
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the quarterly period ended September 30, 2014 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the transition period from to

Commission file number: 1-13703



SIX FLAGS ENTERTAINMENT CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

924 Avenue J East, Grand Prairie, TX 75050

(Address of Principal Executive Offices, Including Zip Code)

13-3995059

(I.R.S. Employer Identification No.)

(972) 595-5000

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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 definition 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed under Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At October 17, 2014, Six Flags Entertainment Corporation had 93,615,293 outstanding shares of common stock, par value \$0.025 per share.

**SIX FLAGS ENTERTAINMENT CORPORATION
FORM 10-Q**

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (the "Quarterly Report") and the documents incorporated herein by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include all statements that are not historical facts and can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "may," "should," "could" and variations of such words or similar expressions. Forward-looking statements are based on our current beliefs, expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are, by their nature, subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. Therefore, we caution you that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. These statements may involve risks and uncertainties that could cause actual results to differ materially from those described in such statements. These risks and uncertainties include, but are not limited to, statements we make regarding: (i) the adequacy of cash flows from operations, available cash and available amounts under our credit facilities to meet our future liquidity needs, (ii) our ability to roll out our capital enhancements in a timely and cost effective manner, (iii) our ability to improve operating results by implementing strategic cost reductions, and organizational and personnel changes without adversely affecting our business, and (iv) our operations and results of operations. Additional important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and include the following:

- factors impacting attendance, such as local conditions, contagious diseases, events, disturbances and terrorist activities;
- recall of food, toys and other retail products sold at our parks;
- accidents occurring at our parks or other parks in the industry and adverse publicity concerning our parks or other parks in the industry;
- inability to achieve desired improvements and financial performance targets set forth in our aspirational goals;
- adverse weather conditions such as excess heat or cold, rain, and storms;
- general financial and credit market conditions;
- economic conditions (including customer spending patterns);
- changes in public and consumer tastes;
- construction delays in capital improvements or ride downtime;
- competition with other theme parks and entertainment alternatives;
- dependence on a seasonal workforce;
- unionization activities and labor disputes;
- laws and regulations affecting labor and employee benefit costs, including potential increases in state and federally mandated minimum wages, and healthcare reform;
- pending, threatened or future legal proceedings and the significant expenses associated with litigation;
- cyber security risks; and
- other factors described in "Item 1A. Risk Factors" set forth in our Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Annual Report").

A more complete discussion of these factors and other risks applicable to our business is contained in "Part I, Item 1A. Risk Factors" of the 2013 Annual Report. All forward-looking statements in this report, or that are made on our behalf by our directors, officers or employees related to the information contained herein, apply only as of the date of this report or as of the date they were made. While we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will be realized and actual results could vary materially. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation, except as required by applicable law, to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise.

Available Information

Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, are available free of charge through our website at www.sixflags.com/investors. References to our website in this Quarterly Report are provided as a convenience and do not constitute an incorporation by reference of the information contained on, or accessible through, the website. Therefore, such information should not be considered part of this Quarterly Report. These reports, and any amendments to these reports, are made available on our website as soon as reasonably practicable after we electronically file such reports with, or furnish them to, the United States Securities and Exchange Commission (the "SEC"). Copies are also available, without charge, by sending a written request to Six Flags Entertainment Corporation, 924 Avenue J East, Grand Prairie, TX 75050, Attn: Investor Relations.

* * * * *

As used herein, unless the context requires otherwise, the terms "we," "our," "Company," "Six Flags" and "SFEC" refer collectively to Six Flags Entertainment Corporation and its consolidated subsidiaries, and "Holdings" refers only to Six Flags Entertainment Corporation, without regard to its consolidated subsidiaries.

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Balance Sheets

	As of	
	September 30, 2014	December 31, 2013
	<i>(unaudited)</i>	
<i>(Amounts in thousands, except share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 164,777	\$ 169,310
Accounts receivable, net	110,336	51,609
Inventories	25,795	22,172
Prepaid expenses and other current assets	53,008	39,006
Deferred income taxes	137,985	71,761
Total current assets	491,901	353,858
Property and equipment, net:		
Property and equipment, at cost	1,796,322	1,716,975
Accumulated depreciation	(557,462)	(485,292)
Total property and equipment, net	1,238,860	1,231,683
Other assets:		
Debt issuance costs	20,251	23,821
Restricted-use investment securities	2,162	1,823
Deposits and other assets	5,220	4,268
Goodwill	630,248	630,248
Intangible assets, net of accumulated amortization of \$11,632 and \$9,669 as of September 30, 2014 and December 31, 2013, respectively	360,127	362,113
Total other assets	1,018,008	1,022,273
Total assets	\$ 2,748,769	\$ 2,607,814
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 31,811	\$ 24,464
Accrued compensation, payroll taxes and benefits	28,383	29,277
Accrued insurance reserves	48,572	50,771
Accrued interest payable	9,095	19,598
Other accrued liabilities	38,240	25,988
Deferred income	91,031	60,443
Current portion of long-term debt	6,287	6,269
Total current liabilities	253,419	216,810
Noncurrent liabilities:		
Long-term debt	1,390,497	1,394,334
Other long-term liabilities	34,195	39,934
Deferred income taxes	265,344	145,830
Total noncurrent liabilities	1,690,036	1,580,098
Total liabilities	1,943,455	1,796,908
Redeemable noncontrolling interests	456,551	437,569
Stockholders' equity:		
Preferred stock, \$1.00 par value	—	—
Common stock, \$0.025 par value, 140,000,000 shares authorized; 94,539,261 and 94,857,347 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively	2,363	2,371
Capital in excess of par value	940,066	842,488
Accumulated deficit	(558,152)	(438,825)
Accumulated other comprehensive income (loss), net of tax	(35,514)	(32,697)

Total stockholders' equity	<u>348,763</u>	<u>373,337</u>
Total liabilities and equity	<u>\$ 2,748,769</u>	<u>\$ 2,607,814</u>

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended	
	September 30, 2014	September 30, 2013
<i>(Amounts in thousands, except per share data)</i>		
Theme park admissions	\$ 305,820	\$ 282,095
Theme park food, merchandise and other	211,870	203,846
Sponsorship, licensing and other fees	18,717	13,589
Accommodations revenue	5,436	4,990
Total revenues	541,843	504,520
Operating expenses (excluding depreciation and amortization shown separately below)	143,881	134,395
Selling, general and administrative (including stock-based compensation of \$78,168 and \$7,077 in 2014 and 2013, respectively, and excluding depreciation and amortization shown separately below)	126,662	52,648
Costs of products sold	39,730	36,616
Depreciation	26,467	27,300
Amortization	665	3,598
Loss on disposal of assets	1,608	4,325
Interest expense	18,533	18,810
Interest income	(69)	(207)
Other (income) expense, net	(6)	1,013
Income before income taxes	184,372	226,022
Income tax expense	60,332	86,405
Net income	124,040	139,617
Less: Net income attributable to noncontrolling interests	(19,006)	(19,214)
Net income attributable to Six Flags Entertainment Corporation	\$ 105,034	\$ 120,403
Weighted-average number of common shares outstanding:		
Weighted-average common shares outstanding — basic:	94,522	95,105
Weighted-average common shares outstanding — diluted:	97,274	98,472
Net income per average common share outstanding:		
Net income per common share outstanding — basic:	\$ 1.11	\$ 1.27
Net income per common share outstanding — diluted:	\$ 1.08	\$ 1.22
Cash dividends declared per common share	\$ 0.47	\$ 0.45

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited)

	Nine Months Ended	
	September 30, 2014	September 30, 2013
<i>(Amounts in thousands, except per share data)</i>		
Theme park admissions	\$ 545,958	\$ 523,293
Theme park food, merchandise and other	389,609	386,347
Sponsorship, licensing and other fees	42,438	32,064
Accommodations revenue	14,107	14,038
Total revenues	992,112	955,742
Operating expenses (excluding depreciation and amortization shown separately below)	352,040	340,926
Selling, general and administrative (including stock-based compensation of \$89,267 and \$21,496 in 2014 and 2013, respectively, and excluding depreciation and amortization shown separately below)	221,156	152,587
Costs of products sold	77,321	75,541
Depreciation	79,007	86,411
Amortization	1,995	10,796
Loss on disposal of assets	4,181	6,959
Gain on sale of investee	(10,031)	—
Interest expense	54,626	56,240
Interest income	(346)	(660)
Other (income) expense, net	(260)	1,017
Income before income taxes	212,423	225,925
Income tax expense	64,272	82,361
Net income	148,151	143,564
Less: Net income attributable to noncontrolling interests	(38,012)	(38,327)
Net income attributable to Six Flags Entertainment Corporation	\$ 110,139	\$ 105,237
Weighted-average number of common shares outstanding:		
Weighted-average common shares outstanding — basic:	94,900	97,569
Weighted-average common shares outstanding — diluted:	97,885	100,819
Net income per average common share outstanding:		
Net income per common share outstanding — basic:	\$ 1.16	\$ 1.08
Net income per common share outstanding — diluted:	\$ 1.13	\$ 1.04
Cash dividends declared per common share	\$ 1.41	\$ 1.35

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

<i>(Amounts in thousands)</i>	Three Months Ended	
	September 30, 2014	September 30, 2013
Net income	\$ 124,040	\$ 139,617
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustment ⁽¹⁾	(2,364)	483
Defined benefit retirement plan ⁽²⁾	—	(114)
Change in cash flow hedging ⁽³⁾	681	94
Other comprehensive (loss) income, net of tax	(1,683)	463
Comprehensive income	122,357	140,080
Less: Comprehensive income attributable to noncontrolling interests	(19,006)	(19,214)
Comprehensive income attributable to Six Flags Entertainment Corporation	\$ 103,351	\$ 120,866

- (1) Foreign currency translation adjustment is presented net of tax benefit of \$1.2 million and tax expense \$0.3 million for the three months ended September 30, 2014 and September 30, 2013, respectively.
- (2) Defined benefit retirement plan is presented net of tax benefit of \$0.1 million for the three months ended September 30, 2013.
- (3) Change in cash flow hedging is presented net of tax expense of \$0.4 million and \$0.1 million for the three months ended September 30, 2014 and September 30, 2013, respectively.

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

<i>(Amounts in thousands)</i>	Nine Months Ended	
	September 30, 2014	September 30, 2013
Net income	\$ 148,151	\$ 143,564
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustment ⁽¹⁾	(2,806)	(458)
Defined benefit retirement plan ⁽²⁾	—	(283)
Change in cash flow hedging ⁽³⁾	(11)	183
Other comprehensive loss, net of tax	(2,817)	(558)
Comprehensive income	145,334	143,006
Less: Comprehensive income attributable to noncontrolling interests	(38,012)	(38,327)
Comprehensive income attributable to Six Flags Entertainment Corporation	<u>\$ 107,322</u>	<u>\$ 104,679</u>

- (1) Foreign currency translation adjustment is presented net of tax benefit of \$1.5 million and \$0.2 million for the nine months ended September 30, 2014 and September 30, 2013, respectively.
- (2) Defined benefit retirement plan is presented net of tax benefit of \$0.3 million for the nine months ended September 30, 2013.
- (3) Change in cash flow hedging is presented net of a nominal tax benefit for the nine months ended September 30, 2014 and tax expense of \$0.1 million for the nine months ended September 30, 2013.

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statement of Equity
(Unaudited)

<i>(Amounts in thousands, except share data)</i>	Common stock		Capital in excess of par value	Retained earnings (Accumulated deficit)	Accumulated other comprehensive income (loss)	Total Equity
	Shares issued	Amount				
Balances at December 31, 2013	94,857,347	\$ 2,371	\$ 842,488	\$ (438,825)	\$ (32,697)	\$ 373,337
Issuance of common stock	2,752,365	68	30,439	—	—	30,507
Stock-based compensation	—	—	89,267	—	—	89,267
Dividends declared to common shareholders	—	—	—	(133,712)	—	(133,712)
Repurchase of common stock	(3,089,434)	(77)	(22,756)	(95,759)	—	(118,592)
Employee stock purchase plan	18,983	1	628	—	—	629
Fresh start valuation adjustment for SFOT units purchased	—	—	—	5	—	5
Net income attributable to Six Flags Entertainment Corporation	—	—	—	110,139	—	110,139
Net other comprehensive loss, net of tax	—	—	—	—	(2,817)	(2,817)
Balances at September 30, 2014	94,539,261	\$ 2,363	\$ 940,066	\$ (558,152)	\$ (35,514)	\$ 348,763

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statement of Equity
(Unaudited)

<i>(Amounts in thousands, except share data)</i>	Common stock		Capital in excess of par value	Retained earnings (Accumulated deficit)	Accumulated other comprehensive income (loss)	Total Six Flags Entertainment Corporation	Noncontrolling interests	Total
	Shares issued	Amount						
Balances at December 31, 2012	107,637,524	\$ 1,345	\$ 904,713	\$ 15,849	\$ (29,688)	\$ 892,219	\$ 3,934	\$ 896,153
Issuance of common stock	2,347,359	55	24,916	—	—	24,971	—	24,971
Forfeiture of restricted stock units	(9,720)	—	—	—	—	—	—	—
Stock-based compensation	—	—	21,496	—	—	21,496	—	21,496
Dividends declared to common stockholders	—	—	—	(131,187)	—	(131,187)	—	(131,187)
Repurchase of common stock	(14,968,486)	(222)	(109,998)	(393,429)	—	(503,649)	—	(503,649)
Two-for-one common stock split	—	1,197	(1,197)	—	—	—	—	—
Employee stock purchase plan	20,311	1	567	—	—	568	—	568
Fresh start valuation adjustment for SFOT units and HWP ownership interests purchased	—	—	—	193	—	193	(109)	84
Purchase of HWP ownership interests	—	—	(4,834)	—	—	(4,834)	(4,630)	(9,464)
Net income attributable to Six Flags Entertainment Corporation	—	—	—	105,237	—	105,237	—	105,237
Net other comprehensive loss, net of tax	—	—	—	—	(558)	(558)	—	(558)
Net income attributable to noncontrolling interest	—	—	—	—	—	—	875	875
Balances at September 30, 2013	95,026,988	\$ 2,376	\$ 835,663	\$ (403,337)	\$ (30,246)	\$ 404,456	\$ 70	\$ 404,526

See accompanying notes to unaudited condensed consolidated financial statements.

SIX FLAGS ENTERTAINMENT CORPORATION
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(Amounts in thousands)</i>	Nine Months Ended	
	September 30, 2014	September 30, 2013
Cash flows from operating activities:		
Net income	\$ 148,151	\$ 143,564
Adjustments to reconcile net income to net cash provided by operating activities before reorganization activities:		
Depreciation and amortization	81,002	97,207
Stock-based compensation	89,267	21,496
Interest accretion on notes payable	913	934
Reorganization items, net	—	(180)
Amortization of debt issuance costs	3,559	3,206
Other, including loss on disposal of assets	(6,254)	8,425
Increase in accounts receivable	(58,919)	(64,981)
Increase in inventories, prepaid expenses and other current assets	(18,190)	(7,822)
(Increase) decrease in deposits and other assets	(953)	316
Increase in accounts payable, deferred income, accrued liabilities and other long-term liabilities	45,846	33,039
(Decrease) increase in accrued interest payable	(10,503)	6,690
Deferred income taxes	55,336	63,429
Net cash provided by operating activities before reorganization activities	329,255	305,323
Cash flows from reorganization activities:		
Net cash used in reorganization activities	—	(332)
Net cash provided by operating activities	329,255	304,991
Cash flows from investing activities:		
Additions to property and equipment	(95,868)	(89,182)
Property insurance recoveries	448	—
Purchase of identifiable intangible assets	(49)	(75)
Purchase of restricted-use investments, net	(339)	(309)
Proceeds from sale of DCP	10,031	—
Proceeds from sale of assets	284	108
Net cash used in investing activities	(85,493)	(89,458)
Cash flow from financing activities:		
Repayment of borrowings	(4,732)	(4,709)
Payment of debt issuance costs	—	(264)
Payment of cash dividends	(135,775)	(131,443)
Proceeds from issuance of common stock	31,136	25,539
Stock repurchases	(118,592)	(503,649)
Purchase of noncontrolling interests	—	(9,464)
Purchase of redeemable noncontrolling interests	(19)	(288)
Distributions to noncontrolling interests	(19,006)	(18,725)
Net cash used in financing activities	(246,988)	(643,003)
Effect of exchange rate on cash	(1,307)	(776)
Net decrease in cash and cash equivalents	(4,533)	(428,246)
Cash and cash equivalents at beginning of period	169,310	629,208
Cash and cash equivalents at end of period	\$ 164,777	\$ 200,962
Supplemental cash flow information		
Cash paid for interest	\$ 60,658	\$ 45,411
Cash paid for income taxes	\$ 12,628	\$ 11,447

See accompanying notes to unaudited condensed consolidated financial statements.

Six Flags Entertainment Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. General — Basis of Presentation

We own and operate regional theme, water and zoological parks and are the largest regional theme park operator in the world. Of the 18 parks we currently own or operate, 16 parks are located in the United States, one is located in Mexico City, Mexico and one is located in Montreal, Canada. We are also involved in the development of Six Flags-branded theme parks outside of North America.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed, or omitted, pursuant to the rules and regulations of the SEC.

On May 5, 2011 and May 8, 2013, Holdings' Board of Directors approved two-for-one stock splits of Holdings' common stock effective in the form of a stock dividend of one share of common stock for each outstanding share of common stock (the "2011 Stock Split" and "2013 Stock Split", respectively). The record dates for the 2011 Stock Split and 2013 Stock Split were June 15, 2011 and June 12, 2013, respectively. The additional shares of common stock in connection with the 2011 Stock Split and the 2013 Stock Split were distributed on June 27, 2011 and June 26, 2013, respectively. In accordance with the provisions of our stock benefit plans and as determined by Holdings' Board of Directors, the number of shares available for issuance, the number of shares subject to outstanding equity awards and the exercise prices of outstanding stock option awards were adjusted to equitably reflect the effect of the 2011 Stock Split and the 2013 Stock Split. All share and per share amounts presented in the unaudited condensed consolidated financial statements and notes have been retroactively adjusted to reflect the 2011 Stock Split and the 2013 Stock Split.

"Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" contains a discussion of our results of operations and our financial position and should be read in conjunction with the unaudited condensed consolidated financial statements and notes. The 2013 Annual Report includes additional information about us, our operations and our financial position, and should be referred to in conjunction with this Quarterly Report. The information furnished in this Quarterly Report reflects all normal and recurring adjustments that are, in the opinion of management, necessary to present a fair statement of the results for the periods presented.

Results of operations for the nine months ended September 30, 2014 are not indicative of the results expected for the full year. In particular, our park operations contribute a substantial majority of their annual revenue during the period from Memorial Day to Labor Day each year, while expenses are incurred year round.

a. Consolidated U.S. GAAP Presentation

Our accounting policies reflect industry practices and conform to U.S. GAAP.

The unaudited condensed consolidated financial statements include our accounts and the accounts of our wholly owned subsidiaries. We also consolidate the partnerships that own Six Flags Over Texas ("SFOT") and Six Flags Over Georgia (including Six Flags White Water Atlanta) ("SFOG", and together with SFOT, the "Partnership Parks") as subsidiaries in our unaudited condensed consolidated financial statements, as we have determined that we have the power to direct the activities of those entities that most significantly impact the entities' economic performance and we have the obligation to absorb losses and receive benefits from the entities that can be potentially significant to these entities. The equity interests owned by non-affiliated parties in the Partnership Parks are reflected in the accompanying condensed consolidated balance sheets as redeemable noncontrolling interests. On September 30, 2013, we acquired the noncontrolling equity interests held by non-affiliated parties in HWP Development, LLC ("HWP"), with the exception of a nominal amount retained by a non-affiliated party that we subsequently acquired on December 31, 2013. Prior to the acquisition, we owned an approximate 49% interest in this joint venture and consolidated HWP as a subsidiary as we had the power to direct the activities that most significantly impacted HWP's economic performance and we had the obligation to absorb losses and receive benefits from HWP that could have been significant to HWP. The portion of earnings or loss attributable to non-affiliated parties in the Partnership Parks and HWP is reflected as net income attributable to noncontrolling interests in the accompanying unaudited condensed consolidated statements of operations. See Note 7 for further discussion.

Six Flags Entertainment Corporation
Notes to Condensed Consolidated Financial Statements
(Unaudited)

b. 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 including net operating loss and other tax carryforwards. 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. We recorded a valuation allowance of \$194.3 million and \$190.3 million as of September 30, 2014 and December 31, 2013, respectively, due to uncertainties related to our ability to utilize some of our deferred tax assets, primarily consisting of certain state net operating loss and other tax carryforwards, before they expire. The valuation allowance was based on our estimates of taxable income by jurisdiction in which we operate and the period over which our deferred tax assets were recoverable. Our projected taxable income over the foreseeable future gives us comfort that we will be able to utilize all of our federal net operating loss carryforwards before they expire.

In determining the effective tax rate for interim periods, we consider the expected changes in our valuation allowance from current year originating or reversing timing differences between financial accounting and tax purposes and the taxable income or loss expected for the current year. For interim periods, we also account for the tax effect of significant non-recurring items in the period in which they occur as well as changes in the valuation allowance relating to a change in the assessment of the probability of utilization of the deferred income tax assets.

Our liability for income taxes is finalized as auditable tax years pass their respective statutes of limitations in the various jurisdictions in which we are subject to tax. However, these jurisdictions may audit prior years for which the statute of limitations is closed for the purpose of making an adjustment to our taxable income in a year for which the statute of limitations has not closed. Accordingly, taxing authorities of these jurisdictions may audit prior years of the group and its predecessors for the purpose of adjusting net operating loss carryforwards to years for which the statute of limitations has not closed.

We classify interest and penalties attributable to income taxes as part of income tax expense. As of September 30, 2014 and December 31, 2013, we had no accrued interest and penalties liability.

We do not reinvest foreign earnings, therefore United States deferred income taxes have been provided on unremitted foreign earnings.

c. Long-Lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or group of assets to future net cash flows expected to be generated by the asset or group of assets. If such assets are not considered to be fully recoverable, any impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

d. Derivative Instruments and Hedging Activities

We account for derivatives and hedging activities in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 815, *Derivatives and Hedging*. This accounting guidance establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the consolidated balance sheet and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge for accounting purposes. The accounting for changes in the fair value of a derivative (e.g., gains and losses) depends on the intended use of the derivative and the resulting designation.

We formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and our strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to forecasted transactions. We also assess, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Changes in the fair value of a derivative that is effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income (loss) until operations are affected by the variability in cash flows of the designated hedged item, at which point they are reclassified to interest expense. Changes in fair value of a derivative that is not designated

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as a hedge are recorded in other income (expense), net in the unaudited condensed consolidated statements of operations on a current basis.

In March 2012, we entered into a floating-to-fixed interest rate agreement (the "Interest Rate Cap Agreement") that we designated and documented as a cash flow hedge. The term of the Interest Rate Cap Agreement expired in March 2014 and no unrealized losses remain to be reclassified from accumulated other comprehensive income ("AOCI") to operations.

In April 2014, we entered into three separate interest rate swap agreements (collectively, the "Interest Rate Swap Agreements") that we designated and documented as cash flow hedges. The Interest Rate Swap Agreements expire in December 2017. See Note 2 for further discussion.

e. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income attributable to Holdings' common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is computed by dividing net income attributable to Holdings' common stockholders by the weighted average number of common shares outstanding during the period and the effect of all dilutive common stock equivalents. In periods for which there is a net loss, diluted loss per common share is equal to basic loss per common share, since the effect of including any common stock equivalents would be antidilutive.

The computation of diluted earnings per share included the effect of 2,752,000 and 3,367,000 dilutive stock options and restricted shares and excluded the effect of 1,858,000 and 1,193,000 antidilutive stock options for the three months ended September 30, 2014 and September 30, 2013, respectively. The computation of diluted earnings per share included the effect of 2,985,000 and 3,250,000 dilutive stock options and restricted shares and excluded the effect of 1,784,000 and 1,205,000 antidilutive stock options for the nine months ended September 30, 2014 and September 30, 2013, respectively. Earnings per common share for the three and nine months ended September 30, 2014 and September 30, 2013 was calculated as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<i>(Amounts in thousands, except per share data)</i>				
Net income attributable to Six Flags Entertainment Corporation	\$ 105,034	\$ 120,403	\$ 110,139	\$ 105,237
Weighted-average common shares outstanding — basic:	94,522	95,105	94,900	97,569
Effect of dilutive stock options and restricted shares	2,752	3,367	2,985	3,250
Weighted-average common shares outstanding — diluted:	97,274	98,472	97,885	100,819
Earnings per share — basic:	\$ 1.11	\$ 1.27	\$ 1.16	\$ 1.08
Earnings per share — diluted:	\$ 1.08	\$ 1.22	\$ 1.13	\$ 1.04

f. Stock Benefit Plans

Pursuant to the Six Flags Entertainment Corporation Long-Term Incentive Plan (the "Long-Term Incentive Plan"), Holdings may grant stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, deferred stock units, performance and cash-settled awards and dividend equivalents (collectively, the "awards") to select employees, officers, directors and consultants of Holdings and its affiliates. The Long-Term Incentive Plan originally provided for the issuance of no more than 19,333,332 shares of common stock of Holdings, as adjusted to reflect the 2011 Stock Split and the 2013 Stock Split. In May 2012, our stockholders approved an amended and restated Long-Term Incentive Plan that, among other things, increased the number of shares available for issuance under the Long-Term Incentive Plan to 28,133,332, as adjusted to reflect the 2013 Stock Split.

During the three months ended September 30, 2014 and September 30, 2013, stock-based compensation expense related to the Long-Term Incentive Plan was \$78.1 million and \$7.0 million, respectively. During the nine months ended September 30, 2014 and September 30, 2013, stock-based compensation expense related to the Long-Term Incentive Plan was \$89.0 million and \$21.3 million, respectively.

As of September 30, 2014, options to purchase approximately 7,136,000 shares of common stock of Holdings and approximately 37,000 shares of restricted stock or restricted stock units were outstanding under the Long-Term Incentive Plan and approximately 3,181,000 shares were available for future grant.

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Stock Options

Options granted under the Long-Term Incentive Plan are designated as either incentive stock options or non-qualified stock options. Options are generally granted with an exercise price equal to the fair market value of the common stock of Holdings on the date of grant. While certain stock options are subject to acceleration in connection with a change in control, options are generally cumulatively exercisable in four equal annual installments commencing one year after the date of grant with a ten-year term. Generally, the unvested portion of stock option awards is forfeited upon termination of employment. Stock option compensation is recognized over the vesting period using the graded vesting terms of the respective grant.

The estimated fair value of the majority of our options granted was calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on United States Treasury zero-coupon issues with a remaining term equal to the expected term assumption at the time of grant. The simplified method was used to calculate the expected term (estimated period of time outstanding) because our historical data from our pre-confirmation equity grants is not representative or sufficient to be used to develop an expected term assumption. Expected volatility of options granted prior to 2013 was based on the historical volatility of similar companies' common stock for a period equal to the stock option's expected term, calculated on a daily basis. Expected volatility of options granted in 2013 and 2014 was based two-thirds on the historical volatility of similar companies' common stock and one-third on our historical volatility for a period equal to the stock option's expected term, calculated on a daily basis. The expected dividend yield is based on expected dividends for the expected term of the stock options. The fair value of stock options on the date of grant is expensed on a straight line basis over the requisite service period of the graded vesting term as if the award was, in substance, multiple awards.

The following weighted-average assumptions were utilized in the Black-Scholes model to value the stock options granted during the nine months ended September 30, 2014 and September 30, 2013:

	Nine Months Ended	
	September 30, 2014	September 30, 2013
Risk-free interest rate	1.96%	1.87%
Expected term (in years)	6.25	6.25
Expected volatility	38.78%	39.03%
Expected dividend yield	4.84%	5.12%

The following table summarizes stock option activity for the nine months ended September 30, 2014:

<i>(Share and Aggregate Intrinsic Value amounts in thousands)</i>	Shares	Weighted Avg. Exercise Price (\$)	Weighted Avg. Remaining Contractual Term	Aggregate Intrinsic Value (\$)
Balance at December 31, 2013	7,910	\$ 18.90		
Granted	1,673	\$ 37.98		
Exercised	(2,371)	\$ 12.87		
Canceled or exchanged	—	\$ —		
Forfeited	(76)	\$ 25.77		
Expired	—	\$ —		
Balance at September 30, 2014	7,136	\$ 25.30	7.87	\$ 71,054
Vested and expected to vest at September 30, 2014	6,952	\$ 25.09	7.84	\$ 70,541
Options exercisable at September 30, 2014	2,890	\$ 16.81	6.74	\$ 50,847

The weighted average grant date fair value of the options granted during the nine months ended September 30, 2014 and September 30, 2013 was \$8.90 and \$7.78, respectively.

The total intrinsic value of options exercised during the nine months ended September 30, 2014 and September 30, 2013 was \$59.6 million and \$49.2 million, respectively. The total fair value of options that vested during the nine months ended September 30, 2014 and September 30, 2013 was \$19.3 million and \$17.5 million, respectively.

As of September 30, 2014, there was \$21.7 million of unrecognized compensation expense related to option awards. The weighted average period over which that cost is expected to be recognized is 3.25 years.

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Cash received from the exercise of stock options during the nine months ended September 30, 2014 and September 30, 2013 was \$30.5 million and \$25.0 million, respectively.

Stock, Restricted Stock and Restricted Stock Units

Stock, restricted stock and restricted stock units granted under the Long-Term Incentive Plan may be subject to transfer and other restrictions as determined by the compensation committee of Holdings' Board of Directors. Generally, the unvested portion of restricted stock and restricted stock unit awards is forfeited upon termination of employment. The fair value of stock, restricted stock and restricted stock unit awards on the date of grant is expensed on a straight line basis over the requisite service period of the graded vesting term as if the award was, in substance, multiple awards.

During the year ended December 31, 2011, a performance award was established based on our goal to achieve Modified EBITDA of \$500 million by 2015 (the "2015 Performance Award"). If the target is achieved in 2015, an aggregate of 2,575,000 shares would be issued to certain key employees, as adjusted for the 2013 Stock Split; however, this amount could be more or less depending on the level of achievement and the timing thereof. During the three months ended September 30, 2014, it was determined that achievement of the Modified EBITDA performance target is probable by 2015. As such, in accordance with FASB ASC Topic 718, *Stock Compensation*, we have accrued \$60.8 million, plus an additional \$11.8 million for the associated dividend equivalent rights ("DERs"), for stock-based compensation expense related to the 2015 Performance Award as of September 30, 2014. Based on the closing market price of Holdings' common stock on the last trading day of the quarter ended September 30, 2014, the total unrecognized compensation expense related to the 2015 Performance Award was \$27.7 million, plus the remaining expense for the associated DERs, which will be approximately \$8.0 million, that will be expensed over the remaining service period.

The following table summarizes stock, restricted stock and restricted stock unit activity for the nine months ended September 30, 2014:

<i>(Share amounts in thousands)</i>	Shares	Weighted Average Grant Date Fair Value (\$)
Non-vested balance at December 31, 2013	351	\$ 10.84
Granted	18	\$ 41.14
Vested	(332)	\$ 11.07
Forfeited	—	\$ —
Canceled	—	\$ —
Non-vested balance at September 30, 2014	37	\$ 23.68

The weighted average grant date fair value per share of stock awards granted during the nine months ended September 30, 2014 and September 30, 2013 was \$41.14 and \$38.26, respectively.

The total grant date fair value of the stock awards granted during the nine months ended September 30, 2014 and September 30, 2013 was \$0.7 million for both periods. The total fair value of stock awards that vested during the nine months ended September 30, 2014 and September 30, 2013 was \$10.0 million and \$3.4 million, respectively.

Excluding the unrecognized compensation expense related to the 2015 Performance Award discussed above, there was \$0.4 million of total unrecognized compensation expense related to stock, restricted stock, and restricted stock units as of September 30, 2014 that is expected to be recognized over a weighted-average period of 0.60 years.

Deferred Share Units

Non-employee directors can elect to receive the value of their annual cash retainer as a deferred share unit award ("DSU") under the Long-Term Incentive Plan whereby the non-employee director is granted DSUs in an amount equal to such director's annual cash retainer divided by the closing price of Holdings' common stock on the date of the annual stockholders meeting. Each DSU represents Holdings' obligation to issue one share of common stock. The shares are delivered approximately thirty days following the cessation of the non-employee director's service as a director of Holdings.

DSUs vest consistent with the manner in which non-employee directors' cash retainers are paid. The fair value of the DSUs on the date of grant is expensed on a straight line basis over the requisite service period.

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During the nine months ended September 30, 2014 and September 30, 2013, approximately 3,000 DSUs were granted at a weighted-average grant date fair value of \$41.14 and \$38.26 per DSU, respectively. The total grant date fair value of DSUs granted during the nine months ended September 30, 2014 and September 30, 2013 was \$0.1 million.

As of September 30, 2014, there was a nominal amount of unrecognized compensation expense related to the outstanding DSUs.

Dividend Equivalent Rights

On February 8, 2012, Holdings' Board of Directors granted DERs to holders of unvested stock options, at which time, approximately 10.0 million unvested stock options were outstanding. As stockholders are paid cash dividends, the DERs accrue dividends, which will be distributed to stock option holders upon the vesting of their stock option award. Holdings will distribute the accumulated accrued dividends pursuant to the DERs in either cash or shares of common stock. Generally, holders of stock options for fewer than 1,000 shares of stock will receive their accumulated accrued dividends in cash and holders of stock options for 1,000 shares of stock or greater will receive their accumulated accrued dividends in shares of common stock. In addition, Holdings' Board of Directors granted similar DERs payable in shares of common stock if and when any shares are granted under the 2015 Performance Award. In August 2012, Holdings' Board of Directors granted approximately 2.0 million additional options to the majority of the full-time employees of the Company as well as DERs in connection with such options. During the twelve months ended December 31, 2013, Holdings' Board of Directors granted approximately 1.2 million additional options to the majority of full-time employees of the Company as well as DERs in connection with such options. During the nine months ended September 30, 2014, Holdings' Board of Directors granted approximately 1.7 million additional options to the majority of the full-time employees of the Company as well as DERs in connection with such options.

Exclusive of stock-based compensation recognized for the DER grants associated with the 2015 Performance Award discussed above, we recorded stock-based compensation for DER grants of \$1.7 million and \$4.8 million for the three and nine months ended September 30, 2014, respectively. We recorded \$1.9 million and \$6.0 million of stock-based compensation for DER grants during the three and nine months ended September 30, 2013, respectively.

All of the foregoing share amounts have been adjusted to reflect the 2013 Stock Split.

Employee Stock Purchase Plan

The Six Flags Entertainment Corporation Employee Stock Purchase Plan (the "ESPP") allows eligible employees to purchase Holdings' common stock at 90% of the lower of the market value of the common stock at the beginning or end of each successive six-month offering period. Amounts accumulated through participants' payroll deductions ("purchase rights") are used to purchase shares of common stock at the end of each purchase period. Pursuant to the ESPP, no more than 2,000,000 shares of common stock of Holdings may be issued. Holdings' common stock may be issued by either authorized and unissued shares, treasury shares or shares purchased on the open market. As of September 30, 2014, we had 1,864,000 shares available for purchase pursuant to the ESPP. In accordance with FASB ASC Topic 718, *Stock Based Compensation*, stock-based compensation related to purchase rights is recognized based on the intrinsic value of each respective six-month ESPP offering period.

During the three and nine months ended September 30, 2014 and September 30, 2013, stock-based compensation expense consisted of the following:

<i>(Amounts in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Long-Term Incentive Plan	\$ 78,118	\$ 7,030	\$ 89,038	\$ 21,302
Employee Stock Purchase Plan	50	47	229	194
Total Stock-Based Compensation	\$ 78,168	\$ 7,077	\$ 89,267	\$ 21,496

g. Revenue Recognition

We recognize revenue upon admission into our parks, provision of our services, or when products are delivered to our guests. Revenues are presented in the accompanying unaudited condensed consolidated statements of operations net of sales taxes collected from our guests and remitted to government taxing authorities. During 2013, we launched a membership program. In contrast to our season pass and other multi-use offerings that expire at the end of each operating season, the membership program does not expire. It automatically renews on a month-to-month basis after the initial twelve-month

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membership term, and can be canceled any time thereafter pursuant to the terms of the membership program. Guests enrolled in the membership program can visit our parks an unlimited number of times anytime they are open as long as the guest remains enrolled in the membership program. For season pass, memberships in the initial twelve-month term and other multi-use admissions, we estimate a redemption rate based on historical experience and other factors and assumptions we believe to be customary and reasonable and recognize a pro-rata portion of the revenue as the guest attends our parks. We review the estimated redemption rate regularly and on an ongoing basis and revise it as necessary throughout the year. Amounts received for multi-use admissions in excess of redemptions are recognized in deferred income. For active memberships after the initial twelve-month term, we recognize revenue monthly as payments are received. As of September 30, 2014, deferred income was primarily comprised of (i) unredeemed 2014 season pass revenue, (ii) advance sales of season pass and other admissions for the 2015 operating season, (iii) pre-sold single-day admissions revenue for the current operating season, (iv) unredeemed portions of the membership program that will be recognized in 2014 and 2015 and (v) sponsorship revenue that will be recognized in 2014.

During 2014, we entered into two agreements to assist third parties in the planning, design, development and operation of Six Flags-branded theme parks outside of North America. Pursuant to these agreements, we agreed to provide exclusivity, brand licensing, and other services to assist in the design, development, and project management of Six Flags-branded theme parks, as well as initial and ongoing management services. Each significant deliverable qualifies as a separate unit of accounting. We recognize revenue under these agreements over the relevant service period of each unit of accounting based on its relative selling price, as determined by our best estimate of selling price. Our best estimate of selling price is established consistent with our overall pricing strategy and includes, but is not limited to, consideration of current market conditions, various risk factors and our required return and profit objectives. We review the service period of each unit of accounting regularly and on an ongoing basis and revise it as necessary throughout the year. Revisions to the relevant service periods of the units of accounting may result in revisions to revenue in future periods and are recognized in the period in which the change is identified.

h. Accounts Receivable, Net

Accounts receivable are reported at net realizable value and consist primarily of amounts due from guests for the sale of group outings and multi-use admission products, including season passes and the membership program. We are not exposed to a significant concentration of credit risk, however, based on the age of the receivables, our historical experience and other factors and assumptions we believe to be customary and reasonable, we do record an allowance for doubtful accounts. As of September 30, 2014 and December 31, 2013, the allowance for doubtful accounts and the related bad debt expense were primarily comprised of estimated defaults under deferred season pass payment and membership plans.

i. Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The amendments in ASU 2014-09 provide for a single, principles-based model for revenue recognition that replaces the existing revenue recognition guidance. ASU 2014-09 is effective for annual and interim periods beginning on or after December 15, 2016 and will replace most existing revenue recognition guidance under U.S. GAAP when it becomes effective. It permits the use of either a retrospective or cumulative effect transition method and early adoption is not permitted. We have not yet selected a transition method and are in the process of evaluating the effect this standard will have on our consolidated financial statements and related disclosures.

2. Derivative Financial Instruments

In March 2012, we entered into the Interest Rate Cap Agreement with a notional amount of \$470.0 million in order to limit exposure to an increase in the London Interbank Offered Rate ("LIBOR") interest rate of the Term Loan B (see Note 4). Our Term Loan B borrowings bear interest based on LIBOR plus an applicable margin. The Interest Rate Cap Agreement capped the LIBOR component of the interest rate at 1.00%. Upon execution, we designated and documented the Interest Rate Cap Agreement as a cash flow hedge. The term of the Interest Rate Cap Agreement began in March 2012 and expired in March 2014.

In April 2014, we entered into the Interest Rate Swap Agreements with an aggregate notional amount of \$200.0 million to mitigate the risk of an increase in the LIBOR interest rate above the 0.75% minimum LIBOR rate in effect on the Term Loan B. The term of the Interest Rate Swap Agreements began in June 2014 and expires in December 2017. Upon execution, we designated and documented the Interest Rate Swap Agreements as cash flow hedges.

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By utilizing a derivative instrument to hedge our exposure to LIBOR rate changes, we are exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. To mitigate this risk, the hedging instrument was placed with counterparties that we believe pose minimal credit risk. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, commodity prices, or currency exchange rates. The market risk associated with the Interest Rate Swap Agreements is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. We hold and issue derivative instruments for risk management purposes only and do not utilize derivatives for trading or speculative purposes.

We record derivative instruments at fair value on our unaudited condensed consolidated balance sheets with the effective portion of all cash flow designated derivatives deferred in other comprehensive income and the ineffective portion, if any, recognized immediately in earnings. Our derivatives are measured on a recurring basis using Level 2 inputs. The fair value measurements of our derivatives are based on market prices that generally are observable for similar assets or liabilities at commonly quoted intervals. Derivative assets and derivative liabilities that have maturity dates equal to or less than twelve months from the balance sheet date are included in prepaid and other current assets and other accrued liabilities, respectively. Derivative assets and derivative liabilities that have maturity dates greater than twelve months from the balance sheet date are included in deposits and other assets and other long-term liabilities, respectively.

Derivative instruments recorded at fair value in our unaudited and audited condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013, respectively, consisted of the following:

	Derivative Assets		Derivative Liabilities	
	September 30, 2014	December 31, 2013	September 30, 2014	December 31, 2013
<i>(Amounts in thousands)</i>				
Derivatives Designated as Cash Flow Hedges				
Interest Rate Swap Agreements - Current	\$ —	\$ —	\$ 1,331	\$ —
Interest Rate Swap Agreements - Noncurrent	1,013	—	—	—
	<u>\$ 1,013</u>	<u>\$ —</u>	<u>\$ 1,331</u>	<u>\$ —</u>

As of September 30, 2014 and December 31, 2013, we held no derivatives not designated as hedging instruments.

Effective changes in the fair value of derivatives that are designated as hedges are recorded in accumulated other comprehensive income ("AOCI") on the condensed consolidated balance sheet when in qualifying relationships and are reclassified to interest expense when the forecasted transaction takes place. Ineffective changes, if any, and changes in the fair value of derivatives that are not designated as hedges are recorded directly in interest expense and other (income) expense, net, respectively.

Gains and losses, net of tax, on derivatives designated as cash flow hedges included in our unaudited condensed consolidated statement of operations for the three and nine months ended September 30, 2014 and September 30, 2013 were as follows:

Three Months Ended September 30, 2014 and September 30, 2013

	Gain (Loss) Recognized in AOCI (Effective Portion)		Loss Reclassified from AOCI into Operations (Effective Portion)		Loss Recognized in Operations on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2014	2013	2014	2013	2014	2013
Interest Rate Cap Agreement	\$ —	\$ (5)	\$ —	\$ (161)	\$ —	\$ —
Interest Rate Swap Agreements	974	—	(148)	—	—	—
Total	<u>\$ 974</u>	<u>\$ (5)</u>	<u>\$ (148)</u>	<u>\$ (161)</u>	<u>\$ —</u>	<u>\$ —</u>

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Nine Months Ended September 30, 2014 and September 30, 2013

	Loss Recognized in AOCI (Effective Portion)		Loss Reclassified from AOCI into Operations (Effective Portion)		Loss Recognized in Operations on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
	2014	2013	2014	2013	2014	2013
<i>(Amounts in thousands)</i>						
Interest Rate Cap Agreement	\$ —	\$ (30)	\$ (301)	\$ (331)	\$ —	\$ (1)
Interest Rate Swap Agreements	(466)	—	(148)	—	—	—
Total	\$ (466)	\$ (30)	\$ (449)	\$ (331)	\$ —	\$ (1)

As of September 30, 2014, approximately \$1.7 million of unrealized losses associated with our Interest Rate Swap Agreements are expected to be reclassified from AOCI to operations during the next twelve months. Transactions and events expected to occur over the next twelve months that will necessitate reclassifying these unrealized losses to operations are the periodic interest payments that are required to be made on the Term Loan B. For the nine months ended September 30, 2014, a nominal amount of hedge ineffectiveness was recorded for the Interest Rate Swap Agreements.

3. Fair Value of Financial Instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The following table and accompanying information present the estimated fair values and classifications of our financial instruments in accordance with FASB ASC Topic 820, *Fair Value Measurement*, as of September 30, 2014 and December 31, 2013:

	As of			
	September 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(Amounts in thousands)</i>				
Financial assets (liabilities):				
Restricted-use investment securities	\$ 2,162	\$ 2,162	\$ 1,823	\$ 1,823
Interest Rate Swap Agreements assets	1,013	1,013	—	—
Interest Rate Swap Agreements liabilities	(1,331)	(1,331)	—	—
Long-term debt (including current portion)	(1,396,784)	(1,375,422)	(1,400,603)	(1,384,603)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- The carrying values of cash and cash equivalents, accounts receivable, notes receivable, accounts payable, and accrued liabilities approximate fair value because of the short maturity of these instruments.
- Restricted-use investment securities consist of interest bearing bank accounts for which their carrying value approximates their fair value because of their short term maturity. The measurement of restricted-use investment securities is considered a Level 2 fair value measurement.
- The measurement of the fair value of derivative assets and liabilities is based on market prices that generally are observable for similar assets and liabilities at commonly quoted intervals and is considered a Level 2 fair value measurement. Derivative assets and liabilities that have maturity dates equal to or less than twelve months from the balance sheet date are included in prepaid and other current assets and other accrued liabilities, respectively. Derivative assets and liabilities that have maturity dates greater than twelve months from the balance sheet date are included in deposits and other assets and other long-term liabilities, respectively. See Note 2 for additional information on our derivative instruments and related Company policies.
- The measurement of the fair value of long-term debt is based on market prices that generally are observable for similar liabilities at commonly quoted intervals and is considered a Level 2 fair value measurement.

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4. Long-Term Indebtedness

2011 Credit Facility

On December 20, 2011, we entered into a \$1,135.0 million credit agreement (the "2011 Credit Facility") with several lenders including Wells Fargo Bank National Association, as administrative agent, and related loan and security documentation agents. The 2011 Credit Facility was comprised of a 5-year \$200.0 million revolving credit loan facility (the "Revolving Loan"), a 5-year \$75.0 million Tranche A Term Loan facility ("Term Loan A") and a 7-year \$860.0 million Tranche B Term Loan facility ("Term Loan B" and together with the Term Loan A, the "Term Loans"). In certain circumstances, the Term Loan B could be increased by \$300.0 million. The proceeds from the \$935.0 million Term Loans were used, along with \$15.0 million of existing cash, to retire the \$950.0 million senior term loan from the prior facility. Interest on the 2011 Credit Facility accrues based on pricing rates corresponding with the senior secured leverage ratios of Six Flags Theme Park Inc. ("SFTP") as set forth in the credit agreement.

On December 21, 2012, we entered into an amendment to the 2011 Credit Facility (the "2012 Credit Facility Amendment") that among other things, permitted us to (i) issue \$800.0 million of senior unsecured notes (see *2021 Notes* below), (ii) use \$350.0 million of the proceeds of the senior unsecured notes to repay the \$72.2 million that was outstanding under the Term Loan A and \$277.8 million of the outstanding balance of the Term Loan B, (iii) use the remaining \$450.0 million of proceeds for share repurchases and other corporate matters, and (iv) reduced the interest rate payable on the Term Loan B by 25 basis points.

On December 23, 2013, we entered into an amendment to the 2011 Credit Facility (the "2013 Credit Facility Amendment") that reduced the overall borrowing rate on the Term Loan B by 50 basis points through (i) a 25 basis point reduction in the applicable margin from 3.00% plus LIBOR to 2.75% plus LIBOR and (ii) a 25 basis point reduction in the minimum LIBOR rate from 1.00% to 0.75%. Additionally, the 2013 Credit Facility Amendment permits us to use up to \$200.0 million of our excess cash on hand, over time, for general corporate purposes, including potential share repurchases.

As of September 30, 2014 and December 31, 2013, no advances under the Revolving Loan were outstanding (excluding amounts reserved for letters of credit in the amount of \$20.8 million and \$18.8 million, respectively). Interest on the Revolving Loan accrues at an annual rate of LIBOR plus an applicable margin with an unused commitment fee based on our senior secured leverage ratio. As of September 30, 2014 and December 31, 2013, the Revolving Loan unused commitment fee was 0.375%. The principal amount of the Revolving Loan is due and payable on December 20, 2016.

The Term Loan A was fully repaid in 2012. As of September 30, 2014 and December 31, 2013, \$572.0 million and \$576.4 million, respectively, was outstanding under the Term Loan B. Interest on the Term Loan B accrues at an annual rate of LIBOR plus an applicable margin, with a 0.75% LIBOR floor, based on our senior secured leverage ratio. In March 2012, we entered into a floating-to-fixed interest rate agreement to limit exposure to an increase in the LIBOR interest rate on \$470.0 million of the Term Loan B. The Interest Rate Cap Agreement capped the LIBOR component of the interest rate at 1.00%. The term of the Interest Rate Cap Agreement expired in March 2014. In April 2014, we entered into the Interest Rate Swap Agreements with a notional amount of \$200.0 million to mitigate the risk of an increase in the LIBOR interest rate above the 0.75% minimum LIBOR rate in effect on the Term Loan B. See Note 2 for further discussion. As of September 30, 2014 and December 31, 2013, the applicable interest rate on the Term Loan B was 3.50%. As of March 31, 2013, the Term Loan B began amortizing in quarterly installments of \$1.5 million. All remaining outstanding principal will be due and payable on December 20, 2018.

Amounts outstanding under the 2011 Credit Facility are guaranteed by Holdings, Six Flags Operations Inc. and certain of the domestic subsidiaries of SFTP (collectively, the "Loan Parties"). The 2011 Credit Facility is secured by first priority liens upon substantially all existing and after-acquired assets of the Loan Parties. The 2011 Credit Facility agreement contains certain representations, warranties and affirmative covenants, including minimum interest coverage and a maximum senior leverage maintenance covenant. In addition, the 2011 Credit Facility agreement contains restrictive covenants that, subject to certain exceptions, limit or restrict, among other things, the ability of the Loan Parties to incur indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments or loans, engage in transactions with affiliates, pay dividends, make capital expenditures and repurchase capital stock. The 2011 Credit Facility agreement contains certain events of default, including payment, breaches of covenants and representations, cross defaults to other material indebtedness, judgment, and changes of control and bankruptcy events of default.

2021 Notes

On December 21, 2012, Holdings issued \$800.0 million of 5.25% senior unsecured notes due January 15, 2021 (the "2021 Notes"). The proceeds from the 2021 Notes were used to repay the \$72.2 million that was outstanding under the Term Loan A and to repay \$277.8 million of the outstanding balance of the Term Loan B. The remaining proceeds were used for

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share repurchases. Interest payments of \$21.0 million are due semi-annually on January 15 and July 15 (except in 2013 when we only made one interest payment of \$22.3 million on July 15 and in 2021 when we will only make one payment of \$21.0 million on January 15).

The 2021 Notes are guaranteed by the Loan Parties. The 2021 Notes contain restrictive covenants that, subject to certain exceptions, limit or restrict, among other things, the ability of the Loan Parties to incur additional indebtedness, create liens, engage in mergers, consolidations and other fundamental changes, make investments, engage in transactions with affiliates, pay dividends and repurchase capital stock. The 2021 Notes contain certain events of default, including payment, breaches of covenants and representations, cross defaults to other material indebtedness, judgment, and changes of control and bankruptcy events of default.

HWP Refinance Loan

On November 5, 2007, HWP entered into a \$33.0 million term loan (the "Refinance Loan") retiring (i) the \$31.0 million construction-term loan with Marshall Investments Corporation incurred December 17, 2004 and (ii) the term loan and revolving line of credit with BankFirst incurred April 20, 2006. Borrowings under the Refinance Loan bear interest at 6.72%. Monthly payments of principal and interest of \$0.2 million are payable through November 1, 2017. On December 1, 2017, all unpaid principal and interest is due and payable. Due to significant early pre-payment penalties under the Refinance Loan, we do not currently intend to pre-pay the Refinance Loan prior to its scheduled maturity. HWP is subject to various covenants under the Refinance Loan that place certain restrictions limiting or prohibiting engaging in certain types of transactions. Pursuant to the Refinance Loan, HWP deposited into escrow \$2.2 million and \$1.8 million as of September 30, 2014 and December 31, 2013, respectively, and will make additional monthly deposits to cover annual amounts owed for insurance, taxes and furniture, fixture and equipment purchases.

Long-Term Indebtedness Summary

As of September 30, 2014 and December 31, 2013, long-term debt consisted of the following:

<i>(Amounts in thousands)</i>	As of	
	September 30, 2014	December 31, 2013
Term Loan B	\$ 571,999	\$ 576,366
2021 Notes	800,000	800,000
HWP Refinance Loan	30,308	30,673
Net discount	(5,523)	(6,436)
Long-term debt	1,396,784	1,400,603
Less current portion	(6,287)	(6,269)
Total long-term debt	<u>\$ 1,390,497</u>	<u>\$ 1,394,334</u>

5. Accumulated Other Comprehensive Income (Loss)

The following table provides the changes in the composition of AOCI during the nine months ended September 30, 2014:

<i>(Amounts in thousands)</i>	Cumulative Translation Adjustment	Cash Flow Hedges	Defined Benefit Plans	Income Taxes	Accumulated Other Comprehensive Income (Loss)
Balances at December 31, 2013	\$ (1,710)	\$ (301)	\$ (19,705)	\$ (10,981)	\$ (32,697)
Amounts reclassified from accumulated other comprehensive income (loss)	—	449	—	(176)	273
Current period other comprehensive income (loss) activity	(4,338)	(466)	—	1,714	(3,090)
Balances at September 30, 2014	<u>\$ (6,048)</u>	<u>\$ (318)</u>	<u>\$ (19,705)</u>	<u>\$ (9,443)</u>	<u>\$ (35,514)</u>

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The Company had the following reclassifications out of accumulated other comprehensive income (loss) during the three and nine months ended September 30, 2014 and September 30, 2013:

Component of AOCI	Location of Reclassification into Income	Amount of Reclassification from AOCI			
		Three Months Ended		Nine Months Ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<i>(Amounts in thousands)</i>					
Amortization of loss on interest rate hedge	Interest expense	\$ (148)	\$ (161)	\$ (449)	\$ (331)
	Income tax expense	58	64	176	131
	Net of tax	\$ (90)	\$ (97)	\$ (273)	\$ (200)
Amortization of deferred actuarial loss and prior service cost	Operating expenses	\$ —	\$ 187	\$ —	\$ 575
	Income tax expense	—	(75)	—	(228)
	Net of tax	\$ —	\$ 112	\$ —	\$ 347
Total reclassifications		\$ (90)	\$ 15	\$ (273)	\$ 147

6. Commitments and Contingencies

Partnership Parks

On April 1, 1998, we acquired all of the capital stock of the former Six Flags Entertainment Corporation (a corporation that has been merged out of existence and that has always been a separate corporation from Holdings, "Former SFEC") for \$976.0 million, paid in cash. In addition to our obligations under outstanding indebtedness and other securities issued or assumed in the Former SFEC acquisition, we also guaranteed certain contractual obligations relating to the Partnership Parks. Specifically, we guaranteed the obligations of the general partners of those partnerships to (i) make minimum annual distributions (including rent) of approximately \$67.3 million in 2014 (subject to cost of living adjustments) to the limited partners in the Partnership Parks (based on our ownership of units as of September 30, 2014, our share of the distribution will be approximately \$29.2 million) and (ii) make minimum capital expenditures at each of the Partnership Parks during rolling five-year periods, based generally on 6% of the Partnership Parks' revenues. Cash flow from operations at the Partnership Parks is used to satisfy these requirements first, before any funds are required from us. We also guaranteed the obligation of our subsidiaries to annually purchase all outstanding limited partnership units to the extent tendered by the unit holders (the "Partnership Park Put"). The agreed price for units tendered in the Partnership Park Put is based on a valuation of each of the respective Partnership Parks (the "Specified Price") that is the greater of (a) a valuation for each of the respective Partnership Parks derived by multiplying such park's weighted average four year EBITDA (as defined in the agreements that govern the partnerships) by a specified multiple (8.0 in the case of SFOG and 8.5 in the case of SFOT) and (b) a valuation derived from the highest prices previously paid for the units of the Partnership Parks by certain entities. Pursuant to the valuation methodologies described in the preceding sentence, the Specified Price for the Partnership Parks, if determined as of September 30, 2014 is \$282.2 million in the case of SFOG and \$375.6 million in the case of SFOT. As of September 30, 2014, we owned approximately 30.5% and 53.1% of the Georgia limited partner interests and Texas limited partner interests, respectively. The remaining redeemable units of approximately 69.5% and 46.9% of the Georgia limited partner and Texas limited partner, respectively, represent a current redemption value for the limited partnership units of approximately \$372.5 million. Our obligations with respect to SFOG and SFOT will continue until 2027 and 2028, respectively.

In 2027 and 2028, we will have the option to purchase all remaining units in the Georgia limited partner and the Texas limited partner, respectively, at a price based on the Specified Price, increased by a cost of living adjustment. Pursuant to the 2013 annual offer, we did not purchase any units from the Georgia partnership and we purchased 0.18 units from the Texas partnership for approximately \$0.3 million in May 2013. Pursuant to the 2014 annual offer, we did not purchase any units from the Georgia partnership and we purchased 0.0125 units from the Texas partnership for approximately \$19,000 in May 2014. As

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we purchase additional units, we are entitled to a proportionate increase in our share of the minimum annual distributions. The maximum unit purchase obligations for 2014 at both parks aggregated approximately \$372.5 million, representing approximately 69.5% of the outstanding units of SFOG and 46.9% of the outstanding units of SFOT. The \$300.0 million accordion feature on the Term Loan B under the 2011 Credit Facility is available for borrowing for future "put" obligations if necessary.

In connection with our acquisition of the Former SFEC, we entered into the Subordinated Indemnity Agreement with certain of the Company's entities, Time Warner and an affiliate of Time Warner, pursuant to which, among other things, we transferred to Time Warner (which has guaranteed all of our obligations under the Partnership Park arrangements) record title to the corporations which own the entities that have purchased and will purchase limited partnership units of the Partnership Parks, and we received an assignment from Time Warner of all cash flow received on such limited partnership units, and we otherwise control such entities. In addition, we issued preferred stock of the managing partner of the partnerships to Time Warner. In the event of a default by us under the Subordinated Indemnity Agreement or of our obligations to our partners in the Partnership Parks, these arrangements would permit Time Warner to take full control of both the entities that own limited partnership units and the managing partner. If we satisfy all such obligations, Time Warner is required to transfer to us the entire equity interests of these entities.

We incurred \$19.4 million of capital expenditures at these parks during the 2013 season and intend to incur approximately \$21.4 million of capital expenditures at these parks for the 2014 season, an amount in excess of the minimum required expenditure. Cash flows from operations at the Partnership Parks will be used to satisfy the annual distribution and capital expenditure requirements, before any funds are required from us. The Partnership Parks generated approximately \$55.2 million of cash in 2013 from operating activities after deduction of capital expenditures and excluding the impact of short-term intercompany advances from or payments to Holdings. As of September 30, 2014 and December 31, 2013, we had total loans receivable outstanding of \$239.3 million from the partnerships that own the Partnership Parks, primarily to fund the acquisition of Six Flags White Water Atlanta and to make capital improvements and distributions to the limited partners in prior years.

Insurance

We maintain insurance of the types and in amounts that we believe are commercially reasonable and that are available to businesses in our industry. We maintain multi-layered general liability policies that provide for excess liability coverage of up to \$100.0 million per occurrence. For incidents arising after November 15, 2003 but prior to December 31, 2008, our self-insured retention is \$2.5 million per occurrence (\$2.0 million per occurrence for the twelve months ended November 15, 2003 and \$1.0 million per occurrence for the twelve months ended November 15, 2002) for our domestic parks and a nominal amount per occurrence for our international parks. For incidents arising after November 1, 2004 but prior to December 31, 2008, we have a one-time additional \$0.5 million self-insured retention, in the aggregate, applicable to all claims in the policy year. For incidents arising on or after December 31, 2008, our self-insured retention is \$2.0 million, followed by a \$0.5 million deductible per occurrence applicable to all claims in the policy year for our domestic parks and our park in Canada and a nominal amount per occurrence for our park in Mexico. Defense costs are in addition to these retentions. Our general liability policies cover the cost of punitive damages only in certain jurisdictions. Based upon reported claims and an estimate for incurred, but not reported claims, we accrue a liability for our self-insured retention contingencies. For workers' compensation claims arising after November 15, 2003, our deductible is \$0.75 million (\$0.5 million deductible for the period from November 15, 2001 to November 15, 2003). We also maintain fire and extended coverage, business interruption, terrorism and other forms of insurance typical to businesses in this industry. The all peril property coverage policies insure our real and personal properties (other than land) against physical damage resulting from a variety of hazards. Additionally, we maintain information security and privacy liability insurance in the amount of \$10.0 million with a \$0.25 million self-insured retention per event.

Generally, we enter into our insurance policies on an annual basis and the majority of our current insurance policies expire on December 31, 2014. 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.

Litigation

We are party to various legal actions arising in the normal course of business, including the cases discussed below. Matters that are probable of unfavorable outcome to us and which can be reasonably estimated are accrued. Such accruals are based on information known about the matters, our estimate of the outcomes of such matters and our experience in contesting, litigating and settling similar matters. None of the actions are believed by management to involve amounts that would be material to our consolidated financial position, results of operations or liquidity after consideration of recorded accruals.

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On March 1, 2007, Safety Braking Corporation, Magnetar Technologies Corp. and G&T Conveyor Co. filed a Complaint for Patent Infringement (the "Patent Complaint") in the United States District Court for the District of Delaware naming Holdings, SFTP, and certain of our other subsidiaries as defendants, along with other industry theme park owners and operators. The Patent Complaint alleges that we are liable for direct or indirect infringement of United States Patent No. 5,277,125 because of our ownership and/or operation of various theme parks and amusement rides. The Patent Complaint seeks damages and injunctive relief. On July 8, 2008, the Court entered a Stipulation and Order of Dismissal of Safety Braking Corporation. Thus, as of that date, only Magnetar Technologies Corp. and G&T Conveyor Co. remained as plaintiffs. We have contacted the manufacturers of the amusement rides that we believe may be impacted by this case, requiring such manufacturers to honor their indemnification obligations with respect to this case. We tendered the defense of this matter to certain of the ride manufacturers. The patent expired in October 2012. Fact and expert discovery has concluded and summary judgment motions were filed in January 2013. The defendants moved for summary judgment that United States Patent No. 5,277,125 was invalid on four separate grounds, that damages for certain rides were barred by the doctrine of laches and/or by the patent owner's failure to mark the patent number on products embodying the patented invention, and that certain rides do not infringe the patent. The plaintiffs moved for summary judgment that certain rides do infringe. On February 7, 2014, the Magistrate Judge issued an order on defendants' motions for summary judgment, recommending that United States Patent No. 5,277,125 be held invalid on the four separate grounds advanced by the defendants, and that certain rides would not infringe even if the patent was not invalid. On July 24, 2014, the District Court entered an order adopting the Magistrate Judge's recommendations in full. On August 27, 2014, the plaintiffs filed a notice of appeal with the United States Court of Appeals for the Federal Circuit.

On January 6, 2009, a civil action against us was commenced in the State Court of Cobb County, Georgia. The plaintiff sought damages for personal injuries, including an alleged brain injury, as a result of an altercation with a group of individuals on property adjacent to SFOG on July 3, 2007. Certain of the individuals were employees of the park, but were off-duty and not acting within the course or scope of their employment with SFOG at the time the altercation occurred. The plaintiff, who had exited the park, claims that we were negligent in our security of the premises. Four of the individuals who allegedly participated in the altercation are also named as defendants in the litigation. Our motion for summary judgment was denied by the trial court on May 19, 2011. Pursuant to the trial that concluded on November 20, 2013, the jury returned a verdict in favor of the plaintiff for \$35.0 million. The jury allocated 92% of the verdict against Six Flags and the judgment was entered on February 11, 2014. A notice of appeal was filed on September 19, 2014, which our insurers are pursuing on Six Flags' and the insurers' behalf, and on October 2, 2014, the plaintiff filed a notice of cross appeal. We have paid the full amount of our \$2.5 million self-insurance retention to our insurers.

On June 27, 2012, Wishtoyo Foundation and its Ventura Coastkeeper program, Los Angeles Coastkeeper d/b/a Santa Monica Baykeeper, and Friends of the Santa Clara River, all non-profit corporations, filed a complaint against Holdings, SFTP and Magic Mountain LLC in the United States District Court for the Central District of California seeking declaratory and injunctive relief and civil penalties under, among others, the Federal Water Pollution Control Act (more commonly known as the Clean Water Act). The plaintiffs allege that Six Flags Magic Mountain discharged water in violation of its water discharge permits into the Santa Clara River. Holdings is no longer a defendant in this litigation, which is scheduled to go to trial in January 2015. While we believe it is possible that we could incur a liability by reason of this action, it is premature to assess the likelihood of any impact that this litigation may have on our financial position. Accordingly, our condensed consolidated financial statements do not include any costs or liabilities related to this litigation as the probability of the outcome is currently not determinable and the loss is not estimable.

On July 3, 2012, a civil action was commenced against us in the Superior Court of Solano County, California. The plaintiffs sought damages for personal injuries when a guest at Six Flags Discovery Kingdom jumped on a swinging gate arm that entered a passing tram carrying the plaintiffs on July 3, 2010. We have reserved the full amount of our \$2.5 million self-insurance retention plus estimated litigation costs in connection with this incident.

On July 19, 2013, a fatal accident occurred on a ride at our park in Arlington, Texas. Utilizing both internal and external experts, we completed the investigation of the accident and concluded that there was no mechanical failure of the ride. On October 4, 2013, we filed an answer denying the claims. On September 10, 2013, a civil action against us was commenced in the District Court of Tarrant County, Texas in connection with the incident seeking monetary damages. On October 14, 2013, the plaintiffs filed an amended complaint naming Gerstlauer Amusement Rides, GmbH, the ride manufacturer, as a co-defendant in the lawsuit. On February 14, 2014, we filed a cross action against Gerstlauer Amusement Rides, GmbH seeking statutory indemnity. On March 5, 2014, Gerstlauer Amusement Rides, GmbH filed an answer to our cross-action denying liability and asserting certain affirmative defenses. On March 7, 2014, Gerstlauer Amusement Rides, GmbH filed a cross-action against us for negligence and sought statutory indemnity. We have reserved the full amount of our \$2.5 million self-insurance retention, net of expected insurance recoveries, plus estimated litigation costs in connection with this incident.

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Tax and Other Contingencies

As of September 30, 2014 and December 31, 2013, we had accrued liabilities for tax and other indemnification contingencies of \$0.5 million and \$0.4 million, respectively, related to certain parks sold in previous years that could be recognized as recovery of losses from discontinued operations in the future if such liabilities are not requested to be paid.

7. Noncontrolling Interests, Partnerships and Joint Ventures

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests represent the non-affiliated parties' share of the assets of the Partnership Parks that are less than wholly-owned: SFOT, SFOG and Six Flags White Water Atlanta, which is owned by the partnership that owns SFOG.

The following table presents a rollforward of redeemable noncontrolling interests in the Partnership Parks:

(Amounts in thousands)

Balance at December 31, 2013	\$	437,569
Purchase of redeemable units		(19)
Fresh start accounting fair market value adjustment for purchased units		(5)
Net income attributable to noncontrolling interests		38,012
Distributions to noncontrolling interests		(19,006)
Balance at September 30, 2014	<u>\$</u>	<u>456,551</u>

See Note 6 for a description of the partnership arrangements applicable to the Partnership Parks, the accounts of which are included in the accompanying unaudited condensed consolidated financial statements. The redemption value of the partnership units as of September 30, 2014 and December 31, 2013 was approximately \$372.5 million.

Noncontrolling Interests

Noncontrolling interests represented the non-affiliated parties' share of the assets of HWP. On September 30, 2013, we acquired the noncontrolling equity interests held by non-affiliated parties in HWP, with the exception of a nominal amount retained by a non-affiliated party that we subsequently acquired on December 31, 2013. As of December 31, 2013, HWP was a wholly owned subsidiary. For periods prior to the acquisition, the non-affiliated parties' share of the net income of HWP is recorded in net income attributable to noncontrolling interests in the accompanying unaudited condensed consolidated statements of operations.

Other

During the third quarter of 2012, our interest in dick clark productions, inc. ("DCP") was sold to a third party. In connection with this sale, a portion of the proceeds remained in escrow pending the resolution of certain items. Due to the contingent nature of the amounts that remained in escrow, we did not record a receivable for the additional proceeds and these amounts were not included in our calculation of the gain we recognized upon the sale of DCP during 2012. In June 2014, all of these items were favorably resolved and, as such, we received \$10.0 million of additional proceeds and recognized the incremental gain on the sale of DCP.

8. Business Segments

We manage our operations on an individual park location basis, including operations from parks owned, managed and branded. Discrete financial information is maintained for each park and provided to our corporate management for review and as a basis for decision making. The primary performance measures used to allocate resources are park earnings before interest, tax expense, depreciation and amortization ("Park EBITDA") and Park Free Cash Flow (Park EBITDA less park capital expenditures). Primarily all of our parks provide similar products and services through a similar process to the same class of customer through a consistent method. We also believe that the parks share common economic characteristics. As such, we have only one reportable segment—theme parks.

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The following table presents segment financial information and a reconciliation of Park EBITDA to income from continuing operations before income taxes. Park level expenses exclude all non-cash operating expenses, principally depreciation and amortization and all non-operating expenses.

<i>(Amounts in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Theme park revenues	\$ 541,843	\$ 504,520	\$ 992,112	\$ 955,742
Theme park cash expenses	(217,782)	(206,931)	(525,986)	(516,399)
Aggregate park EBITDA	324,061	297,589	466,126	439,343
Corporate expenses	(14,323)	(9,651)	(35,264)	(31,159)
Stock-based compensation	(78,168)	(7,077)	(89,267)	(21,496)
Other income (expense), net	6	(1,013)	260	(1,017)
Loss on disposal of assets	(1,608)	(4,325)	(4,181)	(6,959)
Gain on sale of investee	—	—	10,031	—
Depreciation and amortization	(27,132)	(30,898)	(81,002)	(97,207)
Interest expense	(18,533)	(18,810)	(54,626)	(56,240)
Interest income	69	207	346	660
Income before income taxes	\$ 184,372	\$ 226,022	\$ 212,423	\$ 225,925

All of our owned or managed parks are located in the United States with the exception of one park in Mexico City, Mexico and one park in Montreal, Canada. We also have revenue and expenses related to the development of Six Flags-branded theme parks outside of North America. The following information reflects our long-lived assets (which consists of property and equipment and intangible assets), revenues and income (loss) from continuing operations by domestic and foreign categories as of and for the nine months ended September 30, 2014 and September 30, 2013:

	Domestic		Foreign		Total	
	<i>(Amounts in thousands)</i>					
2014						
Long-lived assets	\$	2,128,917	\$	100,318	\$	2,229,235
Revenues		905,105		87,007		992,112
Income before income taxes		191,212		21,211		212,423
2013						
Long-lived assets	\$	2,135,482	\$	105,737	\$	2,241,219
Revenues		865,541		90,201		955,742
Income before income taxes		205,643		20,282		225,925

9. Pension Benefits

We froze our pension plan effective March 31, 2006, pursuant to which most participants no longer earned future pension benefits. Effective February 16, 2009, the remaining participants in the pension plan no longer earned future benefits. The following summarizes our pension costs during the three and nine months ended September 30, 2014 and September 30, 2013:

<i>(Amounts in thousands)</i>	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Service cost	\$ 400	\$ 303	\$ 1,200	\$ 895
Interest cost	2,404	2,202	7,282	6,634
Expected return on plan assets	(3,186)	(3,063)	(9,565)	(9,195)
Amortization of net actuarial loss	—	187	—	575
Total net periodic benefit	\$ (382)	\$ (371)	\$ (1,083)	\$ (1,091)

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Weighted-Average Assumptions Used To Determine Net Cost

	Three Months Ended		Nine Months Ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Discount rate	4.75%	3.85%	4.75%	3.85%
Rate of compensation increase	N/A	N/A	N/A	N/A
Expected return on plan assets	7.25%	7.50%	7.25%	7.50%

Employer Contributions

During the nine months ended September 30, 2014 and September 30, 2013, we made pension contributions of \$4.5 million.

10. Stock Repurchase Plans

On January 3, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$250.0 million in shares of Holdings' common stock over a four-year period (the "January 2012 Stock Repurchase Plan"). Under the January 2012 Stock Repurchase Plan, during the twelve months ended December 31, 2012, Holdings repurchased an aggregate of 8,499,000 shares at a cumulative price of approximately \$232.0 million. As of January 4, 2013, Holdings had repurchased an additional 578,000 shares at a cumulative price of approximately \$18.0 million and an average price per share of \$31.16 to complete the permitted repurchases under the January 2012 Stock Repurchase Plan.

On December 11, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a three-year period (the "December 2012 Stock Repurchase Plan"). As of December 31, 2013, Holdings had repurchased 14,775,000 shares at a cumulative price of approximately \$500.0 million and an average price per share of \$33.84 to complete the permitted repurchases under the December 2012 Stock Repurchase Plan.

On November 20, 2013, Holdings announced that its Board of Directors approved a new stock repurchase program that permits Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a four-year period (the "November 2013 Stock Repurchase Plan"). As of October 17, 2014, Holdings had repurchased 4,185,000 shares at a cumulative price of approximately \$156.6 million and an average price per share of \$37.42 under the November 2013 Stock Repurchase Plan, leaving approximately \$343.4 million for permitted repurchases.

All of the foregoing share and per share amounts have been adjusted to reflect the 2013 Stock Split.

The timing of share repurchases is limited by the covenants in the 2011 Credit Facility, as amended, and the 2021 Notes. We will continue to evaluate the share repurchase limits per the covenants on an on-going basis to determine our ability to utilize the remaining amount authorized for share repurchases. See Note 4 for further discussion.

11. Subsequent Events

On October 21, 2014, we announced that Holdings' Board of Directors approved an increase in our ongoing quarterly cash dividend from \$0.47 per share of common stock to \$0.52 per share of common stock. The fourth quarter 2014 dividend will be payable December 8, 2014 to shareholders of record as of November 25, 2014.

On October 21, 2014, we established a performance award based on our new long-term aspirational goal of achieving \$600 million of Modified EBITDA by the year 2017 (the "2017 Performance Award") upon which an aggregate of 2,400,000 shares of common stock, along with dividend equivalent rights equal in number to the number of shares granted, would be issued to certain key employees. The number and timing of any issuances of common stock under the 2017 Performance Award will depend on progress toward the \$600 million Modified EBITDA target and the timing thereof.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis contains forward-looking statements that are based on our current beliefs, expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are, by their nature, subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results could differ materially from those anticipated in these forward-looking statements. Please see the discussion regarding forward-looking statements included under the caption "Cautionary Note Regarding Forward-Looking Statements" included in this Quarterly Report on Form 10-Q (the "Quarterly Report") and "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 (the "2013 Annual Report") for further discussion of the uncertainties, risks and assumptions associated with these statements.

The following discussion and analysis presents information that we believe is relevant to an assessment and understanding of our consolidated financial position and results of operations. This information should be read in conjunction with our unaudited condensed consolidated financial statements, and the notes thereto, and other financial data included in this Quarterly Report. The following information should also be read in conjunction with our audited consolidated financial statements, and the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2013 Annual Report.

Overview

General

We are the largest regional theme park operator in the world based on the number of parks we operate. Of our 18 regional theme and water parks, 16 are located in the United States, one is located in Mexico City, Mexico and one is located in Montreal, Canada. Our parks are located in geographically diverse markets across North America and they generally offer a broad selection of state-of-the-art and traditional thrill rides, water attractions, themed areas, concerts and shows, restaurants, game venues and retail outlets, thereby providing a complete family-oriented entertainment experience. We work continuously to improve our parks and our guests' experiences and to meet our guests' evolving needs and preferences.

The results of operations for the nine months ended September 30, 2014 and September 30, 2013 are not indicative of the results expected for the full year. In particular, our park operations generate a significant majority of their annual revenue during the period from Memorial Day to Labor Day each year while expenses are incurred year round.

Our revenue is primarily derived from (i) the sale of tickets for entrance to our parks (which accounted for approximately 55% of total revenues during the nine months ended September 30, 2014 and September 30, 2013), (ii) the sale of food and beverages, merchandise, games and attractions, parking and other services inside our parks and (iii) sponsorship, licensing and other fees. Revenues from ticket sales and in park sales are primarily impacted by park attendance. Revenues from sponsorship, licensing and other fees can be impacted by the term, timing and extent of services and fees under these arrangements, which can result in fluctuations from year to year. During the first nine months of 2014, our park earnings before interest, taxes, depreciation and amortization ("Park EBITDA") increased primarily as a result of revenue growth partially offset by an increase in cash operating costs. The increase in revenue was driven by a 9% increase in total revenue per capita (representing total revenue divided by total attendance), partially offset by a 5% decrease in attendance primarily as a result of the lingering effects of the long, harsh winter that extended school calendars and slowed early-season attendance, especially among season pass holders and guests enrolled in the membership program. Our cash operating costs increased primarily as a result of (i) increased salary, wage and benefit expense, (ii) increased utility costs due primarily to increased heating fuel and electricity usage during the long, harsh winter, (iii) costs associated with the international park development agreements and (iv) an increase in operating taxes resulting from a refund received in the comparable prior year period. These increases in cash operating costs were partially offset by reduced insurance and advertising expenses.

Our principal costs of operations include salaries and wages, employee benefits, advertising, third party services, repairs and maintenance, utilities and insurance. A large portion of our expenses is relatively fixed as our costs for full-time employees, maintenance, utilities, advertising and insurance do not vary significantly with attendance.

Recent Events

We have signed agreements to help third parties develop Six Flags-branded theme parks in the United Arab Emirates and China. The agreements do not require us to make any capital investments in the parks. As compensation for our design and management services, the exclusivity rights granted, and the rights to use our brand, Six Flags will receive fees over the design and development period as well as an ongoing remuneration once the parks open to the public.

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One of our fundamental business goals is to generate superior returns for our stockholders over the long term. As part of our strategy to achieve this goal, we have declared and paid quarterly cash dividends each quarter beginning with the fourth quarter of 2010. On October 21, 2014, we announced that Holdings' Board of Directors approved an increase in our ongoing quarterly cash dividend from \$0.47 per share of common stock to \$0.52 per share of common stock.

On October 21, 2014, we established a performance award based on our new long-term aspirational goal of achieving \$600 million of Modified EBITDA by the year 2017 (the "2017 Performance Award") upon which an aggregate of 2,400,000 shares of common stock, along with dividend equivalent rights equal in number to the number of shares granted, would be issued to certain key employees. The number and timing of any issuances of common stock under the 2017 Performance Award will depend on progress toward the \$600 million Modified EBITDA target and the timing thereof.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date the financial statements and the reported amounts of revenues and expenses earned and incurred during the reporting period. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods. With respect to our critical accounting policies and estimates, there have been no material developments or changes from the policies and estimates discussed in our 2013 Annual Report.

Results of Operations

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013

The following table sets forth summary financial information for the three months ended September 30, 2014 and September 30, 2013:

<i>(Amounts in thousands, except per capita data)</i>	Three Months Ended		Percentage Change (%)
	September 30, 2014	September 30, 2013	
Total revenue	\$ 541,843	\$ 504,520	7 %
Operating expenses	143,881	134,395	7 %
Selling, general and administrative	126,662	52,648	141 %
Costs of products sold	39,730	36,616	9 %
Depreciation and amortization	27,132	30,898	(12)%
Loss on disposal of assets	1,608	4,325	(63)%
Interest expense, net	18,464	18,603	(1)%
Other (income) expense, net	(6)	1,013	(101)%
Income before income taxes	184,372	226,022	(18)%
Income tax expense	60,332	86,405	(30)%
Net income	124,040	139,617	(11)%
Less: Net income attributable to noncontrolling interests	(19,006)	(19,214)	(1)%
Net income attributable to Six Flags Entertainment Corporation	\$ 105,034	\$ 120,403	(13)%
Other Data:			
Attendance	11,824	11,774	— %
Total revenue per capita	\$ 45.83	\$ 42.85	7 %

Revenue

Revenue for the three months ended September 30, 2014 totaled \$541.8 million, a 7% increase compared to \$504.5 million for the three months ended September 30, 2013. Total revenue per capita, calculated as total revenue divided by total attendance, increased \$2.98, or 7%, for the three months ended September 30, 2014 relative to the comparable period in the

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prior year. The increase in revenue and total revenue per capita was primarily attributable to continued growth in per capita guest spending, which excludes sponsorship, licensing, Six Flags Great Escape Lodge & Indoor Waterpark accommodations and other fees, as well as a slight increase in attendance. Per capita guest spending increased \$2.52, or 6%, to \$43.79 during the three months ended September 30, 2014 from \$41.27 during the three months ended September 30, 2013. The increase in per capita guest spending related primarily to continued improvements in admissions pricing, the success of our All-Season Dining Pass and increased Flash Pass sales partially offset by an increase in season pass and membership attendance mix.

Admissions revenue per capita increased \$1.91, or 8%, during the three months ended September 30, 2014 relative to the comparable period in the prior year primarily as a result of continued pricing improvements, including a reduction in discounts and promotions, and continued growth in the number of guests enrolled in our membership program who have remained members following the initial twelve-month term and continue to pay on a month-to-month basis, which allows us to record the respective revenue on a lower attendance base. Non-admissions per capita guest spending increased \$0.61, or 4%, during the three months ended September 30, 2014 relative to the comparable period in the prior year primarily due to the success of our All-Season Dining Pass, Flash Pass and other product offerings.

Operating Expenses

Operating expenses for the three months ended September 30, 2014 increased \$9.5 million, or 7%, relative to the comparable period in the prior year primarily as a result of (i) an \$7.2 million increase in salaries, wages and benefits primarily related to increases in incentive-based compensation, higher labor over the summer and increases in minimum wage rates at many of our parks, (ii) a \$1.4 million increase in repairs and maintenance, utilities and operating supplies expenses and (iii) a \$0.9 million increase in credit card processing fees related to our increased revenue.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended September 30, 2014 increased \$74.0 million, or 141% compared to the three months ended September 30, 2013 primarily as a result of (i) a \$75.2 million increase in salaries, wages and benefits related to an increase in stock-based compensation expenses primarily resulting from the cumulative catch-up of non-cash compensation costs related to the 2015 Performance Award, which we began accruing during the three months ended September 30, 2014 as achievement of this award is now deemed probable, and (ii) a \$1.4 million increase in fees of third party service providers. These increases were partially offset by a \$2.7 million reduction in insurance costs primarily resulting from the increase in our reserves in the prior year related to the accident that occurred at our park in Arlington, Texas.

Cost of products sold

Cost of products sold in the three months ended September 30, 2014 increased \$3.1 million, or 9%, compared to the three months ended September 30, 2013. The increase in cost of products sold was primarily driven by the growth in food and beverage and retail sales. Cost of products sold as a percentage of non-admission revenue for the three months ended September 30, 2014 increased slightly relative to the comparable period in the prior year primarily as a result of the product mix, including the impact of a reduction in parking revenue due to the strong sales of our premium-priced gold season passes and memberships, which include parking.

Depreciation and amortization expense

Depreciation and amortization expense for the three months ended September 30, 2014 decreased \$3.8 million, or 12%, compared to the three months ended September 30, 2013. The reduction in depreciation and amortization expense is primarily due to certain property, equipment and identifiable intangibles that became fully depreciated and amortized during 2013 and 2014.

Loss on disposal of assets

Loss on disposal of assets decreased by \$2.7 million, or 63%, for the three months ended September 30, 2014 relative to the comparable period in the prior year primarily as a result of the disposal of fewer assets in conjunction with the execution of our ongoing capital program during the current year relative to the prior year.

Interest expense, net

Interest expense, net decreased \$0.1 million, or 1%, for the three months ended September 30, 2014 relative to the comparable period in the prior year as a result of a lower debt balance outstanding throughout the three months ended September 30, 2014 compared to the three months ended September 30, 2013.

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Income Tax Expense

Income tax expense was \$60.3 million for the three months ended September 30, 2014 compared to \$86.4 million for the three months ended September 30, 2013. The change in income tax expense was primarily driven by a reduction in our effective tax rate resulting from the impact of foreign tax credits expected to be utilized in the near future. Income tax expense also decreased as a result of lower taxable income resulting from an increase in stock-based compensation expenses primarily resulting from the cumulative catch-up of non-cash compensation costs related to the 2015 Performance Award.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013

The following table sets forth summary financial information for the nine months ended September 30, 2014 and September 30, 2013:

<i>(Amounts in thousands, except per capita data)</i>	Nine Months Ended		Percentage Change (%)
	September 30, 2014	September 30, 2013	
Total revenue	\$ 992,112	\$ 955,742	4 %
Operating expenses	352,040	340,926	3 %
Selling, general and administrative	221,156	152,587	45 %
Costs of products sold	77,321	75,541	2 %
Depreciation and amortization	81,002	97,207	(17)%
Loss on disposal of assets	4,181	6,959	(40)%
Gain on sale of investee	(10,031)	—	N/M
Interest expense, net	54,280	55,580	(2)%
Other (income) expense, net	(260)	1,017	(126)%
Income before income taxes	212,423	225,925	(6)%
Income tax expense	64,272	82,361	(22)%
Net income	148,151	143,564	3 %
Less: Net income attributable to noncontrolling interests	(38,012)	(38,327)	(1)%
Net income attributable to Six Flags Entertainment Corporation	\$ 110,139	\$ 105,237	5 %
Other Data:			
Attendance	21,379	22,435	(5)%
Total revenue per capita	\$ 46.41	\$ 42.60	9 %

Revenue

Revenue for the nine months ended September 30, 2014 totaled \$992.1 million, an increase of \$36.4 million, or 4%, compared to \$955.7 million for the nine months ended September 30, 2013. The increase in revenue is primarily attributable to a \$3.81, or 9%, increase in total revenue per capita, calculated as total revenue divided by total attendance, and international revenue. Per capita guest spending, which excludes sponsorship, licensing, Six Flags Great Escape Lodge & Indoor Waterpark accommodations and other fees, increased \$3.23, or 8%, to \$43.77 during the nine months ended September 30, 2014 from \$40.54 during the nine months ended September 30, 2013. The increase in per capita guest spending was partially offset by a 5% decline in attendance for the nine months ended September 30, 2014 relative to the comparable period in the prior year. The reduction in attendance was limited to the early summer months into which school calendars were extended due to the long, harsh winter. Attendance in the latter half of this summer was comparable to the prior year.

Admissions revenue per capita increased \$2.22, or 10%, during the nine months ended September 30, 2014 relative to the comparable period in the prior year. The increase in admissions revenue per capita was primarily driven by continued pricing improvements on both multi- and single-use ticket offerings, including a reduction in discounts. Additionally, admissions revenue per capita increased as a result of continued growth in the number of guests on membership plans who have remained members following the initial twelve-month term and continue to pay us on a month-to-month basis, which allows us to record their revenue on the lower attendance base. Non-admissions per capita guest spending increased \$1.01, or 6%, during the nine months ended September 30, 2014 relative to the comparable period in the prior year primarily as a result of food and beverage sales growth driven by the success of our All-Season Dining Pass and other product offerings.

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Operating Expenses

Operating expenses for the nine months ended September 30, 2014 increased \$11.1 million, or 3%, relative to the comparable period in the prior year primarily as a result of (i) an \$8.0 million increase in salaries, wages and benefits primarily related to increases in incentive-based compensation, higher labor over the summer and increases in minimum wage rates at many of our parks, (ii) a \$1.9 million increase in repairs and maintenance and utilities costs, (iii) a \$1.6 million increase in credit card processing fees related to our increased revenue and (iv) a \$1.0 million increase in operating tax expenses related to a refund received in the prior year, partially offset by a \$1.3 million reduction in contract show, rent and operating supply expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses for the nine months ended September 30, 2014 increased \$68.6 million, or 45%, compared to the nine months ended September 30, 2013 primarily as a result of (i) a \$70.2 million increase in salaries, wages and benefits related to an increase in stock-based compensation expenses primarily resulting from the cumulative catch-up of non-cash compensation costs related to the 2015 Performance Award, which we began accruing during the three months ended September 30, 2014 as achievement of this award is now deemed probable, and (ii) a \$1.8 million increase in fees of third party service providers some of which was related to our new international park development agreements. These increases were partially offset by a \$3.0 million reduction in insurance costs primarily resulting from the increase in our reserves in the prior year related to the accident that occurred at our park in Arlington, Texas.

Cost of products sold

Cost of products sold in the nine months ended September 30, 2014 increased \$1.8 million, or 2%, compared to the nine months ended September 30, 2013 primarily due to increased food and beverage sales. Cost of products sold as a percentage of non-admission revenue for the nine months ended September 30, 2014 increased slightly relative to the comparable period in the prior year primarily as a result of product mix, including the impact of a reduction in parking revenue due to the strong sales of our premium-priced gold season passes and memberships, which include parking.

Depreciation and amortization expense

Depreciation and amortization expense for the nine months ended September 30, 2014 decreased \$16.2 million, or 17%, compared to the nine months ended September 30, 2013. The reduction in depreciation and amortization expense is primarily due to certain property, equipment and identifiable intangibles that became fully depreciated and amortized during 2013 and 2014.

Loss on disposal of assets

Loss on disposal of assets for the nine months ended September 30, 2014 decreased \$2.8 million, or 40%, compared to the same period in the prior year primarily as a result of the disposal of fewer assets in conjunction with the execution of our ongoing capital program during the current year relative to the prior year.

Gain on sale of investee

During the nine months ended September 30, 2014, the favorable resolution of certain items pertaining to the sale of our interest in DCP in September 2012 resulted in the recognition of a \$10.0 million gain on sale of investee for amounts previously held in escrow. See Note 7 to the unaudited condensed consolidated financial statements included in this Quarterly Report for further discussion.

Interest expense, net

Interest expense, net decreased \$1.3 million, or 2%, for the nine months ended September 30, 2014 relative to the comparable period in the prior year as a result of a lower debt balance outstanding throughout the current period due to quarterly principal payments made on the Term Loan B that began in March 2013.

Income Tax Benefit

Income tax expense was \$64.3 million for the nine months ended September 30, 2014 compared to a \$82.4 million for the nine months ended September 30, 2013. The change in income tax expense was primarily driven by a reduction in our effective tax rate resulting from the impact of foreign tax credits expected to be utilized in the near future. Income tax expense also decreased as a result of lower taxable income resulting from an increase in stock-based compensation expenses primarily resulting from the cumulative catch-up of non-cash compensation costs related to the 2015 Performance Award.

Liquidity, Capital Commitments and Resources

On an annual basis, 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 parks (including capital projects), common stock dividends, payments to our partners in the Partnership Parks and common stock repurchases.

In November 2013, Holdings' Board of Directors increased the quarterly cash dividend from \$0.45 per share of common stock to \$0.47 per share of common stock. During the nine months ended September 30, 2014 and September 30, 2013, Holdings paid \$135.8 million and \$131.4 million, respectively, in cash dividends on its common stock. In October 2014, Holdings' Board of Directors approved an 11% increase in the quarterly cash dividend from \$0.47 per share of common stock to \$0.52 per share of common stock. The amount and timing of any future dividends payable on Holdings' common stock are within the sole discretion of Holdings' Board of Directors. Based on (i) our current number of shares outstanding and (ii) estimates of share repurchases, restricted stock vesting and option exercises, we currently anticipate paying approximately \$185.0 million in total cash dividends on our common stock for the 2014 calendar year.

On January 3, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$250.0 million in shares of Holdings' common stock over a four-year period (the "January 2012 Stock Repurchase Plan"). During the year ended December 31, 2012, Holdings repurchased an aggregate of 8,499,000 shares at a cumulative price of approximately \$232.0 million under the January 2012 Stock Repurchase Plan. As of January 4, 2013, Holdings had repurchased an additional 578,000 shares at a cumulative price of approximately \$18.0 million and an average price per share of \$31.16 to complete the permitted repurchases under the January 2012 Stock Repurchase Plan.

On December 11, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a three-year period (the "December 2012 Stock Repurchase Plan"). As of December 31, 2013, Holdings had repurchased 14,775,000 shares at a cumulative price of approximately \$500.0 million and an average price per share of \$33.84 to complete the permitted repurchases under the December 2012 Stock Repurchase Plan.

On November 20, 2013, Holdings announced that its Board of Directors approved a new stock repurchase program that permits Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a four-year period (the "November 2013 Stock Repurchase Plan"). As of October 17, 2014, Holdings had repurchased 4,185,000 shares at a cumulative price of approximately \$156.6 million and an average price per share of \$37.42 under the November 2013 Stock Repurchase Plan, leaving approximately \$343.4 million for permitted repurchases.

All of the foregoing share and per share amounts have been adjusted to reflect the 2013 Stock Split.

Based on historical and anticipated operating results, we believe that cash flows from operations, available unrestricted cash, and amounts available under the 2011 Credit Facility will be adequate to meet our liquidity needs, including any anticipated requirements for working capital, capital expenditures, common stock dividends, scheduled debt service, obligations under arrangements relating to the Partnership Parks and discretionary common stock repurchases. Additionally, based on our current federal net operating loss carryforwards, we believe we will continue to pay minimal United States cash taxes for the next three to four years.

Our current and future liquidity is greatly dependent upon our operating results, which are driven largely by overall economic conditions as well as the price and perceived quality of the entertainment experience at our parks. Our liquidity could also be adversely affected by a disruption in the availability of credit as well as unfavorable weather, contagious diseases, such as Ebola or swine or avian flu, accidents or the occurrence of an event or condition at our parks, including terrorist acts or threats inside or outside of our parks, negative publicity or significant local competitive events, which could significantly reduce paid attendance and, therefore, revenue at any of our parks. While we work with local police authorities on security-related precautions to prevent certain types of disturbances, we can make no assurance that these precautions will be able to prevent these types of occurrences. However, we believe that our ownership of many parks in different geographic locations reduces the effects of adverse weather and these other types of occurrences on our consolidated results. If such an adverse event were to occur, we may be unable to borrow under the Revolving Loan or may be required to repay amounts outstanding under the 2011 Credit Facility and/or may need to seek additional financing. In addition, we expect that we may be required to refinance all or a significant portion of our existing debt on or prior to maturity and potentially seek additional financing. The degree to which we are leveraged could adversely affect our ability to obtain any additional financing. See "Cautionary Note Regarding Forward-Looking Statements" and "Item 1A. Risk Factors" in the 2013 Annual Report.

As of September 30, 2014, our total indebtedness, net of discount, was approximately \$1,396.8 million. Based on (i) non-revolving credit debt outstanding on that date, (ii) anticipated levels of working capital revolving borrowings during 2014, (iii) estimated interest rates for floating-rate debt and (iv) the 2021 Notes, we anticipate annual cash interest payments of

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approximately \$67.0 million during 2014 and 2015. Under the 2011 Credit Facility, approximately 95% of the Term Loan B is not due until December 2018.

As of September 30, 2014, we had approximately \$164.8 million of unrestricted cash and \$179.2 million available for borrowing under the Revolving Loan. Our ability to borrow under the Revolving Loan is dependent upon compliance with certain conditions, including a maximum senior leverage maintenance covenant, a minimum interest coverage covenant and the absence of any material adverse change in our business or financial condition. If we were to become unable to borrow under the Revolving Loan, and we failed to meet our projected results from operations significantly, we might be unable to pay in full our off-season obligations. A default under the Revolving Loan could permit the lenders under the 2011 Credit Facility to accelerate the obligations thereunder. The Revolving Loan expires on December 20, 2016. The terms and availability of the 2011 Credit Facility and other indebtedness are not affected by changes in the ratings issued by rating agencies in respect of our indebtedness. For a more detailed description of our indebtedness, see Note 4 to the unaudited condensed consolidated financial statements included in this Quarterly Report.

We currently plan on spending approximately 9% of current year revenues on capital expenditures during the 2014 calendar year.

During the nine months ended September 30, 2014, net cash provided by operating activities was \$329.3 million. Net cash used in investing activities during the nine months ended September 30, 2014 was \$85.5 million, consisting primarily of \$95.9 million in capital expenditures, partially offset by proceeds from property insurance recoveries and asset sales, including cash receipts resulting from the release of proceeds from the sale of our interest in DCP in September 2012. Net cash used in financing activities during the nine months ended September 30, 2014 was \$247.0 million, primarily attributable to the payment of \$135.8 million in cash dividends and the repurchase of shares of our common stock totaling \$118.6 million, partially offset by proceeds from stock option exercises.

Since our business is both seasonal in nature and involves significant levels of cash transactions, our net operating cash flows are largely driven by attendance and per capita spending levels because most of our cash-based expenses are relatively fixed and do not vary significantly with either attendance or per capita spending. These cash-based operating expenses include salaries and wages, employee benefits, advertising, third party services, repairs and maintenance, utilities and insurance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2014, there have been no material changes in our market risk exposure from that disclosed in the 2013 Annual Report, except as it relates to our derivative financial instruments. See Note 2 to the unaudited condensed consolidated financial statements included in this Quarterly Report for further discussion. For a discussion of our market risk exposure, please see "Item 7A. Quantitative and Qualitative Disclosure About Market Risk" contained in the 2013 Annual Report.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation, as of September 30, 2014, of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or 15(d)-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of such period, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting, as such term is defined under Rule 13a-15(f) or 15(d)-15(f) promulgated under the Exchange Act, that occurred during our fiscal quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The nature of the industry in which we operate tends to expose us to claims by guests, generally for injuries. Accordingly, we are party to various legal actions arising in the normal course of business. Historically, the great majority of these claims

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have been minor. Although we believe that we are adequately insured against guests' claims, if we become subject to damages that cannot by law be insured against, such as punitive damages or certain intentional misconduct by employees, there may be a material adverse effect on our operations.

Certain legal proceedings in which we are involved are discussed in Item 3 of the 2013 Annual Report and in Note 6 to the unaudited condensed consolidated financial statements contained in this Quarterly Report. Except as set forth below, there were no material developments concerning our legal proceedings during the quarter ended September 30, 2014.

On March 1, 2007, Safety Braking Corporation, Magnetar Technologies Corp. and G&T Conveyor Co. filed a Complaint for Patent Infringement (the "Patent Complaint") in the United States District Court for the District of Delaware naming Holdings, SFTP, and certain of our other subsidiaries as defendants, along with other industry theme park owners and operators. The Patent Complaint alleges that we are liable for direct or indirect infringement of United States Patent No. 5,277,125 because of our ownership and/or operation of various theme parks and amusement rides. The Patent Complaint seeks damages and injunctive relief. On July 8, 2008, the Court entered a Stipulation and Order of Dismissal of Safety Braking Corporation. Thus, as of that date, only Magnetar Technologies Corp. and G&T Conveyor Co. remained as plaintiffs. We have contacted the manufacturers of the amusement rides that we believe may be impacted by this case, requiring such manufacturers to honor their indemnification obligations with respect to this case. We tendered the defense of this matter to certain of the ride manufacturers. The patent expired in October 2012. Fact and expert discovery has concluded and summary judgment motions were filed in January 2013. The defendants moved for summary judgment that United States Patent No. 5,277,125 was invalid on four separate grounds, that damages for certain rides were barred by the doctrine of laches and/or by the patent owner's failure to mark the patent number on products embodying the patented invention, and that certain rides do not infringe the patent. The plaintiffs moved for summary judgment that certain rides do infringe. On February 7, 2014, the Magistrate Judge issued an order on defendants' motions for summary judgment, recommending that United States Patent No. 5,277,125 be held invalid on the four separate grounds advanced by the defendants, and that certain rides would not infringe even if the patent was not invalid. On July 24, 2014, the District Court entered an order adopting the Magistrate Judge's recommendations in full. On August 27, 2014, the plaintiffs filed a notice of appeal with the United States Court of Appeals for the Federal Circuit.

On January 6, 2009, a civil action against us was commenced in the State Court of Cobb County, Georgia. The plaintiff sought damages for personal injuries, including an alleged brain injury, as a result of an altercation with a group of individuals on property adjacent to SFOG on July 3, 2007. Certain of the individuals were employees of the park, but were off-duty and not acting within the course or scope of their employment with SFOG at the time the altercation occurred. The plaintiff, who had exited the park, claims that we were negligent in our security of the premises. Four of the individuals who allegedly participated in the altercation are also named as defendants in the litigation. Our motion for summary judgment was denied by the trial court on May 19, 2011. Pursuant to the trial that concluded on November 20, 2013, the jury returned a verdict in favor of the plaintiff for \$35.0 million. The jury allocated 92% of the verdict against Six Flags and the judgment was entered on February 11, 2014. A notice of appeal was filed on September 19, 2014, which our insurers are pursuing on Six Flags' and the insurers' behalf, and on October 2, 2014, the plaintiff filed a notice of cross appeal. We have paid the full amount of our \$2.5 million self-insurance retention to our insurers.

On June 27, 2012, Wishtoyo Foundation and its Ventura Coastkeeper program, Los Angeles Coastkeeper d/b/a Santa Monica Baykeeper, and Friends of the Santa Clara River, all non-profit corporations, filed a complaint against Holdings, SFTP and Magic Mountain LLC in the United States District Court for the Central District of California seeking declaratory and injunctive relief and civil penalties under, among others, the Federal Water Pollution Control Act (more commonly known as the Clean Water Act). The plaintiffs allege that Six Flags Magic Mountain discharged water in violation of its water discharge permits into the Santa Clara River. Holdings is no longer a defendant in this litigation, which is scheduled to go to trial in January 2015. While we believe it is possible that we could incur a liability by reason of this action, it is premature to assess the likelihood of any impact that this litigation may have on our financial position. Accordingly, our condensed consolidated financial statements do not include any costs or liabilities related to this litigation as the probability of the outcome is currently not determinable and the loss is not estimable.

ITEM 1A. RISK FACTORS

There have been no material changes to the principal risks that we believe are material to our business, results of operations and financial condition, from the risk factors previously disclosed in the 2013 Annual Report. For a discussion on these risk factors, please see "Item 1A. Risk Factors" contained in the 2013 Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On January 3, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$250.0 million in shares of Holdings' common stock over a four-year period (the "January 2012 Stock Repurchase Plan"). Under the January 2012 Stock Repurchase Plan, during the year ended December 31, 2012, Holdings repurchased an aggregate of 8,499,000 shares at a cumulative price of approximately \$232.0 million. As of January 4, 2013, Holdings had repurchased an additional 578,000 shares at a cumulative price of approximately \$18.0 million and an average price per share of \$31.16 to complete the permitted repurchases under the January 2012 Stock Repurchase Plan.

On December 11, 2012, Holdings' Board of Directors approved a new stock repurchase program that permitted Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a three-year period (the "December 2012 Stock Repurchase Plan"). As of December 31, 2013, Holdings had repurchased 14,775,000 shares at a cumulative price of approximately \$500.0 million and an average price per share of \$33.84 to complete the permitted repurchases under the December 2012 Stock Repurchase Plan.

On November 20, 2013, Holdings announced that its Board of Directors approved a new stock repurchase program that permits Holdings to repurchase up to \$500.0 million in shares of Holdings' common stock over a four-year period (the "November 2013 Stock Repurchase Plan"). As of October 17, 2014, Holdings had repurchased 4,185,000 shares at a cumulative price of approximately \$156.6 million and an average price per share of \$37.42 under the November 2013 Stock Repurchase Plan, leaving approximately \$343.4 million for permitted repurchases.

All of the foregoing share and per share amounts have been adjusted to reflect the 2013 Stock Split.

The following table sets forth information regarding purchases of Holdings' common stock during the three months ended September 30, 2014 under the November 2013 Stock Repurchase Plan:

	Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
Month 1	July 1 – July 31	1,323,233	\$ 39.29	1,323,233	\$ 434,845,000
Month 2	August 1 - August 31	1,403,971	37.61	1,403,971	382,046,000
Month 3	September 1 - September 30	178,272	34.83	178,272	375,836,000
		<u>2,905,476</u>	<u>\$ 38.20</u>	<u>2,905,476</u>	<u>\$ 375,836,000</u>

ITEM 6. EXHIBITS

Exhibit 10.1	List of Project 600 Awards to Executive Officers (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Six Flags Entertainment Corporation filed with the Securities and Exchange Commission on October 21, 2014, Commission File No. 001-13703)
Exhibit 10.2	Project 600 Program Overview (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K of Six Flags Entertainment Corporation filed with the Securities and Exchange Commission on October 21, 2014, Commission File No. 001-13703)
Exhibit 10.3	Form of Project 600 Program Award Agreement (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of Six Flags Entertainment Corporation filed with the Securities and Exchange Commission on October 21, 2014, Commission File No. 001-13703)
Exhibit 31.1*	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2*	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1*	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2*	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 101.INS**	XBRL Instance Document
Exhibit 101.SCH**	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB**	XBRL Taxonomy Extension Labels Linkbase Document
Exhibit 101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIX FLAGS ENTERTAINMENT CORPORATION
(Registrant)

Date: October 21, 2014

/s/ James Reid-Anderson

James Reid-Anderson
Chairman, President and Chief Executive Officer

Date: October 21, 2014

/s/ John M. Duffey

John M. Duffey
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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* Filed herewith

** Furnished herewith

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James Reid-Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Six Flags Entertainment Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 21, 2014

/s/ James Reid-Anderson

James Reid-Anderson

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John M. Duffey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Six Flags Entertainment Corporation;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 21, 2014

/s/ John M. Duffey

John M. Duffey

Executive Vice President and Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER,
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, James Reid-Anderson, as Chief Executive Officer of Six Flags Entertainment Corporation (the "Company") certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the accompanying quarterly report on Form 10-Q for the period ending September 30, 2014 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 21, 2014

/s/ James Reid-Anderson

James Reid-Anderson

Chairman, President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER,
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, John M. Duffey, as Chief Financial Officer of Six Flags Entertainment Corporation (the "Company") certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the accompanying quarterly report on Form 10-Q for the period ending September 30, 2014 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 21, 2014

/s/ John M. Duffey

John M. Duffey

Executive Vice President and Chief Financial Officer

