on April 6, 2002. We will manage the park for a 99-year term and have a 5% ownership stake. We are very proud of our team's effort in bringing this project in on time and on budget. This is the first major theme park we have built from scratch and, in our opinion, it will be one of the finest parks in the world.

Safety is always our number one priority at all of our parks. So I am especially proud to report that in 2001, eight of our water parks received coveted Platinum National Aquatic

Safety Awards issued by Jeff Ellis & Associates, Inc., the leading industry consultant in water park safety.

2002 Outlook

Our capital and marketing programs for 2002 are well underway. We are investing approximately \$140 million systemwide in our parks for this season. This is a powerful capital program, which includes the first step in our efforts to reposition our newly acquired parks in Montreal and Seattle

and to substantially complete the combination of our two parks in the Cleveland market. The program also includes the addition of major rides and attractions to a number of

other parks throughout our system, as well as an increased allocation of our invested capital toward in-park revenue opportunities. For the past two seasons, we have made investments in our food, games, retail and other in-park spending outlets in several major market parks. The results have been very encouraging. This year we are devoting 10% of our capital budget to these opportunities. I expect this percentage to continue to increase in future seasons as we seek to increase these high margin revenues systemwide.

We expect to generate adjusted EBITDA for 2002 of approximately \$430-435 million. This target, representing approximately 7-8% growth over 2001 results, is based on expected consolidated revenue growth of approximately 6%, coupled with continued careful control of expense levels. Combined with the expected level of capital expenditures of \$140 million, including expenditures at the unconsolidated parks, our anticipated growth should generate meaningful levels of free cash flow for the year (after capital expenditures, cash interest expense and preferred stock dividends).



Although extensive, our 2002 capital investment program is lower than in 2001 and significantly less than our efforts in 1999 and 2000 when we were rebranding ten parks and making much larger levels of capital expenditures. Going forward, we will continue to reap the benefit of those earlier investments, which extended our brand throughout the continental United States and into Mexico and Europe. In years to come, we should see increasing levels of annual free cash flow as our EBITDA continues to grow and our annual level of capital expenditures for our existing parks remains at these lower levels. Our ability to generate free cash flow growth over the next few years should be an important factor in driving our share price in the public market.

Among our Company's strongest assets are our exclusive long-term licenses from Warner Bros. and DC Comics, which give us access to a stunning array of characters and intellectual property whose breadth and scope appeal to our entire family audience. The impact of branding on our businesses has been tremendous. Adding our Six Flags brand and our licensed characters to the parks we own has



accelerated their growth and enhanced the family entertainment experience of our guests. Each season, we continue to deepen our relationship with AOL Time Warner in new and exciting ways. This season, a number of recording artists – primarily from Warner Music Group's Lava/Atlantic Records – will be featured in our television and radio commercials. These include Sugar Ray, Willa Ford, Uncle Kracker, Simple Plan, Angela Via, Titiyo, Beth Hart and Lina. Artists from Warner Music Latin America, La Ley, will appear in our U.S. Hispanic and Mexico television and radio commercials. Sugar Ray has agreed to perform several concerts at our parks during the season and we are in the process of booking other artists.

We have also put together a joint national promotion with several divisions of AOL Time Warner tied to Warner Bros.' new live action **Scooby-Doo** movie which opens June 14th, starring Sarah Michelle Gellar, Freddie Prinze, Jr., Matthew Lillard and Linda Cardellini. As part

of our capital program, we are opening new Scooby-Doo themed dark rides at our parks in St. Louis and San Antonio. The movie soundtrack CD (featuring Sugar Ray singing the title song from the movie) will include a promotional offer valid at Six Flags parks nationwide. There will be a national advertising campaign on Turner Broadcasting using footage from the movie, music from the CD and shots at our parks to promote the CD offer. This media campaign should air on TBS, TNT and Cartoon Network.

During the same time period, AOL will promote the film using a "Scooby-Doo, Where Are You?" online contest with new technology that allows users to virtually

This integrated promotion should drive significant awareness and interest in our parks and the movie. We hope to use this approach as a template with Warner Bros. to integrate other national promotions around movie openings.

We also continue to make steady progress in our sponsorship efforts, notwithstanding the difficult advertising environment. We have recently signed new sponsorship agreements with such outstanding partners as Frito Lay, Dannon Yogurt, Unilever and Kraft Foods, to name a few. In addition to attractive cash fees, these sponsorship arrangements create important promotional exposure for our parks.



search for Scooby-Doo who is hiding in a Six Flags park. This promotion is expected to generate 700-800 million online impressions between May 15th and June 30th.

We have benefited from deflation in media costs from 2001 expenditures in

most markets. This media savings has allowed us to cover the lion's share of the increase in insurance costs we encountered for the 2002 season, while still maintaining appropriate

media weight levels for our parks. We are likewise very



pleased with the fresh creative content of our advertising campaigns for 2002. The combination of our new rides and attractions and our advertising campaigns should drive strong attendance at our parks this season.

We continue to look to strengthen our balance sheet, simplify our capital structure and increase our financial flexibility. In February 2002, we took advantage of the favorable interest rate environment to issue \$480 million of eight-year senior notes at an interest rate of 8%. The net proceeds of that

issuance were used to retire two existing note issues. We have ample liquidity and committed financings to pursue our business plan, no public debt maturities before 2007, maturities spread from 2007-2010, and no meaningful amortization in our bank facilities before December 2004. It is a great advantage to be in such a strong position with ample levels of available liquidity and financial flexibility.

In closing, I want to acknowledge again that our results for the last two seasons have been disappointing. Rest assured, our entire management team is focused on managing our parks to a successful season and attaining the internal growth targets we have set.

Sincerely,

Kieran E. Burke
Chairman and Chief Executive Officer

