Great Wolf Resorts, Inc.
Form DEF 14A
April 25, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material pursuant to §240.14a-12

GREAT WOLF RESORTS, INC.

(Name of Registrant as Specified In Its Charter)

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

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o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 6, 2011

We cordially invite you to attend our annual meeting of stockholders to be held at the Hilton Chicago O Hare Airport, Chicago, Illinois, on Monday, June 6, 2011 at 4:00 p.m., Central Time. At this meeting, you and our other stockholders will be able to vote on the following:

1. The election of all six directors to serve on our Board of Directors until our annual meeting of stockholders in 2012, or until their successors have been duly elected and qualified;

2. The ratification of the appointment of Grant Thornton LLP as independent auditors of Great Wolf Resorts, Inc. for the fiscal year ending December 31, 2011;

3. An advisory vote on the company s executive compensation;

4. An advisory vote on the frequency of stockholder advisory votes on the company s executive compensation; and

5. Any other business that may properly come before our annual meeting, including any adjournments or postponements of our annual meeting.

Only stockholders of record at the close of business on Friday, April 8, 2011 will be entitled to vote at our annual meeting or any adjournment of our annual meeting.

All company stockholders are cordially invited to attend the meeting in person. Your vote is very important. Whether or not you attend the meeting, please take the time to vote your shares by promptly completing, signing, dating and mailing the proxy card in the postage-paid envelope provided. You retain the right to revoke the proxy at any time before it is actually voted by delivering notice of such revocation to the Secretary of the company at the annual meeting or by filing with the Secretary of the company either notice of revocation or a duly executed proxy bearing a later date.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON JUNE 6, 2011.

Our proxy statement and the proxy card for our 2011 Annual Meeting of Stockholders are available on our Web site at www.greatwolf.com. Information on our Web site, other than this proxy statement and the proxy card, is not a part of this proxy statement.

BY ORDER OF THE BOARD OF DIRECTORS:

JAMES A. CALDER, Secretary

Madison, Wisconsin
April 20, 2011

TABLE OF CONTENTS

PROXY STATEMENT
FOR THE ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON JUNE 6, 2011

GENERAL INFORMATION

Our Board of Directors is soliciting your proxy for use at our annual meeting of stockholders to be held at the Hilton Chicago O Hare Airport, Chicago, Illinois, on Monday, June 6, 2011 at 4:00 p.m., Central Time, and at any adjournments of our annual meeting. You are invited to attend our annual meeting and vote your shares directly. Even if you do not attend, however, you may vote by proxy, which allows you to instruct another person to vote your shares on your behalf at our annual meeting. For this purpose, we enclose one blank proxy card for your use.

The mailing address of our principal executive offices is 525 Junction Road, Suite 6000 South, Madison, Wisconsin 53717.

This proxy statement and the accompanying proxy card and Notice of Annual Meeting are being mailed to our stockholders on or about April 22, 2011.

Purposes of Our Annual Meeting

The purposes of our annual meeting are (1) to elect six directors to serve on our Board of Directors, (2) to ratify the appointment of Grant Thornton LLP as independent auditors of Great Wolf Resorts, Inc. for the fiscal year ending December 31, 2011, (3) to provide an advisory vote on the company s executive compensation, (4) to provide an advisory vote on the frequency of stockholder advisory votes on the company s executive compensation, and (5) to transact any other business that may properly come before our annual meeting and any adjournments of our annual meeting. We know of no matters, other than the election of directors, ratification of the appointment of our auditors, advisory vote on executive compensation and advisory vote on the frequency of stockholder advisory votes on executive compensation to be brought before our annual meeting.

This Proxy Solicitation

There are two parts to this proxy solicitation: the proxy card and this proxy statement. The proxy card is the means by which you actually authorize another person to vote your shares in accordance with your instructions. This proxy statement provides you information that you may find useful in deciding how to vote.

Proxies are being solicited by and on behalf of our Board of Directors, and the solicitation of proxies is being made primarily by the use of the mails. We will bear the cost of preparing and mailing this proxy statement and the accompanying material and the cost of any supplementary solicitations which may be made by mail, telephone or personally by our officers and employees, who will not be additionally compensated for their activities. We have retained Registrar and Transfer Company to provide administrative and record-keeping assistance in the solicitation of proxies.

No person is authorized to give any information or to make any representation not contained in this proxy statement and, if given or made, you should not rely on that information or representation as having been authorized by us. This proxy statement does not constitute the solicitation of a proxy, in any jurisdiction, from anyone to whom it is unlawful to make such proxy solicitation in that jurisdiction. The delivery of this proxy statement shall not, under any circumstances, imply that there has been no change in the information set forth since the date of this proxy statement.

VOTING

Record Date for Our Annual Meeting; Who Can Vote at Our Annual Meeting

Our Board of Directors has fixed the close of business on Friday, April 8, 2011, as the record date for determining which of our stockholders are entitled to receive notice of, and to vote at, our annual meeting. You will be entitled to notice of, and to vote at, our annual meeting and any adjournments of our annual meeting, only if you were a stockholder of record at the close of business on the record date. At the close of business on our record date of April 8, 2011, we had issued and outstanding 32,320,045 shares of our common stock, which are entitled to vote at our annual meeting. See Required Votes.

How to Vote Your Shares and How to Revoke Your Proxy

How to Vote. You may vote your shares at our annual meeting in person, or if you cannot attend our annual meeting in person or you wish to have your shares voted by proxy even if you do attend our annual meeting, you may vote by duly authorized proxy. To vote in person, you must attend the annual meeting and obtain and submit a ballot, which will be provided at the meeting. To vote by proxy, you must complete and return the enclosed proxy card.

By completing and returning the proxy card and by following the specific instructions on the card, you will direct the designated persons (known as proxies) to vote your shares at our annual meeting in accordance with your instructions. Our Board of Directors has appointed James A. Calder and Alexander P. Lombardo to serve as the proxies for our annual meeting.

Your proxy card will be valid only if you sign, date and return it before our annual meeting. If you complete the entire proxy, then the designated proxies will vote your shares FOR the election of the six nominees for directors or will withhold your vote for one or more nominees if you so specify. If a nominee for election to our Board of Directors is unable to serve which we do not anticipate or if any other matters are properly raised at the annual meeting, then either Messrs. Calder or Lombardo as the designated proxies will vote your shares in accordance with his best judgment.

Even if you plan to attend our annual meeting, we ask you to vote, sign, date and return the enclosed proxy card as soon as possible. If your shares are held in the name of a broker or other intermediary, you may vote and revoke a previously submitted vote only through, and in accordance with, procedures established by the record holder(s) or their agent(s).

How to Revoke a Proxy. If you have already returned your proxy to us, you may revoke your proxy at any time before it is exercised at our annual meeting by any of the following actions:

by notifying our Secretary in writing at or before the annual meeting that you would like to revoke your proxy,

by completing a proxy with a later date and by returning it to us at or before the annual meeting, or

by attending our annual meeting and voting in person. (Note, however, that your attendance at our annual meeting, by itself, will not revoke a proxy you have already returned to us; you must also vote your shares in-person at our annual meeting to revoke an earlier proxy.)

If you choose either of the first two means to revoke your proxy, you must submit either your notice of revocation or your new proxy card by mail to us at our principal executive offices located at 525 Junction Road, Madison, Wisconsin 53717, Attention: Corporate Secretary.

Required Votes

Voting Rights. You are entitled to one vote for each share of our common stock that you hold. Cumulative voting of our shares is not allowed.

Quorum Requirements. Under Delaware law and our bylaws, a majority of votes entitled to be cast at the annual meeting, represented in person at the annual meeting or by proxy, will constitute a quorum for the consideration of the election of the nominees for directors and for each matter to properly come before our annual meeting.

Vote Required. For election of directors, the six nominees receiving the highest number of affirmative votes will be elected as directors. This number is called a plurality. For all other matters, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote is required.

Abstentions and Broker Non-Votes. Abstentions will not be counted for or against proposals, but will be counted for the purpose of determining the existence of a quorum.

Under applicable rules of the NASDAQ Global Market (the exchange on which our common stock is traded), or NASDAQ, brokers holding shares for beneficial owners in nominee or street name must vote those shares according to the specific instructions they receive from the beneficial owners. If you do not provide your broker with specific instructions regarding how to vote your shares, your broker still has authority to vote your shares on certain routine matters. Under NASDAQ s rules, however, brokers do not have discretionary voting power on non-routine matters. In these cases, if no specific voting instructions are provided by the beneficial owner, the broker may not vote on non-routine proposals. This results in what is known as a broker non-vote. Broker non-votes will not be counted for or against a proposal, but will be counted only for the purpose of determining the existence of a quorum.

The election of directors is no longer a routine matter. Specific instructions from beneficial owners are required under SEC rules, otherwise broker non-votes will arise in the context of voting for the nominees for directors.

If you do not vote your shares, your brokerage firm may either (1) vote your shares on routine matters, if any, or (2) leave your shares unvoted.

To be certain that your shares are voted at our annual meeting, we encourage you to provide instructions to your brokerage firm by signing and returning the enclosed proxy card.

PROPOSAL 1 ELECTION OF DIRECTORS

Board of Director Nominees

At our annual meeting, our stockholders will vote on the election of six directors.

Our Nominating and Corporate Governance Committee has recommended to our Board of Directors as nominees, and our Board of Directors has nominated, Joseph Vittoria, Kim Schaefer, Elan Blutinger, Randy Churchey, Edward Rensi and Howard Silver for election to our Board of Directors. If elected, all of these individuals will serve as directors for a one-year term that will expire at our annual meeting of stockholders in 2012, or when their successors are duly elected and qualified. You will find below a brief biography of each nominee. See also Ownership of Our Common Stock on page 12 for information on their holdings of our common stock.

The Nominating and Corporate Governance Committee seeks directors with established strong professional reputations and experience in areas relevant to the company s strategy and operations. Also, the Nominating and Corporate Governance Committee believes that each of the nominees has other key attributes that are important to an effective Board of Directors: integrity, candor, analytical skills, the willingness to engage management and each other in a constructive and collaborative fashion, and the ability and commitment to devote significant time and energy to service on the Board of Directors and its committees. The Nominating and Corporate Governance Committee takes into account diversity considerations in determining the composition of the Board of Directors and believes that, as a group, the nominees for the Board of Directors bring a diverse range of perspectives to the Board of Directors deliberations.

In addition to the above, the Nominating and Corporate Governance Committee also considered the specific experience described in the biographical details that follow in determining to nominate the individuals set forth below for election as directors.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH NOMINEE FOR DIRECTOR.

Experience of Nominees for Election as Directors
(Terms to Expire 2012)

JOSEPH V. VITTORIA, age 75

Mr. Vittoria has served as Chairman of the Board and a director of our company since 2006. Mr. Vittoria is the retired chairman and chief executive officer of Travel Services International, a company he founded and took public in July 1997 and later sold to a large British tour operator. In 1982, he joined Avis, Inc., as chief operating officer, and later was named chairman and chief executive officer. His success at Avis led to his selection as the salaried and management representative to the board of United Airlines in 1994 when it created its ESOP. He now is chairman and CEO of Puradyn Filter Technologies, Inc., a public company, and chairman of Greenjets Incorporated. Active in community-enhancement programs, Mr. Vittoria served as a director of the National Crime Prevention Counsel in Washington, D.C. He later served on President Reagan s Child Safety Partnership in recognition of his efforts on behalf of missing children. He also is a former member of the board of directors of the National Center for Disability Services. A 40-year travel industry veteran, Mr. Vittoria was elected to the Travel Industry Association Hall of Leaders in 2000. He holds a B.S. in civil engineering from Yale University and an M.B.A. from Columbia University. Mr. Vittoria currently serves as one of our independent directors and as a member of our Audit, Compensation and Nominating and Corporate Governance Committees.

The Nominating and Corporate Governance Committee concluded that Mr. Vittoria should continue to serve as a director, in part, because of his extensive experience in the travel industry.

Committees: Audit; Compensation; Nominating and Corporate Governance

KIMBERLY K. SCHAEFER, age 45

Ms. Schaefer has served as our Chief Executive Officer since January 2009, and was elected to our Board of Directors in February 2009. She previously served as our Chief Operating Officer since 2005, and also our Chief Brand Officer since we commenced operations in 2004. From 1997 until completion of the our initial public offering in 2004, Ms. Schaefer served as Senior Vice President of Operations of The Great Lakes Companies, Inc., our predecessor company, and its predecessor companies. At Great Lakes, Ms. Schaefer was involved in site selection and brand development and oversaw all resort operations. Ms. Schaefer has over 20 years of hospitality experience and holds a Bachelor of Science degree in Accounting from Edgewood College in Madison, Wisconsin. Ms. Schaefer sits on the advisory board for Edgewood College Business School. Ms. Schaefer is a certified public accountant.

The Nominating and Corporate Governance Committee concluded that Ms. Schaefer should continue to serve as a director, in part, because of her previous experience in operations and as chief executive of the company and the knowledge she has acquired from years of involvement with the company since its inception.

Committees: None

ELAN BLUTINGER, age 55

Mr. Blutinger has been a managing director of Alpine Consolidated, LLC, a merchant bank specializing in consolidating fragmented industries, since 1996. He serves as a director of AudioNow and Vacanza Technology. Mr. Blutinger served as a director of Hotels.com, a public company, from 2001 to 2003. He was a founder and director of Resortquest International, a public company, from 1997 to 2003, a founder and director of Travel Services International, a public company, from 1996 to 2001, and a director of Online Travel Services (UK), a public company, from 2000 to 2004, and founder of VRGateway in 2007. Mr. Blutinger chairs the board of trustees of the Washington International School in Washington, D.C. He holds B.A. and J.D. degrees from American University and an M.A. degree from the University of California at Berkeley. Mr. Blutinger currently serves as one of our independent directors and as chair of our Nominating and Corporate Governance Committee. Mr. Blutinger has been a director of our company since 2004.

The Nominating and Corporate Governance Committee concluded that Mr. Blutinger should continue to serve as a director, in part, because of his extensive experience in the travel industry and his knowledge of corporate governance.

Committees: Nominating and Corporate Governance (Chairman)

RANDY L. CHURCHEY, age 50

Mr. Churchey was Interim Chief Executive Office of our company from May 2008 until December 2008. He has continued his responsibilities as one of our directors, and has served in this capacity since we commenced operations in 2004. In January 2010, Mr. Churchey became president, CEO and a director of Education Realty Trust, a public company. Mr. Churchey is also co-chairman of the board of MCR Development, LLC, a private hotel construction and management company. He was president and chief executive officer of Golden Gate National Senior Care (the successor to Beverly Enterprises), the second largest long-term care company in the United States, from March 2006 to September 2007. Mr. Churchey served as president and chief operating officer of RFS Hotel Investors, Inc., a public company, from 1999 to 2003. Mr. Churchey also served as a director of RFS from 2000 through 2003. From 1997 to 1999, he was senior vice president and chief financial officer of FelCor Lodging Trust, Inc., a public company. For nearly 15 years prior to joining FelCor, Mr. Churchey held various positions in the audit practice of Coopers & Lybrand, LLP. Mr. Churchey holds a B.S. degree in accounting from the University of Alabama and is a certified public accountant. He currently serves as one of our independent directors, as chair of our Compensation Committee, and as a member of our Audit Committee. Mr. Churchey has been a director of our company since 2004.

The Nominating and Corporate Governance Committee concluded that Mr. Churchey should continue to serve as a director, in part, because of his extensive experience in the real estate and hospitality industries, his understanding of corporate finance, and his prior experience as the company s Interim Chief Executive Officer.

Committees: Audit; Compensation (Chairman)

EDWARD H. RENSI, age 66

Mr. Rensi spent 33 years at McDonald s, where he rose from grill man up through the management ranks to positions of increasing scope and responsibility, as regional vice president, senior vice president-operations and training, senior executive vice president, chief operating officer of McDonald s World Wide, and, from 1984 to 1998, president and CEO of McDonald s USA. Following his retirement from McDonald s in 1998, Mr. Rensi began a second career as chairman and CEO of Team Rensi Motorsports. Mr. Rensi has been actively involved in numerous charity initiatives throughout his career. In 1998, President Reagan honored Rensi with the President s Volunteer Award, which recognized his body of charitable work, including co-founding the world-famous Ronald McDonald House and serving as chairman of the Ronald McDonald Children s Charities. Mr. Rensi s volunteer work for numerous educational charities was cited in 1997 when he was chosen Italian-American Man of the Year. Mr. Rensi graduated from The Ohio State University with a degree in business education. He serves on the boards of directors of Snap On Tools and International Speedway Corporation, both public companies. He also serves on the compensation committees for the ISC and Snap On boards. Mr. Rensi currently serves as one of our independent directors and a member of our Compensation and Nominating and Corporate Governance Committees. Mr. Rensi has been a director of our company since 2006.

The Nominating and Corporate Governance Committee concluded that Mr. Rensi should continue to serve as a director, in part, because of his extensive experience in operations with consumer-oriented companies and brands.

Committees: Compensation; Nominating and Corporate Governance

HOWARD A. SILVER, age 56

Mr. Silver was the president and chief executive officer of Equity Inns, Inc., a public company, until its sale to Whitehall Global Real Estate Funds in 2007. He joined Equity Inns in 1994 and served in various capacities including: executive vice president of finance, secretary, treasurer, chief financial officer and chief operating officer. Mr. Silver is a certified public accountant. He is a director of Capital Lease Funding, Inc., a public company, and serves on its audit committee as chairman, as well as serving on the nomination and investment committees and is also lead independent director. Mr. Silver is also a director of Education Realty Trust, a public company, and serves on its compensation and nominating and corporate governance committees. He currently serves as one of our independent directors and as chair of our Audit Committee. Mr. Silver has been a director of our company since 2004.

The Nominating and Corporate Governance Committee concluded that Mr. Silver should continue to serve as a director, in part, because of his extensive experience in the real estate and hospitality industries and his understanding of corporate finance.

Committees: Audit (Chairman)

If any nominee becomes unavailable or unwilling to serve as a director for any reason, the persons named as proxies on the proxy card are expected to consult with our management in voting the shares represented by them and will vote in favor of any substitute nominee or nominees approved by our Board of Directors. Our Board of Directors has no reason to doubt the availability of any of the nominees for director. Each of the nominees has expressed his or her willingness to serve as a director if elected by our stockholders at our annual meeting.

PROPOSAL 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors, upon the recommendation of the Audit committee, has appointed the firm of Grant Thornton LLP (GT) as independent auditors to audit our financial statements for the year ending December 31, 2011, and has further directed that management submit the selection of independent public accountants for certification by the stockholders at the annual meeting. Representatives of GT are expected to be available during the annual meeting to respond to stockholders questions and to make a statement should they desire to do so.

Stockholder ratification of the selection of GT as our independent auditors is not required by our Bylaws or otherwise. However, the Board of Directors is submitting the selection of GT to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Board of Directors and the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Board of Directors and the Audit Committee in their discretion may direct the appointment of a different independent accounting firm at any time during the year if they determine that such a change would be in the best interests of the company and its stockholders.

The ratification of the appointment of GT as independent public accountants requires the approval of a majority of the votes cast by holders of our shares. Shares may be voted for or withheld from this matter. Shares that are withheld and broker non-votes will have no effect on this matter because ratification of the appointment of GT requires a majority of the shares cast.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPOINTMENT OF GRANT THORNTON LLP AS INDEPENDENT AUDITORS FOR GREAT WOLF RESORTS, INC.

PROPOSAL 3 ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are asking stockholders to approve an advisory resolution on the company s executive compensation as reported in this proxy statement. As described below in the Compensation Discussion and Analysis section of this proxy statement, the Compensation Committee has structured our executive compensation program to be competitive and governed by pay-for-performance principles. We emphasize compensation opportunities that reward results. Our use of stock-based incentives reinforces the alignment of the interests of our executive officers with those of our long-term stockholders. In doing so, our executive compensation program supports our strategic objectives.

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 15 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation Table and related compensation tables and narrative appearing on pages 32 through 44, which provide detailed information on the compensation of our named executives. The Compensation Committee and the Board of Directors believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our named executives reported in this proxy statement has supported and contributed to the company s success.

In accordance with recently adopted Section 14A of the Securities Exchange Act of 1934, as amended (the Exchange Act), we are asking stockholders to approve the following advisory resolution at the 2011 Annual Meeting of Stockholders:

RESOLVED, that the stockholders of Great Wolf Resorts, Inc. (the Company) approve, on an advisory basis, the compensation of the Company s named executive officers as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussions in the Proxy Statement for the Company s 2011 Annual Meeting of Stockholders.

This advisory resolution, commonly referred to as a say-on-pay resolution, is non-binding on our Board of Directors. Although non-binding, our Board of Directors and our Compensation Committee will review and consider the voting results when evaluating our executive compensation program.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION.

PROPOSAL 4 ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION

In Proposal 3 above, we are asking stockholders to vote on an advisory resolution on executive compensation. Pursuant to recently adopted Section 14A of the Exchange Act, in this Proposal 4 we are asking stockholders to vote on whether future advisory votes on executive compensation should occur every year, every two years or every three years. We will be required, not less frequently than once every six years, to provide a separate stockholder advisory vote on the frequency of the advisory votes on executive compensation.

Our Board of Directors values the opinions of the company s stockholders. The Board of Directors has determined that an advisory vote on executive compensation held every year would best enable stockholders to express timely their views on the company s executive compensation program and enable the Board of Directors and the Compensation Committee to determine current stockholder sentiment and take such sentiment into account when evaluating executive pay.

We understand that our stockholders may have different views as to what is an appropriate frequency for advisory votes on executive compensation, and we will carefully review the voting results. Stockholders will be able to specify one of four choices for this proposal on the proxy card: 1 year, 2 years, 3 years or abstain. This advisory vote on the frequency of future advisory votes on executive compensation is non-binding on the Board of Directors.

OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR A FREQUENCY OF EVERY YEAR FOR FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION, BEGINNING WITH THE 2012 ANNUAL MEETING OF STOCKHOLDERS.

OUR BOARD OF DIRECTORS

Each director serves a one-year term and is subject to annual re-election. Our Board of Directors nominees consist of six directors, five of whom are independent as determined by our Board of Directors under the rules promulgated by the Securities and Exchange Commission, or SEC, and NASDAQ listing standards. At our annual meeting, as discussed above, our stockholders will vote on the six nominees for director.

Board of Directors Leadership Structure

The company s Chief Executive Officer is a member of the Board of Directors; however, the Board s governance structure currently separates the roles of Chief Executive Officer and Chairman of the Board. The Board of Directors serves a vital role in the oversight of the company s management team, and believes that the Board of Directors is more effective in that role when led by an independent Chairman. The Board of Directors also believes this structure allows the Chief Executive Officer to focus more on managing the company s business operations while the Chairman leads the Board of Directors in fulfilling its corporate governance and oversight responsibilities while remaining independent of daily operations.

Board of Directors Role in Risk Oversight

The company s management is responsible for the day-to-day management of risks that the company faces, and the Board of Directors is responsible for the oversight of management s risk management processes. As part of fulfilling its oversight responsibilities in relation to the risk management process of the company, the Board of Directors is responsible for overseeing management s identification of and planning for the material risks, including credit, liquidity, and operational risks, that are derived from the company s business activities.

The Board s committees assist the Board of Directors in fulfilling its oversight responsibilities for certain risks. The Audit Committee assists the Board of Directors by providing oversight of the management of risks in the specific areas of financial reporting, internal control, and compliance with legal and regulatory requirements. The Compensation Committee assists the Board of Directors in fulfilling its oversight responsibilities for the management of risks arising from the company s compensation policies. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibilities for the management of risks related to Board of Directors membership, structure, and succession.

The Board of Directors also believes that full and open communication with management is essential for effective risk management oversight. Senior management members attend Board of Directors and committee meetings and provide presentations on business operations, financial results, and strategic matters.

CORPORATE GOVERNANCE

Independence of Our Board of Directors

Rules promulgated by the SEC and the listing standards of NASDAQ require that a majority of our directors be independent directors. Our Board of Directors has adopted as categorical standards NASDAQ independence standards to provide a baseline for determining independence. Under these criteria, our Board of Directors has determined that the following members of our Board of Directors are independent: Messrs. Vittoria, Blutinger, Churchey, Rensi and Silver.

Committees and Meetings of Our Board of Directors

Board Meetings. We operate under the general management of our Board of Directors as required by our bylaws and the laws of Delaware, our state of incorporation. Our Board of Directors held five meetings during 2010. Each director nominated for election here in 2010 attended at least 92% of the total number of those meetings of the Board of Directors and of any committee of which he was a member. While our Board of Directors has not adopted a mandatory attendance policy for our annual meetings, directors are encouraged to attend. In 2010, all of our current directors attended our annual meeting.

Executive Sessions of Our Non-Management Directors. The non-management directors of our Board of Directors met in regularly scheduled executive sessions that excluded members of the management team at every Board of Directors meeting held in 2010. At each meeting, the non-management directors determined who presided over the meeting s agenda and related discussion topics. Stockholders and other interested persons may contact our non-management directors in writing by mail c/o Great Wolf Resorts, Inc., 525 Junction Road, Suite 6000 South, Madison, Wisconsin 53717, Attn: Non-Management Directors. All such letters will be forwarded to our non-management directors.

Audit Committee. Our Board of Directors has established an Audit Committee, currently consisting of Messrs. Churchey, Silver and Vittoria, with Mr. Silver serving as its chairman. Our Board of Directors has determined that each of the Audit Committee members is independent, as that term is defined under the enhanced independence standards for audit committee members in the Exchange Act and rules thereunder, as amended, and under the listing standards of NASDAQ. Our Board of Directors has also determined that Mr. Silver is an audit committee financial expert within the meaning of SEC rules. Our Audit Committee operates under a written charter adopted by our Board of Directors. A copy of this charter is available on our Web site under Investor Relations at greatwolf.com. Among other duties, this committee:

- reviews and discusses with management and our independent registered public accounting firm our financial reports, financial statements and other financial information;
- makes decisions concerning the appointment, retention, compensation, evaluation and dismissal of our independent registered public accounting firm;
- reviews with our independent registered public accounting firm the scope and results of the audit engagement;
- approves all professional services provided by our independent registered public accounting firm;
- reviews the experience, performance and independence of our independent registered public accounting firm;
- considers appropriateness of the audit and non-audit fees;
- reviews the adequacy of our internal accounting and financial controls; and
- reviews any significant disagreements among the company s management and our independent registered public accounting firm in connection with preparation of our company s financial statements.

Our Audit Committee met six times in 2010. For more information, please see Report of our Audit Committee on page 42.

Compensation Committee. Our Board of Directors has also established a Compensation Committee, currently consisting of Messrs. Churchey, Rensi and Vittoria, with Mr. Churchey serving as its chairman. During 2010, the committee consisted of Messrs. Rensi, Silver and Vittoria, with Mr. Rensi serving as its chairman. Our Board of Directors has determined that each of the Compensation Committee members is independent, as that term is defined by NASDAQ. The Compensation Committee operates under a written charter adopted by our Board of Directors. A copy of this charter is available on our Web site under Investor Relations at greatwolf.com. Among other duties, this committee:

- determines compensation for our executive officers and Board members;
- establishes salaries of and awards of performance-based bonuses to our executive officers; and
- determines awards of equity instruments to our officers and employees.

The Compensation Committee met six times in 2010. For more information, please see Report of the Compensation Committee on page 15.

Nominating and Corporate Governance Committee. Our Board of Directors has also established a Nominating and Corporate Governance Committee, currently consisting of Messrs. Blutinger, Rensi and Vittoria, with Mr. Blutinger serving as its chairman. During 2010, the committee consisted of Messrs. Blutinger, Churchey and Vittoria, with Mr. Blutinger serving as it chairman. Our Board of Directors has determined that each of the Nominating and Corporate Governance Committee members is independent, as that term is defined by NASDAQ. The Nominating and Corporate Governance Committee operates under a written charter adopted by our Board of Directors. A copy of this charter is available on our Web site under Investor Relations at greatwolf.com. Among other duties, this committee:

identifies, selects, evaluates and recommends to our candidates for service on our Board of Directors;

oversees the composition of our Board of Directors and its committees and makes recommendations to our Board of Directors for appropriate changes;

advises and makes recommendations to our Board of Directors on matters concerning corporate governance; and

oversees an annual self-evaluation of our Board of Directors.

The Nominating and Corporate Governance Committee met two times in 2010.

The Nominating and Corporate Governance Committee has established a mandatory director education program, adopted a policy that our governance practices will meet or exceed those required by NASDAQ, developed a process for CEO evaluation, and assisted in self-evaluations of the Board of Directors and each of its Committees. The Nominating and Corporate Governance Committee also has instituted an annual review of the charters of each of the committees of the Board of Directors to ensure that each reflects best practices.

Other Committees. From time to time, our Board of Directors may form other committees as circumstances warrant. Those committees will have such authority and responsibility as delegated to them by our Board of Directors and consistent with Delaware law.

Availability of Corporate Governance Materials. Stockholders may view our corporate governance materials, including the charters of our Audit Committee, our Compensation Committee and our Nominating and Corporate Governance Committee, and our Code of Business Conduct and Ethics, on our Web site under Investor Relations at greatwolf.com.

Director Nominations

Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee performs the functions of a nominating committee. The Nominating and Corporate Governance Committee Charter describes the committee s responsibilities, including identifying, screening and recommending director candidates for nomination by our Board of Directors.

Director Candidate Recommendations and Nominations by Stockholders. The committee will consider director candidate recommendations by stockholders. Stockholders should submit any such recommendations for the consideration of our Nominating and Corporate Governance Committee through the method described under Communications With Our Board below. In addition, any stockholder of record entitled to vote for the election of directors at the applicable meeting of stockholders may nominate persons for election to the Board of Directors if such stockholder complies with the notice procedures summarized in Stockholder Proposals for Our 2012 Proxy Materials or Annual Meeting below.

Process For Identifying and Evaluating Director Candidates. The Nominating and Corporate Governance Committee evaluates any candidate s qualifications to serve as a member of the Board of Directors based on the skills and characteristics of individual Board of Directors members, the projected long-term oversight, strategic, financial and industry needs of the company, as well as the composition of the Board of Directors as a whole. Directors are also considered in light of their past history and actual experience creating stockholder value in previous companies. In addition, the Nominating and Corporate Governance Committee will evaluate a candidate s independence and diversity, age, skills and experience in the context of the Board s needs.

Communications with Our Board

Our Board of Directors has approved unanimously a process for stockholders to send communications to our Board of Directors. Stockholders can send communications to our Board of Directors and, if applicable, to the Nominating and Corporate Governance Committee or to specified individual directors in writing c/o Great Wolf Resorts, Inc., 525 Junction Road, Suite 6000 South, Madison, Wisconsin 53717, Attn: Corporate Secretary. All such letters will be forwarded to our Board of Directors, the Nominating and Corporate Governance Committee or any such specified individual directors.

OUR EXECUTIVE OFFICERS

Ms. Schaefer is an executive officer and director and her biographical information is set forth under The Election of Directors. The names, positions, business experience, terms of office and ages of our other executive officers are as follows:

TIMOTHY D. BLACK, age 45	Mr. Black has served as Executive Vice President of Operations since January 2009. Mr. Black previously served as our Senior Vice President of Operations since June 2008, and as our Regional Vice President of Operations from December 2005 through June 2008. From October 2004 through December 2005, Mr. Black served as the General Manager of our Great Wolf Lodge resort located in Lake Delton, Wisconsin. Prior to that, Mr. Black spent eighteen years at Six Flags Theme Park in various senior management positions, serving most recently as Vice President and General Manager of Six Flags Great America from August 2003 through October 2004.
JAMES A. CALDER, age 48	Mr. Calder has served as our Chief Financial Officer since we commenced operations in May 2004. From 1997 to 2004, Mr. Calder served in a number of management positions with Interstate Hotels & Resorts, Inc., a public company, and its predecessor company, serving most recently as chief financial officer. Additionally, from 2001 to 2002, Mr. Calder served as chief accounting officer of MeriStar Hospitality Corporation, a public company. Mr. Calder holds a B.S. degree in Accounting from The Pennsylvania State University. Mr. Calder is a certified public accountant, is president and treasurer of the Thomas W. Hetrick Memorial Scholarship Fund, a private, non-profit organization, and is treasurer of Harvest Resources Associates, LLC, a private organization.
ALEXANDER P. LOMBARDO, age 42	Mr. Lombardo has served as our Treasurer since 2004. From 1998 to 2004, Mr. Lombardo served in a number of positions with Interstate Hotels & Resorts, Inc., a public company, and its predecessor company, serving most recently as vice president of finance. Additionally, from 1998 to 2002, Mr. Lombardo served in a number of positions with MeriStar Hospitality Corporation, a public company, serving most recently as assistant treasurer. From 1996 to 1998, Mr. Lombardo served as cash manager of ICF Kaiser International, Inc., a public company. Mr. Lombardo holds a B.B.A. degree from James Madison University.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under federal securities laws, our directors, executive officers and any persons beneficially owning more than 10% of a registered class of our equity securities are required to report their ownership and any changes in that ownership to the SEC. These persons are also required by SEC rules and regulations to furnish us with copies of these reports. The SEC has established due dates for these reports, and we are required to report in this proxy statement any failure to timely file these reports by those due dates by our directors and executive officers during 2010.

Based solely upon our review of the reports and amendments to those reports furnished to us or written representations from our directors and executive officers that these reports were not required from those persons, we believe that all of these filing requirements were satisfied by our directors and executive officers during 2010.

OWNERSHIP OF OUR COMMON STOCK

We summarize below the beneficial ownership of our common stock, as of March 11, 2011, except where noted, by (1) each person or group known by us to beneficially own more than five percent (5%) of our company s common stock, (2) each of our directors and nominees for election to the Board of Directors, (3) each of our named executive officers and (4) all of our directors and our executive officers as a group. A person generally beneficially owns shares if he or she, directly or indirectly, has or shares either the right to vote those shares or dispose of them. Except as indicated in the footnotes to this table, to our knowledge the persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned.

The number of shares beneficially owned by each person or group includes shares of common stock that such person or group had the right to acquire on or within 60 days after March 11, 2011, including, but not limited to, upon the exercise of options or the vesting of restricted stock. References to options in the footnotes of the table below include only options to purchase shares that were exercisable on or within 60 days after March 11, 2011.

For each individual and group included in the table below, percentage ownership is calculated by dividing (a) the number of shares beneficially owned by such person or group by (b) the sum of the shares of common stock outstanding on March 11, 2011 plus the number of shares of common stock that such person or group had the right to acquire on or within 60 days after March 11, 2011. Unless otherwise indicated in the accompanying footnotes, all of the shares of our common stock listed below are owned directly, and the indicated person has sole voting and investment power. The address for each individual listed below is: c/o Great Wolf Resorts, Inc., 525 Junction Road, Madison, Wisconsin 53717.

Name of Beneficial Owner	**Shares Beneficially Owned**	
Officers and Directors	**Number**	**Percentage**
Joseph V. Vittoria	70,067(1)	*
Kimberly K. Schaefer	1,094,043(2)	3.4
Elan Blutinger	79,404(1)	*
Randy L. Churchey	132,175(3)	*
Edward H. Rensi	63,353(1)	*
Howard A. Silver	72,160(1)	*
Timothy D. Black	96,776(4)	*
James A. Calder	282,983(5)	*
Alexander P. Lombardo	43,258(6)	*
All directors and executive officers as a group (8 persons)	1,934,219	6.0
Beneficial Holders in Excess of 5%		
Wells Fargo & Company 420 Montgomery Street San Francisco, CA 94163	4,475,103(7)	13.8%
Baron Capital Group, Inc. 767 Fifth Avenue, 49th Floor New York, NY 10153	3,102,350(8)	9.6%
AllianceBernstein L.P. 1345 Avenue of the Americas New York, NY 10105	2,804,092(9)	8.6%

Dimensional Fund Advisors LP Palisades West, Building One, 6300 Bee Cave Road, Austin, TX 78746	2,611,817(10)	8.0%
Prescott Group Capital Management, LLC 1924 South Utica, Suite 1120 Tulsa, OK 74104	2,106,405(11)	6.5%

* Less than one percent of the outstanding shares of common stock.

(1) Includes 38,824 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan.

(2) Includes (a) 33,009 shares held jointly with Ms. Schaefer s spouse and (b) 363,427 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan.

(3) Includes 37,084 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan.

(4) Includes 81,561 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan.

(5) Includes 147,251 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan. In addition, Great Wolf Resorts deferred compensation plan holds 11,765 shares to pay obligations owed to Mr. Calder pursuant to that plan.

(6) Includes 28,663 unvested shares of restricted stock granted under Great Wolf Resorts 2004 Incentive Stock Plan.

(7) Based solely upon information provided in a Schedule 13-G filed with the SEC on January 20, 2011. Wells Fargo & Company owns beneficially in the aggregate 4,475,103 shares of common stock, of which it has sole voting and dispositive power with respect to 3,091,027 and 4,475,103, respectively.

(8) Based solely upon information provided in a Schedule 13-G filed with the SEC on February 14, 2011. Baron Capital Group, Inc. (BCG) owns beneficially in the aggregate 3,102,350 shares of common stock, of which it has sole voting and dispositive power with respect to none of such shares and shared voting and dispositive power over 3,102,350 shares. BCG is a parent holding company of BAMCO, Inc. (BAMCO), a registered investment advisor. Ronald Baron (Baron) owns a controlling interest in BCG. BAMCO and Baron beneficially own 3,102,350 and 3,102,350, respectively, shares of common stock, of which they have sole voting and dispositive power with respect to none of such shares and shared voting power and dispositive power of 3,102,350 shares.

(9) Based solely upon information provided in a Schedule 13-G filed with the SEC on February 9, 2011. AllianceBernstein L.P. owns beneficially in the aggregate 2,804,092 shares of common stock, of which it has sole voting and dispositive power with respect to 2,607,622 and 2,686,422, respectively.

(10) Based solely upon information provided in a Schedule 13-G filed with the SEC on February 11, 2011. Dimensional Fund Advisors LP owns beneficially in the aggregate 2,611,817 shares of common stock, of which it has sole voting and dispositive power with respect to 2,565,584 and 2,611,817, respectively.

(11) Based solely upon information provided in a Schedule 13-G filed with the SEC on February 14, 2011. Prescott Group Capital Management, LLC owns beneficially in the aggregate 2,106,405 shares of common stock, of which it has sole voting and dispositive power with respect to 2,106,405.

Equity Compensation Plan Information

This table provides certain information as of December 31, 2010 with respect to our equity compensation plans approved and not approved by stockholders:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	1,493,325(1)	$ 19.03	973,614
Equity compensation plans not approved by security holders		N/A	
Total	1,493,325	$ 19.03	973,614

(1) This amount consists of:

36,000 shares of our common stock issuable upon the exercise of outstanding stock options.

1,163,379 restricted shares of our common stock that have been granted but not yet earned as of December 31, 2010. The number of shares, if any, to be issued pursuant to these grants will be determined by the grant recipient providing future services to us over the vesting period of the grant. Since these awards have no exercise price, they are not included in the weighted average exercise price calculation in column (b).

293,946 shares of our common stock issuable pursuant to outstanding market condition and performance condition share awards that have been granted but not yet earned as of December 31, 2010. The number of shares, if any, to be issued pursuant to these awards will be determined based on (a) the award recipient achieving certain individual and/or performance goals in 2010, as determined by our Compensation Committee, (b) our common stock s performance in the three year period 2010-2012 relative to the total return of a relevant stock index, and (c) our common stock s absolute performance in the three-year period 2010-2012. Since these awards have no exercise price, they are not included in the weighted average exercise price calculation in column (b).

Our 2004 Incentive Stock Plan authorizes us to grant up to 3,380,740 incentive and/or nonqualified stock options, stock appreciation rights or shares of our common stock to our employees and directors.

RELATED PERSON TRANSACTIONS

In accordance with our Code of Business Conduct and Ethics, all related party transactions known to us are subject to review and approval of our Audit Committee. Since January 1, 2010, we have not been a party to, and we have no plans to be a party to, any transaction or series of similar transactions in which the amount involved exceeded or will exceed $120,000 and in which any current director, executive officer, holder of more than 5% of our capital stock, or any member of the immediate family of any of the foregoing, had or will have a direct or indirect material interest.

EXECUTIVE AND DIRECTOR COMPENSATION

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee, on behalf of and in certain instances subject to the approval of the Board of Directors, reviews and approves compensation programs for certain senior officer positions. In this context, the committee reviewed and discussed with our company s management the Compensation Discussion and Analysis included in this proxy statement. Based on the review and discussions referred to above, the committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the company s Annual Report on Form 10-K for its 2010 fiscal year.

The Compensation Committee
Randy Churchey (Chairman)
Edward Rensi
Joseph Vittoria

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee oversees our compensation program for our senior executives, including our Named Executive Officers (NEOs). The Compensation Committee s responsibilities include:

Establishing and administering compensation policies,

Setting base salaries and awarding performance-based cash bonuses,

- Determining grants of awards under our equity award plan, and
- Reviewing the performance and development of senior executives.

From time to time, the Compensation Committee may retain compensation consultants to assist with, among other things:

- Structuring our various compensation programs;
- Determining appropriate levels of salary, bonus and other awards payable to our NEOs consistent with our competitive strategy, corporate governance principles and stockholder interests; and
- Guiding us in the development of near-term individual performance objectives necessary to achieve long-term performance goals.

We expect to use these compensation consultants only in circumstances where the consultants have no other business dealings with us.

Each member of the Compensation Committee is independent as defined in the Compensation Committee s charter, as determined by the Board of Directors.

General Compensation Policy/Philosophy

Our general compensation policy is to devise and implement compensation for our NEOs commensurate with their positions and determined with reference to compensation paid to similarly situated employees and officers of companies that the Compensation Committee, in consultation with our Chief Executive Officer (CEO) and external compensation consultants, deems to be comparable to us.

Our general compensation philosophy is to:

- Design and implement a compensation program to attract, retain and motivate talented executives;
- Provide incentives for the attainment of short-term operating objectives and strategic long-term performance goals; and
- Place emphasis on, and reward achievement of, long-term objectives that are consistent with the nature of our company as an enterprise focused on revenue and cash flow growth, resort operations and brand expansion/development over the next several years.

Our overall executive compensation philosophy is based on a pay-for-performance model. In general, our executive compensation is structured to reward performance through a combination of competitive base salaries coupled with cash-based and equity-based incentives. The at risk components of our executive compensation (cash annual incentives and stock-based long-term incentives) are designed to provide incentives that are predicated on our company and/or the NEO meeting or exceeding predefined goals.

Our 2004 Incentive Stock Plan, which is administered by our Compensation Committee, requires a minimum vesting period of one year for stock awards made under the plan. As discussed further in these materials, we have established vesting periods of three/four years for grants made to our NEOs under our long-term incentive compensation programs.

The Compensation Committee occasionally requests that our CEO be present at Compensation Committee meetings where executive compensation and company, business unit, departmental and individual performance are discussed and evaluated. Our CEO is free to provide insight, suggestions or recommendations regarding executive compensation if present during these meetings or at other times. Only Compensation Committee members, however, vote on decisions made regarding executive compensation.

Named Executive Officers

At December 31, 2010, our NEOs were:

Kimberly K. Schaefer, Chief Executive Officer (Principal Executive Officer)

Timothy D. Black, Executive Vice President of Operations

James A. Calder, Chief Financial Officer (Principal Financial Officer)

Alexander P. Lombardo, Treasurer

J. Michael Schroeder, General Counsel and Corporate Secretary

Mr. Schroeder resigned from his position as our General Counsel and Corporate Secretary in January 2011 and terminated his employment with us on February 23, 2011.

2010 Executive Officer Compensation

For 2010, the Compensation Committee used as a reference tool the overall compensation structure recommendations for our NEOs that had been developed for 2010-2012 by FPL Associates Compensation (FPL), an independent compensation consultant. In 2009, the Compensation Committee engaged FPL to assist the Compensation Committee in determining appropriate fiscal year 2010 compensation for our NEOs, as well as an appropriate structure for long-term incentive compensation for the period 2010-2012. FPL conducted for the Compensation Committee an executive benchmarking analysis of a competitive peer group of 11 public companies that compete with us for talent, investment dollars and/or business. Based on that analysis and discussions with the Compensation Committee, FPL made executive compensation recommendations for our NEOs in a report to the Compensation Committee, of appropriate levels of:

- Base salary,
- Annual cash incentives, and
- Long-term incentive compensation.

The structure and amounts of the base salary, annual incentives and long-term incentives compensation components for all NEOs for 2010 as detailed in this Compensation Discussion and Analysis are based on the final recommendations of FPL in its report.

Competitive Peer Group

The competitive peer group FPL used in its report included primarily companies that are focused on operating within the public hospitality / leisure sectors as the foundation for our compensation practices. Those peer group companies include ones that:

- Own and operate local / regional / national family entertainment facilities dependent on discretionary consumer spending,
- Own and/or operate branded hotels or resorts, and/or
- License branded hospitality locations.

These companies own and/or operate facilities such as theme parks, meeting and convention resorts, nationally-branded hotels, cruise lines, timeshare resorts, spas and movie theaters. The peer group consisted of the following companies:

Cedar Fair, L.P.	Silverleaf Resorts, Inc.
Gaylord Entertainment Company, Inc.	Six Flags, Inc.
LaSalle Hotel Properties, Inc.	Steiner Leisure Limited
The Marcus Corporation	Strategic Hotels & Resorts, Inc.
Red Lion Hotels Corporation	Vail Resorts, Inc.

Royal Caribbean Cruises, Ltd.

Executive Compensation Structure

Utilizing the information in FPL s report and other benchmarking data, the Compensation Committee approved total remuneration for executive compensation for the NEOs for 2010 structured as follows:

Base salaries at a level commensurate with each executive s role / responsibilities, tenure and other factors, referenced to median market practices.

Short-term incentive compensation consisting of annual cash incentive bonuses based on specified threshold, target and high earnings levels, defined as follows:

Threshold performance solid achievement but falls short of expectations. Would be considered less than meeting a budget plan. This represents the minimum level of performance that must be achieved before any bonus will be earned.

Target performance achievement that normally signifies meeting business objectives. In many situations, represents budget level performance.

High performance significant achievement that would be considered upper-tier or exceptional performance by industry standards.

Long-term incentive compensation in the form of restricted stock grants based on specified threshold, target and high earnings levels, consisting of:

Annual equity grants with performance metrics and/or

Multi-year program equity grants with performance metrics and/or time-based vesting.

For 2010, the Compensation Committee designed annual cash incentives and long-term incentives for the NEOs that created an overall compensation program that can provide for superior compensation when primary company-wide financial goals and individual performance goals are met or exceeded, and, conversely, total compensation below competitive levels when such goals are not met.

For a further discussion on the details of these annual cash incentives and long-term incentives, see Elements of Compensation below.

Elements of Compensation

The compensation for each of our NEOs consists of three components:

Base salary,

Annual cash incentive and

Long-term incentive compensation.

These components provide elements of fixed income and variable compensation that are linked to the achievement of individual and corporate goals and the enhancement of value to our stockholders.

Base Salary

Base salary represents the fixed annual component of our executive compensation. Executives receive salaries that are within a range established by the Compensation Committee for their respective positions, based on the comparative analysis described above. Where each executive s salary falls within the salary range is based on a determination of the level of experience that the executive brings to the position and how successful the executive has been in achieving set goals. Salary adjustments are based on a similar evaluation and may include a comparison of adjustments made by competitors and any necessary inflationary adjustments.

When reviewing the competitive market data described above, the Compensation Committee considers that the competitive market is comprised of professionals with varying backgrounds, experience and education who may be more junior or senior within the role. As such, the compensation, particularly as it relates to base salaries, provided to these incumbents may, appropriately, vary. In establishing base salary amounts for our NEOs, the Compensation Committee considers the level of responsibility, experience, performance and tenure of our company s incumbents relative to those commonly found in the market and/or summarized by FPL in its report.

We generally review the base salaries of our NEOs each fiscal year. In the event of an NEO s promotion and/or increased scope of responsibility, we consider base salary adjustments at other points during the year as well.

The Compensation Committee reviewed the salaries for our NEOs in December 2009. As part of that review, the Compensation Committee considered base salary benchmarking data in FPL s report for individuals with similar levels of responsibility at the company s peer group companies, and FPL s recommendation that the company focus relative salary comparisons against the 25th percentile and median values of the peer group information. As a result of these reviews, base salaries established for 2010 and the percentage increase from prior base salaries are shown below:

Name	2010 Base Salary ($)	Increase From Prior Base Salary (%)
Ms. Schaefer	550,000	10.0
Mr. Black	313,500	8.6
Mr. Calder	385,000	2.7
Mr. Lombardo	188,700	2.0
Mr. Schroeder	273,400	2.0

For 2011, base salaries for all of our NEOs were kept equal to 2010 amounts with the exception of Mr. Lombardo s base salary, which was increased to $200,000.

Annual Cash Incentive

For our NEOs, annual cash incentives exist in the form of bonuses as a means of linking compensation to objective performance criteria that are within the control of the NEOs. Consistent with the guidelines in FPL s report, at the beginning of each year, the Compensation Committee establishes a potential bonus amount range for each executive and identifies performance targets for each NEO to meet in order to receive the full bonus. The range incorporates the threshold, target and high (maximum) performance concepts as described above in 2010 Executive Officer Compensation.

Our annual incentive program utilizes multiple aspects or dimensions of performance to establish a line-of-sight between the individual and the reward. The emphasis on one dimension versus another depends on the level and type of position. Three dimensions we consider in the annual incentive program for our NEOs are:

Corporate overall corporate performance is the primary dimension for executive and senior management.

Department / Business Unit refers to key functional areas. This dimension is utilized to link individuals to the performance of their collective work group and is intended to foster cooperation.

Individual refers to specific goals and objectives developed for each individual participant.

The Compensation Committee reviews each executive s position to determine the proportion or percentage of incentive opportunity that will be attributed to each of the three dimensions, based on the position s ability to impact performance at each dimension. The benefit to using this three-tier construct is in balancing the required level of objectivity with the desired level of subjectivity. While corporate and team/unit goals include specific, quantifiable targets, the individual component can often be based on a more subjective assessment of performance or on management discretion.

For the NEOs, the Compensation Committee establishes financial targets at the beginning of each year that are tied to our annual business plan. The NEOs generally begin to earn a threshold annual cash incentive award amount once a financial target is at least 95% attained. The threshold award amount is generally one-third of the maximum potential award amount for a particular financial target. The maximum annual cash incentive award is earned when a financial target is at least 105% attained. Any potential amount of the annual cash incentive award in excess of the threshold amount, up to the maximum potential award amount, is earned ratably from 95% up to 105% of the financial target attained.

The Compensation Committee employs clearly defined, objective measures of performance to support the annual cash incentive awards for our NEOs. Within the annual incentive award component of the compensation program, performance measures are often based on operational / financial initiatives as well as individual / subjective performance, providing a balance with long-term incentive award components, which are generally primarily tied to value creation.

The Compensation Committee, in consultation with our CEO, establishes and approves specific, written performance objectives for annual cash incentives. For each such objective, actual performance is reviewed by the Compensation Committee (generally in the first quarter of the fiscal year following the performance year) in order to determine the actual payment to occur following release of the performance year fiscal year financial results. The Compensation Committee has the ability to apply discretion to increase or decrease the actual payout resulting from the relative achievement of performance objectives. Discretion may be applied in the case of significant business disruption, unusual business events or conditions, or other factors the Compensation Committee deems relevant.

As part of its report for the Compensation Committee, FPL recommended a structure for annual cash incentives for our NEOs that provided for threshold, target and maximum levels of opportunity, as discussed above. The Compensation Committee considered annual cash incentive benchmarking data in FPL s report for individuals with similar levels of responsibility at the company s peer group companies, including recommended amounts (expressed as a percentage of each NEO s base salary) for threshold, target and maximum levels of performance, and FPL s recommendations for each NEO s annual cash incentive structure. Based primarily on the recommendations of FPL in its report, the Compensation Committee established overall threshold, target and maximum annual incentive opportunities for our NEOs for 2010, expressed as a percentage of each executive s 2010 base salary, as follows:

	2010 Annual Incentive Opportunity					
	Threshold		**Target**		**Maximum**	
Name	**(%)**	**($)**	**(%)**	**($)**	**(%)**	**($)**
Ms. Schaefer	50.0	275,000	100.0	550,000	150.0	825,000
Mr. Black	33.3	104,500	66.7	209,000	100.0	313,500
Mr. Calder	40.0	154,000	80.0	308,000	120.0	462,000
Mr. Lombardo	16.7	31,513	33.3	62,837	50.0	94,350
Mr. Schroder	16.7	45,658	33.3	91,042	50.0	136,700

For 2010, the annual cash incentive amounts awarded to our NEOs were subject to a number of performance objectives, including:

Our company achieving certain levels of Adjusted EBITDA for 2010 and

The individual achieving certain individual, business unit and/or departmental performance goals in 2010, as determined by the Compensation Committee. Examples of the types of management performance goals established for 2010 are:

Achieving specified levels of company-wide Adjusted EBITDA.

Achieving target levels of RevPAR growth and guest satisfaction scores for our resorts.

Developing a new proprietary, revenue-enhancing amenity for our resorts.

Accessing capital markets to refinance near-term debt maturities provide working capital for future growth and/or address other elements or opportunities in the company s debt structure.

Executing a permanent solution to address company s guarantees under certain agreements related to the development of our Blue Harbor Resort & Conference Center in Sheboygan, Wisconsin.

Securing financing for the company s future development projects.

Signing letters of intent for future management and/or licensing opportunities.

Developing an adaptive re-use model to allow for conversions of existing, full-service hotels to family entertainment facilities by using entertainment features currently used in our existing resorts.

Opening a standalone Scooops® Kid Spa location.

Closing on the purchase of a majority interest in Creative Kingdoms, LLC, a developer of experiential gaming products.

Implementing an investor relations plan to present to potential new investors and strengthen investor perception of our company s operations and outlook.

Locating potential joint venture partners for the company s future growth initiatives.

The threshold, target and maximum amounts for the financial measure performance objective (Adjusted EBITDA) for 2010 were as follows:

Financial Measure Performance Objective	**Threshold ($)**	**Target ($)**	**Maximum ($)**
Adjusted EBITDA	63.8 million	67.1 million	70.5 million

The relative weightings for the performance objectives were primarily based on the recommendations of FPL in its report. For 2010, the Compensation Committee, in consultation with our CEO, reviewed and approved the performance criteria and weighting of those criteria for each NEO. The weightings of the performance criteria may vary among the NEOs by position due to functional accountability, responsibility and other factors the Compensation Committee deems relevant. For 2010, weightings for our NEOs and corresponding maximum bonus amounts available for each bonus measure were as follows:

	Cash Bonus Performance Objectives			
	Adjusted EBITDA		**Individual, Business Unit and/or Departmental Performance Goals**	
Name	**Weighting (%)**	**Maximum Bonus Amount Available ($)**	**Weighting (%)**	**Maximum Bonus Amount Available ($)**
Ms. Schaefer	50.0	412,500	50.0	412,500
Mr. Black	75.0	235,125	25.0	78,375
Mr. Calder	50.0	231,000	50.0	231,000
Mr. Lombardo	25.0	23,588	75.0	70,762
Mr. Schroeder	25.0	34,175	75.0	102,525

For our NEOs, the Compensation Committee reviewed in February 2011 the level of Adjusted EBITDA we had achieved for 2010 and the success of each of those NEOs in achieving their specified individual, business unit and/or departmental performance goals in 2010 as discussed above. Based that review:

We achieved Adjusted EBITDA of $69.0 million.

The Compensation Committee determined the individual/departmental goal achievements as follows: Ms. Schaefer 55%; Mr. Black 55%; Mr. Calder 50%; Mr. Lombardo 75%; and Mr. Schroeder 44%.

The Compensation Committee awarded to Mr. Lombardo an additional discretionary cash bonus amount of $21,000, based primarily on progress made toward securing debt financing for certain of our current and future resorts.

Based on the level of achievement of the various financial and other factors for 2010 as described above, the NEOs earned the following amounts for the various performance objectives:

Cash Bonus Performance Objective	Ms. Schaefer	Mr. Black	Mr. Calder	Mr. Lombardo	Mr. Schroeder
Adjusted EBITDA:					
Maximum Bonus Amount	$ 412,500	$ 235,125	$ 231,000	$ 23,588	$ 34,175
% earned	84.9%	84.9%	84.9%	84.9%	84.9%
Bonus Amount Earned	$ 350,213	$ 199,621	$ 196,119	$ 20,026	$ 29,015
Individual, Business Unit and/or Departmental Goals:					
Maximum Bonus Amount	$ 412,500	$ 78,375	$ 231,000	$ 70,762	$ 102,525
% earned	55.0%	55.0%	50.0%	75.0%	44.0%
Bonus Amount Earned	$ 226,875	$ 43,106	$ 115,500	$ 74,072(1)	$ 45,593
Total Bonus Amount Earned	$ 577,088	$ 242,727	$ 311,619	$ 94,098	$ 74,604
% of Base Salary	104.9%	77.4%	80.9%	49.9%	27.3%

(1) Amount includes additional discretionary cash bonus award amount of $21,000.

Shares-in-Lieu-of-Cash Option for Bonus Payments

For 2010 annual cash incentives bonus amounts to be paid in 2011, as an incentive to increase our NEOs ownership of our common stock, we offered our NEOs the opportunity to take some or all of their bonus in shares of our common stock in lieu of cash. Shares issued under this shares-in-lieu-of-cash bonus option are 100% vested when issued. If an executive elected to receive shares of our common stock in lieu of cash, he or she received shares having a market value equal to 125% of the cash they would have otherwise received. For example:

If an executive s cash bonus payment would have been $10,000 and they elected this shares-in-lieu-of-cash option for the entire amount of their bonus, he or she would receive $12,500 of shares.

The dollar value of shares to be received is divided by a conversion price as determined by the Compensation Committee in order to determine the number of shares the NEO receives.

We believe this 25% conversion premium is an appropriate incentive to reward executives who choose to receive shares in lieu of cash. We believe it is also a useful incentive to encourage share ownership by our NEOs because an NEO is required to hold any shares acquired through this shares-in-lieu-of-cash option for a period of at least one year, provided the individual remains an NEO of our company. Additionally, our NEOs are subject to stock ownership guidelines, as discussed below.
