

Great Wolf Resorts, Inc.
Form S-1/A
February 10, 2005

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As filed with the Securities and Exchange Commission on February 10, 2005

Registration No. 333-122208

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

GREAT WOLF RESORTS, INC.

(Exact name of issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7011
(Primary Standard Industrial
Classification Code Number)

51-0510250
(I.R.S. Employer
Identification No.)

**122 West Washington Avenue
Madison, Wisconsin 53703
(608) 251-6400**
(Address, Including Zip Code, and Telephone Number, Including Area Code of Registrant's Principal Executive Offices)

**J. Michael Schroeder
General Counsel and Corporate Secretary
Great Wolf Resorts, Inc.
122 West Washington Avenue
Madison, Wisconsin 53703
(608) 251-6400**
(Address, Including Zip Code, and Telephone Number, Including Area Code of Agent For Service)

With a Copy to:
**Alan J. Prince
King & Spalding LLP
191 Peachtree Street
Atlanta, Georgia 30303
(404) 572-4600**

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

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

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, par value \$0.01 per share	14,032,896 Shares	\$21.34	\$299,462,001	\$35,247

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act, based upon the average of the high and low sales prices of the Registrant's common stock on the Nasdaq National Market on January 14, 2005.

(2) Previously Paid.

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

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 10, 2005

PROSPECTUS

14,032,896 Shares
Great Wolf Resorts, Inc.
Common Stock

This prospectus relates to 14,032,896 shares of our common stock being sold by the selling stockholders named in this prospectus. We will not receive any proceeds from the issuance or sale of these shares.

The selling stockholders may offer their shares of common stock from time to time through public or private transactions, in the over-the-counter markets, on any exchanges on which our common stock is traded at the time of sale, at prevailing market prices or at privately negotiated prices. The shares may be sold directly or through agents or broker-dealers acting as principal or agent, or in block trades or through one or more underwriters on a firm commitment or best efforts basis. The selling stockholders may engage underwriters, brokers, dealers or agents, who may receive commissions or discounts from the selling stockholders. We will pay substantially all of the expenses incident to the registration of the shares, except for sales commissions and other seller's compensation applicable to sales of the shares.

The selling stockholders and any underwriters, agents or broker-dealers that participate with the selling stockholders in the distribution of the common stock may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, and any commissions received by them and any profit on the resale of the common stock may be deemed to be underwriting commissions or discounts under the Securities Act.

Our common stock trades on the Nasdaq National Market under the symbol WOLF. On February 9, 2005, the last reported sales price of our common stock on the Nasdaq National Market was \$21.28.

Investing in our common stock involves risks. See Risk Factors beginning on page 13.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2005

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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We own, or claim ownership rights to, a variety of trade names, service marks and trademarks for use in our business, including Biko the Bear, Blue Harbor Resort, Boathouse Suite, Breaker Bay, Crew Club, Cub Club, Great Wolf Lodge, Great Wolf Resorts, KidAquarium Suite, KidCabin and Wiley the Wolf in the United States and, where appropriate, in foreign countries. This prospectus also includes product names and other tradenames and service marks owned by us and other companies. The tradenames and service marks of other companies are the property of such other companies.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus, including Risk Factors, the audited financial statements of our predecessor companies and our consolidated financial statements and related notes, carefully before making an investment decision. References in this prospectus to we, our, us and our company refer to Great Wolf Resorts, Inc., a Delaware corporation, together with our consolidated subsidiaries.

Our Business

We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in the United States of drive-to family resorts featuring indoor waterparks and other family-oriented entertainment activities, based on the number of resorts in operation. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 14 years old that live within a convenient driving distance from our resorts. Our resorts provide a consistent and comfortable environment throughout the year where our guests can enjoy our various amenities and activities. We are a fully integrated resort company with in-house expertise and resources in resort and indoor waterpark development, management, marketing and financing.

We own and operate four existing Great Wolf Lodge® resorts, our signature northwoods-themed resorts, and one Blue Harbor Resort, a nautical-themed property. In addition, we own two Great Wolf Lodge resorts that are under construction and scheduled to open for business during 2005. We are also the licensor and manager of an additional Great Wolf Lodge resort in Niagara Falls, Ontario that is owned and under development by an affiliate of Ripley Entertainment Inc., or Ripley's. We are currently evaluating 12 to 14 additional markets for potential future development of Great Wolf Lodge resorts, six of which are in active site negotiation. We anticipate that most of our future resorts will be developed under our Great Wolf Lodge brand, but we may develop additional nautical-themed resorts in other appropriate markets.

We deliver value to our guests by providing an affordable and fun family vacation experience. Our resorts are located within a convenient driving distance of our target customer base, providing our guests with a less expensive, more convenient alternative to air travel. In addition, our resorts generally include the following features:

Suites: approximately 270 to 400 family suites that sleep from six to ten people and each include a wet bar, microwave oven, refrigerator and dining and sitting area.

Waterpark: an approximately 34,000 to 82,000 square-foot indoor waterpark highlighted by our signature 12-level treehouse water fort. Our water fort is an interactive water experience for the entire family and features over 60 water effects, including spray guns, fountains, valves and hoses, has cargo netting and suspension bridges, and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our waterparks also feature high-speed body slides and inner tube waterslides that wind in and out of the building into a splash-down pool, a lazy river, activity pools and large free-form hot tubs. Our room rates include use of the waterpark by four to six guests, depending on the type of room.

Food and Beverage: themed restaurants, such as our: Camp Critter Bar & Grille, which features a two-story realistic tree with a canopy of leaves and canvas-topped booths with hanging lanterns, giving guests the impression that they are dining in a northwoods forest camp; Bear Claw Café ice cream shop and confectionery; and waterpark snack shop.

Amenities and Activities: our Youkon Jack's and Northern Lights game arcades, full-service Aveda® concept spa, Buckhorn Exchange gift shop, Iron Horse fitness center, two-story animated clocktower, Cub Club children's activity program, meeting rooms and seasonal, holiday and other special activities.

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Our four resorts open during the entire twelve-month period ended September 30, 2004, had the following financial performance:

\$211.30 average daily room rate, or ADR;

\$90.45 average non-room revenue per occupied room, or RevPOR;

\$301.75 total revenue per occupied room, or Total RevPOR;

65.1% occupancy;

\$137.61 revenue per available room, or RevPAR; and

\$196.51 total revenue per available room, or Total RevPAR.

We expect recurring annual capital expenditures for each resort to be 3-4% of the resort's annual revenues, including the repair and maintenance of our waterpark equipment. Our waterpark equipment is designed for outdoor application and capable of withstanding intense physical use and the elements year-round. Therefore, wear and tear is minimal and we believe our waterpark equipment has a long useful life.

We were formed in May 2004 to succeed to the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc, which we refer to in this prospectus as the management company, and a number of its related entities. We refer to these entities collectively as Great Lakes. Great Lakes has developed and operated hotels since 1995. In 1999, Great Lakes began its resort operations by purchasing the Great Wolf Lodge in Wisconsin Dells, Wisconsin and developing the Great Wolf Lodge in Sandusky, Ohio, which opened in 2001. In 2003, Great Lakes opened two additional Great Wolf Lodge resorts, one in Traverse City, Michigan and the other in Kansas City, Kansas. In June 2004, Great Lakes opened the Blue Harbor Resort in Sheboygan, Wisconsin. Immediately prior to the closing of our initial public offering of common stock, which we refer to in this prospectus as the initial public offering, Great Lakes had two additional Great Wolf Lodge resorts under construction, one in Williamsburg, Virginia and the other in the Pocono Mountains region of Pennsylvania. These resorts are scheduled to open in the Spring and Fall of 2005, respectively.

On December 20, 2004, in connection with the closing of the initial public offering, we acquired each of these resorts and the resorts currently under construction, as well as certain resort development and management operations, in exchange for an aggregate of 14,032,896 shares of our common stock and \$98.1 million.

Our management team possesses substantial expertise in all aspects of family entertainment resort and indoor waterpark development, management, marketing and financing. We have safely and successfully managed the operational complexity of our current resorts and intend to operate our future resorts similarly. We operate our business from our headquarters in Madison, Wisconsin. We believe that the experience of our senior management team, particularly their development and operational experience, as well as our centralized reservations center, provide an infrastructure that will allow us to continue to increase the number of resorts that we develop and operate without proportionately higher overhead costs. As of December 31, 2004, we had approximately 120 corporate employees, including our central reservations center employees, and approximately 1,600 full and part-time resort-level employees.

Our principal executive offices are located at 122 West Washington Avenue, Madison, Wisconsin 53703, and our telephone number is (608) 251-6400. Our website can be found on the internet at www.greatwolfresorts.com. Information contained on our website is not part of this prospectus.

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Our Competitive Strengths

Our competitive strengths include:

Unforgettable Family Resort Experience. Our indoor waterpark resorts provide activities that the entire family can enjoy, including themed restaurants, an Aveda concept spa, a game arcade, ice cream shop and confectionery, gift shop, animated clocktower and fireside bedtime stories.

Value, Comfort and Convenience. On average, a two-night stay for a family of four in one of our conveniently located resorts costs approximately \$600.

Favorable Market Trends. We believe recent vacation trends favor our Great Wolf Lodge concept as the number of families choosing to take shorter, more frequent vacations that they can drive to has increased over the past several years.

Market Presence and Barriers to Entry. We believe that we benefit from the significant barriers to entry, including operational complexity, substantial capital requirements, availability of suitable sites in desirable markets and a difficult, multi-year permitting process.

Focus on Safety. We invest heavily in safety measures in the design and operation of our resorts, including our state-of-the-art air quality and water treatment systems.

Experienced Management Team. Our senior management team has an average of approximately 16 years of experience in the hospitality, family resort and real estate development industries and has significant expertise in operating complex, themed resorts featuring indoor waterparks.

Business and Growth Strategies

Our primary internal growth strategies are to:

Increase Total Resort Revenue. We intend to increase total resort revenue by increasing our average room rate, average occupancy and other revenue.

Leverage Our Economies of Scale. We intend to take advantage of our economies of scale by capitalizing on our increased purchasing power and centralizing certain of our services.

Build Upon Brand Awareness and Loyalty. Our Great Wolf Lodge brand is symbolized by our distinctive and easily identifiable theming and recognizable logos and merchandise, which have fostered strong customer and brand loyalty, as evidenced by our high levels of repeat and referral guests.

Our primary external growth strategies are to:

Capitalize on First-Mover Advantage. We intend to be the first to develop and operate family entertainment resorts featuring indoor waterparks in our selected target markets.

Focus on Development and Strategic Growth Opportunities. Family entertainment resorts featuring indoor waterparks are a relatively new concept and a growing segment of the resort and entertainment industries. We intend to focus on this growth opportunity by building in target markets, licensing our resort concept internationally, forming strategic partnerships and expanding and enhancing existing resorts.

Continue to Innovate. We intend to leverage our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers, to develop and implement the latest innovations in family entertainment activities and amenities, including waterpark attractions.

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Our ability to capitalize on our competitive strengths and implement the business and growth strategies described above may be affected by matters discussed under Risk Factors beginning on page 13, which you should carefully consider prior to deciding whether to invest in our common stock, including:

our ability to develop new resorts or further develop existing resorts on a timely or cost efficient basis;

our ability to compete with other family vacation travel destinations and resorts;

our ability to manage our expected growth;

potential accidents or injuries in our resorts and competing resorts;

our ability to achieve or sustain profitability;

changes in family vacation patterns and consumer spending habits, downturns in our industry segment and extreme weather conditions;

our ability to attract a significant number of guests from our target markets;

increases in operating costs and other expense items and costs;

uninsured losses or losses in excess of our insurance coverage; and

our ability to protect our intellectual property and the value of our brands.

Properties

We have five family entertainment resorts that are currently operating and two additional resorts that are under construction, and we will manage one resort under construction that is owned by a third-party licensee. We also have identified additional target markets for future resort development and are in negotiations with respect to sites in six of these markets. The following table presents an overview of our portfolio of resorts:

Twelve Months Ended September 30, 2004								
Location	Opened/ Target Opening	Rooms	Indoor Entertainment Area(1)	Occupancy	Average Daily Rate	Revenue per Available Room(2)	Other Revenue per Occupied Room	Total Revenue per Occupied Room(3)
			(approx. ft ²)	(%)	(\$)	(\$)	(\$)	(\$)
Existing Resorts:								
Wisconsin Dells, WI	May 1997(4)	309	64,000	61.7	194.58	120.14	76.76	271.34
Sandusky, OH(5)	March 2001	271	41,000	68.4	231.38	158.34	92.78	324.16
Traverse City, MI	March 2003	281	51,000	68.9	222.71	153.47	98.29	321.00
Kansas City, KS	May 2003	281	49,000	61.8	195.06	120.50	94.21	289.27
Sheboygan, WI(6)	June 2004	183(7)	54,000					
Resorts Under Construction:								
Williamsburg, VA	Spring 2005	301	66,000					
Pocono Mountains, PA	Fall 2005	400	91,000					
Niagara Falls, ONT(8)	Spring 2006	404	94,000					

(1)

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Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room and fitness room, as well as our Aveda concept spa, 3D virtual reality theater, Wiley's Woods and party room in the resorts that have such amenities.

- (2) Revenue per available room represents the total room revenue per total available rooms for the twelve months ended September 30, 2004, calculated by multiplying the occupancy by the average daily rate.
- (3) Total revenue per occupied room is calculated by adding the average daily rate and other revenue per occupied room.
- (4) Great Lakes purchased this property in November 1999.

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- (5) Prior to May 2004, we operated this resort as a Great Bear Lodge.
- (6) Our Sheboygan property is branded as a Blue Harbor Resort. This resort is subject to a 98-year and 11-month ground lease with the Redevelopment Authority of the City of Sheboygan.
- (7) Our Blue Harbor Resort also features 64 individually owned two and four bedroom condominium units.
- (8) Ripley's, our licensee, owns this resort. We are assisting Ripley's with construction management and other pre-opening matters related to the Great Wolf Lodge in Niagara Falls. We have granted Ripley's a license to use the Great Wolf Lodge name for this resort for ten years after opening. We have agreed to enter into a management agreement, pursuant to which we expect to operate the resort on behalf of Ripley's for five years, and also a central reservations agreement. In conjunction with this project, we expect to receive a one-time construction management fee and ongoing license, central reservations and management fees.

Structure and Formation of Our Company

Formation Transactions

Each of the five existing resorts and the two resorts under construction that are owned and operated by us were, prior to the consummation of the initial public offering and the formation transactions, owned by a separate limited liability company. We refer to these limited liability companies as resort-owning entities. One member in each of these resort-owning entities was a separate limited liability company of which the management company was the managing member or manager. We refer to these entities as sponsor entities. In addition, investors had an ownership interest in the resort-owning entity of our Sandusky resort through a limited liability company that we refer to as Sandusky Investor LLC.

Pursuant to the formation transactions, among other things:

The management company contributed its hotel management and multifamily housing management and development assets, which were unrelated to the resort business, to two subsidiaries of the management company and then distributed the interests in such subsidiaries to the former shareholders of the management company.

We sold an aggregate of 16,100,000 shares of our common stock in the initial public offering, and we used the net proceeds from the initial public offering to accomplish the steps listed below and also to (1) pay an aggregate of \$98.1 million of the cash consideration in connection with the formation transactions; (2) repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and (3) fund \$75.4 million of our future resort development costs.

We effected, through GWR Operating Partnership, L.L.P., our wholly owned operating partnership, the acquisition of each resort-owning entity, sponsor entity, Sandusky Investor LLC and the management company.

Pursuant to these acquisitions, members of the resort-owning entities, sponsor entities and Sandusky Investor LLC received cash, unregistered shares of our common stock or a combination of cash and unregistered shares of our common stock. Also, shareholders of the management company received unregistered shares of our common stock pursuant to the merger of the management company with and into Great Lakes Services, LLC, a wholly owned subsidiary of the operating partnership, which we refer to as Great Lakes Services.

We issued an aggregate of 130,949 shares of unregistered common stock to holders of tenant in common interests in our Poconos and Williamsburg resorts that were, immediately prior to the consummation of the formation transactions, convertible into our common stock.

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Concurrently with the consummation of the initial public offering and the formation transactions, we:

repaid an aggregate of approximately \$76.0 million of Great Lakes mortgage indebtedness on two of our resorts from the net proceeds of the initial public offering;

refinanced existing mortgage indebtedness on two of our resorts with a total outstanding debt balance at September 30, 2004 of approximately \$72.4 million; and

entered into a \$75.0 million revolving credit facility that is secured by two of our resorts. Based upon the financial and debt service ratios that are contained in the revolving credit facility, as of the date of this prospectus, approximately \$55.0 million of the revolving credit facility is available. As of the date of this prospectus, we have not drawn any amounts under this facility. We expect to use the revolving credit facility to fund our future growth and resort development, to provide for working capital and for other corporate purposes.

The former employees of the management company, other than those associated solely with the non-resort businesses, became employees of Great Lakes Services.

Eric S. Lund, Bruce D. Neviasser, Thomas A. Sather, Craig A. Stark, Marc B. Vaccaro and Kimberly K. Schaefer, each of whom was a shareholder of the management company, entered into indemnity agreements with us pursuant to which they have made certain representations and warranties to us relating to the formation transactions and the status of the properties operated by the resort-owning entities. Pursuant to these indemnity agreements, these shareholders have agreed to indemnify us for a period of one year following the closing of the formation transactions if those representations and warranties are not accurate. With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the number of shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. These shareholders may fulfill the indemnity obligations under the agreements solely through delivery of shares of our common stock that they own, valued at the time of delivery, or with an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligation under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions.

Immediately following the completion of the initial public offering, Messrs. Lund, Neviasser and Sather received personal loans from an affiliate of Citigroup Global Markets Inc. (which served as lead underwriter in connection with the initial public offering). These loans are full-recourse and are secured by a pledge of all the shares of our common stock received by each in the formation transactions. While some of these shares may be released from the pledge over time, they may not be available as an alternative means to satisfy an indemnification obligation under the agreements.

Consequences of the Initial Public Offering and the Formation Transactions

At the completion of the initial public offering and the formation transactions:

We directly or indirectly own a fee simple interest in all of our resorts, except for a leasehold interest in our Sheboygan resort. We also are the licensor and manager of a Great Wolf Lodge resort in Niagara Falls, Ontario owned by Ripley's that is currently under construction.

Purchasers of our common stock in the initial public offering own approximately 53.2% of our outstanding common stock.

We had incurred approximately \$18.0 million of indebtedness in connection with our Williamsburg and Pocono Mountains resort developments between September 30, 2004 and the completion of the initial

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public offering, in addition to approximately \$123.1 million of total pro forma indebtedness we had outstanding at September 30, 2004.

Benefits to Related Parties

In connection with the formation transactions, the shareholders of the management company received material benefits, including:

an aggregate of 8,087,151 unregistered shares of our common stock as consideration in the formation mergers; and

the release of personal guarantees to repay approximately \$167.1 million of indebtedness relating to the resort- owning entities.

Approximately \$76.0 million of this indebtedness was repaid with the proceeds of the initial public offering, approximately

\$72.4 million was refinanced and the remaining portion was assumed by us in connection with the formation transactions.

As of the date of this prospectus, the founding shareholders of Great Lakes beneficially own approximately 25.1% of the outstanding shares of our common stock.

The Offering

All of the shares offered hereby are being offered by the selling stockholders. We will not receive any proceeds from the offering. See Use of Proceeds, Selling Stockholders and Plan of Distribution herein.

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Summary Financial and Other Data

The following table sets forth summary financial and operating data on a historical basis for Great Lakes and on an unaudited pro forma basis for Great Wolf Resorts, Inc. Historical financial and other data related to Great Lakes consists of the following:

combined historical financial information for (1) Great Lakes management business, including development of, ownership interests in, and management contracts with respect to, certain non-resort hotels and multifamily housing assets, (2) the entities that own our Traverse City, Kansas City and Sheboygan operating resorts and (3) the entities that own our Williamsburg and Pocono Mountains resorts that are under construction (the Predecessor Historical Information); and

combined historical financial information for the entities that own our Wisconsin Dells and Sandusky resorts (the Dells/Sandusky Historical Information).

Although we were the managing member with responsibility for day-to-day operations with respect to the entities that own our Wisconsin Dells and Sandusky resorts, another party controlled those entities. Therefore, we do not combine the Dells/Sandusky Historical Information with the Predecessor Historical Information.

We have not presented historical information for Great Wolf Resorts, Inc. in this summary because we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful. We have included audited consolidated historical financial statements for Great Wolf Resorts, Inc. elsewhere in this prospectus.

The summary Predecessor Historical Information as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Great Lakes Predecessor financial statements audited by Deloitte & Touche LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The summary Dells/Sandusky Historical Information as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Dells/Sandusky financial statements audited by Rubin, Brown, Gornstein & Co. LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The summary Predecessor Historical financial and operating data for the nine months ended September 30, 2003 and Dells/Sandusky Historical financial and operating data as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003, are derived from, and are qualified in their entirety by, the unaudited Great Lakes Predecessor and Dells/Sandusky financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. Historical results are not necessarily indicative of the results to be expected in the future. You should read the following summary financial and other data together with Business, Selected Financial and Other Data, Unaudited Pro Forma Financial and Other Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

The unaudited summary pro forma financial and operating data for the year ended December 31, 2003 and the nine months ended September 30, 2004 have been prepared to give pro forma effect to the initial public offering and the formation transactions as if they had occurred on January 1, 2003. The unaudited pro forma balance sheet data as of September 30, 2004 has been prepared to give effect to the initial public offering and the formation transactions as if they had occurred on September 30, 2004. The unaudited summary combined pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the initial public offering and the formation transactions actually been consummated on January 1, 2003 and do not purport to indicate results of operations as of any future date or for any future period. You should read the summary combined pro forma data in conjunction with Unaudited Pro Forma Financial and Other Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

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	2003		2002		2001		
	Consolidated Pro Forma	Predecessor(1)(6)	Dells/Sandusky	Predecessor	Dells/Sandusky	Predecessor	Dells/Sandusky
(dollars in thousands, except per share amounts and operating data)							
Statement of Operations Data:							
Revenues:							
Rooms	\$47,973	\$20,231	\$29,172	\$1,454	\$28,995	\$1,619	\$25,650
Food, beverage and other	20,947	9,580	11,546	234	11,432	482	8,988
Management and other fees		3,109		3,329		3,022	
Other revenue from managed properties(2)		14,904		14,808		13,286	
Total revenues	68,920	47,824	40,718	19,825	40,427	18,409	34,638
Operating expenses:							
Departmental expenses							
Rooms	7,576	3,591	4,311	321	4,453	356	4,011
Food, beverage and other	17,589	8,722	9,009	144	9,043	153	7,500
Other operating expenses:							
Selling, general and administrative	16,080	11,706	7,557	4,356	6,542	4,056	7,629
Property operating costs	10,252	5,671	4,969	901	4,257	275	3,862
Depreciation and amortization	15,327	8,045	8,090	602	8,414	531	8,764
Other expenses from managed properties(2)		14,904		14,808		13,286	
Total operating expenses	66,824	52,639	33,936	21,132	32,709	18,657	31,766
Operating income (loss)	2,096	(4,815)	6,782	(1,307)	7,718	(248)	2,872
Interest expense	3,318	4,758	4,818	560	5,055	792	5,316
Income (loss) from continuing operations	(646)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)
Net income (loss)	\$(646)	\$(4,543)	\$2,116	\$(6,755)	\$2,822	\$(1,177)	\$(2,214)
Pro forma basic loss per share(3)	\$(0.02)						
Pro forma diluted loss per share(3)	\$(0.02)						
Pro forma weighted average common shares outstanding basic and diluted	30,262,308						
Cash Flows Data:							
Cash flows from:							
Operating activities		\$8,126	\$10,866	\$376	\$11,360	\$5,580	\$9,285
Investing activities		\$(64,280)	\$(4,753)	\$(46,276)	\$(5,323)	\$(9,166)	\$(39,189)
Financing activities		\$54,854	\$(6,392)	\$49,797	\$(7,155)	\$2,822	\$31,131
Balance Sheet Data (end of period):							
Total assets		\$173,494	\$90,365	\$106,751	\$93,638	\$54,191	\$97,314
Total long-term debt		\$105,841	\$77,828	\$42,764	\$78,050	\$14,643	\$76,360
Long-term debt secured by assets held for sale		\$14,220		\$31,564		\$34,193	
Non-GAAP Financial Data:							
EBITDA(4)	\$17,423	\$12,439	\$14,872	\$334	\$16,132	\$6,287	\$11,636
Operating Data:							
Total resorts open (end of period)	4						
Total rooms (end of period)	1,142						
Occupancy	64.1%						
Average daily rate	\$210.07						
Revenue per available room	\$134.67						
Total revenue per occupied room	\$301.79						

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	2004			2003	
	Consolidated Pro Forma	Predecessor(1)	Dells/Sandusky	Predecessor(1)	Dells/Sandusky
(dollars in thousands, except per share amounts and operating data)					
Statement of Operations Data:					
Revenues:					
Rooms	\$49,595	\$27,137	\$23,702	\$14,869	\$23,682
Food, beverage and other	22,063	12,979	9,239	6,931	9,166
Management and other fees		2,497		2,515	
Other revenue from managed properties(2)		11,040		10,707	
Total revenues	71,658	53,653	32,941	35,022	32,848
Operating expenses:					
Departmental expenses					
Rooms	7,190	4,134	3,342	2,392	3,336
Food, beverage and other	17,763	10,579	7,335	5,862	6,943
Other operating expenses:					
Selling, general and administrative	18,537	15,014	6,182	8,131	5,490
Property operating costs	9,746	6,145	3,939	4,223	3,636
Depreciation and amortization	15,105	9,490	5,552	4,675	5,752
Other expenses from managed properties(2)		11,040		10,707	
Total operating expenses	68,341	56,402	26,350	35,990	25,157
Operating income (loss)	3,317	(2,749)	6,591	(968)	7,691
Interest expense	4,265	4,755	3,529	2,635	3,614
Income (loss) from continuing operations	(465)	(6,825)	3,167	(784)	4,189
Net income (loss)	\$(465)	\$(4,961)	\$3,167	\$1,177	\$4,189
Pro forma basic loss per share(3)	\$(0.02)				
Pro forma diluted loss per share(3)	\$(0.02)				
Pro forma weighted average common shares outstanding basic and diluted	30,262,308				
Cash Flows Data:					
Cash flows from:					
Operating activities		\$(1,727)	\$6,549	\$7,973	\$9,276
Investing activities		\$(39,809)	\$(658)	\$(31,360)	\$(2,880)
Financing activities		\$40,447	\$(5,968)	\$22,102	\$(6,493)
Balance Sheet Data (end of period):					
Total assets	\$539,101	\$207,963	\$86,000		
Total long-term debt	\$123,055	\$138,877	\$76,035		
Non-GAAP Financial Data:					
EBITDA(4)	\$18,422	\$9,738	\$12,143	\$12,113	\$13,443
Operating Data:					
Total resorts open (end of period)	5				
Total rooms (end of period)	1,325				
Occupancy(5)	69.8%				
Average daily rate(5)	\$213.20				
Revenue per available room(5)	\$148.82				
Total revenue per occupied room(5)	\$302.29				

(1) Includes the operations of our Traverse City, Kansas City and Sheboygan resorts that opened in March 2003, May 2003 and June 2004, respectively.

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- (2) Reflects reimbursement of payroll, benefits and costs related to the operations of properties managed by Predecessor.
- (3) Pro forma basic and diluted loss per share are computed assuming the initial public offering was consummated as of the first day of the period presented and equals pro forma net loss divided by the number of shares of our common stock outstanding after the initial public offering.

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- (4) EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization.

We believe EBITDA is useful to an investor in evaluating our operating performance because:

a significant portion of our assets consists of property and equipment that are depreciated over their remaining useful lives in accordance with GAAP. Because depreciation and amortization are non-cash items, we believe that presentation of EBITDA is a useful measure of our operating performance;

it is widely used in the hospitality and entertainment industries to measure operating performance without regard to items such as minority interests and gain on sale of real estate; and

we believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of items directly resulting from our asset base, primarily depreciation and amortization, from our operating results.

Our management uses EBITDA:

as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of items directly resulting from our asset base, primarily depreciation and amortization and non-recurring or unusual items, from our operating results;

for planning purposes, including the preparation of our annual operating budget;

as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and

as one measure in determining the value of other acquisitions and dispositions.

The covenants in our revolving credit facility require us to meet financial tests based upon EBITDA. Our revolving credit facility has customary financial and operating debt compliance covenants, such as:

a maximum amount of indebtedness we may incur under the facility at an advance rate of 3.75 multiplied by the combined net operating income (adjusted for non-recurring items, unusual items, infrequent items and asset impairment charges) of the two resorts securing the facility;

a maximum level of the amount of our total debt equal to 5.75 times our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges);

a minimum interest coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total interest expense, of 2.0;

a minimum fixed charge coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total fixed charges, of 1.5; and

limitations on our ability to pay dividends.

EBITDA as calculated by us is not necessarily comparable to similarly titled measures used by other companies. In addition, EBITDA (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP.

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The tables shown below reconcile net loss to EBITDA for the periods presented (dollars in thousands).

	Consolidated Pro Forma	
	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
Net (loss)	\$ (465)	\$ (646)
Adjustments:		
Interest expense, net	4,092	3,173
Income tax expense (benefit)	(310)	(431)
Depreciation and amortization	15,105	15,327
EBITDA	<u>\$ 18,422</u>	<u>\$ 17,423</u>

	Predecessor				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
Net income (loss)	\$ (4,961)	\$ 1,177	\$ (4,543)	\$ (6,755)	\$ (1,177)
Adjustments:					
Interest expense, net	5,130	4,205	6,542	2,920	3,468
Income tax expense					
Depreciation and amortization	9,569	6,731	10,440	4,169	3,996
EBITDA	<u>\$ 9,738</u>	<u>\$ 12,113</u>	<u>\$ 12,439</u>	<u>\$ 334</u>	<u>\$ 6,287</u>

	Dells/Sandusky				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
Net income (loss)	\$ 3,167	\$ 4,189	\$ 2,116	\$ 2,822	\$ (2,214)
Adjustments:					
Interest expense, net	3,424	3,502	4,666	4,896	5,086
Income tax expense					
Depreciation and amortization	5,552	5,752	8,090	8,414	8,764
EBITDA	<u>\$ 12,143</u>	<u>\$ 13,443</u>	<u>\$ 14,872</u>	<u>\$ 16,132</u>	<u>\$ 11,636</u>

(5) Includes only the results for our four resorts that were open during the entire period.

(6) As restated see Note 11 to Predecessor's combined financial statements.

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RISK FACTORS

*Investment in our common stock involves risks. You should carefully consider the following risk factors in addition to other information contained in this prospectus before purchasing the common stock offered by this prospectus. The occurrence of any of the following risks might cause you to lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. Please refer to the section entitled *Forward-Looking Statements*.*

Risks Related to Our Business

We may not be able to develop new resorts or further develop existing resorts on a timely or cost efficient basis, which would adversely affect our growth strategy.

As part of our growth strategy, we intend to develop additional resorts and to further expand our existing resorts. Development involves substantial risks, including the following risks:

development costs may exceed budgeted or contracted amounts;

delays in completion of construction;

failure to obtain all necessary zoning, land use, occupancy, construction, operating and other required governmental permits and authorizations;

changes in real estate, zoning, land use, environmental and tax laws;

unavailability of financing on favorable terms;

failure of developed properties to achieve desired revenue or profitability levels once opened;

competition for suitable development sites from competitors that may have greater financial resources or risk tolerance than we do; and

the incurrence of substantial costs in the event a development project must be abandoned prior to completion.

In particular, resort construction projects entail significant risks, including shortages of design and construction expertise, materials or skilled labor, unforeseen engineering, environmental or geological problems, work stoppages, weather interference, floods and unanticipated cost increases. There are also a limited number of suppliers and manufacturers of the equipment we use in our indoor waterparks. We may not be able to successfully manage our development to minimize these risks, and there can be no assurance that present or future developments will perform in accordance with our previous developments or our expectations.

We compete with other family vacation travel destinations and resorts.

Our resorts compete with other forms of family vacation travel, including theme, water and amusement parks and other recreational activities. Our business is also subject to factors that affect the recreation and leisure and resort industries generally, such as general economic conditions and changes in consumer spending habits. We believe the principal competitive factors of a family entertainment resort include location, room rates, name recognition, reputation, the uniqueness and perceived quality of the attractions and amenities, the atmosphere and cleanliness of the attractions and amenities, the quality of the lodging accommodations, the quality of the food and beverage service, convenience, service levels and reservation systems.

We anticipate that competition within some of our markets will increase in the foreseeable future. A number of other resort operators are developing family entertainment resorts with indoor waterparks that will compete with some or all of our resorts. In particular, one of our current competitors is constructing a resort in the Sandusky market. We compete for guests and for new development sites with certain of these entities that

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may have greater financial resources than we do and better relationships with lenders and sellers of real estate. These entities may be able to accept more risk than we can prudently manage and may have greater marketing and financial resources. Further, there can be no assurance that new or existing competitors will not significantly reduce their rates or offer greater convenience, services or amenities, significantly expand or improve resorts, including the addition of thrill rides, in markets in which we operate. Such events could materially adversely affect our business and results of operations.

We may not be able to manage our expected growth, which could adversely affect our operating results.

Since 1999, we have experienced substantial growth as we have grown from operating one resort to currently owning and operating five resorts with two additional owned resorts scheduled to open in 2005 and a licensed resort that we will manage scheduled to open in 2006. We intend to continue to develop additional resorts and manage additional licensed resorts owned by third parties. Our anticipated growth could place a strain on our management, employees and operations. Our growth has increased our operating complexity and the level of responsibility for new and existing management. Our ability to compete effectively and to manage our recent and future growth effectively will depend on our ability to implement and improve financial and management information systems on a timely basis and to effect changes in our business, such as implementing internal controls to handle the increased size of our operations and hiring, training, developing and managing an increasing number of experienced management-level and other employees. Unexpected difficulties during expansion, the failure to attract and retain qualified employees or our inability to respond effectively to recent growth or plan for future expansion, could adversely affect our results of operations.

Accidents or injuries in our resorts, particularly in our waterparks, may subject us to liability, and accidents or injuries at our resorts or at competing resorts with waterparks could adversely affect our safety reputation and attendance, which would harm our business, financial condition and results of operations.

There are inherent risks of accidents or injuries at family entertainment resorts, including accidents or injuries at waterparks, particularly for small children if their parents do not provide appropriate supervision. Despite our emphasis on safety, the lifeguards in our indoor waterparks and our other resort staff cannot prevent every accident or injury. Potential waterpark accidents and injuries include falls, cuts or other abrasions, sickness from contaminated water, injuries resulting from equipment malfunctions and drownings. One or more accidents or injuries at any of our waterparks or at other waterparks could reduce attendance at our resorts, adversely affect our safety reputation among our potential customers, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to make our safety precautions even more visible and effective.

If accidents or injuries occur at any of our resorts, we may be held liable for costs related to the injuries. We maintain insurance of the type and in the amounts that we believe are commercially reasonable and that are available to businesses in our industry, but there can be no assurance that our liability insurance will be adequate or available at all times and in all circumstances to cover any liability for these costs. Our business, financial condition and results of operations would be adversely affected to the extent claims and associated expenses resulting from accidents or injuries exceed our insurance recoveries.

We and our predecessor entities have a history of losses and we may not be able to achieve or sustain profitability.

Our predecessor entities incurred net losses in the nine months ended September 30, 2004 and in each of the three years ended December 31, 2003, 2002 and 2001. In addition, on a pro forma basis, we incurred a net loss for the year ended December 31, 2003 and for the nine months ended September 30, 2004. We cannot guarantee that we will become profitable. Given the increasing competition in our industry and capital intensive

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nature of our business, we may not be able to sustain or increase profitability on a quarterly or annual basis, and our failure to do so would adversely affect our business and financial condition.

Our business is dependent upon family vacation patterns, which may cause fluctuations in our revenues.

Since most families with small children choose to take vacations during school breaks and on weekends, our occupancy is highest on the weekends and during months with prolonged school breaks, such as the summer months and spring break weeks in March and April. Our occupancy is lowest during May and September as children return to school following these prolonged breaks. As a result of these family vacation patterns, our revenues may fluctuate. We may be required to enter into short-term borrowings in slower periods in order to offset such fluctuations in revenues and to fund our anticipated obligations. In addition, adverse events occurring during our peak occupancy periods would have an increased impact on our results of operations.

We may not be able to attract a significant number of customers from our key target markets, which would adversely affect our business, financial condition and results of operations.

Our strategy emphasizes attracting and retaining customers from the local, or drive-to, markets within a convenient driving distance from each of our resorts. Any resorts we develop in the future are similarly likely to be dependent primarily on the markets in the immediate vicinity of such resorts. There can be no assurance that we will be able to continue to attract a sufficient number of customers in our local markets to make our resort operations profitable. If we fail to do so, our business, financial condition and results of operations would be adversely affected.

Because we concentrate in a single industry segment, we may be adversely affected by a downturn in that industry segment.

Our assets and operations are concentrated in a single industry segment family entertainment resorts. Our current strategy is to expand the number of our resorts and improve our existing resorts. Therefore, a downturn in the entertainment, travel or vacation industries, in general, and the family entertainment resort segment, in particular, could have an adverse effect on our business and financial condition.

Changes in consumer spending habits may affect our growth, financial condition and results of operations.

The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, business conditions, interest rates and taxation. There can be no assurance that consumer spending will not be adversely affected by economic conditions, thereby impacting our growth, financial condition and results of operations.

Increases in operating costs and other expense items could reduce our operating margins and adversely affect our growth, financial condition and results of operations.

Increases in operating costs due to inflation and other factors may not be directly offset by increased room and other revenue. Our most significant operating costs are our labor, energy, insurance and property taxes. Many, and in some cases all, of the factors affecting these costs are beyond our control. These costs represented approximately 38% and 36% of our overall costs for the year ended December 31, 2003 and the nine months ended September 30, 2004, respectively.

Labor is our primary resort-level operating expense. As of December 31, 2004, we employed approximately 1,600 hourly-wage and salaried employees in our resorts. If we face labor shortages or increased labor costs because of increased competition for employees, higher employee turnover rates or increases in the federal

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minimum wage or other employee benefits costs (including costs associated with health insurance coverage), our operating expenses could increase and our growth could be adversely affected. Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified employees, including resort managers, lifeguards, waterpark maintenance professionals and resort staff, necessary to keep pace with our expansion schedule. The number of qualified individuals needed to fill these positions is in short supply in some areas. Although we have not yet experienced any significant problems in recruiting or retaining employees, any future inability to recruit and retain sufficient individuals may delay the planned openings of new resorts. Competition for qualified employees could also require us to pay higher wages to attract a sufficient number of employees.

Energy costs also account for a significant portion of our total resort-level operating expenses. The price of energy is volatile, and shortages sometimes occur. Significant increases in the cost of energy, or shortages of energy, could interrupt or curtail our operations and lower our operating margins.

The costs for maintaining adequate insurance coverage fluctuate and are generally beyond our control. If insurance rates increase and we are not able to pass along those increased costs to our customers through higher room rates and amenity costs, our operating margins could suffer.

Each of our resorts is subject to real and personal property taxes. The real and personal property taxes on our resorts may increase or decrease as tax rates change and as our resorts are assessed or reassessed by taxing authorities. If property taxes increase and we are unable to pass these increased costs along to our customers through higher room rates and amenity costs, our financial condition and results of operations may be adversely affected.

The covenants in our revolving credit facility impose significant restrictions on us.

The terms of our revolving credit facility impose significant operating and financial restrictions on us and our subsidiaries and require us to meet certain financial tests. These restrictions could also have a negative impact on our business, financial condition and results of operations by significantly limiting or prohibiting us from engaging in certain transactions, including:

- incurring or guaranteeing additional indebtedness;
- paying dividends or making distributions or certain other restricted payments;
- making capital expenditures and other investments;
- creating liens on our assets;
- issuing or selling capital stock of our subsidiaries;
- transferring or selling assets currently held by us;
- repurchasing stock and certain indebtedness;
- engaging in transactions with affiliates;
- entering into any agreements that restrict dividends from our subsidiaries; and
- engaging in mergers or consolidations.

The failure to comply with any of these covenants could cause a default under our other debt agreements. Furthermore, our revolving credit facility contains certain financial covenants, including establishing a maximum leverage ratio and requiring us to maintain a minimum interest coverage ratio, which, if not maintained by us, would cause us to be in default under the revolving credit facility. Any of these defaults, if not waived, could result in the acceleration of all of our debt, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it.

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We may not be able to obtain additional financing on favorable terms, if at all.

We expect that we will require additional financing over time, the amount of which will depend on a number of factors, including the number of resorts we construct, additions to our current resorts and the cash flow generated by our resorts. The terms of any additional financing we may be able to procure are unknown at this time. Our access to third-party sources of capital depends, in part, on:

general market conditions;

the market's perception of our growth potential;

our then-current debt levels;

our then-current and expected future earnings;

our cash flow; and

the market price per share of our common stock.

Any future debt financing or issuances of preferred stock that we may make will be senior to the rights of holders of our common stock, and any future issuances of common stock will result in the dilution of the then-existing stockholders' proportionate equity interest.

Uninsured losses or losses in excess of our insurance coverage could adversely affect our financial condition and our cash flow, and there are a limited number of insurers that will underwrite coverage for resorts with indoor waterparks.

We maintain comprehensive liability, fire, flood (where appropriate) and extended coverage insurance with respect to our resorts with policy specifications, limits and deductibles that we believe are commercially reasonable for our operations and are available to businesses in our industry. Certain types of losses, however, may be either uninsurable or not economically insurable, such as losses due to earthquakes, riots, acts of war or terrorism. Should an uninsured loss occur, we could lose both our investment in, and anticipated profits and cash flow from, a resort. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss or the amount of the loss may exceed our coverage for the loss. In addition, we may not be able to obtain insurance in the future at acceptable rates, or at all, and insurance may not be available to us on favorable terms or at all, including insurance for the construction and development of our resorts, especially since there are a limited number of insurance companies that underwrite insurance for indoor waterparks.

We will be required to make certain capital expenditures to maintain the quality of our resorts, which could adversely affect our financial condition and results of operations.

Our resorts have an ongoing need for renovations and other capital improvements, including periodic replacement of furniture, fixtures and equipment. The cost of such capital improvements could have an adverse effect on our financial condition and results of operations. Such renovations involve certain risks, including the possibility of environmental problems, construction cost overruns and delays, the possibility that we will not have available cash to fund renovations or that financing for renovations will not be available on favorable terms, if at all, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from other entities. If we are unable to meet our capital expenditure needs, we may not be able to maintain the quality of our resorts.

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We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business.

The success of our resorts depends in part on our brands, logos and branded merchandise. We rely on a combination of trademarks, copyrights, service marks, trade secrets and similar intellectual property rights to protect our brands, logos, branded merchandise and other intellectual property. The success of our growth strategy depends on our continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our brand in both domestic and international markets. We also use our trademarks and other intellectual property on the Internet. If our efforts to protect our intellectual property are not adequate, or if any third party misappropriates or infringes on our intellectual property, either in print or on the Internet, the value of our brands may be harmed, which could have a material adverse effect on our business, including the failure of our brands, logos and branded merchandise to achieve and maintain market acceptance.

We have licensed our Great Wolf Lodge brand and intend to further license the brand in international markets. While we try to ensure that the quality of our brand is maintained by our current licensee, and will be maintained by any future licensees, we cannot assure you that these licensees will not take actions that adversely affect the value of our intellectual property or reputation.

We have registered certain trademarks and have other trademark registrations pending in the United States and foreign jurisdictions. There is no guarantee that our trademark applications will be granted. In addition, the trademarks that we currently use have not been registered in all of the countries in which we do, or intend to do, business and may never be registered in all of these countries. We cannot assure you that we will be able to adequately protect our trademarks or that our use of these trademarks will not result in liability for trademark infringement, trademark dilution or unfair competition.

We cannot assure you that all of the steps we have taken to protect our intellectual property in the United States and foreign countries will be adequate. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States.

Our operations may be adversely affected by extreme weather conditions and the impact of disasters.

We currently operate, and in the future intend to operate, our resorts in a number of different markets, each of which is subject to local weather patterns and their effects on our resorts, especially our guests' ability to travel to our resorts. Extreme weather conditions can from time to time have an adverse impact upon individual resorts or particular regions. Our resorts are also vulnerable to the effects of destructive forces, such as fire, storms, high winds and flooding and any other occurrence that could affect the supply of water or electricity to our resorts. Although our resorts are insured against property damage, damages resulting from acts of God or otherwise may exceed the limits of our insurance coverage or be outside the scope of that coverage.

Compliance with the Americans with Disabilities Act and other governmental regulations and changes in governmental rules and regulations may adversely affect our financial condition and results of operations.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations are required to meet certain federal requirements related to access and use by disabled persons. While we believe that our resorts are substantially in compliance with these requirements, we have not conducted an audit or investigation of all of our resorts to determine our compliance. A determination that we are not in compliance with the ADA could result in the imposition of fines or an award of damages to private litigants. We cannot predict the ultimate cost of compliance with the ADA.

The resort industry is also subject to numerous federal, state and local governmental regulations including those related to building and zoning requirements, and we are subject to laws governing our relationship with our employees, including minimum wage requirements, overtime, working conditions and work permit

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requirements. In addition, changes in governmental rules and regulations or enforcement policies affecting the use and operation of our resorts, including changes to building codes and fire and life safety codes, may occur. If we were required to make substantial modifications at our resorts to comply with the ADA, other governmental regulations or changes in governmental rules and regulations, our financial condition and results of operations could be adversely affected.

The illiquidity of real estate may make it difficult for us to dispose of one or more of our resorts.

We may from time to time decide to dispose of one or more of our real estate assets. Because real estate holdings generally, and family entertainment resorts like ours in particular, are relatively illiquid, we may not be able to dispose of one or more real estate assets on a timely basis or at a favorable price. The illiquidity of our real estate assets could mean that we continue to operate a facility that management has identified for disposition. Failure to dispose of a real estate asset in a timely fashion, or at all, could adversely affect our business, financial condition and results of operations.

We face possible liability for environmental cleanup costs and damages for contamination related to our properties, which could adversely affect our business, financial condition and results of operations.

Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations governing and creating liability relating to the management, storage and disposal of hazardous substances and other regulated materials. Our properties are also subject to various environmental laws and regulations that govern certain aspects of our on-going operations. These laws and regulations control such things as the nature and volume of our wastewater discharges, quality of our water supply and our waste management practices. The costs of complying with these requirements, as they now exist or may be altered in the future, could adversely affect our financial condition and results of operations.

Because we own and operate real property, various federal, state and local laws may impose liability on us for the costs of removing or remediating various hazardous substances, including substances that may be currently unknown to us, that may have been released on or in our property or disposed by us at third-party locations. The principal federal laws relating to environmental contamination and associated liabilities that could affect us are the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act; state and local governments have also adopted separate but similar environmental laws and regulations that vary from state to state and locality to locality. These laws may impose liability jointly and severally, without regard to fault and whether or not we knew of or caused the release. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or sell the property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. In addition, if hazardous substances are located on or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. This liability may be imposed on us under environmental laws or common-law principles.

We obtain environmental assessment reports on the properties we own or operate as we deem appropriate. These reports have not revealed any environmental liability or compliance concerns that we believe would materially adversely affect our financial condition or results of operations. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities or claims for such liabilities. It is also possible that future laws, ordinances or regulations or changed interpretations of existing laws and regulations will impose material environmental liability or compliance costs on us, that the current environmental conditions of properties we own or operate will be affected by other properties in the vicinity or by the actions of third parties unrelated to us or that our guests could introduce hazardous or toxic

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substances into the resorts we own or manage without our knowledge and expose us to liability under federal or state environmental laws. The costs of defending these claims, complying with as yet unidentified requirements, conducting this environmental remediation or responding to such changed conditions could adversely affect our financial condition and results of operations.

Some of our resort properties may have contained, or are adjacent to or near other properties that have contained or currently contain underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or, with respect to tanks on our property, be liable to third parties with respect to the releases.

On occasion, we may elect to develop properties that have had a history of industrial activities and/or historical environmental contamination. Where such opportunities arise, we engage third-party experts to evaluate the extent of contamination, the scope of any needed environmental clean-up work, and available measures (such as creation of barriers over residual contamination and deed restrictions prohibiting groundwater use or disturbance of the soil) for ensuring that planned development and future property uses will not present unacceptable human health or environmental risks or exposure to liabilities. If those environmental assessments indicate that the development opportunities are acceptable, we also work with appropriate governmental agencies and obtain their approvals of planned site clean-up, development activities and the proposed future property uses. We have followed that process in connection with the development of our Blue Harbor Resort in Sheboygan, Wisconsin where the City of Sheboygan has arranged for environmental clean-up work and ongoing groundwater monitoring and we have agreed to the use of a barrier preventing contact with residual contamination and implementation of a deed restriction limiting site activities. To our knowledge, our work at our Sheboygan resort has been conducted in accordance with requirements imposed by the Wisconsin Department of Natural Resources. Based on these efforts, we are not aware of any environmental liability or compliance concerns at our Sheboygan resort that we believe would materially adversely affect our financial conditions or results of operations. It is possible, however, that our efforts have not identified all environmental conditions at the property or that environmental conditions and liabilities associated with the property could change in the future.

Future acquisitions of properties subject to environmental requirements or affected by environmental contamination could require us to incur substantial costs relating to such matters. In addition, environmental laws, regulations, wetlands, endangered species and other land use and natural resource issues affecting either currently owned properties or sites identified as possible future acquisitions may increase costs associated with future site development and construction activities or business or expansion opportunities, prevent, delay, alter or interfere with such plans or otherwise adversely affect such plans.

Regulation of the marketing and sale of condominiums, including a prior offer of condominiums at our Blue Harbor Resort, could adversely affect our business.

Our marketing and sales of condominium units are subject to extensive regulation by the federal government and the states in which our condominiums are marketed and sold. On a federal level, the Federal Trade Commission Act prohibits unfair or deceptive acts or competition in interstate commerce. Other federal legislation to which we are or may be subject includes the Interstate Land Sales Full Disclosure Act, the Real Estate Settlement Practices Act and the Fair Housing Act. In addition, many states have adopted specific laws and regulations regarding the sale of condominiums. For example, certain state laws grant the purchaser the right to cancel a contract of purchase within a specified period following the earlier of the date the contract was signed or the date the purchaser has received the last of the documents required to be provided by the seller. No assurance can be given that the cost of qualifying under condominium regulations in all jurisdictions in which we desire to conduct sales will not be significant. The failure to comply with such laws or regulations could adversely affect our business, financial condition and results of operations.

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There can be no assurance that prior or future sales of our condominium units will not be considered offers or sales of securities under federal law or the state law in the states where we desire to, or do, conduct sales or in which our properties are located. If such interests were considered to be securities, we would be required to comply with applicable state and federal securities laws, including laws pertaining to registration or qualification of securities, licensing of salespeople and other matters. There can be no assurance that we will be able to comply with the applicable state and federal securities requirements, and if the offers or sales of our condominium units are deemed to be offers or sales of securities, such a determination may create liabilities or contingencies that could have an adverse effect on our operations, including possible rescission rights relating to the units that have been sold, which, if exercised, could result in losses and would adversely affect our business, financial condition and results of operations.

In particular, it is possible that the prior offer of condominiums at our Sheboygan resort by Blue Harbor Resort Condominium, LLC, a former subsidiary of Great Lakes that we refer to as Condo LLC, may not have been in compliance with federal and state securities laws. Prior to the initial public offering and the completion of the formation transactions, interests in Condo LLC held by Great Lakes were distributed to Great Lakes shareholders. We did not acquire Condo LLC as a part of the formation transactions. Although Condo LLC has taken steps to correct any potential securities laws issues in connection with these offers, we cannot assure you that we would not be held liable to some extent for the offers made by Condo LLC or that the indemnification obligations of the Great Lakes principals to us would be sufficient to cover any such liabilities.

Certain of our existing stockholders exercise considerable influence over the company.

As of the date of this prospectus, Messrs. Lund, Neviaser, Sather, Stark and Vaccaro and Ms. Schaefer, the founding shareholders of Great Lakes, beneficially own approximately 25.1% of the outstanding shares of our common stock and, together with our other executive officers and directors as a group, beneficially own approximately 27.1% of the outstanding shares of our common stock. By reason of such holdings, these stockholders acting as a group will be able to exercise significant influence over our affairs and policies, including the election of our board of directors and matters submitted to a vote of our stockholders such as mergers and significant asset sales, and their interests might not be consistent with the interests of other stockholders.

There were no arm's-length negotiations with respect to the terms of the formation transactions.

There were no arm's-length negotiations with the owners of our predecessor companies with respect to terms of the formation transactions. The agreements entered into with the owners of our predecessor companies may contain provisions that are less favorable to us than those found in similar agreements negotiated at arm's length. In particular, the founding shareholders of our predecessor companies had significant control over the representations and warranties made to us in the formation transaction agreements, as well as the representations and warranties and indemnity cap in their indemnity agreements. In addition, the founding shareholders, who had significant influence in structuring the formation transactions, had pre-existing ownership interests in resorts and received substantial economic benefits as a result of the formation transactions. Further, in the course of structuring the formation transactions, such founding shareholders had the ability to influence the type and level of benefits that they and our other executive officers will receive from us.

We may have assumed unknown liabilities in connection with the formation transactions.

As part of the formation transactions, we acquired our predecessor companies subject to existing liabilities, some of which may have been unknown at the time of the closing thereof. Unknown liabilities might include liabilities for cleanup or remediation of undisclosed environmental conditions, claims of vendors or other persons dealing with the entities prior to the closing of the formation transactions (that had not been asserted or threatened prior thereto), tax liabilities and accrued but unpaid liabilities incurred in the ordinary course of

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business. The founding shareholders of our predecessor companies agreed to indemnify us with respect to claims for breaches of representations and warranties brought by us within one year following the completion of the initial public offering and the formation transactions, subject to certain limitations. Many liabilities may not be identified within the one-year period and we may have no recourse against the founding shareholders or these entities for such liabilities.

With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. To the extent required, these shareholders may fulfill the indemnity obligations under the agreements solely through delivery of shares of common stock that they own, valued at the time of delivery, or an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligation under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions. As a result, there may be a significant shortfall in relation to the actual costs incurred from the indemnifiable event for which we will have no recourse against these shareholders. Three of the founding shareholders received personal loans that are secured by a pledge of all the shares of our common stock received by each such shareholder in the formation transactions. Accordingly, as these shares may not be available to the founding shareholders, the founding shareholders may be required to satisfy any indemnification obligations under these agreements in cash. There is no assurance that the founding shareholders will have adequate cash resources to satisfy their indemnification obligations under these agreements if necessary.

We may issue partnership interests in the future that may be dilutive to, and may have preferential rights over, our common stockholders.

We have formed a wholly owned operating partnership to serve as the parent entity of each of the surviving resort-owning entities. We are the limited partner of the partnership and the sole general partner of the partnership is a new wholly owned subsidiary that we have formed for that purpose. We formed the operating partnership to provide flexibility for future transactions as we execute our growth strategy. We believe that the ability to issue partnership units will enable us to acquire assets from sellers seeking certain tax treatment. While we do not anticipate issuing any interests in the operating partnership in the foreseeable future, we may issue such interests in the future. These additional interests may include preferred limited partnership units. Any partnership interests that we issue may be entitled to distributions of available cash that might otherwise be allocated to the execution of our business plan or generally available for future dividends, if any. In addition, any partnership interests may be convertible into our common stock, thus having a dilutive impact to our common stockholders, and may have voting or other preferential rights relative to those of our common stockholders.

Risks Related to this Offering

Our stock price may be volatile, and you could lose all or part of your investment.

On December 20, 2004, we completed the initial public offering. Trading markets shortly after an initial public offering have been extremely volatile. The following factors could cause the price of our common stock in the public market to fluctuate significantly:

variations in our quarterly operating results;

changes in market valuations of companies in the resort industry, generally, and the family entertainment resort segment, specifically;

fluctuations in stock market prices and volumes;

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issuances of common stock or other securities in the future;

the addition or departure of key personnel; and

announcements by us or our competitors of new properties, acquisitions or joint ventures.

Volatility in the market price of our common stock may prevent investors from being able to sell their common stock at or above our initial public offering price or the price an investor pays for our common stock in this offering. In the past, class action litigation has often been brought against companies following periods of volatility in the market price of those companies' common stock. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and company resources and could have a material adverse effect on our business, financial condition and operating results.

The sale of a substantial number of shares of our common stock may cause the market price of our common stock to decline.

As of the date of this prospectus, we have outstanding 30,262,308 shares of common stock. Of these shares, the 16,100,000 shares sold in the initial public offering are freely tradable. The 14,032,896 shares issued in connection with our formation transactions and to which the registration statement of which this prospectus constitutes a part relates are subject to lock-up provisions in our bylaws that prohibit the sale of any shares for a period of 180 days after the date of the initial public offering without the prior written consent of our board of directors or chief executive officer. Subject to certain restrictions, after the end of the lock-up period and following the effectiveness of this registration statement, all of these shares are freely tradable. If our stockholders sell substantial amounts of shares of common stock in the public market, including the shares issued in connection with our formation transactions registered hereby, or upon the exercise of outstanding options, or if the market perceives that these sales could occur, the market price of our common stock could decline. These sales also might make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate, or to use equity as consideration for future acquisitions.

Provisions in our certificate of incorporation, bylaws, employment agreements and Delaware law have anti-takeover effects that could prevent a change in control that could be beneficial to our stockholders, which could depress the market price of our common stock.

Our certificate of incorporation, bylaws, employment agreements and Delaware corporate law contain provisions that could delay, defer, increase the costs of or prevent a change in control of us or our management that could be beneficial to our stockholders. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our common stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a price above the then current market price for our common stock. These provisions:

authorize our board of directors to issue blank check preferred stock and determine the powers, preferences and privileges of those shares without prior stockholder approval;

prohibit the right of our stockholders to act by written consent;

limit the calling of special meetings of stockholders;

impose a requirement that holders of 50% of the outstanding shares of common stock are required to amend the provisions relating to actions by written consent of stockholders and the limitations of calling special meetings; and

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provide for payments to certain of our executive officers upon termination of employment within certain time periods before or after a change of control.

FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus contains, and other materials filed or to be filed by us with the Securities and Exchange Commission, or the SEC, contain or will contain, forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our future financial position, business strategy, projected levels of growth, projected costs and projected financing needs, are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of Great Wolf Resorts, Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as may, will, seeks, anticipates, believes, estimates, expects, plans, intends, should or shall. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to our management that could cause actual results to differ materially from those in forward-looking statements include those set forth above under the section entitled Risk Factors.

We believe these forward-looking statements are reasonable; however, undue reliance should not be placed on any forward-looking statements, which are based on current expectations. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time unless required by law.

STRUCTURE AND FORMATION OF OUR COMPANY

Formation Transactions

Each of the five existing resorts and the two resorts under construction that are owned and operated by us were, prior to the consummation of the initial public offering and the formation transactions, owned by a separate limited liability company. We refer to these limited liability companies as resort-owning entities. One member in each of these resort-owning entities was a separate limited liability company of which the management company was the managing member or manager. We refer to these entities as sponsor entities. In addition, investors had an ownership interest in the resort-owning entity of our Sandusky resort through a limited liability company that we refer to as Sandusky Investor LLC.

Pursuant to the formation transactions, among other things:

The management company contributed its hotel management and multifamily housing management and development assets, which were unrelated to the resort business, to two subsidiaries of the management company and then distributed the interests in such subsidiaries to the former shareholders of the management company.

We sold an aggregate of 16,100,000 shares of our common stock in the initial public offering, and we used the net proceeds from the initial public offering to accomplish the steps listed below and also to (1) pay an aggregate of \$98.1 million of the cash consideration in connection with the formation transactions; (2) repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and (3) fund \$75.4 million of our future resort development costs.

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We effected, through GWR Operating Partnership, L.L.L.P., our wholly owned operating partnership, the acquisition of each resort-owning entity, sponsor entity, Sandusky Investor LLC and the management company.

Pursuant to these acquisitions, members of the resort-owning entities, sponsor entities and Sandusky Investor LLC received cash, unregistered shares of our common stock or a combination of cash and unregistered shares of our common stock. Also, shareholders of the management company received unregistered shares of our common stock pursuant to the merger of the management company with and into Great Lakes Services, LLC, a wholly owned subsidiary of the operating partnership, which we refer to as Great Lakes Services.

We issued an aggregate of 130,949 shares of unregistered common stock to holders of tenant in common interests in our Poconos and Williamsburg resorts that are convertible into our common stock.

Concurrently with the consummation of the initial public offering and the formation transactions, we:

repaid an aggregate of approximately \$76.0 million of Great Lakes mortgage indebtedness on two of our resorts from the net proceeds of the initial public offering;

refinanced existing mortgage indebtedness on two of our resorts with a total outstanding debt balance at September 30, 2004 of approximately \$72.4 million; and

entered into a \$75.0 million revolving credit facility that is secured by two of our resorts. Based upon the financial and debt service ratios that are contained in the revolving credit facility, as of the date of this prospectus, approximately \$55.0 million of the revolving credit facility is available. As of the date of this prospectus, we have not drawn any amounts under this facility. We expect to use the revolving credit facility to fund our future growth and resort development, to provide for working capital and for other corporate purposes.

The former employees of the management company, other than those associated solely with the non-resort businesses, became employees of Great Lakes Services.

Messrs. Lund, Neviasser, Sather, Stark and Vaccaro and Ms. Schaefer, each of whom was a shareholder of the management company, entered into indemnity agreements with us pursuant to which they have made certain representations and warranties to us relating to the formation transactions and the status of the properties operated by the resort-owning entities. Pursuant to these indemnity agreements, these shareholders have agreed to indemnify us for a period of one year following the closing of the formation transactions if those representations and warranties are not accurate. These representations relate, among other things, to the following matters concerning Great Lakes:

capital structure as of the time of the formation transactions;

compliance with laws and possession of required authorizations;

possession of all required consents and approvals;

no breach of organizational documents or material agreements;

no material tax dispute or claim;

no payment of brokers or finders fees;

no bankruptcy events;

no material legal proceedings;

reasonable insurance coverage for properties;

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- liens and options and rights with respect to underlying properties;
- no labor disputes or unfair labor practices;
- ownership of real property and improvements thereto;
- no material environmental liabilities;
- no material defect in the condition of the properties;
- accuracy of financial statements;
- no material undisclosed liabilities, contracts or obligations;
- no damage or loss to its underlying properties in excess of \$1 million; and
- ownership of intellectual property rights.

In addition, these shareholders have agreed to indemnify us for a period of one year against liabilities or obligations relating to claims asserted under federal or state securities laws arising out of the offer or sale of condominiums on or before the closing of the formation transactions by the management company or any affiliated entity of the management company. With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the number of shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements equals approximately \$45.2 million in the aggregate. These shareholders may fulfill the indemnity obligations under the agreements solely through the delivery of shares of our common stock that they own, valued at the time of delivery, or with an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligations under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions.

Immediately following the completion of the initial public offering, Messrs. Lund, Neviasser and Sather received personal loans from an affiliate of Citigroup Global Markets Inc. (which served as the lead underwriter in connection with the initial public offering). These loans are full-recourse and are secured by a pledge of all the shares of our common stock received by each in the formation transactions. While some of these shares may be released from the pledge over time, they may not be available as an alternative means to satisfy an indemnification obligation under the agreements.

In addition, GWR Operating Partnership, L.L.P. serves as the parent entity of each of the surviving resort-owning entities. In an effort to minimize our exposure to possible liability arising from our resort properties, we serve as the limited partner of the partnership and a wholly owned subsidiary, GWR OP General Partner, LLC, serves as the general partner of the partnership. We formed the operating partnership to provide flexibility for future transactions as we execute our growth strategy, in particular the flexibility to enter into transactions for the acquisition of property or assets where there may be tax or other advantages to the sellers of those properties or assets if we issue units in the operating partnership as consideration rather than shares of our common stock. We have not issued any interests in the operating partnership, other than interests issued to us and to GWR OP General Partner, LLC.

Consequences of the Initial Public Offering and the Formation Transactions

At the completion of the initial public offering and the formation transactions:

We directly or indirectly own a fee simple interest in all of our resorts, except for a leasehold interest in our Sheboygan resort. We also are the licensor and manager of a Great Wolf Lodge resort in Niagara Falls, Ontario owned by Ripley's that is currently under construction.

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Purchasers of our common stock in the initial public offering own approximately 53.2% of our outstanding common stock.

We had incurred approximately \$18.0 million of indebtedness in connection with our Williamsburg and Pocono Mountains resort developments between September 30, 2004 and the completion of the initial public offering, in addition to approximately \$123.1 million of total pro forma indebtedness we had outstanding at September 30, 2004.

Benefits to Related Parties

In connection with the formation transactions, the shareholders of the management company received material benefits, including:

an aggregate of 8,087,151 unregistered shares of our common stock as consideration in the formation mergers; and

the release of personal guarantees to repay approximately \$167.1 million of indebtedness relating to the resort- owning entities.

Approximately \$76.0 million of this indebtedness was repaid with the proceeds of the initial public offering, approximately

\$72.4 million was refinanced and the remaining portion was assumed by us in connection with the formation transactions.

As of the date of this prospectus, the founding shareholders of Great Lakes beneficially own approximately 25.1% of the outstanding shares of our common stock.

The former shareholders of Great Lakes currently hold the following positions with us:

John Emery	Chief Executive Officer and Director
Eric S. Lund	Executive Vice President of Sales and Marketing
Bruce D. Neviasser	Chairman of the Board
Kimberly K. Schaefer	Chief Brand Officer
Craig A. Stark	President and Director
Marc B. Vaccaro	Director
Thomas W. Sather	Mr. Sather does not hold a position with us, but holds approximately 2.6% of our shares.

Prior to the formation transactions, these shareholders exercised managerial control over most of the resort-owning entities and the sponsor entities and had significant voting control over such entities.

In addition, pursuant to their current employment arrangements, three members of our management received approximately \$2.3 million of bonus payments in the form of lump sum cash payments effective upon the completion of the initial public offering. Approximately \$2.2 million of these bonus payments were made to members of management who have joined the company in the last year. These bonuses were offered to enable us to attract these executives and to incentivize them to successfully complete the initial public offering. Approximately \$2.2 million of these bonus payments were deferred pursuant to our deferred compensation plan. Pursuant to elections by these members of management to have these bonus payments track the performance of our common stock, we contributed 129,412 shares of our common stock (based on the initial public offering price of \$17.00 per share) to a trust that holds assets to pay obligations under our deferred compensation plan. These deferred bonuses will be deemed to be investments in shares of our common stock. As a result, the amount of cash ultimately paid from the deferred bonuses will increase and decrease as the price of our common stock increases and decreases.

Immediately following the completion of the initial public offering, loans in an aggregate amount equal to \$11.5 million were made by an affiliate of Citigroup Global Markets Inc. (which served as lead underwriter in connection with the initial public offering) to certain founders of Great Lakes, including a loan of \$6.5 million

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to Mr. Neviaser, a loan of \$3.5 million to Mr. Lund, and a loan of \$1.5 million to Mr. Sather. These loans are two-year revolving commitments with principal due at maturity. However, Mr. Neviaser's and Mr. Lund's loans are subject to mandatory partial prepayment on or before the date that is seven months after the closing of the loan facility if borrowings are over a specified amount. Interest, payable monthly, accrues under the loans at the prime interest rate. These loans are full-recourse to each borrower and are directly secured by a pledge of all of the shares of our common stock received by each borrower in the formation transactions. Because we do not intend to pay dividends on our common stock, these individuals entered into these loans for personal liquidity purposes. These purposes may include the repayment or refinancing of indebtedness previously incurred by these individuals in connection with their investments in Great Lakes, tax payment obligations and general working capital purposes since they no longer receive distributions that were paid on their Great Lakes investments.

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USE OF PROCEEDS

All of the shares offered hereby are being offered by the selling stockholders. We will not receive any proceeds from the offering.

MARKET PRICE INFORMATION

Our common stock trades on the Nasdaq National Market under the symbol WOLF. The following table sets forth the high and low sales price of our common stock on the Nasdaq National Market for the periods presented. Our common stock began trading on the Nasdaq National Market on December 15, 2004.

Period	High	Low
<i>2005</i>		
First Quarter*	\$22.50	\$20.07
<i>2004</i>		
Fourth Quarter	\$23.00	\$18.65

* Through February 9, 2005.

As of January 20, 2005, there were 508 record holders of our common stock. On February 9, 2005, the last reported sales price of our common stock on the Nasdaq National Market was \$21.28.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock, and we do not anticipate paying cash dividends in the foreseeable future. We are prohibited from paying cash dividends under covenants contained in the credit facility. We currently intend to retain our earnings, if any, for future growth. Future dividends on our common stock, if any, will be at the discretion of our board of directors and will depend on, among other things, our operations, capital requirements and surplus, general financial condition, contractual restrictions and such other factors as our board of directors may deem relevant.

Table of Contents**CAPITALIZATION**

The following table sets forth Predecessor's historical and our pro forma short-term debt and capitalization as of September 30, 2004. Our pro forma short-term debt and capitalization assumes the completion of the formation transactions, the issuance of 16,100,000 shares of our common stock in the initial public offering at the public offering price of \$17.00 per share and the application of the net proceeds therefrom to:

pay an aggregate of \$98.1 million of the cash consideration in connection with our formation transactions;

repay certain indebtedness existing prior to the closing of the initial public offering and the formation transactions in the aggregate amount of approximately \$76.0 million; and

fund \$75.4 million of our future resort development costs.

You should read the capitalization table together with the sections of this prospectus entitled "Use of Proceeds," "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the related notes included elsewhere in this prospectus.

	September 30, 2004	
	Predecessor Historical	Company Pro Forma
	(in thousands)	
Short-term debt	\$ 6,921	\$ 462
Long-term debt	131,956	122,593(1)
Minority interests	2,594	
Stockholders' equity (Company pro forma):		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.01 par value, 250,000,000 shares authorized; 30,262,308 shares issued and outstanding		303
Additional paid-in capital		387,927
Members' equity (Predecessor historical):		
Accumulated deficit	(2,876)	
Treasury stock	(824)	
Members' equity of combined entities	42,970	
Total members' /stockholders' equity	39,270	388,230
Total capitalization	\$ 180,741	\$ 511,285

(1) Includes \$8,063 of fixed rate debt recognized as a liability related to certain bonds issued by the City of Sheboygan and \$3,985 of fixed rate debt recognized as a liability related to a loan from the City of Sheboygan. These liabilities will be satisfied by certain future maximum guaranteed amounts of real and personal property tax payments and room tax payments to be made by our Sheboygan resort.

The pro forma number of shares outstanding excludes the following:

1,656,300 shares reserved for issuance upon exercise of options that were granted pursuant to our 2004 Incentive Stock Plan upon consummation of the initial public offering; and

1,722,920 additional shares that are reserved for future issuance under our 2004 Incentive Stock Plan.

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SELECTED FINANCIAL AND OTHER DATA

The following table sets forth selected financial and operating data on a historical basis for Great Lakes. Historical financial and other data related to Great Lakes consists of the following:

combined historical financial information for (1) Great Lakes management business, including development of, ownership interests in, and management contracts with respect to, certain non-resort hotels and multifamily housing assets, (2) the entities that own our Traverse City, Kansas City and Sheboygan operating resorts and (3) the entities that own our Williamsburg and Pocono Mountains resorts that are under construction (the Predecessor Historical Information); and

combined historical financial information for the entities that own our Wisconsin Dells and Sandusky resorts (the Dells/Sandusky Historical Information).

Although we were the managing member with responsibility for day-to-day operations with respect to the entities that own our Wisconsin Dells and Sandusky resorts, another party controlled those entities. Therefore, we do not combine the Dells/Sandusky Historical Information with the Predecessor Historical Information.

We have not presented historical information for Great Wolf Resorts, Inc. in this table because we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful. We have included audited consolidated historical financial statements for Great Wolf Resorts, Inc. elsewhere in this prospectus.

The selected Predecessor Historical Information as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Great Lakes Predecessor financial statements audited by Deloitte & Touche LLP, an independent registered public accounting firm whose report with respect thereto is included elsewhere in this prospectus. The selected Dells/Sandusky Historical Information as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 are derived from, and are qualified in their entirety by, the Dells/Sandusky financial statements audited by Rubin, Brown, Gornstein & Co. LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The selected Predecessor Historical financial and operating data as of December 31, 2001, for the nine months ended September 30, 2003 and for each of the two years in the period ended December 31, 2000 and Dells/Sandusky financial and operating data as of December 31, 2001, 2000 and 1999, for each of the two years in the period ended December 31, 2000, as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003 are derived from, and are qualified in their entirety by, the unaudited Great Lakes Predecessor and Dells/Sandusky Historical financial statements. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. Historical results are not necessarily indicative of the results to be expected in the future. You should read the following selected financial and other data together with Business, Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

The unaudited summary pro forma financial and operating data for the year ended December 31, 2003 and the nine months ended September 30, 2004 have been prepared to give pro forma effect to the initial public offering and the formation transactions as if they had occurred on January 1, 2003. The unaudited pro forma balance sheet data at September 30, 2004 has been prepared to give effect to the initial public offering and the formation transactions as if they had occurred on September 30, 2004. The unaudited summary combined pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the initial public offering and the formation transactions actually been consummated on January 1, 2003 and do not purport to indicate results of operations as of any future date or for any future period. You should read the summary combined pro forma data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Great Lakes Predecessor and Dells/Sandusky financial statements and related notes appearing elsewhere in this prospectus.

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Year Ended December 31,

	2003		2002		2001		2000		1999		
	Consolidated Pro Forma	Dells/ Predecessor(1)(5) Sandusky	Dells/ Predecessor	Dells/ Sandusky	Dells/ Predecessor	Dells/ Sandusky	Dells/ Predecessor	Dells/ Sandusky	Dells/ Predecessor	Dells/ Sandusky	
(dollars in thousands, except per share amounts)											
Statement of Operations:											
Revenues:											
Rooms	\$47,973	\$20,231	\$29,172	\$1,454	\$28,995	\$1,619	\$25,650	\$1,781	\$15,627	\$1,786	\$1,605
Food, beverage and other	20,947	9,580	11,546	234	11,432	482	8,988	173	4,811	114	632
Management and other fees		3,109		3,329		3,022		4,070		4,038	
Other revenue from managed properties(2)		14,904		14,808		13,286		9,456		5,556	
Total revenues	68,920	47,824	40,718	19,825	40,427	18,409	34,638	15,480	20,438	11,494	2,237
Operating expenses:											
Departmental expenses											
Rooms	7,576	3,591	4,311	321	4,453	356	4,011	385	2,503	332	299
Food, beverage and other	17,589	8,722	9,009	144	9,043	153	7,500	150	4,120	145	581
Other operating expenses:											
Selling, general and administrative	16,080	11,706	7,557	4,356	6,542	4,056	7,629	5,384	2,091	3,963	410
Property operating costs	10,252	5,671	4,969	901	4,257	275	3,862	255	2,499	257	278
Depreciation and amortization	15,327	8,045	8,090	602	8,414	531	8,764	326	5,363	518	912
Other expenses from managed properties(2)		14,904		14,808		13,286		9,456		5,556	
Total operating expenses	66,824	52,639	33,936	21,132	32,709	18,657	31,766	15,956	16,576	10,771	2,480
Operating income (loss)	2,096	(4,815)	6,782	(1,307)	7,718	(248)	2,872	(476)	3,862	723	(243)
Interest income	(145)	(55)	(152)	(89)	(159)	(77)	(230)		(227)	(4)	
Interest expense	3,318	4,758	4,818	560	5,055	792	5,316	1,062	3,711	903	548
(Gain) loss on sale of real estate				13		(96)		(11)		36	
Interest on mandatorily redeemable shares		(3,136)		4,479		390					
Distributions in excess of minority interest				53							

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capital											
Minority interests		425		89		(669)		149			
Income (loss) before income taxes	(1,077)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)	(1,676)	378	(212)	(791)
Income tax benefit	(431)										
Income (loss) from continuing operations	(646)	(6,807)	2,116	(6,412)	2,822	(588)	(2,214)	(1,676)	378	(212)	(791)
Income (loss) from discontinued operations		1,804		(343)		(256)		(1,079)		(33)	
Income (loss) before cumulative effect of change in accounting principle	(646)	(5,003)	2,116	(6,755)	2,822	(844)	(2,214)	(2,755)	378	(245)	(791)
Cumulative effect of change in accounting principle		460				(333)					
Net income (loss)	\$(646)	\$(4,543)	\$2,116	\$(6,755)	\$2,822	\$(1,177)	\$(2,214)	\$(2,755)	\$378	\$(245)	\$(791)
Pro forma basic loss per share(3)	\$(0.02)										
Pro forma diluted loss per share(3)	\$(0.02)										
Pro forma weighted average common shares outstanding basic and diluted	30,262,308										
Cash Flows:											
Cash flows from:											
Operating activities		\$8,126	\$10,866	\$376	\$11,360	\$5,580	\$9,285				
Investing activities		\$(64,280)	\$(4,753)	\$(46,276)	\$(5,323)	\$(9,166)	\$(39,189)				
Financing activities		\$54,854	\$(6,392)	\$49,797	\$(7,155)	\$2,822	\$31,131				
Balance Sheet Data (end of period):											
Total assets		\$173,494	\$90,365	\$106,751	\$93,638	\$54,191	\$97,314	\$51,342	\$63,921	\$6,519	\$68,596
Total long-term debt		\$105,841	\$77,828	\$42,764	\$78,050	\$14,643	\$76,360	\$10,589	\$49,388	\$4,572	\$49,500
Long-term debt secured by assets held for sale		\$14,220		\$31,564		\$34,193		\$33,274		\$2,114	
Non-GAAP financial measures:											
EBITDA	\$17,423(4)	\$12,439(4)	\$14,872(4)	\$334(4)	\$16,132(4)	\$6,287(4)	\$11,636(4)	\$431	\$9,225	\$1,178	\$669

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	2004		2003		
	Consolidated Pro Forma	Predecessor(1)	Dells/Sandusky	Predecessor(1)	Dells/Sandusky
(dollars in thousands, except per share amounts)					
Statement of Operations:					
Revenues:					
Rooms	\$49,595	\$27,137	\$23,702	\$14,869	\$23,682
Food, beverage and other	22,063	12,979	9,239	6,931	9,166
Management and other fees		2,497		2,515	
Other revenue from managed properties(2)		11,040		10,707	
Total revenues	71,658	53,653	32,941	35,022	32,848
Operating expenses:					
Departmental expenses					
Rooms	7,190	4,134	3,342	2,392	3,336
Food, beverage and other	17,763	10,579	7,335	5,862	6,943
Other operating expenses:					
Selling, general and administrative	18,537	15,014	6,182	8,131	5,490
Property operating costs	9,746	6,145	3,939	4,223	3,636
Depreciation and amortization	15,105	9,490	5,552	4,675	5,752
Other expenses from managed properties(2)		11,040		10,707	
Total operating expenses	68,341	56,402	26,350	35,990	25,157
Operating income (loss)	3,317	(2,749)	6,591	(968)	7,691
Interest income	(173)	(202)	(105)		(112)
Interest expense	4,265	4,755	3,529	2,635	3,614
Gain on sale of real estate		(1,653)			
Interest on mandatorily redeemable shares		1,075		(3,220)	
Distributions in excess of minority interest capital		48			
Minority interests		53		401	
Income (loss) before income taxes	(775)	(6,825)	3,167	(784)	4,189
Income tax benefit	(310)				
Income (loss) from continuing operations	(465)	(6,825)	3,167	(784)	4,189
Income from discontinued operations		1,864		1,501	
Income (loss) before cumulative effect of change in accounting principle	(465)	(4,961)	3,167	717	4,189
Cumulative effect of change in accounting principle				460	
Net income (loss)	\$(465)	\$(4,961)	\$3,167	\$1,177	\$4,189
Pro forma basic earnings per share(3)	\$(0.02)				

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Pro forma diluted earnings per share(3)		\$ (0.02)			
Pro forma weighted average common shares outstanding basic and diluted		30,262,308			
Cash Flows:					
Cash flows from:					
Operating activities		\$ (1,727)	\$ 6,549	\$ 7,973	\$ 9,276
Investing activities		\$ (39,809)	\$ (658)	\$ (31,360)	\$ (2,880)
Financing activities		\$ 40,447	\$ (5,968)	\$ 22,102	\$ (6,493)
Balance Sheet Data:					
Total assets		\$ 539,101	\$ 207,963	\$ 86,000	
Total long-term debt		\$ 123,055	\$ 138,877	\$ 76,035	
Non-GAAP Financial Measures:					
EBITDA(4)		\$ 18,422	\$ 9,738	\$ 12,143	\$ 12,113
				\$ 13,443	

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- (1) Includes the operations of three resorts that opened in March 2003, May 2003 and June 2004, respectively.
- (2) Reflects reimbursement of payroll, benefits and costs related to the operations of properties managed by Predecessor.
- (3) Pro forma basic and diluted earnings (loss) per share are computed assuming the initial public offering was consummated as of the first day of the period presented and equals pro forma net income (loss) divided by the number of shares of our common stock outstanding after the initial public offering.
- (4) See reconciliation to net income (loss) in Management's Discussion and Analysis of Financial Condition and Results of Operation Non-GAAP Financial Measures.
- (5) As restated see Note 11 to Predecessor's combined financial statements.

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

The following discussion should be read in conjunction with the Selected Financial and Other Data, the audited combined financial statements of Great Lakes Predecessor as of September 30, 2004 and December 31, 2003 and 2002 and for the nine months ended September 30, 2004 and the years ended December 31, 2003, 2002 and 2001, the audited combined financial statements of the Wisconsin Dells and Sandusky resorts as of December 31, 2003 and 2002 and for the years ended December 31, 2003, 2002 and 2001, the unaudited combined financial statements of Great Lakes Predecessor for the nine months ended September 30, 2003 and the unaudited combined financial statements of the Wisconsin Dells and Sandusky resorts as of September 30, 2004 and for the nine months ended September 30, 2004 and 2003 appearing elsewhere in this prospectus. Where appropriate, the following discussion includes analysis of the effects of the formation transactions and the initial public offering. The effects are reflected in the pro forma condensed consolidated financial statements appearing elsewhere in this prospectus. All dollar amounts in this discussion, except for operating statistics, are in thousands. As discussed in Note 11 to Predecessor's combined financial statements, the Predecessor's December 31, 2003 combined financial statements have been restated. The accompanying management's discussion and analysis gives effect to that restatement.

Overview

Business. We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in the United States of drive-to family resorts featuring indoor waterparks and other family-oriented entertainment activities. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 14 years old that live within a convenient driving distance from our resorts. Our resorts are open year-round and provide a consistent and comfortable environment where our guests can enjoy our various amenities and activities.

We provide our guests with a self-contained vacation experience and focus on capturing a significant portion of their total vacation spending. We earn revenues through the sale of rooms, which includes admission to our indoor waterpark, and other revenue-generating resort amenities. Each of our resorts features a combination of the following revenue-generating amenities: themed restaurants, an ice cream shop and confectionery, full-service spa, game arcade, gift shop and meeting space. We also expect to generate revenues from licensing arrangements, management fees and construction fees with respect to properties owned by third parties, such as the licensing agreement we have entered into and management arrangement we have agreed to enter into with Ripley's in connection with the Niagara Falls, Ontario resort.

The following table presents an overview of our portfolio of operating resorts and resorts under construction (including the Niagara resort that will be owned by a third party licensee):

Location	Opened/ Target Opening	Rooms	Indoor Entertainment Area (approx. ft ²) (1)
Existing Resorts:			
Wisconsin Dells, WI	May 1997(2)	309	64,000
Sandusky, OH (3)	March 2001	271	41,000
Traverse City, MI	March 2003	281	51,000
Kansas City, KS	May 2003	281	49,000
Sheboygan, WI (4)	June 2004	183(5)	54,000
Resorts Under Construction:			
Williamsburg, VA	Spring 2005	301	66,000
Pocono Mountains, PA	Fall 2005	400	91,000
Niagara Falls, ONT (6)	Spring 2006	404	94,000

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- (1) Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room and fitness room, as well as our Aveda concept spa, 3D virtual reality theatre, Wiley's Woods and party room in the resorts that have such amenities.
- (2) Great Lakes purchased this property in November 1999.
- (3) Prior to May 2004, we operated this resort as a Great Bear Lodge.
- (4) Our Sheboygan property is branded as a Blue Harbor Resort. This resort is subject to a 98-year and 11-month ground lease with the Redevelopment Authority of the City of Sheboygan.
- (5) Our Sheboygan resort includes an additional 64 individually owned two and four bedroom condominium units.
- (6) Ripley's, our licensee, owns this resort. We are assisting Ripley's with construction management and other pre-opening matters related to the Great Wolf Lodge in Niagara Falls. We have granted Ripley's a license to use the Great Wolf Lodge name for this resort and other intellectual property for ten years after opening. We have agreed to enter into a management agreement, pursuant to which we expect to operate the resort on behalf of Ripley's for five years, and a central reservations agreement. In conjunction with this project, we expect to receive a one-time construction fee and ongoing license, central reservation and management fees.

Revenue and Key Performance Indicators. We seek to generate positive cash flows and net income from each of our owned resorts. Our rooms revenue represents sales to guests of room nights at our resorts, and is the largest contributor to our cash flows and profitability. Rooms revenue accounted for approximately 70% of our total resort revenue for the year ended December 31, 2003. We employ sales and marketing efforts to increase overall demand for rooms at our resorts. We seek to optimize the relationship between room rates and occupancies through the use of yield management techniques that attempt to project demand in order to selectively increase room rates during peak demand. These techniques are designed to assist us in managing our higher occupancy nights to achieve maximum rooms revenue, and include such practices as: monitoring our historical trends for occupancy and estimating our high occupancy nights; offering the highest discounts to previous guests in off-peak periods to build customer loyalty and enhance our ability to charge higher rates in peak periods; structuring rates to allow us to offer our previous guests the best rate while simultaneously working with a promotional partner or offering internet specials; monitoring sales of room types daily to evaluate the effectiveness of offered discounts; and offering specials on standard suites and yielding better rates on larger suites when standard suites sell out. In addition, we seek to maximize the amount of time and money spent on-site by our guests by providing a variety of revenue-generating amenities.

We have several key indicators that we use to evaluate the performance of our business. These indicators include the following:

occupancy;

average daily room rate, or ADR;

revenue per available room, or RevPAR;

total revenue per available room, or Total RevPAR;

total revenue per occupied room, or Total RevPOR; and

EBITDA.

Occupancy, ADR and RevPAR are commonly used measures within the hospitality industry to evaluate hotel operations.

Occupancy is the average daily percentage of available rooms that are sold.

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ADR is the average daily room rate charged and is calculated by dividing total rooms revenue by total occupied rooms.

RevPAR is the product of occupancy and ADR.

Occupancy allows us to measure the general overall demand for rooms at our resorts and the effectiveness of our sales and marketing strategies. ADR allows us to measure the effectiveness of our yield management strategies. ADR and RevPAR only include rooms revenue. Total RevPOR and Total RevPAR include both rooms revenue and other revenue derived from food and beverage and other amenities at our resorts. We consider Total RevPOR and Total RevPAR to be key performance indicators for our business because we derive a significant portion of our revenue from food and beverage and other amenities. For the year ended December 31, 2003 and the nine months ended September 30, 2004, approximately 30% and 31%, respectively of our total revenues consisted of non-rooms revenue.

We use RevPAR and Total RevPAR to evaluate the blended effect that changes in occupancy, ADR and Total RevPOR have on our profitability. We focus on increasing ADR and Total RevPOR because those increases can have the greatest positive impact on our profitability. In addition, we seek to maximize occupancy, as increases in occupancy generally lead to greater total revenues at our resorts, and maintaining certain occupancy levels is key to covering our fixed costs. Increases in total revenues as a result of higher occupancy are, however, typically accompanied by additional incremental costs (including housekeeping services, utilities and room amenity costs). In contrast, increases in total revenues from higher ADR and Total RevPOR are typically accompanied by lower incremental costs, and result in a greater increase in profitability.

We also use EBITDA as a measure of the operating performance of each of our resorts. EBITDA is a supplemental financial measure, and is not defined by accounting principles generally accepted in the United States of America, or GAAP. EBITDA as calculated by us is not necessarily comparable to similarly titled measures used by other companies. In addition, EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP (such as total revenues, operating profit and earnings per share). See *Non-GAAP Financial Measures* for further discussion of our use of EBITDA and a reconciliation to net income.

Formation. We were formed in May 2004 to succeed to the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc. and a number of its related entities, which we refer to collectively as Great Lakes. Great Lakes has developed and operated hotels since 1995. In 1999, Great Lakes began its resort operations by purchasing the Great Wolf Lodge in Wisconsin Dells, Wisconsin and developing the Great Wolf Lodge in Sandusky, Ohio, which opened in 2001. In 2003, Great Lakes opened two additional Great Wolf Lodge resorts, one in Traverse City, Michigan and the other in Kansas City, Kansas. In June 2004, Great Lakes opened the Blue Harbor Resort in Sheboygan, Wisconsin. Immediately prior to the closing of the initial public offering, Great Lakes had two additional Great Wolf Lodge resorts under construction, one in Williamsburg, Virginia and the other in the Pocono Mountains region of Pennsylvania, and has licensed a resort owned by a third party that is under construction in Niagara Falls, Ontario (Canada). After completion of the initial public offering and the formation transactions, we became the owner and operator of each of these resorts, other than the Niagara Falls resort, and are the manager of all eight resorts.

We have set forth below a discussion of the historical operations of Great Lakes since we did not have any operations between our formation and September 30, 2004 and because we believe that a discussion of the results of Great Wolf Resorts, Inc. would not be meaningful.

Industry Trends and Outlook. While no standard industry definition for a family entertainment resort featuring an indoor waterpark has developed, we generally consider resorts with at least 200 rooms featuring indoor waterparks larger than 25,000 square feet, as well as a variety of water slides and other water-based

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attractions, to be competitive with our resorts. The concept of a family entertainment resort with an indoor waterpark was first introduced in Wisconsin Dells, Wisconsin and has evolved there over the past 15 years. We believe those resorts have historically outperformed standard hotels in that market. We believe that the rate premiums and increased market share in Wisconsin Dells have been significant and that no other operator or developer other than Great Lakes has established a regional portfolio of family entertainment resorts featuring indoor waterparks. We intend to continue to expand our portfolio of owned resorts throughout the United States and to selectively seek licensing and management opportunities domestically and internationally. The resorts we are currently constructing and plan to develop in the future require significant industry knowledge and substantial capital resources. We believe that a number of other resort operators are developing or considering the development of family entertainment resorts that will compete directly with our resorts. In particular, one of our current competitors is constructing a resort in Sandusky and another competitor is constructing a resort near Traverse City.

We believe there are characteristics of the domestic travel and leisure industry that indicate families favor frequent, short, drive-to vacations. According to the Travel Industry Association of America, or TIA, from 1994 to 2003 the number of domestic leisure trips taken by families grew from approximately 96 million trips in 1994 to 154 million trips in 2003. In 2003, approximately 45% of leisure trips lasted one to two nights. The primary mode of transportation for 77% of the overnight leisure trips in 2003 was by automobile. We believe these statistics provide evidence that our segment of the travel and leisure industry has strong demand characteristics that make our family entertainment resorts attractive to leisure travelers.

Our primary business objective is to increase long-term stockholder value. We believe we can increase stockholder value by executing our internal and external growth strategies. Our primary internal growth strategies are to: maximize total resort revenue; minimize costs by leveraging our economies of scale; and build upon our existing brand awareness and loyalty in order to compete more effectively. Our primary external growth strategies are to: capitalize on our first-mover advantage by being the first to develop and operate family entertainment resorts featuring indoor waterparks in our selected target markets; focus on development and strategic growth opportunities by seeking to develop and open at least two new owned resorts in target markets each year for the next several years and target selective licensing opportunities; and continue to innovate by leveraging our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers.

In attempting to execute our internal and external growth strategies, we are subject to a variety of business challenges and risks. These challenges include: development and licensing of properties; increases in costs of constructing, operating and maintaining our resorts; competition from other entertainment companies, both within and outside our industry segment; and external economic risks, including family vacation patterns and trends. We seek to meet these challenges by providing sufficient management oversight to site selection, development and resort operations, concentrating on growing and strengthening awareness of our brand and demand for our resorts, and maintaining our focus on safety.

Great Lakes Predecessor Combined Historical Financial Information

The Great Lakes Predecessor, or Predecessor, combined historical financial information includes the following:

The Great Lakes Companies, Inc. and its consolidated subsidiaries, including development of, ownership interests in, and management contracts with respect to, resorts (resort activity) and certain non-resort hotels and multifamily housing development and management assets (non-resort activity);

the entities that own our Traverse City, Kansas City and Sheboygan operating resorts; and

the entities that own our Williamsburg and Pocono Mountains resorts that are under construction.

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The Traverse City, Kansas City and Sheboygan resorts opened in March 2003, May 2003 and June 2004, respectively. Therefore, Predecessor's historical results of operations only reflect operating results for Traverse City, Kansas City and Sheboygan for those periods after the resort opening dates.

Predecessor's financial statements do not include the entities that own the Wisconsin Dells and Sandusky operating resorts as those entities are controlled by affiliates of AIG SunAmerica.

Revenues. Predecessor's revenues consist of the following:

lodging revenue, which consists of rooms, food and beverage and other department revenues from its consolidated and combined hotels and resorts;

management fee revenue from both resort activity and non-resort activity, which includes fees received under its management agreements; and

other revenue, which consists of accounting fees, development fees, central reservation fees, construction management fees and other fees.

Predecessor employs the staff at its managed properties. Under its management agreements, the hotel and resort owners reimburse Predecessor for payroll, benefits and certain other costs related to the operations of the managed properties. Emerging Issues Task Force, or EITF, Issue No. 01-14, *Income Statement Characteristics of Reimbursements for Out-of-pocket Expenses*, establishes standards for accounting for reimbursable expenses in Predecessor's income statement. Under this pronouncement, the reimbursement of payroll, benefits and costs is recorded as revenue on Predecessor's statement of operations, with a corresponding expense recorded as other expenses from managed properties.

Operating Expenses. Predecessor's departmental operating expenses consist of rooms, food and beverage and other department expenses.

Predecessor's other operating expenses include the following items:

selling, general and administrative expenses, which are associated with the management of hotels and resorts and which consist primarily of expenses such as corporate payroll and related benefits, operations management, sales and marketing, finance, legal, information technology support, human resources and other support services, as well as general corporate expenses;

property operation and maintenance expenses;

depreciation and amortization; and

other expenses from managed properties, which are recorded as an expense in accordance with EITF 01-14.

Dells/Sandusky Combined Historical Financial Information

The Dells/Sandusky combined historical financial information includes the entities that own our Wisconsin Dells and Sandusky operating resorts.

Revenues. Dells/Sandusky's revenues consist of lodging revenue, which consists of rooms, food and beverage and other department revenues from its resorts.

Operating Expenses. Dells/Sandusky's departmental operating expenses consist of rooms, food and beverage and other department expenses.

Dells/Sandusky's other operating expenses include the following items:

selling, general and administrative expenses, which consists primarily of sales and marketing, finance, information technology support, human resources and other support services;

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property operation and maintenance expenses; and

depreciation and amortization.

Great Wolf Resorts Consolidated Pro Forma Financial Information

Our consolidated pro forma financial information includes:

the Predecessor combined historical financial information as described above, giving effect to the spin-off from Predecessor's combined historical financial information of Predecessor's non-resort activity;

the Dells/Sandusky combined historical financial information as described above; and

adjustments to give effect to the initial public offering and the formation transactions as if they had occurred at the beginning of the periods presented.

Revenues. Our revenues consist of lodging revenue, which includes rooms, food and beverage, and other department revenues from our resorts.

Operating Expenses. Our departmental operating expenses consist of rooms, food and beverage and other department expenses.

Our other operating expenses include the following items:

selling, general and administrative expenses, which are associated with the management of resorts and which consist primarily of expenses such as corporate payroll and related benefits, operations management, sales and marketing, finance, legal, information technology support, human resources and other support services, as well as general corporate expenses;

property operation and maintenance expenses; and

depreciation and amortization.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements and our financial reporting process involve the use of accounting estimates based on our current judgments. Certain accounting estimates are particularly sensitive because of their significance to our consolidated financial statements and because of the possibility that future events affecting them may differ from our current judgments.

Investments in Property and Equipment. We record investments in property and equipment at cost. Improvements and replacements are capitalized when they extend the useful life, increase capacity or improve the efficiency of the asset. Repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	40 years
Land improvements	15 years
Fixtures and equipment, including waterpark equipment	3-10 years

We are required to make subjective assessments as to these useful lives for purposes of determining the amount of depreciation and amortization to record annually with respect to our investments in property and equipment. These assessments have a direct impact on our net income because if we were to shorten the expected useful lives of our investments in property and equipment we would depreciate and amortize such investments over fewer years, resulting in more depreciation and amortization expense and lower net income on an annual basis.

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When circumstances, such as adverse market conditions, indicate the carrying values of a long-lived asset may be impaired, we perform an analysis to review the recoverability of the asset's carrying value. We make estimates of the undiscounted cash flows (excluding interest charges) from the expected future operations of the asset. These estimates consider factors such as expected future operating income, operating trends and prospects, as well as the effects of demand, competition and other factors. If the analysis indicates that the carrying value is not recoverable from future cash flows, an impairment loss is recognized to the extent that the carrying value exceeds the estimated fair value. Any impairment losses are recorded as operating expenses, which reduce net income.

We are required to make subjective assessments as to the fair value of assets and liabilities in connection with purchase accounting adjustments recorded related to real estate we acquire, including the resorts acquired through the formation transactions which are accounted for by the purchase method of accounting. For resorts acquired subsequent to June 30, 2001, the effective date of Statement of Financial Accounting Standards, or SFAS, No. 141, Business Combinations, this includes allocating the acquisition value among the property and equipment and identifiable intangible assets acquired.

Carrying Value of Goodwill. As a result of the formation transactions, we recorded approximately \$213,000 of goodwill on our balance sheet. On an annual basis, we perform an analysis to determine any impairment of the carrying value of goodwill. To test goodwill for impairment, we analyze the fair value of the individual resort to which the goodwill is assigned to the carrying value of that resort. If the analysis indicates that the carrying value is less than the fair value of the individual resort, we compare the implied fair value of the resort's goodwill with the carrying amount of that goodwill. The implied fair value of the goodwill is determined by allocating the fair value of the individual resort to all the assets and liabilities of that resort as if it had been acquired in a business combination. The excess of the fair value of the individual resort over the amounts assigned to its assets and liabilities is the implied fair value of the goodwill. If the implied fair value of the goodwill is less than the carrying value, an impairment loss is recognized. Any impairment losses are recorded as operating expenses, which reduce net income.

Non-GAAP Financial Measures

We use EBITDA as a measure of our operating performance. EBITDA is a supplemental non-GAAP financial measure. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization.

EBITDA as calculated by us is not necessarily comparable to similarly titled measures by other companies. In addition, EBITDA (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP.

We believe EBITDA is useful to an investor in evaluating our operating performance because:

a significant portion of our assets consists of property and equipment that are depreciated over their remaining useful lives in accordance with GAAP. Because depreciation and amortization are non-cash items, we believe that presentation of EBITDA is a useful measure of our operating performance;

it is widely used in the hospitality and entertainment industries to measure operating performance without regard to items such as minority interests and gain on sale of real estate; and

we believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of items directly resulting from our asset base, primarily depreciation and amortization, from our operating results.

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Our management uses EBITDA:

as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of items directly resulting from our asset base, primarily depreciation and amortization and non-recurring or unusual items, from our operating results;

for planning purposes, including the preparation of our annual operating budget;

as a valuation measure for evaluating our operating performance and our capacity to incur and service debt, fund capital expenditures and expand our business; and

as one measure in determining the value of other acquisitions and dispositions.

Covenants in our revolving credit facility also require us to meet financial tests based upon EBITDA.

Using a measure such as EBITDA has material limitations. These limitations include the difficulty associated with comparing results among companies and the inability to analyze certain significant items, including depreciation and interest expense, which directly affect our net income or loss. Management compensates for these limitations by considering the economic effect of the excluded expense items independently, as well as in connection with its analysis of net income.

The tables shown below reconcile net loss to EBITDA for the periods presented.

	Consolidated Pro Forma	
	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
	September 30, 2004	December 31, 2003
Net (loss)	\$(465)	\$(646)
Adjustments:		
Interest expense, net	4,092	3,173
Income tax expense (benefit)	(310)	(431)
Depreciation and amortization	15,105	15,327
EBITDA	<u>\$18,422</u>	<u>\$17,423</u>

	Predecessor				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
	September 30, 2004	September 30, 2003	December 31, 2003	December 31, 2002	December 31, 2001
Net income (loss)	\$(4,961)	\$1,177	\$(4,543)	\$(6,755)	\$(1,177)
Adjustments:					
Interest expense, net	5,130	4,205	6,542	2,920	3,468
Income tax expense					
Depreciation and amortization	9,569	6,731	10,440	4,169	3,996
EBITDA	<u>\$9,738</u>	<u>\$12,113</u>	<u>\$12,439</u>	<u>\$334</u>	<u>\$6,287</u>

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	Dells/Sandusky				
	Nine Months Ended September 30,		Year Ended December 31,		
	2004	2003	2003	2002	2001
Net income (loss)	\$3,167	\$4,189	\$2,116	\$2,822	\$(2,214)
Adjustments:					
Interest expense, net	3,424	3,502	4,666	4,896	5,086
Income tax expense					
Depreciation and amortization	5,552	5,752	8,090	8,414	8,764
EBITDA	<u>\$12,143</u>	<u>\$13,443</u>	<u>\$14,872</u>	<u>\$16,132</u>	<u>\$11,636</u>

Great Lakes Predecessor Historical Results of Operations*Nine Months Ended September 30, 2004 Compared with Nine Months Ended September 30, 2003*

The following table shows key operating statistics for Predecessor's Traverse City and Kansas City resorts for the nine months ended September 30, 2004 and 2003:

	2004	2003	Change
Occupancy	70.5%	69.8%	0.7%
ADR	\$210.54	\$205.78	\$ 4.76
RevPAR	\$148.49	\$143.55	\$ 4.94
Total RevPAR	\$214.87	\$214.52	\$ 0.35
Total RevPOR	\$304.65	\$307.51	\$(2.86)

The Traverse City, Kansas City and Sheboygan resorts opened in March 2003, May 2003 and June 2004, respectively. As a result, comparisons of changes in total revenue, rooms revenue and other revenue between the nine-month periods ended September 30, 2004 (during which two resorts were open for the entire period and one resort opened) and September 30, 2003 (during which two resorts opened) are not meaningful.

Revenues. Total revenues increased \$18,631 to \$53,653 for the first nine months of 2004 compared to \$35,022 for the first nine months of 2003. This increase was primarily due to:

The commencement of operations at the Great Wolf Lodge in Traverse City, Michigan, which opened in March 2003. This resort had revenues of \$18,445 in the first nine months of 2004 as compared to \$13,927 in the first nine months of 2003, an increase of \$4,518;

The commencement of operations at the Great Wolf Lodge in Kansas City, Kansas, which opened in May 2003. This resort had revenues of \$14,643 in the first nine months of 2004 compared to \$6,588 in the first nine months of 2003, an increase of \$8,055; and

The commencement of operations at the Blue Harbor Resort in Sheboygan, Wisconsin, which opened in June 2004. This resort had revenues of \$5,630 in the first nine months of 2004.

Operating expenses. Total departmental expenses increased \$6,459 to \$14,713 for the first nine months of 2004 compared to \$8,254 for the first nine months of 2003, primarily due to the opening of the Traverse City, Kansas City and Sheboygan resorts in March 2003, May 2003 and June 2004, respectively.

Total other operating expenses increased \$13,953 to \$41,689 for the first nine months of 2004, compared to \$27,736 for the first nine months of 2003. This increase was primarily due to:

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Selling, general and administrative expenses increased \$6,883 to \$15,014 for the first nine months of 2004 from \$8,131 for the first nine months of 2003, primarily due to the effect of the Traverse City and Kansas City resorts opening in 2003 and the Sheboygan resort opening in 2004, and due to the effect of additional labor costs at The Great Lakes Companies due to increases in staffing.

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Property operating costs increased \$1,922 to \$6,145 for the first nine months of 2004 from \$4,223 in the first nine months of 2003, primarily due to the effect of the Traverse City and Kansas City resorts opening in 2003 and the Sheboygan resort opening in 2004.

Depreciation and amortization expense increased \$4,815 to \$9,490 for the first nine months of 2004 from \$4,675 for the first nine months of 2003. This increase resulted from:

the purchases or placement into service of property and equipment during 2003, primarily at the Traverse City and Kansas City resorts that opened in 2003, and the related increase in depreciation taken on those assets; and

the purchases or placement into service of property and equipment in 2004, primarily at the Sheboygan resort that opened in 2004, and the related increase in depreciation taken on those assets.

Operating (loss). Operating (loss) for the first nine months of 2004 increased \$1,781 to \$(2,749) from \$(968) for the first nine months of 2003.

Net income (loss). Net income decreased \$6,138 to \$(4,961) for the first nine months of 2004 from \$1,177 in the first nine months of 2003. This decrease was due to the following:

Net interest expense increased \$1,918 to \$4,553 in the first nine months of 2004 from \$2,635 in the first nine months of 2003. This increase was due primarily to increased debt levels as a result of finishing construction of the Traverse City and Kansas City resorts during 2003 and the Sheboygan resort in 2004.

Interest on mandatorily redeemable ownership interests increased \$4,295 from \$(3,220) in the first nine months of 2003 to \$1,075 in the first nine months of 2004. This increase was due to an increase in the redemption value of certain mandatorily redeemable equity interests in the first nine months of 2004. Predecessor treated the following as mandatorily redeemable financial instruments:

Class A and Class B shares of The Great Lakes Companies, Inc. that are obligated to be redeemed in cash if a shareholder dies or incurs certain triggering events. The redemption price is calculated based on a formula with The Great Lakes Companies, Inc.'s net operating income and a multiple based on the type of triggering event. The shares contain restrictions on transfers and sales by the shareholders.

Class B Units of Great Wolf Lodge of Kansas City, LLC that are required to be redeemed in cash no later than the fifth anniversary date of the operating commencement date of the Kansas City resort. The redemption price is based on the greater of fair value or an internal rate of return.

A cumulative effect of change in accounting principle of \$460 related to the adoption of SFAS No. 150 was recorded in 2003. This gain resulted from recording at fair market value the value of certain mandatorily redeemable equity interests.

This decrease was partially offset by:

A gain on sale of real estate of \$1,653 in the first nine months on 2004 from the sales of land owned in Ontario, Canada and Beckley, West Virginia.

Income from discontinued operations increased \$363 to \$1,864 in the first nine months of 2004 from \$1,501 in the first nine months of 2003, due to the sale of certain hotel assets in 2003 for a larger gain than hotel assets sold in 2004.

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Year Ended December 31, 2003 Compared with Year Ended December 31, 2002

Revenues. Total revenues increased \$27,999 to \$47,824 for 2003 compared to \$19,825 for 2002. This increase was primarily due to:

the commencement of operations at the Great Wolf Lodge in Traverse City, Michigan, which opened in March 2003. This property produced revenues of \$18,232 in 2003; and

the commencement of operations at the Great Wolf Lodge in Kansas City, Kansas, which opened in May 2003. This property produced revenues of \$9,971 in 2003.

Operating expenses. Total departmental expenses increased \$11,848 to \$12,313 for 2003 compared to \$465 for 2002, primarily due to the commencement of operations of the Traverse City and Kansas City resorts during 2003. The Traverse City resort had \$7,167 of rooms, food and beverage and other expenses in 2003. The Kansas City resort had \$5,054 of similar departmental expenses in 2003. These increases in departmental operating expenses were partially offset by the reduced expenses from the sale of the Manassas Country Inn & Suites, the Manassas Fairfield Inn and the Hampton Inn & Suites Warwick during 2003.

Total other operating expenses increased \$19,659 to \$40,326 for 2003, compared to \$20,667 for 2002. This increase was primarily due to:

Selling, general and administrative expenses increased by \$7,350 to \$11,706 for 2003 from \$4,356 for 2002, primarily due to the effect of the Traverse City and Kansas City resorts commencing operations in 2003.

Property operating costs increased \$4,770 to \$5,671 for 2003 from \$901 in 2002, primarily due to the effect of the Traverse City and Kansas City resorts commencing operations in 2003.

Depreciation and amortization expense increased by \$7,443 to \$8,045 for 2003 from \$602 for 2002. This increase resulted from the purchases or placement into service of property, plant and equipment during 2003, primarily at the Traverse City and Kansas City resorts that commenced operations in 2003, and the related increase in depreciation taken on those assets.

Other expenses from managed properties increased \$96 to \$14,904 for 2003 from \$14,808 for 2002 due to increased payroll costs at managed properties.

Operating (loss). Operating (loss) for 2003 increased \$3,508 to \$(4,815) from \$(1,307) for 2002.

Net (loss). Net (loss) decreased \$2,212 to \$(4,543) in 2003 from \$(6,755) in 2002. This decrease was primarily due to the following:

Distributions in excess of minority interest capital decreased \$53 from \$53 in 2002 to \$0 in 2003. This change was due to decreased amounts of distributions in 2003 as compared to 2002.

Interest on mandatorily redeemable ownership interests was \$(3,136) in 2003 and \$4,479 in 2002, due to the adoption of SFAS No. 150 on July 1, 2003 and the marking to fair value of the derivative instruments related to the mandatorily redeemable ownership interests.

Income (loss) from discontinued operations increased \$2,147 to \$1,804 for 2003 from \$(343) for 2002. SFAS No. 144 requires the net activity of assets held for sale or disposed of during a fiscal period to be classified as discontinued operations. The income from discontinued operations increased significantly in 2003 as a result of gains on sale of the Manassas Country Inn & Suites, the Manassas Fairfield Inn and the Hampton Inn & Suites Warwick during 2003.

A cumulative effect of change in accounting principle of \$460 related to the adoption of SFAS No. 150 was recorded in 2003. This gain resulted from recording at fair market value the value of certain mandatorily redeemable equity interests.

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This decrease was partially offset by the increase in operating (loss), as well as:

Net interest expense increased \$4,232 to \$4,703 in 2003 from \$471 in 2002. This increase was due primarily to increased debt levels as a result of finishing construction of the Traverse City and Kansas City resorts during 2003.

Minority interests increased \$336 to \$425 in 2003 from \$89 in 2002 due to higher levels of earnings before minority interests.

Year Ended December 31, 2002 Compared with Year Ended December 31, 2001

Revenues. Total revenues increased \$1,416 to \$19,825 for 2002 compared to \$18,409 in 2001. This increase was primarily due to higher management fee revenue and other revenue from managed properties in 2002 due to increased revenues at managed hotels.

Operating expenses. Total department expenses decreased \$44 to \$465 in 2002 from \$509 in 2001. This decrease was primarily due to the sale of an office building in 2002.

Total other operating expenses increased \$2,519 to \$20,667 for 2002 compared to \$18,148 for 2001. This increase was primarily due to:

Selling, general and administrative expenses increased \$300 to \$4,356 for 2002 from \$4,056 for 2001, due to increases in hotel-level expenses.

Property operating costs increased \$626 to \$901 for 2002 from \$275 in 2001. This increase was primarily due to increases in hotel-level expenses.

Depreciation and amortization expense increased \$71 to \$602 for 2002 from \$531 for 2001.

Other expenses from managed properties increased \$1,522 to \$14,808 for 2002 from \$13,286 for 2001. This increase was due to a larger number of total hotels managed in 2002 as compared to 2001.

Operating (loss). Operating (loss) for 2002 increased \$1,059 to \$(1,307) from \$(248) for 2001.

Net (loss). Net (loss) increased \$5,578 to \$(6,755) in 2002 from \$(1,177) in 2001. This increase was due primarily to the increase in operating (loss), as explained above, and to the following factors:

Interest on mandatorily redeemable ownership interests increased \$4,089 to \$4,479 in 2002 from \$390 in 2001. This increase was due to the creation of new mandatorily redeemable equity interests for the Kansas City resort in 2002.

Distributions in excess of minority interest capital increased \$53 from \$0 in 2001. This change was due to increased distributions in the 2002 period.

Minority interests expense increased \$758 to \$89 in 2002 from \$(669) in 2001, due to higher levels of earnings before minority interests.

(Loss) from discontinued operations increased \$87 to \$(343) for 2002 from \$(256) for 2001. SFAS No. 144 requires the net activity of assets held for sale or disposed of during a fiscal period to be classified as discontinued operations. The (loss) from discontinued operations increased in 2002 due to lower levels of net income from hotels held for sale.

This increase was partially offset by:

Net interest expense decreased \$244 to \$471 in 2002 from \$715 in 2001. This decrease was due primarily to decreased interest rates on variable rate debt in 2002 as compared to 2001.

Gain on sale of real estate increased \$109 to \$13 in 2002 from \$(96) in 2001.

Table of Contents**Dells/Sandusky Historical Results of Operations***Nine Months Ended September 30, 2004 Compared with Nine Months Ended September 30, 2003*

The following table shows key operating statistics for Dells/Sandusky for the nine months ended September 30, 2004 and 2003:

	<u>2004</u>	<u>2003</u>	<u>Change</u>
Occupancy	69.1%	69.3%	(0.2)%
ADR	\$215.82	\$215.86	\$(0.04)
RevPAR	\$149.14	\$149.56	\$(0.42)
Total RevPAR	\$207.28	\$207.45	\$(0.17)
Total RevPOR	\$299.95	\$299.41	\$0.54

Dells/Sandusky's total revenue remained relatively flat at \$32,941 for the first nine months of 2004 compared to \$32,848 for the first nine months of 2003. Rooms revenue increased \$20, or less than 1%, for the first nine months of 2004 compared to the first nine months of 2003, while total non-rooms revenue increased \$73, or 1%, period over period. The rooms revenue increase resulted from a slightly higher number of total available rooms in the first nine months of 2004, offset by a \$0.42 decline in RevPAR for the first nine months of 2004 compared to the first nine months of 2003, reflecting a combination of lower overall ADR and occupancy in the first nine months of 2004. Non-rooms revenue per available room was \$58.14 and \$57.89 in the first nine months of 2004 and 2003, respectively. Total non-rooms revenue increased due to the slightly higher number of available rooms in the first nine months of 2004 and the \$0.25 increase in non-rooms revenue per available room.

Operating expenses. Total departmental expenses increased \$398, or 4%, to \$10,677 for the first nine months of 2004 compared to \$10,279 for the first nine months of 2003. Total departmental expenses as a percentage of total revenues increased to 32% for the first nine months of 2004 from 31% for the first nine months of 2003, primarily due to higher food costs and rooms department labor expense period over period.

Total other operating expenses increased \$795, or 5%, to \$15,673 for the first nine months of 2004, compared to \$14,878 for the first nine months of 2003. This increase resulted primarily from:

Selling, general and administrative expenses increased \$692, or 13%, to \$6,182 for the first nine months of 2004 from \$5,490 for the first nine months of 2003. This increase resulted primarily from higher labor costs and legal expenses in the 2004 period.

Property operation and maintenance expenses increased \$303, or 8%, to \$3,939 for the first nine months of 2004 from \$3,636 for the first nine months of 2003. This increase resulted primarily from higher real estate and property taxes for both resorts.

This increase was partially offset by:

Depreciation and amortization expense decreased \$200, or 3%, to \$5,552 for the first nine months of 2004 from \$5,752 for the first nine months of 2003.

Operating income. Operating income for the first nine months of 2004 decreased \$1,100, or 14%, to \$6,591 from \$7,691 for the first nine months of 2003. This decrease was due to the combined effect of the increase in total revenue and increases in total departmental expenses and total other operating expenses, as discussed above.

Net income. Net income decreased \$1,022 to \$3,167 in the first nine months of 2004 from \$4,189 in the first nine months of 2003. This decrease was primarily due to the decrease in operating income.

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The following table shows key operating statistics for Dells/Sandusky for the years ended December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>	<u>Change</u>
Occupancy	65.0%	66.6%	(1.6)%
ADR	\$212.81	\$205.58	\$ 7.23
RevPAR	\$138.34	\$136.96	\$ 1.38
Total RevPAR	\$193.09	\$190.96	\$ 2.13
Total RevPOR	\$297.03	\$286.63	\$10.40

Dells/Sandusky's total revenue increased \$291, or 1%, to \$40,718 for 2003 compared to \$40,427 for 2002. Rooms revenue increased \$177, or 1%, for 2003 compared to 2002 and total other revenue increased \$114, or 1%, year over year. The rooms revenue increase resulted from a \$1.38 improvement in RevPAR for 2003 compared to 2002, reflecting a combination of higher ADR, offset by lower overall occupancy and a slightly lower number of total available rooms in 2003. Non-rooms revenue per available room was \$54.75 and \$54.00 in 2003 and 2002, respectively. The total other revenue increase resulted from the \$0.75 improvement in non-rooms revenue per available room, offset by the slightly lower number of available rooms in 2003.

Operating expenses. Total departmental expenses decreased \$176, or 1%, to \$13,320 for 2003 compared to \$13,496 for 2002. Total departmental expenses as a percentage of total revenues decreased modestly to 32.7% in 2003 from 33.4% in 2002, reflecting growth in ADR and Total RevPOR.

Total other operating expenses increased \$1,403, or 7%, to \$20,616 for 2003, compared to \$19,213 for 2002. The increase was primarily due to:

Selling, general and administrative expenses increased \$1,015, or 16%, to \$7,557 for 2003 from \$6,542 for 2002. This increase resulted primarily from increases in labor costs year over year and higher levels of advertising and promotion expenses to increase awareness and demand for the resorts, particularly for the Wisconsin Dells resort.

Property operation and maintenance expenses increased \$712, or 17%, to \$4,969 for 2003 from \$4,257 for 2002. This increase resulted from higher utilities costs at both resorts, and higher real estate and property taxes for the Wisconsin Dells resort.

This increase was partially offset by:

Depreciation and amortization expense decreased \$324, or 4%, to \$8,090 for 2003 from \$8,414 for 2002. This decrease resulted from certain loan fees at the Wisconsin Dells resort becoming fully amortized during 2002 due to the refinancing of the loan.

Operating income. Operating income for 2003 decreased \$936, or 12%, to \$6,782 from \$7,718 for 2002. This decrease was due to the effect of the increase in total other operating expenses, partially offset by the increases in total revenue and decrease in total departmental expenses, as discussed above.

Net income. Net income decreased by \$706, to \$2,116 in 2003 from \$2,822 in 2002. This decrease was due to the decrease in operating income, as discussed above, partially offset by a decrease in net interest expense of \$230, or 5%, to \$4,666 for 2003 from \$4,896 for 2002. This net interest expense decrease was primarily due to decreased rates on variable interest debt during the two years.

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The following table shows key operating statistics for Dells/ Sandusky for the years ended December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>	<u>Change</u>
Occupancy	66.6%	67.6%	(1.0)%
ADR	\$ 205.58	\$ 198.46	\$ 7.12
RevPAR	\$ 136.96	\$ 134.07	\$ 2.89
Total RevPAR	\$ 190.96	\$ 181.06	\$ 9.90
Total RevPOR	\$ 286.63	\$ 268.00	\$ 18.63

Dells/Sandusky's total revenue increased \$5,789, or 17%, to \$40,427 for 2002 compared to \$34,638 for 2001. Rooms revenue increased \$3,345, or 13%, for 2002 compared to 2001 and total other revenue increased \$2,444, or 27%, year over year. The rooms revenue increase resulted from a \$2.89 improvement in RevPAR for 2002 compared to 2001, reflecting a combination of higher ADR, offset by lower overall occupancy, and an 11% increase in the number of total available rooms available in 2002 as compared to 2001, due to the opening of the Sandusky resort in March 2001. Non-rooms revenue per available room was \$54.00 and \$46.99 in 2002 and 2001, respectively. The total other revenue increase resulted from the \$7.01 improvement in non-rooms revenue per available room and the higher number of available rooms in 2002.

Operating expenses. Total departmental expenses increased \$1,985, or 17%, to \$13,496 for 2002 compared to \$11,511 for 2001, primarily due to the effect of a full year of operating results for the Sandusky resort during 2002. Total departmental expenses as a percentage of total revenues increased slightly to 33.4% in 2002 from 33.2% in 2001.

Total other operating expenses decreased \$1,042, or 5%, to \$19,213 for 2002, compared to \$20,255 for 2001. This decrease was primarily due to:

Selling, general and administrative expenses decreased by \$1,087, or 14%, to \$6,542 for 2002 from \$7,629 for 2001. This decrease resulted primarily from start-up costs incurred in 2001 to support the opening of the Sandusky resort.

Depreciation and amortization expense decreased by \$350, or 4%, to \$8,414 from \$8,764 for 2001. This decrease resulted from \$1,906 of goodwill amortization in 2001 that did not re-occur in 2002 due to the adoption of SFAS 142, partially offset by increased depreciation and amortization as a result of the Sandusky resort being open for a full year in 2002.

This decrease was partially offset by:

Property operation and maintenance expenses increased by \$395, or 10%, to \$4,257 for 2002 from \$3,862 for 2001. This increase was primarily due to a full year of operating results for the Sandusky resort in 2002.

Operating income. Operating income for 2002 increased \$4,846 to \$7,718 from \$2,872 for 2001. This increase was due to the combined effect of the increase in total revenue and decrease in total other operating expenses, partially offset by the increase in total departmental expenses, as discussed above.

Net income (loss). Net income (loss) increased by \$5,036 to net income of \$2,822 in 2002 from a net (loss) of \$(2,214) in 2001. This increase was due to the increase in operating income, as discussed above, as well as the decrease in net interest expense of \$190, or 4%, to \$4,896 for 2002 from \$5,086 for 2001. This net interest expense decrease was primarily due to decreased rates on variable interest debt during the two years.

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Great Wolf Resorts Pro Forma Results of Operations

Great Wolf Resorts Pro Forma Nine Months Ended September 30, 2004 compared to Great Lakes Predecessor Historical Nine Months Ended September 30, 2004

The pro forma condensed consolidated statement of operations for the nine months ended September 30, 2004 is presented as if the initial public offering and the formation transactions had occurred on January 1, 2004.

Revenues. On a pro forma basis, our total revenues would have increased \$18,005 to \$71,658 for the first nine months of 2004 compared to \$53,653 for the historical first nine months of 2004. This increase is primarily due to the operations of the Great Wolf Lodge resorts in Wisconsin Dells and Sandusky being included in the pro forma results but not the historical results. These two properties had combined revenues of \$32,941 in the pro forma first nine months of 2004.

The increase in revenues would have been offset by the elimination of non-resort revenues of \$2,872 and the elimination of \$11,040 of other revenues from managed properties, representing reimbursement of payroll costs from managed hotels, due to the spin-off of the management of non-resort hotels and the purchase and resulting consolidation of the Wisconsin Dells and Sandusky properties in the pro forma results.

Operating expenses. On a pro forma basis, our total departmental operating expenses would have increased \$10,240 to \$24,953 for the first nine months of 2004 compared to \$14,713 for the historical first nine months of 2004. This increase is primarily due to the inclusion of the Wisconsin Dells and Sandusky resorts in the pro forma results. These two properties had combined departmental operating expenses of \$10,677 in the pro forma first nine months of 2004.

Total pro forma other operating expenses for the first nine months of 2004 would have increased \$1,699 to \$43,388 as compared to \$41,689 for the historical first nine months of 2004. This increase reflects the inclusion of the Wisconsin Dells and Sandusky resorts in the pro forma results but not the historical results. These two properties had combined other operating expenses of \$15,673 in the pro forma first nine months of 2004. This increase is partially offset by the elimination of non-resort other operating expenses of \$2,668 and the elimination of \$11,040 of other expenses from managed properties, due to the spin-off of the management and non-resort hotels and the purchase and resulting consolidation of the Wisconsin Dells and Sandusky properties in the pro forma results.

Operating income (loss). Operating income (loss) for the pro forma first nine months of 2004 would have increased \$6,066 to operating income of \$3,317 from operating (loss) of \$(2,749) on a historical basis for the same period.

Net income (loss). Pro forma net income (loss) for the first nine months of 2004 would have increased \$4,496 to net a net loss of \$(465) from net loss of \$(4,961) on a historical basis for the same period. This increase reflects the increase in operating income (loss), as explained above, as well as:

Net interest expense on a pro forma basis for the first nine months of 2004 would have decreased \$461 to \$4,092 from \$4,553 on a historical basis for the same period. This increase is due to the effect of reductions in debt due to the spin-off of Predecessor's debt related to non-resort operations and the repayment of resort debt with proceeds from the initial public offering.

Interest on mandatorily redeemable shares of \$1,075 on a historical basis eliminated on a pro forma basis due to the conversion of the mandatorily redeemable interests to common stock in conjunction with the formation transactions.

Minority interests of \$53 on a historical basis eliminated due to the spin-off of non-resort hotel operations.

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Income tax benefit of \$310 on a pro forma basis, reflecting the new entity's structure as a C Corporation that pays income taxes, as opposed to pass-through entities with no income tax obligations on a historical basis.

This decrease is partially offset by:

Gain on sale of \$1,653 on a historical basis eliminated due to the spin-off of non-resort hotel operations.

Income from discontinued operations of \$1,864 eliminated on a pro forma basis due to the spin-off of non-resort hotel operations.

Great Wolf Resorts Pro Forma Year Ended December 31, 2003 compared to Great Lakes Predecessor Historical Year Ended December 31, 2003

The pro forma condensed consolidated statement of operations for 2003 is presented as if the initial public offering and the formation transactions had occurred on January 1, 2003.

Revenues. On a pro forma basis, our total revenues increased \$21,096 to \$68,920 for 2003 compared to \$47,824 for the historical year 2003. This increase is primarily due to the operations of the Great Wolf Lodge resorts in Wisconsin Dells and Sandusky being included in the pro forma results but not the historical results. These two properties had combined revenues of \$40,718 in 2003.

The increase in revenue is offset by the spin-off of non-resort revenues of \$3,182 and the elimination of \$14,904 of other revenue from managed properties, representing reimbursement of payroll costs from managed hotels, due to the spin-off of the management of non-resort hotels and the purchase and resulting consolidation of the Wisconsin Dells and Sandusky properties in the pro forma results.

Operating expenses. On a pro forma basis, our total departmental operating expenses would have increased \$12,852 to \$25,165 for 2003 compared to \$12,313 for the historical year 2003. This increase is primarily due to the inclusion of the Wisconsin Dells and Sandusky resorts in the pro forma results. These two properties had combined departmental operating expenses of \$13,320 in 2003.

Total pro forma other operating expenses for 2003 would have increased \$1,333 to \$41,659 as compared to \$40,326 for the historical year 2003. This increase primarily relates to the inclusion of the Wisconsin Dells and Sandusky resorts in the pro forma results. These two properties had combined other operating expenses of \$20,616 in 2003. This increase is partially offset by the spin-off of the non-resort other operating expenses of \$3,479, and the elimination of \$14,904 of other expenses from managed properties, due to the spin-off of the management of non-resort hotels and the purchase and resulting consolidation of the Wisconsin Dells and Sandusky properties in the pro forma results.

Operating income (loss). Pro forma operating income (loss) for 2003 would have increased \$6,911 to net income of \$2,096 from a net (loss) of \$(4,815) on a historical basis for the same period.

Net (loss). Pro forma net (loss) for 2003 would have decreased \$3,897 to \$(646) from \$(4,543) on a historical basis for the same period. This decrease reflects the increase in operating income (loss), as explained above, as well as:

Net interest expense on a pro forma basis for 2003 would have decreased \$1,530 to \$3,173 from \$4,703 on a historical basis for the same period. This decrease is due primarily to the effect of reductions in debt due to the spin-off of debt related to non-resort operations and the repayment of resort debt with proceeds from the initial public offering.

Minority interests of \$425 on a historical basis for 2003 eliminated due to the spin-off of non-resort hotel operations and the purchase of non-owned interests of the resorts.

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Income tax benefit would have been \$(431) on a pro forma basis for 2003, reflecting the new entity's structure as a C Corporation that owes income taxes, as opposed to pass-through entities with no income tax obligations on a historical basis for the same period.

This decrease was partially offset by:

Interest on mandatorily redeemable shares of \$(3,136) on a historical basis eliminated on a pro forma basis due to the conversion of the mandatorily redeemable interests to common stock in conjunction with the formation transactions.

Income from discontinued operations of \$1,804 eliminated on a pro forma basis due to the spin-off of non-resort hotel operations.

Cumulative effect of change in accounting principle of \$460 eliminated on a pro forma basis due to the spin-off of non-resort hotel operations and the purchase of non-owned interests of the resorts.

Liquidity and Capital Resources

As of September 30, 2004, we had pro forma total indebtedness of approximately \$123,055. Between September 30, 2004 and the consummation of the initial public offering, we incurred approximately \$18,000 in indebtedness. Concurrently with the initial public offering and the completion of the formation transactions, we entered into a \$75,000 revolving credit facility and a \$75,000 secured mortgage financing. We intend to maintain conservative leverage in order to provide future financial flexibility.

Short-Term Liquidity Requirements

Our short-term liquidity requirements consist primarily of funds necessary to pay operating expenses including:

recurring maintenance, repairs and other operating expenses necessary to properly maintain our resorts;

property taxes and insurance expenses;

interest expense and scheduled principal payments on outstanding indebtedness; and

general and administrative expenses.

Historically, we have satisfied our short-term liquidity requirements through operating cash flows, proceeds from borrowings and equity contributions from investors. In the future, we believe that cash generated by the initial public offering and our operations, together with borrowing capacity under our line of credit, will be sufficient to fund our requirements for working capital, capital expenditures and debt service for the next twelve months.

Long-Term Liquidity Requirements

Our long-term liquidity requirements consist primarily of funds necessary to pay for scheduled debt maturities, renovations, expansion and other non-recurring capital expenditures that need to be made periodically to our resorts as well as the costs associated with the development of new resorts. In the three months ended December 31, 2004 and in 2005, we anticipate capital expenditures of approximately \$40,000 and \$83,200, respectively, for these purposes, which does not include costs to develop resorts after Williamsburg and Poconos. We expect to meet these needs through existing working capital, cash provided by operations and through a combination of mortgage financing on properties being developed, additional borrowings under a revolving credit facility that we entered into concurrently with the consummation of the initial public offering, and the issuance of equity instruments, including common stock, or additional or replacement debt, if market

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conditions permit. We believe these sources of capital will be sufficient to provide for our long-term capital needs.

Concurrently with the consummation of the initial public offering and the formation transactions, we:

entered into a three-year, \$75,000 revolving credit facility that is secured by two of our resorts;

assumed and immediately repaid, using a portion of the net proceeds of the initial public offering, an aggregate of approximately \$76,000 of mortgage indebtedness on the Wisconsin Dells and Sandusky resorts;

refinanced existing mortgage indebtedness on two of our resorts with a total outstanding debt balance of approximately \$72,400 as of September 30, 2004 with new secured mortgage financing totaling \$75,000;

assumed and left in place existing mortgage indebtedness on one of our resorts with an outstanding debt balance of approximately \$29,475 as of September 30, 2004. This loan bears interest at the prime rate plus 2.0%, with a minimum interest rate of 7.00%, and matures in 2008;

assumed and left in place existing construction financing on the Williamsburg resort currently under development. When fully drawn, this financing will total approximately \$39,000. The loan bears interest at the prime rate plus 1.625%, with a minimum interest rate of 6.75%, and matures in 2008. Only interest payments are required during the construction period;

assumed and left in place existing construction financing on the Poconos resort currently under development. When fully drawn, this financing will total approximately \$61,500. The loan bears interest at the prime rate plus 2.0%, with a minimum interest rate of 6.75%, and matures in 2009. Only interest payments are required during the construction period;

assumed and left in place \$8,063 of fixed rate debt recognized as a liability related to certain bonds issued by the City of Sheboygan and \$3,985 of fixed rate debt recognized as a liability related to a loan from the City of Sheboygan. These liabilities will be satisfied by certain future minimum guaranteed amounts of real, personal property and room tax payments by our Sheboygan resort; and

assumed and left in place approximately \$1,500 of existing financing from a state governmental agency related to the construction of the Poconos resort currently under development. The loan bears interest at 2.0% and matures in 2019.

Our revolving credit facility and secured mortgage financing are material sources to satisfy our long-term liquidity requirements. As such, compliance with their financial and operating debt compliance covenants is material to our liquidity. Non-compliance with the covenants would have a material effect on our financial condition and liquidity.

As we develop future resorts, we expect to finance a portion of the total construction cost of each resort through a stand-alone construction loan on the resort. We expect to fund the remainder of the total construction cost through cash provided from a combination of sources, including our revolving credit facility, cash on hand and cash provided by operating activities. We expect to consider converting stand-alone construction loans to longer-term permanent financing after each resort commences operations.

Revolving Credit Facility

As referenced above, we have entered into a \$75 million senior secured revolving credit facility with Citicorp North America, Inc., Societe Generale, Citigroup Global Markets, Inc., SG Americas Securities LLC

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and Calyon New York Branch. Our revolving credit facility contains customary financial and operating debt compliance covenants, such as:

a maximum amount of indebtedness we may incur under the facility as an advance rate of 3.75 multiplied by the combined net operating income (adjusted for non-recurring items, unusual items, infrequent items and asset impairment charges) of the two resorts securing the facility;

a maximum level of the amount of our total debt equal to 5.75 times our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges);

a minimum interest coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total interest expense of 2.0;

a minimum fixed charge coverage ratio, representing our total EBITDA (adjusted for non-recurring items, unusual items, infrequent items, non-cash employee compensation expense and asset impairment charges) divided by our total fixed charges of 1.5; and

limitations on our ability to pay dividends.

Future borrowings under this facility will bear interest at LIBOR plus a margin of 2.25% to 3.00% depending upon our leverage ratio from time to time. The borrowing base debt service coverage ratio is a ratio of net operating income for the two resorts divided by the greater of (1) actual interest payments or (2) a loan constant of 8.5%, which shall not be less than 2.0 to 1.

Based upon the financial and debt service ratios contained in the revolving credit facility, as of the date of this prospectus, approximately \$55,000 of the revolving credit facility is available. As of the date of this prospectus, we have not drawn any amounts under this facility. We expect to use the revolving credit facility, along with cash provided by operating activities and other sources of liquidity, to fund our future growth and resort development, to provide for working capital and for other corporate purposes.

Secured Mortgage Financing

As referenced above, we have entered into a \$75 million mortgage loan facility with Citigroup Global Markets Realty Corp. and The Travelers Insurance Company. This secured mortgage financing has an annual interest rate equal to 5.835% with respect to \$50 million of the outstanding principal amount, and 9.21% with respect to \$25 million of the outstanding principal amount, a term of ten years and customary financial and operating debt compliance covenants, such as:

a minimum debt service coverage ratio, representing the combined EBITDA (adjusted for non-recurring items, unusual items, infrequent items and asset impairment charges) of the two resorts securing this facility divided by their combined annual interest expense and principal amortization, of 1.50;

a maximum level of the amount of our debt under this secured mortgage facility relative to the combined fair value of the two resorts securing this facility; and

a prohibition on our ability to repay the facility for the earlier of: (1) two years following the securitization of the loan to other parties or (2) four years.

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The following table summarizes Predecessor's contractual obligations as of September 30, 2004:

	Total	Less than 1 year(1)	1-3 Years	4-5 Years	More than 5 Years
Long-Term Debt Obligations	\$ 138,877	\$ 4,726	\$ 7,669	\$ 104,997	\$ 21,485
Operating Lease Obligations	7,166	114	847	804	5,401
Construction Contracts	50,646	13,873	36,773		
Mandatorily Redeemable Ownership Interests	21,482			21,482	
Total	\$ 218,171	\$ 18,713	\$ 45,289	\$ 127,283	\$ 26,886

(1) Amounts are for the period October 1, 2004 to December 31, 2004.

In addition to the mandatorily redeemable ownership interests shown above, Predecessor also is obligated to redeem the Class A and Class B shares of any shareholder of Great Lakes who dies or becomes disabled. In addition, Great Lakes is obligated to redeem Class A shares and has the right, but is not obligated, to redeem Class B shares upon the retirement, bankruptcy or termination of employment of any shareholder or the attempted assignment, pledge or foreclosure of Class A or Class B shares. The redemption price is calculated by a formula using Great Lakes' net operating income and a multiple based on the type of triggering event.

The following table is a pro forma presentation of our contractual obligations as of September 30, 2004:

	Total	Less than 1 year(3)	1-3 Years	4-5 Years	More than 5 Years
Long-Term Debt Obligations(1)	\$ 123,055	\$	\$ 1,480	\$ 33,193	\$ 88,382
Operating Lease Obligations	1,468	85	615	572	196
Construction Contracts(2)	50,646	13,873	36,773		
Total	\$ 175,169	\$ 13,958	\$ 38,868	\$ 33,765	\$ 88,578

(1) Includes \$8,063 of fixed rate debt recognized as a liability related to certain bonds issued by the City of Sheboygan and \$3,985 of fixed rate debt recognized as a liability related to a loan from the City of Sheboygan. These liabilities will be satisfied by certain future minimum guaranteed amounts of real and personal property tax payments and room tax payments to be made by our Sheboygan resort.

(2) These obligations will be funded through our existing construction facilities on our Williamsburg and Poconos resorts.

(3) Amounts are for the period October 1, 2004 to December 31, 2004.

Working Capital

Predecessor had \$2,401 of cash and cash equivalent assets and a working capital deficit (current assets less current liabilities) of \$(16,156) at September 30, 2004. Predecessor had \$3,490 of cash and cash equivalent assets at December 31, 2003 compared to \$4,790 at December 31, 2002, and a working capital deficit of \$(16,618) at December 31, 2003, compared to \$(8,292) at December 31, 2002.

On a pro forma basis, we had \$79,841 of cash and cash equivalent assets and working capital of \$63,034 at September 30, 2004. These increases to cash and working capital, as compared to Predecessor historical amounts, are primarily due to net cash provided by the initial public offering.

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Historical Cash Flows of Predecessor

Comparison of Nine Months Ended September 30, 2004 to Nine Months Ended September 30, 2003

Operating Activities. Net cash provided by (used in) operating activities was \$(1,727) for the nine months ended September 30, 2004, compared to net cash provided by operating activities of \$7,973 during the nine months ended September 30, 2003. The decrease resulted primarily from a net loss in the 2004 period and higher levels of minority interests in the 2003 period.

Investing Activities. Net cash used in investing activities was \$39,809 for the nine months ended September 30, 2004 compared to net cash used in investing activities of \$31,360 during the nine months ended September 30, 2003. This increased use of cash resulted primarily from increased capital expenditures in the 2004 period as compared to the 2003 period, offset by a decrease in equity escrow in the 2004 period.

Financing Activities. Net cash provided by financing activities was \$40,447 for the nine months ended September 30, 2004 compared to net cash provided by financing activities of \$22,102 for the nine months ended September 30, 2003. This increase in cash provided by financing activities was due primarily to increased member contributions in the 2004 period.

Comparison of Year Ended December 31, 2003 to Year Ended December 31, 2002

Operating Activities. Net cash provided by operating activities was \$8,126 for the year ended December 31, 2003, compared to net cash provided by operating activities of \$376 during the year ended December 31, 2002. The increase resulted primarily from higher levels of depreciation and amortization in 2003, and a smaller net loss in 2003.

Investing Activities. Net cash used in investing activities was \$64,280 for the year ended December 31, 2003 compared to net cash used in investing activities of \$46,276 during the year ended December 31, 2002. This increased use of cash resulted primarily from higher levels of capital expenditures in 2003 compared to 2002.

Financing Activities. Net cash provided by financing activities was \$54,854 for the year ended December 31, 2003 compared to net cash provided by financing activities of \$49,797 for the year ended December 31, 2002. This change was due to increased amounts of proceeds from long-term debt in 2003 compared to 2002.

Comparison of Year Ended December 31, 2002 to Year Ended December 31, 2001

Operating Activities. Net cash provided by operating activities was \$376 for the year ended December 31, 2002 compared to net cash provided by operating activities of \$5,580 during the year ended December 31, 2001. The decrease resulted primarily from lower levels of net income in 2002.

Investing Activities. Net cash used in investing activities was \$46,276 for the year ended December 31, 2002 compared to net cash used in investing activities of \$9,166 during the year ended December 31, 2001. This increased use of cash was due primarily to purchases of property, plant and equipment of \$46,224 in 2002 compared to \$9,166 in 2001.

Financing Activities. Net cash provided by financing activities was \$49,797 for the year ended December 31, 2002 compared to net cash provided by financing activities of \$2,822 for the year ended December 31, 2001. This increase in cash provided by financing activities was due primarily to increased proceeds from long-term debt and member contributions in 2002 compared to 2001.

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Inflation

Our resort properties are able to change room and amenity rates on a daily basis, so the impact of higher inflation can often be passed along to customers. However, a weak economic environment that decreased overall demand for our products and services could restrict our ability to raise room and amenity rates to offset rising costs.

New Accounting Pronouncements

The Financial Accounting Standards Board, or FASB, recently issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, or SFAS 150. This statement requires issuers to classify as liabilities (or assets in some circumstances) three classes of freestanding financial instruments that embody obligations for the issuer. Previously, many such instruments had been classified as equity. A freestanding financial instrument is an instrument that is entered into separately and apart from any of the entity's other financial instruments or equity transactions, or that is entered into in conjunction with some other transaction and is legally detachable and separately exercisable, such as certain put and call options. These provisions are effective for financial instruments entered into or modified after May 31, 2003, and otherwise are effective at the beginning of the first interim period beginning after June 15, 2003. As a result of applying SFAS 150 in accordance with this guidance from the FASB, Predecessor recorded a loss from a cumulative effect of a change in accounting principle of \$460 on July 1, 2003. Additionally, Predecessor included in its liabilities as of September 30, 2004 liabilities related to these financial instruments with a fair value of \$11,194.

On November 7, 2003, the FASB issued FASB Staff Position, or FSP, 150-3 indefinitely deferring the measurement provisions of SFAS 150 with respect to certain minority interests in consolidated ventures entered into prior to November 5, 2003.

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Quantitative and Qualitative Disclosures About Market Risk

Our future income, cash flows and fair values relevant to financial instruments are dependent upon prevailing market interest rates. Market risk refers to the risk of loss from adverse changes in market prices and interest rates. In the future, we intend to use derivative financial instruments to manage or hedge interest rate risks related to our borrowings. We do not intend to use derivatives for trading or speculative purposes and anticipate entering into derivative contracts only with major financial institutions with investment grade credit ratings.

As of September 30, 2004, we had pro forma total indebtedness of approximately \$123,055. This debt consisted of:

\$75,000 of fixed rate debt secured by two of our resorts;

\$29,475 of variable rate debt secured by one of our resorts;

\$8,063 of fixed rate debt recognized as a liability related to certain bonds issued by the City of Sheboygan and \$3,985 of fixed rate debt recognized as a liability related to a loan from the City of Sheboygan. These liabilities will be satisfied by certain future minimum guaranteed amounts of real and personal property tax payments and room tax payments to be made by the Sheboygan resort;

\$5,009 of variable rate debt secured by our Williamsburg resort that is under construction; and

\$1,523 of fixed rate debt secured by our Pocono Mountains resort that is under construction.

Between September 30, 2004 and the consummation of the initial public offering, we incurred approximately \$18,000 of additional indebtedness in connection with our Williamsburg and Pocono Mountains resort developments. As a result, our total indebtedness as of the date of the initial public offering was approximately \$141,055. Approximately \$52,484, or 37% of that amount, is variable rate debt. In addition, we have entered into interest rate swap agreements for approximately \$10,168 of our variable rate debt. As a result, approximately 70% of our total indebtedness, as of December 31, 2004, is subject to fixed interest rates.

Giving effect to the interest rate swaps described above, if LIBOR and the prime rate were to increase by 1%, or 100 basis points, the increase in interest expense on our unhedged variable rate debt would decrease future earnings and cash flows by approximately \$423 annually. If LIBOR and the prime rate were to decrease by 1%, or 100 basis points, the decrease in interest expense on our unhedged variable rate debt would be approximately \$423 annually.

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BUSINESS

Overview

We are a family entertainment resort company that provides our guests with a high-quality vacation at an affordable price. We are the largest owner, operator and developer in the United States of drive-to family resorts featuring indoor waterparks and other family-oriented entertainment activities, based on the number of resorts in operation. We provide a full-service entertainment resort experience to our target customer base: families with children ranging in ages from 2 to 14 years old that live within a convenient driving distance from our resorts. Our resorts provide a consistent and comfortable environment throughout the year where our guests can enjoy our various amenities and activities. We are a fully integrated resort company with in-house expertise and resources in resort and indoor waterpark development, management, marketing and financing.

We own and operate four existing Great Wolf Lodge® resorts, our signature northwoods-themed resorts, and one Blue Harbor Resort, a nautical-themed property. In addition, we own two Great Wolf Lodge resorts that are under construction and scheduled to open for business during 2005. We also are the licensor and manager of an additional Great Wolf Lodge resort in Niagara Falls, Ontario that is owned and under development by an affiliate of Ripley Entertainment Inc., or Ripley s. We are currently evaluating 12 to 14 additional markets for potential future development of Great Wolf Lodge resorts, six of which are in active site negotiation. We anticipate that most of our future resorts will be developed under our Great Wolf Lodge brand, but we may develop additional nautical-themed resorts in other appropriate markets.

We deliver value to our guests by providing an affordable and fun family vacation experience. Our resorts are located within a convenient driving distance of our target customer base, providing our guests with a less expensive, more convenient alternative to air travel. In addition, our resorts generally include the following features:

Suites: approximately 270 to 400 family suites that sleep from six to ten people and each include a wet bar, microwave oven, refrigerator and dining and sitting area.

Waterpark: an approximately 34,000 to 82,000 square-foot indoor waterpark highlighted by our signature 12-level treehouse water fort. Our water fort is an interactive water experience for the entire family and features over 60 water effects, including spray guns, fountains, valves and hoses, has cargo netting and suspension bridges, and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our waterparks also feature high-speed body slides and inner tube waterslides that wind in and out of the building into a splash-down pool, a lazy river, activity pools and large free-form hot tubs. Our room rates include use of the waterpark by four to six guests, depending on the type of room.

Food and Beverage: themed restaurants, such as our: Camp Critter Bar & Grille, which features a two-story realistic tree with a canopy of leaves and canvas-topped booths with hanging lanterns, giving guests the impression that they are dining in a northwoods forest camp; Bear Claw Café ice cream shop and confectionery; and waterpark snack shop.

Amenities and Activities: our Youkon Jack s and Northern Lights game arcades, full-service Aveda® concept spa, Buckhorn Exchange gift shop, Iron Horse fitness center, two-story animated clocktower, Cub Club children s activity program, meeting rooms and seasonal, holiday and other special activities.

Our four resorts open during the entire twelve-month period ended September 30, 2004, had the following financial performance:

\$211.30 ADR;

\$90.45 RevPOR;

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\$301.75 Total RevPOR;

65.1% occupancy;

\$137.61 RevPAR; and

\$196.51 Total RevPAR.

We expect recurring annual capital expenditures for each resort to be 3-4% of the resort's annual revenues, including the repair and maintenance of our waterpark equipment. Our waterpark equipment is designed for outdoor application and capable of withstanding intense physical use and the elements year-round. Therefore, wear and tear is minimal and we believe our waterpark equipment has a long useful life.

We were formed in May 2004 to succeed to the family entertainment resort business of our predecessor companies, The Great Lakes Companies, Inc. and a number of its related entities, which we refer to collectively as Great Lakes. Great Lakes has developed and operated hotels since 1995. In 1999, Great Lakes began its resort operations by purchasing the Great Wolf Lodge in Wisconsin Dells, Wisconsin and developing the Great Wolf Lodge in Sandusky, Ohio, which opened in 2001. In 2003, Great Lakes opened two additional Great Wolf Lodge resorts, one in Traverse City, Michigan and the other in Kansas City, Kansas. In June 2004, Great Lakes opened the Blue Harbor Resort in Sheboygan, Wisconsin. Immediately prior to the completion of the initial public offering and the formation transactions, Great Lakes had two additional Great Wolf Lodge resorts under construction, one in Williamsburg, Virginia and the other in the Pocono Mountains region of Pennsylvania, that are scheduled to open in the Spring and Fall of 2005, respectively.

Upon the closing of the initial public offering and the formation transactions, we acquired each of these resorts and the resorts currently under construction, as well as certain resort development and management operations, in exchange for an aggregate of 14,032,896 shares of our common stock and \$98.1 million. As of September 30, 2004, we had pro forma total indebtedness of approximately \$123.1 million. Between September 30, 2004 and the consummation of the initial public offering, we incurred approximately \$18,000 of additional indebtedness in connection with our Williamsburg and Pocono Mountains resort developments.

Our management team possesses substantial expertise in all aspects of family entertainment resort and indoor waterpark development, management, marketing and financing. We have safely and successfully managed the operational complexity of our current resorts and intend to operate our future resorts similarly. We operate our business from our headquarters in Madison, Wisconsin. We believe that the experience of our senior management team, particularly their development and operational experience, as well as our centralized reservations center, provide an infrastructure that will allow us to continue to increase the number of resorts that we develop and operate without proportionately higher overhead costs. As of December 31, 2004, we had approximately 120 corporate employees, including our central reservations center employees, and approximately 1,600 full and part-time resort-level employees.

Our Competitive Strengths

We believe we are the market leader for family entertainment resorts that feature indoor waterparks and other family-oriented amenities in the United States. Our competitive strengths include:

Unforgettable Family Resort Experience. Each of our resorts provides a welcome opportunity for families to spend quality time together, relax and reconnect. In addition to our indoor waterparks, our resorts provide other activities and amenities that the entire family can enjoy together. Our family amenities and activities include themed restaurants, a game arcade, ice cream shop and confectionery, gift shop, snack shop, animated clocktower and fireside bedtime stories. We also have amenities and activities tailored to each member of the family, including our full-service Aveda concept spa, Cub Club for kids and fitness room. Our resorts also offer special events, including seasonal and holiday activities, wild animal and nature educational programs and other special events. We believe that our

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focus on delivering an unforgettable family resort experience appeals to our target customers and results in repeat visits and referrals. For the twelve months ended September 30, 2004, we generated approximately 48% of our room revenue from repeat visitors and referral guests.

Value, Comfort and Convenience. Guest rooms at each of our resorts are spacious and comfortable suites that generally range in size from approximately 385 square feet to 1,900 square feet and include a wet bar, microwave, refrigerator and dining and sitting area. Many of the suites have specific themes that are geared toward enhancing our younger guests' experience, including our KidCabin® and Wolf Den Suites, which have a partitioned room with bunk beds designed as log cabins and northwoods forest dens, respectively. All of our resorts are within a convenient driving distance of our large target customer bases. Because our indoor waterparks and our other amenities generally are not impacted by weather conditions, we offer our guests a reliable experience. On average, a two-night stay at our resorts costs a family of four approximately \$600, making it a very affordable family vacation option.

Favorable Market Trends. We believe recent vacation trends favor our Great Wolf Lodge concept as the number of families choosing to take shorter, more frequent vacations that they can drive to has increased over the past several years. We believe that these trends will continue and that we are well positioned to take advantage of them. We believe our resorts are less affected by changes in economic cycles, as drive-to destinations are less expensive and more convenient than destinations that require air travel. In addition, we have identified over 50 markets in the United States that, according to Third Wave Research, each have populations in excess of five million people located within a convenient driving distance.

Market Presence and Barriers to Entry. We are the largest owner and operator of family entertainment resorts with indoor waterparks in the United States based on the number of resorts in operation. We believe this market presence gives us a significant competitive advantage in attracting guests and efficiently developing additional resorts. We believe our closest competitor has one operating themed indoor waterpark resort and another under construction. In addition, we believe the significant barriers to entry present in our industry segment, including operational complexity, substantial capital requirements, availability of suitable sites in desirable markets and a difficult, multi-year permitting process, discourage other companies in the lodging and entertainment industries from developing similar family entertainment resorts. A new Great Wolf Lodge resort typically takes from one to three years to develop, which includes market selection, site selection and permitting, an additional 15 to 18 months to build and costs approximately \$65 million to \$95 million.

Focus on Safety. We invest heavily in safety measures in the design and operation of our resorts. For example, we specifically design our waterparks with attention to sightlines and safety precautions and use one of the most respected training methods in the water safety industry to train each of our lifeguards. We design and construct our indoor waterparks with state-of-the-art air quality and water treatment systems. We also maintain and periodically upgrade our facilities to ensure that we provide our guests with best-in-class safety measures and systems.

Experienced Management Team and Committed and Motivated Staff. Our senior management team has an average of approximately 16 years of experience in the hospitality, family resort and real estate development industries and has significant expertise in operating complex, themed, family entertainment resorts featuring indoor waterparks. In addition, we have a team of skilled, loyal and committed employees at each of our resorts. We offer our resort employees a number of benefits, including a pleasant and rewarding work environment, career-oriented training, the ability to obtain consistent year-round work, which is uncommon in the resort industry, and career growth opportunities. As a result, we believe our employees are committed to delivering a superb customer experience and personally assuring that our guests fully enjoy their family vacation.

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Business and Growth Strategies

Our primary business objective is to increase long-term stockholder value by executing our internal and external growth strategies. Our primary internal growth strategies are to:

Increase Total Resort Revenue. We intend to increase total resort revenue by increasing:

Average Room Rate: We plan to increase our average room rate over time by driving demand for our resorts and focusing on yield management techniques. We intend to increase demand through aggressive sales and marketing and increased visibility and by enhancing our brand image. We plan to employ our yield management techniques to project demand in order to effectively direct our sales and marketing efforts and selectively increase room rates. We believe that our focus on optimizing the relationship between room rates and occupancies will allow us to maximize profitability.

Average Occupancy: We intend to maintain high occupancy levels during peak times and will focus on increasing our off-peak occupancies. Our off-peak occupancy levels generally occur in May, September and during the middle of the week. Our occupancy levels are affected by school calendars, with the summer months, spring break period and other school holidays achieving the highest occupancy levels. We will continue to seek to improve off-peak occupancy levels by holding special events and targeting group sales and conferences.

Other Revenue: We provide our guests with a self-contained vacation experience and attempt to capture a significant portion of their spending on food and beverage, entertainment and merchandise. Each Great Wolf Lodge generally contains at least one themed restaurant, an ice cream shop and confectionery, snack shop, an Aveda concept spa, gift shop and game arcade. Our average non-room revenue, including the revenue from these amenities, was approximately \$91 per occupied room night for the twelve months ended September 30, 2004. By providing these additional revenue-generating amenities, we seek to maximize the amount of time and money spent on-site by our guests. We have also entered into a number of co-marketing agreements with strategic partners and will enter into additional co-marketing agreements in the future in order to increase other revenue.

Leverage Our Economies of Scale. We will take advantage of the following economies of scale:

Increased Purchasing Power: We intend to capitalize on our increased purchasing power with respect to operating supplies, food and beverage, insurance and employee benefits. As the number of resorts we own and operate increases, we expect to be able to leverage our increased buying volume and power to obtain more advantageous and predictable pricing on commodity goods and services. In addition, we intend to manage increases and fluctuations in the cost of electricity, water and natural gas for each of our resorts by entering into volume-based contracts.

Centralized Services: By centralizing certain of our services, we will focus on decreasing our per unit costs, increasing our control over those services and be in a position to deliver a greater quality of service to our customers. For example, our central reservations call center operates every day of the year, has approximately 75 full and part-time employees and accepts reservations for all of our resorts. The call center also has the capacity to efficiently handle high call volumes and will require only limited additional incremental costs over the next several years as we increase our portfolio of resorts.

Build Upon Our Existing Brand Awareness and Loyalty. Our Great Wolf Lodge brand is symbolized by our distinctive and easily identifiable theming, from our captivating northwoods log cabin exterior, to our Native American totemic waterpark theme and signature treehouse water fort, to our mascots and recognizable logos and merchandise. We believe we have fostered strong customer and brand loyalty,

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which is evidenced by our high levels of repeat and referral guests. We will continue to focus on ensuring that each of our guests associates the Great Wolf Lodge brand with a memorable and consistent family vacation experience.

Our primary external growth strategies are to:

Capitalize on First-Mover Advantage. We intend to be the first to develop and operate family entertainment resorts featuring indoor waterparks in our selected target markets. We intend to continue to leverage our development expertise, existing platform and model and our access to capital to take advantage of the significant barriers to entry associated with the development of large family entertainment resorts with indoor waterparks like our Great Wolf Lodge resorts. We will seek to set the standard for quality, build on visible sites and capitalize on the opportunity to be located near other popular local attractions that draw our target customers. We believe that the combination of our first mover advantage and the significant barriers to entry in our target markets provide us with a competitive advantage.

Focus on Development and Strategic Growth Opportunities. Family entertainment resorts featuring indoor waterparks are a relatively new concept and a growing segment of the resort and entertainment industries. We intend to focus on this growth opportunity by:

Building in Target Markets: We intend to develop and open at least two new owned resorts each year for the next several years. We have already identified potential development locations in 12 to 14 of these target markets that meet our other criteria for successful development. We are in negotiations for sites in six of these markets that, if appropriate, will provide ample land for us to expand or sell out-lots in the future for complementary uses. A new resort, from market selection to opening, can take over four years to develop and build. We believe that our experience will enable us to more efficiently develop and build new resorts in our target markets.

Licensing Our Resort Concept Internationally: We plan to selectively seek licensing and management opportunities internationally. Similar to our arrangement with Ripley's in Niagara Falls, Ontario, we intend to enter into license and management agreements with reputable companies that have local market knowledge in order to increase revenues and expand the reach of our Great Wolf Lodge brand.

Forming Strategic Partnerships: We will consider strategic partnerships on a selective basis. For example, we have had discussions with several established companies that control superior sites in certain of our target markets and have indicated an interest in jointly developing a Great Wolf Lodge at or near one of their existing entertainment venues.

Expanding and Enhancing Existing Resorts: We intend to focus on growth opportunities at our existing resorts by adding revenue-enhancing features that drive ancillary vacation spending to certain of our resorts and meet our target returns, including non-water based attractions. We also intend to pursue incremental revenue-generating opportunities, such as expanding the number of rooms and adding condominium units at certain of our resorts. In addition, we will consider adding conference centers at existing resorts to capture convention and other business travel revenue.

Continue to Innovate. We intend to leverage our in-house expertise, in conjunction with the knowledge and experience of our third-party suppliers and designers, to develop and implement the latest innovations in family entertainment activities and amenities, including waterpark attractions. We have received numerous industry awards for our guests' experiences, our operations, innovative development, sales and marketing initiatives and materials, and employee retention.

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Industry Overview

We operate in the family entertainment resort segment of the travel and leisure industry.

The concept of a family entertainment resort with an indoor waterpark was first introduced in Wisconsin Dells, Wisconsin and has evolved there over the past 15 years. In an effort to boost occupancy and daily rates, as well as capture off-season demand, hotel operators in the Wisconsin Dells market began expanding indoor pools and adding waterslides and other water-based attractions to existing hotels and resorts. The success of these efforts prompted several local operators to build new, larger destination resorts based primarily on this concept, including the Wilderness Hotel & Golf Resort, Treasure Island, Raintree Resort, Kalahari and the Great Wolf Lodge (formerly known as the Black Wolf Lodge), which Great Lakes purchased in 1999.

We believe that these properties, which typically are themed and include other resort features such as arcades, retail shops and full food and beverage service in addition to the indoor waterpark, have historically outperformed standard hotels in the market. According to United States Realty Consultants, Inc., or USRC, the six largest waterpark resorts in the Wisconsin Dells had a premium of 15 occupancy points and an ADR premium of \$110 in 2003 as compared to the franchised non-waterpark hotels in the market. We believe that the rate premiums and increased market share in the Wisconsin Dells for hotels and resorts with some form of an indoor waterpark can be attributed to several factors, including the ability to provide a year-round vacation destination without weather-related risks, the wide appeal of water-based recreation and the favorable trends in leisure travel discussed below. Although the rate premiums and increased market share in Wisconsin Dells have been significant, no operator or developer other than Great Lakes has established a regional portfolio of family entertainment resorts featuring indoor waterparks.

No standard industry definition for a family entertainment resort featuring an indoor waterpark has developed. A recent USRC survey identified a total of 45 hotels with indoor waterpark facilities in the United States and Canada, of which 17 meet USRC's definition of an indoor waterpark destination resort. We do not believe that the non-destination resorts in the USRC survey offer a comparable experience and quality level to compete with our resorts. Most of our resorts are located in well-established, traditional drive-to family vacation destinations, which allows us to leverage the popularity of these destinations by offering a complementary entertainment option to existing venues and a high-quality family resort alternative. In addition, many of these destinations offer beaches, theme parks, waterparks, amusement parks and many other forms of outdoor activities that are only available on a seasonal basis. Within our enclosed resort environment, our guests can enjoy a total resort experience year round, regardless of weather conditions.

We believe there are characteristics of the domestic travel and leisure industry that indicate families favor frequent, short, drive-to vacations. According to the Travel Industry Association of America, or TIA, from 1994 to 2003 the number of domestic leisure trips taken by families grew from approximately 96 million trips in 1994 to 154 million trips in 2003. In 2003, approximately 45% of leisure trips lasted one to two nights. The primary mode of transportation for 77% of the overnight leisure trips in 2003 was by automobile. We believe these statistics provide evidence that our segment of the travel and leisure industry has strong demand characteristics that make our family entertainment resorts attractive to leisure travelers. As a result, we expect these demand characteristics to continue to support the expansion of the indoor waterpark concept. According to USRC, the indoor waterpark resort concept is expanding outside of its traditional base in Wisconsin Dells, Wisconsin.

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We have five family entertainment resorts that are currently operating and two additional resorts that are under construction, and we will manage one resort under construction that is owned by a third-party licensee. We also have identified additional target markets for future resort development and are in negotiations with respect to sites in six of these markets. The following table presents an overview of our existing portfolio of resorts:

Twelve Months Ended September 30, 2004								
Location	Opened/ Target Opening	Rooms	Indoor Entertainment Area(1)	Occupancy	Average Daily Rate	Revenue Per Available Room(2)	Other Revenue Per Occupied Room	Total Revenue Per Occupied Room(3)
			(approx. ft ²)	(%)	(\$)	(\$)	(\$)	(\$)
Existing Resorts:								
Wisconsin Dells, WI	May 1997(4)	309	64,000	61.7	194.58	120.14	76.76	271.34
Sandusky, OH(5)	March 2001	271	41,000	68.4	231.38	158.34	92.78	324.16
Traverse City, MI	March 2003	281	51,000	68.9	222.71	153.47	98.29	321.00
Kansas City, KS	May 2003	281	49,000	61.8	195.06	120.50	94.21	289.27
Sheboygan, WI(6)	June 2004	183(7)	54,000					
Resorts Under Construction:								
Williamsburg, VA	Spring 2005	301	66,000					
Pocono Mountains, PA	Fall 2005	400	91,000					
Niagara Falls, ONT(8)	Spring 2006	404	94,000					

- (1) Our indoor entertainment areas generally include our indoor waterpark, game arcade, children's activity room and fitness room, as well as our Aveda concept spa, 3D virtual reality theater, Wiley's Woods and party room in the resorts that have such amenities.
- (2) Revenue per available room represents the total room revenue per total available rooms for the twelve months ended September 30, 2004, calculated by multiplying the occupancy by the average daily rate.
- (3) Total revenue per occupied room is calculated by adding the average daily rate and other revenue per occupied room.
- (4) Great Lakes purchased this property in November 1999.
- (5) Prior to May 2004, we operated this resort as a Great Bear Lodge.
- (6) Our Sheboygan property is branded as a Blue Harbor Resort. This resort is subject to a 98-year and 11-month ground lease with the Redevelopment Authority of the City of Sheboygan.
- (7) Our Blue Harbor Resort also features 64 individually owned two and four bedroom condominium units.
- (8) Ripley's, our licensee, owns this resort. We are assisting them with construction management and other pre-opening matters related to the Great Wolf Lodge in Niagara Falls. We have granted Ripley's a license to use the Great Wolf Lodge name for this resort for ten years after opening. We have agreed to enter into a management agreement, pursuant to which we expect to operate the resort on behalf of Ripley's for five years, and a central reservations agreement. In conjunction with this project, we expect to receive a one-time construction fee and ongoing license, central reservations and management fees. For more information see Properties Under Construction Great Wolf Lodge of Niagara Falls, Ontario.

Northwoods Lodge Theme. Each of our Great Wolf Lodge resorts has a northwoods lodge theme, with a rustic log exterior and cultured stone veneer that provides a dramatic and authentic log cabin appearance. Our three-story, approximately 5,000 to 7,800 square-foot atrium lobbies are designed in a northwoods cabin motif with exposed timber beams, massive stone fireplaces, mounted wolves and other northwoods creatures, North American art and an animated two-story clocktower that provides theatrical entertainment for our younger guests. Throughout the common areas and in each guest suite, we use sturdy, rustic furniture that complements

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the northwoods theme. We believe that this consistent theme throughout our resorts creates a comfortable and relaxing environment and provides a sense of adventure and exploration that the entire family can enjoy.

Guest Suites. All of our guest suites are themed luxury suites ranging in size from approximately 385 square feet to 880 square feet. Substantially all of our rooms also include a private deck or patio. Our resorts offer up to nine room styles to meet the needs and preferences of our guests, including a selection of rooms with lofts, jacuzzis and fireplaces. Our standard rooms include two queen beds and a third queen bed in the sleeper sofa, a wet bar, microwave oven, refrigerator and dining and sitting area, and can accommodate up to six people. Our specialty rooms can accommodate up to seven people and provide a separate area for children, including our KidCabin Suites that feature a log cabin bunk bed room, our Wolf Den Suites that feature a themed den enclosure with bunk beds and our KidKamp Suites that feature bunk beds in a themed tent enclosure. We also offer larger rooms, such as our Majestic Bear Suite, which has a separate bedroom with a king bed, a large dining and living area and can accommodate up to eight people. Our guest suites have wallpaper, artwork and linens that continue the northwoods theme and provide for full room service, pay-per-view movies and pay-per-play video games.

Indoor Waterparks. Our existing Great Wolf Lodge indoor waterparks are maintained at a warm and comfortable temperature, range in size from approximately 34,000 to 43,000 square feet and have a northwoods, totemic theme, including four-story totem poles, decorative rockwork and plantings, all of which is contained in a five-story wooden beam structure. The focus of each Great Wolf Lodge waterpark is our signature 12-level treehouse water fort. The fort is an interactive water experience for the entire family that features over 60 water effects, including spray guns, fountains, valves and hoses, has cargo netting and suspension bridges and is capped by an oversized bucket that dumps between 700 and 1,000 gallons of water every five minutes. Our Blue Harbor Resort has a 43,000 square-foot Breaker Bay waterpark including our 12-level Lighthouse Pier water fort featuring a 1,000 gallon tipping ship. Our waterparks also feature high-speed body slides and inner tube waterslides that wind in and out of the building into a splash-down pool, smaller slides for younger children, zero-depth water activity pools for small children with geysers, a water curtain, fountains and tumble buckets, a lazy river, additional activity pools for basketball, open swimming and other water activities and two large free-form hot tubs, one of which is for adults-only. Each waterpark is constructed with a special nonslip floor surface for maximum traction and has ample deck space and good sight lines to enhance parental oversight. Our resorts under construction will have indoor waterparks ranging in size from approximately 55,000 to 82,000 square feet with additional attractions such as wave pools and water rollercoasters.

Approximately one million gallons of water are cycled through each of our waterparks every hour in order to ensure cleanliness. Our primary operating equipment includes standard water pumps, tanks and filters, located in separate spaces to allow for quick repairs or replacement. The water and air quality of our waterparks is continuously monitored by computerized water and air treatment systems and highly trained technicians in order to ensure a clean and safe environment. We seek to minimize the use of chlorine. Most of the water purification is performed by an advanced ozone water treatment system, which ensures the highest water quality and an absence of the typical chlorine odor found in indoor pools. In addition, the water within each area circulates every hour to maximize hygiene. Each waterpark area has its own water system so that a problem with any one area can be quickly contained and does not affect the operations of the rest of the waterpark.

We expect recurring annual capital expenditures for each resort to be approximately 3-4% of the resort's revenues, including the repair and maintenance of our waterpark equipment. As much of the equipment used in our waterparks is designed for outdoor application and capable of withstanding intense physical use and the elements year-round, wear and tear is minimal and we believe our equipment has a long useful life. In addition, our water purification system minimizes airborne chemicals and their potentially corrosive effects on materials and equipment and helps extend the life of our equipment.

The safety of our guests is a primary focus in our waterparks. Our lifeguards receive one of the highest levels of training and certification in the industry, provided by Jeff Ellis & Associates, Inc., an international

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aquatic safety consulting company. Ellis & Associates conducts quarterly unannounced safety inspections at each of our resorts to ensure that proper safety measures and procedures are maintained. All of our on duty lifeguards perform daily training exercises under the supervision of a certified instructor. We also encourage our lifeguards to obtain EMT certification, and we reimburse them for the costs of the training.

Our indoor waterparks are open from 8:30 a.m. until 10:00 p.m. seven days a week and admission is generally only available to resort guests. Our general guests-only policy, at all of our resorts other than our Sheboygan resort, allows our guests to avoid the long lines and other inconveniences of daily admission-based waterparks.

Amenities. Each of our existing resorts features, and each of our resorts under construction will feature, a combination of the following amenities. Our Blue Harbor resort amenities have similar appropriate nautical-themed names.

Themed Restaurants. Our resorts feature one or more full-service, themed restaurants and a themed bar and grille that serves alcoholic beverages and sandwiches. Our themed restaurants include the Gitchigoomie Grill, with a life-sized sea plane suspended over the dining area, Lumber Jack's Cook Shanty, the Loose Moose Bar & Grill, and the Camp Critter Bar & Grille, which features a two-story realistic tree with a canopy of leaves and canvas-topped booths with hanging lanterns, giving guests the impression that they are dining in a northwoods forest campsite. Our Blue Harbor Resort features our On the Rocks Bar & Grille and Rusty Anchor Buffet.

Ice Cream Shop and Confectionery. Each of our Great Wolf Lodge resorts, with the exception of our Sandusky resort, has a Bear Claw Café ice cream shop and confectionery that provides sandwiches, Starbucks® coffee, pastries, ice cream, candies, home-made fudge and other snacks that families can share together. Our Blue Harbor Resort has a Sweetshop Landing confectionery.

Snack Bar. Each of our waterparks has a snack bar that offers a variety of sandwiches, pizzas and similar foods with ample seating so that our guests do not have to leave the warmth and comfort of the waterparks.

Gift Shop. Each of our resorts has a Buckhorn Exchange or Precious Cargo gift shop that provides unique themed gifts, including Great Wolf Lodge logo merchandise, souvenirs, collectibles and stuffed animals. The gift shop also offers resort toys, swimwear and personal necessities.

Full-Service Spa. Each of our resorts, with the exception of our Sandusky resort, has an Aveda concept or Cameo spa that provides a relaxing get-a-way with a full complement of massages, facials, manicures, pedicures and other spa treatments, as well as yoga classes and a wide selection of Aveda products. We intend to add an Aveda concept spa to our Sandusky Great Wolf Lodge resort.

Game Arcade. Our Youkon Jack's or Northern Lights game arcades range in size from approximately 3,900 to 7,000 square feet, have over 70 games of skill and are divided into distinct areas with video and skill games that appeal to children of different ages. Tickets won from the games may be exchanged for a wide selection of merchandise that appeals to our younger guests.

Cub Club. Our Cub Club rooms are professionally staffed children's activity rooms with programmed activities, including arts and crafts, games and nature hikes. Cub Club is a frequent guest program for our younger guests. Cub Club membership is open to all children who have stayed at one of our resorts and includes a periodic newsletter, exclusive offers, rewards for each stay and a free meal and dessert when members visit during their birthday month. We currently have more than 10,000 Cub Club members. Our Blue Harbor Resort features a Crew Club frequent guest program and activities that are similar to our Cub Club.

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Animated Clocktower. Each of our Great Wolf Lodge resorts, with the exception of our Sandusky resort, has a two-story animated clocktower located in the resort's main atrium lobby. The clocktower provides daily theatrical entertainment through talking and singing trees, animals and northwoods figures. Our Blue Harbor Resort features a 2,000 gallon water fountain featuring a hand-blown glass sculpture and a music and light show located in its main atrium lobby.

Outdoor Water Amenities. Outdoor water amenities complement our indoor waterpark facilities and allow our guests to take advantage of favorable weather conditions. Our outdoor water amenities include activity pools and a large deck or patio area and are generally open from May until September. Our Wisconsin Dells resort also has outdoor waterslides.

Fitness Room. Our fitness rooms contain aerobic exercise equipment and weight-lifting machines with numerous televisions for active viewing.

Meeting Space. Our resorts offer meeting rooms ranging from approximately 3,000 to over 7,000 square feet that are available for guest meetings, including a 99-seat state-of-the-art symposium-style room at our Traverse City resort.

Conference Facility. Our Blue Harbor Resort features an approximately 21,000 square-foot attached conference facility that provides spaces ranging from approximately 1,000 square feet to 10,000 square feet for a number of different types of conferences and conventions.

Biko's 3D Theatre. Our 3D theatres, located at our Wisconsin Dells and Traverse City resorts, provide a 12-minute virtual reality adventure for children and their parents.

Wiley's Woods. Wiley's Woods is an interactive indoor live video game in a four-story, approximately 16,000 square-foot structure located at our Wisconsin Dells resort. Children ages three and older wear electronic wrist bands and gain points by navigating slides, bridges, nets and mazes and performing a variety of tasks on over 60 machines and gadgets. Admission to Wiley's Woods is free for all resort guests and is open to the public for a fee of \$6 for children and \$9 for adults, with free admission for children under the age of three.

Operating Properties

Our operating resorts are currently located in Wisconsin Dells, Wisconsin; Sandusky, Ohio; Traverse City, Michigan; Kansas City, Kansas; and Sheboygan, Wisconsin.

Great Wolf Lodge of Wisconsin Dells, Wisconsin

Our Great Wolf Lodge, located on 25 acres in Wisconsin Dells, Wisconsin, was originally constructed in 1997 and acquired by Great Lakes in 1999.

Wisconsin Dells is a renowned family vacation destination that features a number of entertainment options, including amusement parks, museums, live entertainment and other indoor waterparks. According to its Visitor and Convention Bureau, the Wisconsin Dells area attracts over two and a half million visitors each year and in 2003 attracted over \$670 million of vacation-related expenditures. Wisconsin Dells is within a one-hour drive from Madison, Wisconsin; a two-hour drive from Milwaukee, Wisconsin; and a three and one-half hour drive from Chicago, Illinois. According to Third Wave Research, there are approximately 16.0 million people who live within 180 miles of the resort.

The Great Wolf Lodge of Wisconsin Dells has 309 guest suites and an approximately 38,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort offers a number of revenue-enhancing amenities, including a themed restaurant, Loose Moose Bar & Grill, Bear Claw Café ice cream shop and confectionery, Youkon Jack's game arcade, Buckhorn Exchange gift shop, full-service Aveda concept spa,

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Wiley's Woods, Biko's 3-D virtual reality adventure theater and meeting rooms. The resort also includes non-revenue-generating amenities, such as an animated two-story clocktower, Cub Club room and Iron Horse fitness center. In September 2004, we began construction on enhancements to our indoor waterpark at this resort to add a wave pool and other new attractions.

For the twelve months ended September 30, 2004, the resort experienced average occupancy of 61.7%, an average daily room rate of \$194.58, average revenue per available room of \$120.14 and total revenue per occupied room of \$271.34.

In spring 2005, we intend to begin construction of at least 64 condominium units. In connection with this project, we intend to expand our indoor waterpark accordingly, which we expect would be complete in 2005.

Great Wolf Lodge of Sandusky, Ohio

In March 2001, we opened our Great Bear Lodge in Sandusky, Ohio, which has the same theming as each of our Great Wolf Lodge resorts and was re-named the Great Wolf Lodge of Sandusky in May 2004. Sandusky is a family destination near Cleveland, Ohio that is well known for its amusement parks. According to the Sandusky/FIB Erie County Visitors and Convention Bureau, Sandusky attracts approximately seven million visitors each year. Sandusky is within a one-hour drive from Cleveland, Ohio; a two-hour drive from Detroit, Michigan; a two and one-half-hour drive from Columbus, Ohio; and a three-hour drive from Pittsburgh, Pennsylvania. According to Third Wave Research, there are approximately 23.7 million people who live within 180 miles of the resort.

The Great Wolf Lodge of Sandusky is located on approximately 15 acres and has 271 guest suites and an approximately 34,000 square-foot indoor waterpark that includes our signature treehouse water fort, tube slides, body slides, hot tubs and a lazy river. The resort offers a number of revenue-enhancing amenities, including our Gitchigoomie Grill and Lumber Jack's Cook Shanty themed restaurants, Northern Lights game arcade, Buckhorn Exchange gift shop and meeting rooms. The resort also includes non-revenue-generating amenities such as our Cub Club room and Iron Horse fitness center.

For the twelve months ended September 30, 2004, the resort experienced average occupancy of 68.4%, an average daily room rate of \$231.38, average revenue per available room of \$158.34 and total revenue per occupied room of \$324.16.

Great Wolf Lodge of Traverse City, Michigan

In March 2003, we opened our Great Wolf Lodge in Traverse City, Michigan. Traverse City is a traditional family vacation destination with skiing and lake activities. According to the Traverse City Convention and Visitors Bureau, Traverse City attracts approximately two million visitors each year. Traverse City is within a three-hour drive from Grand Rapids, Michigan and the Saginaw/Flint, Michigan area and a four-hour drive from Detroit, Michigan. This resort also draws guests from Northern Indiana and Ohio. According to Third Wave Research, there are approximately 7.6 million people who live within 180 miles of the resort.

The Great Wolf Lodge of Traverse City is located on approximately 48 acres and has 281 guest suites and an approximately 40,000 square-foot indoor waterpark that includes our signature treehouse fort and Howling Wolf family raft. The resort offers a number of revenue-enhancing amenities, including our Camp Critter Bar & Grille and Loose Moose Cottage themed restaurants, Northern Lights game arcade, full-service Aveda concept spa, Bear Claw Café ice cream shop and confectionery, Biko's 3D virtual reality adventure theater, Buckhorn Exchange gift shop and meeting rooms. The resort also includes non-revenue-generating amenities such as our animated two-story clocktower, Cub Club room and Iron Horse fitness center.

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For the twelve months ended September 30, 2004, the resort experienced average occupancy of 68.9%, an average daily room rate of \$222.71, average revenue per available room of \$153.47 and total revenue per occupied room of \$321.00.

Great Wolf Lodge of Kansas City, Kansas

In May 2003, we opened our Great Wolf Lodge in Kansas City, Kansas as part of the Village West tourist district that includes a Cabela's superstore, Nebraska Furniture Mart and the Kansas Nascar Speedway. According to the Kansas City Convention and Visitors Bureau, Kansas City attracts approximately five million visitors each year. Kansas City is within a one-hour drive from Topeka, Kansas; a two and one-half hour drive from Jefferson City, Missouri; and a three-hour drive from Lincoln, Nebraska. According to Third Wave Research, there are approximately 7.0 million people who live within 180 miles of the resort.

The Great Wolf Lodge of Kansas City is located on approximately 17 acres and has 281 guest suites and an approximately 40,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort offers a number of revenue-enhancing amenities, including our Camp Critter Bar & Grille themed restaurant, Bear Claw Café ice cream shop and confectionery, full-service Aveda concept spa, Northern Lights game arcade, Buckhorn Exchange gift shop and meeting rooms. The resort also includes non-revenue-generating amenities such as our animated two-story clocktower, Cub Club room and Iron Horse fitness center.

For the twelve months ended September 30, 2004, the resort experienced average occupancy of 61.8%, an average daily room rate of \$195.06, average revenue per available room of \$120.50 and total revenue per occupied room of \$289.27.

Blue Harbor Resort of Sheboygan, Wisconsin

In June 2004, we opened our Blue Harbor Resort on an approximately 12-acre property on the shores of Lake Michigan in Sheboygan, Wisconsin. Sheboygan is a traditional family vacation destination featuring lake activities and golf. Due to the nature of Sheboygan as a family vacation destination on the water, we decided that a nautical theme would be more appropriate than our typical northwoods lodge theme. This resort is modeled after a grand beach resort and decorated in a manner consistent with that theme, including a nautical themed lobby and specialty rooms such as the KidAquarium Suite with bunk beds surrounded by walls of deep blue sea and schools of fish and the Boathouse Suite with rowboat bunk beds. According to the Sheboygan Convention and Visitors Bureau, visitors to Sheboygan spent approximately \$260 million in 2002. Sheboygan is within a one-hour drive from Milwaukee and Green Bay, Wisconsin; a two-hour drive from Madison, Wisconsin; a three-hour drive from Chicago, Illinois; and a four-hour drive from Dubuque, Iowa. According to Third Wave Research, there are approximately 18.4 million people who live within 180 miles of the resort.

Our Blue Harbor Resort has 183 guest suites, with an additional 64 individually-owned, two and four bedroom condominium units located adjacent to the resort, and an approximately 43,000 square-foot Breaker Bay indoor waterpark with a 12-level Lighthouse Pier water fort. The resort offers a number of revenue-enhancing amenities, including our nautical-themed On the Rocks Bar & Grille and Rusty Anchor Buffet restaurants, Sweetshop Landing ice cream shop and confectionery, full-service Aveda concept spa, Northern Lights game arcade and Precious Cargo gift shop. This resort also has an approximately 21,000 square-foot attached conference facility capable of seating 1,000 people. The resort offers non-revenue-generating amenities such as our 2,000 gallon hand-blown glass water fountain featuring a music and light show, Crew Club for kids and Ship Shape Place fitness center. Admission to the indoor waterpark is available to residents of Sheboygan County for a fee. We currently manage the rental of substantially all of the condominium units at this resort. We receive a rental management fee of approximately 40% of net room revenue after the deduction of certain expenses. In addition, we receive reimbursement of certain waterpark expenses through the condominium association.

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Properties Under Construction

Great Wolf Lodge of Williamsburg, Virginia

In December 2003, we began construction of our Great Wolf Lodge in Williamsburg, Virginia on a 65-acre site. Williamsburg is a popular family vacation destination with amusement parks and waterparks and other entertainment attractions. Williamsburg is a one-hour drive from Richmond, Virginia; a two and one-half-hour drive from Washington, D.C.; a three-hour drive from Baltimore, Maryland and a three and one-half-hour drive from Raleigh, North Carolina. According to Third Wave Research, there are approximately 16.7 million people who live within 180 miles of the resort.

The resort will occupy approximately 36 acres of the site. We may sell up to 11 acres of the excess land as out-lots and plan to retain the remaining acreage to support future expansion of the resort. As of September 30, 2004, total development costs incurred to date were approximately \$25.4 million. We expect to incur an additional \$36.7 million of costs to complete the project.

Upon completion, the Great Wolf Lodge of Williamsburg will have 301 guest suites and an approximately 55,000 square-foot indoor waterpark that includes our signature treehouse water fort. We are constructing a relatively large indoor waterpark in Williamsburg because we believe that the demand for this resort will support an expansion, including an additional number of rooms, over the next several years. The resort will offer a number of revenue-enhancing amenities, including themed restaurants, a full-service Aveda concept spa, game arcade, Bear Claw Café ice cream shop and confectionery, gift shop and approximately 7,000 square feet of meeting rooms. The resort will also include non-revenue-generating amenities such as a two-story animated clocktower, Cub Club room and fitness center. We anticipate that this resort will open in the spring of 2005.

Great Wolf Lodge of the Pocono Mountains

In April 2004, we began construction of a Great Wolf Lodge in the Pocono Mountains on a 95-acre site near Stroudsburg, Pennsylvania. The Pocono Mountains area is a popular family vacation destination featuring family-oriented attractions and recreational activities. According to the Official Convention and Visitors Bureau of Pennsylvania's Pocono Mountains, the Pocono Mountains region attracts approximately three million visitors each year. The resort will be located within a one and one-half-hour drive from New York, New York; a two-hour drive from Philadelphia, Pennsylvania; a three and one-half hour drive from Baltimore, Maryland and a four-hour drive from Washington, D.C. According to Third Wave Research, there are approximately 43.6 million people who live within 180 miles of the resort. As of September 30, 2004, total development costs incurred to date were approximately \$19.2 million. We expect to incur an additional \$72.9 million of costs to complete the project.

Upon completion, the Great Wolf Lodge of the Pocono Mountains will have 400 guest suites and an approximately 78,000 square-foot indoor waterpark that includes our signature treehouse water fort. The resort will offer a number of revenue-enhancing amenities, including a themed restaurant and bar and grille, full-service Aveda concept spa, game arcade, gift shop and approximately 7,900 square feet of meeting rooms. The resort will also include non-revenue-generating amenities such as a two-story animated clocktower, Cub Club room and fitness center. We anticipate that this resort will open in the fall of 2005.

Great Wolf Lodge of Niagara Falls, Ontario

In January 2004, Great Lakes entered into a license agreement with Ripley's that authorizes Ripley's to develop and operate a Great Wolf Lodge resort in Niagara Falls, Ontario. In addition, the agreement allows Ripley's to use certain licensed trademarks, such as Cub Club, KidCabin, Wiley's Woods and Great Wolf Lodge. The term of the license agreement is ten years, with the possibility of up to four successive five-year automatic renewals. Under the license agreement, Ripley's is required to pay a monthly license fee, a brand marketing fee that we are obligated to contribute to a marketing program and a fee related to furniture,

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fixtures and equipment start-up costs. We may terminate the license agreement at any time, upon notice, if Ripley's fails to meet its material obligations under the agreement. These obligations require Ripley's to meet payment obligations in a timely manner, maintain and operate the resort in a manner consistent with our operating standards and obtain our approval prior to the use of any of our licensed trademarks. In addition, these material obligations restrict Ripley's to selling only products, goods and services that we approve and from developing or managing a hotel with an indoor waterpark within the United States until, at the earliest, January 2016.

We have also entered into a construction consulting agreement in connection with Ripley's construction of the resort. Under the agreement, we will provide construction management and consulting services for a fee. In addition, we are currently negotiating a management services agreement and a reservation system agreement for this resort under which we will manage the resort and provide central reservation systems services.

Ripley's began construction of the Niagara Falls resort in September 2004. Niagara Falls is a popular family vacation destination. According to the City of Niagara Falls, Ontario website, Niagara Falls attracts over 19 million visitors each year. Niagara Falls is less than a one hour drive from Buffalo, New York; a one and one-half-hour drive from Toronto, Ontario; and a two and one-half-hour drive from Syracuse, New York. Pursuant to the license agreement, we will operate the resort once it is completed.

Upon completion, the Great Wolf Lodge of Niagara Falls will have 404 guest suites with an approximately 82,000 square-foot indoor waterpark. The resort will offer a number of revenue-enhancing amenities, including themed restaurants, ice cream shop and confectionery, full-service Aveda concept spa, game arcade, gift shop and meeting space. The resort will also include non-revenue-generating amenities such as a two-story animated clocktower, Cub Club room and fitness center. We anticipate that this resort will open in the Spring of 2006.

Corporate Offices

We lease approximately 13,800 square feet of office space for our corporate offices and approximately 2,500 square feet of office space for our central reservations call center operations in Madison, Wisconsin. We believe these facilities are adequate for our current needs.

Development

Development Criteria

We choose sites for the development of new resorts based upon a number of factors, including:

Large target customer base. We select development sites that generally have a minimum of five million target customers within a convenient driving distance. Because we offer an affordable vacation experience, we appeal to families in a variety of income ranges.

Recognized tourist destination. We focus on drive-to destinations that attract a large number of tourists, including traditional family vacation markets. We believe we can charge premium rates in these markets due to the high quality of our resorts and our family-oriented amenities and activities. In addition, the indoor nature of many of our amenities and activities allows us to reduce the impact of seasonality that negatively affects other attractions in these areas. These areas also often have active and effective local visitors and convention bureaus that complement our marketing and advertising efforts at little or no cost to us.

Highly visible and large sites. We develop resorts in highly visible locations along major roadways. Visibility from highways enhances easy drive-to access, provides marketing benefits due to high volumes of traffic and often produces synergies from adjacent land uses or complementary developments. We generally choose sites that have enough acreage to allow for potential expansions and future sales of out-lots.

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Based upon these criteria, we have identified over 50 markets that have populations of at least five million people located within a convenient driving distance. We have already identified potential development locations in 12 to 14 of these target markets that meet our other criteria for successful development. We are in negotiations for sites in six of these markets. In addition, our licensee, Ripley's, is developing a Great Wolf Lodge in Niagara Falls, Ontario that we will operate pursuant to our license and management agreement with Ripley's.

Once we have identified a market that meets our development criteria, we search for potential sites, which may be difficult to find in some areas. We then perform initial analyses of the permitting process and access to utilities, before acquiring a sufficient amount of land from one or more landowners. Based upon the target customer base of the market, we develop initial specifications for the resort, such as the number of guest suites and size of the indoor waterpark and other amenities. We also formally begin the potentially lengthy and difficult process of obtaining the necessary approvals and permits from the appropriate local governmental bodies, including the necessary water rights and environmental permits. Once the permitting process is complete, we secure financing for the project and begin construction on the resort. This overall development process typically takes from two and one-half to four years.

Performance of Developed Properties

The following table details several key performance indicators for each of the following resorts:

our Sandusky, Ohio resort that opened in March 2001 after a 13-month construction period with a total development cost of approximately \$40 million;

our Traverse City, Michigan resort that opened in March 2003 after a 12-month construction period with a total development cost of approximately \$53 million; and

our Kansas City, Kansas resort that opened in May 2003 after a 12-month construction period with a total development cost of approximately \$51 million.

These resorts represent the only resorts that we have developed and that were open for at least one year as of the completion of the initial public offering. The key indicators include (1) occupancy, (2) RevPAR, (3) Adjusted EBITDA margin and (4) Adjusted EBITDA Asset Yield. We define Adjusted EBITDA margin as the Adjusted EBITDA for a particular resort divided by that resort's total revenue for the specified time period. We define Adjusted EBITDA Asset Yield as the Adjusted EBITDA for a particular resort divided by that resort's average gross book value of property and equipment. We define average gross book value as the average of the beginning and ending book values for property and equipment at a specific resort for the specified time period.

Resort	For the Year Ended December 31, 2002		For the Year Ended December 31, 2003		For the Twelve Months Ended September 30, 2004					
	Occupancy	RevPAR	Occupancy	RevPAR	Occupancy	RevPAR	Total Resort Revenues	Adjusted EBITDA Margin	Average Gross Book Value	Adjusted EBITDA Asset Yield
	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$ million)	(%)	(\$ million)	(%)
Sandusky	67.0	146.82	70.0	157.11	68.4	158.34	22.0	34.7	39.2	19.4
Traverse City			70.4	148.47	68.9	153.47	22.8	36.1	50.3	16.3
Kansas City			52.6	103.49	61.8	120.50	18.0	24.1	48.3	9.0

Our Sandusky and Traverse City resorts were built in traditional family vacation destinations that had previously established vacation attractions prior to the development of our resorts. These resorts experienced a relatively rapid ramp-up to what we consider to be stabilized operating performance. However, our Kansas City resort was built as part of a new tourist district along with several other newly-constructed tourist attractions. Accordingly, this resort is experiencing a longer ramp-up to what we expect to be stabilized operating

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performance. In addition, our Wisconsin Dells resort, which we purchased in 1999, had an Adjusted EBITDA Margin and Adjusted EBITDA Asset Yield of 31.6% and 13.7%, respectively, for the twelve months ended September 30, 2004.

EBITDA and Adjusted EBITDA as presented are supplemental non-GAAP financial measures. EBITDA is commonly defined as net income plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. Our definition of Adjusted EBITDA is different from EBITDA because we further adjust net income for interest on mandatorily redeemable ownership interests. We believe Adjusted EBITDA is useful to an investor in evaluating a resort's operating performance because:

our resort assets are depreciated over their remaining useful lives in accordance with GAAP. Because depreciation and amortization are non-cash items, we believe that presentation of Adjusted EBITDA is a useful measure of a resort's operating performance;

it is widely used in the hospitality and entertainment industries to measure a resort's operating performance without regard to items such as interest on mandatorily redeemable ownership interests; and

we believe it helps investors meaningfully evaluate and compare a resort's results of operations from period to period by removing the impact of certain items, primarily depreciation and amortization, from the resort's operating results.

Our management uses Adjusted EBITDA:

as a measurement of a resort's operating performance because it assists us in comparing the resort's operating performance on a consistent basis by removing the impact of items directly resulting from our asset base, primarily depreciation and amortization, non-recurring or unusual items and interest on mandatorily redeemable interests, from the resort's operating results;

for planning purposes, including the preparation of a resort's annual operating budget;

as a valuation measure for evaluating a resort's operating performance and the resort's capacity to incur and service debt and fund capital expenditures; and

as one measure in determining the value of resort acquisitions and dispositions.

We adjust for interest on mandatorily redeemable ownership interests as this item on the Kansas City resort's historical financial statements relates to a membership interest that will be redeemed in conjunction with the formation transactions. Since this interest on mandatorily redeemable interests will not be present in the resort's financial statements following the formation transactions, we believe adding it back provides a more meaningful comparison of our historical financial information and our expected future financial information.

Adjusted EBITDA as calculated by us is not necessarily comparable to similarly titled measures used by other companies. In addition, Adjusted EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund our cash flow needs; and (c) should not be considered as an alternative to net income, operating income, cash flows from operating activities or our other financial information as determined under GAAP.

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The following table reconciles net income for our Sandusky, Kansas City, Traverse City and Wisconsin Dells resorts to Adjusted EBITDA for the periods presented (dollars in thousands):

	For the Twelve Months Ended September 30, 2004			
	Sandusky	Traverse City	Kansas City	Wisconsin Dells
Net income (loss)	\$2,907	\$ (917)	\$ (5,843)	\$ (1,813)
Adjustments:				
Interest expense, net	1,033	2,872	2,974	3,555
Income tax expense				
Depreciation and amortization	3,693	6,263	4,900	4,198
EBITDA	7,633	8,218	2,031	5,940
Adjustments:				
Interest on mandatorily redeemable ownership interests			2,305	
Adjusted EBITDA	\$7,633	\$8,218	\$ 4,336	\$ 5,940

Tall Pines Development Agreement

Pursuant to our agreement with Tall Pines Development Corporation, or Tall Pines, the original developer of our Wisconsin Dells resort, we have agreed to pay a royalty fee to Tall Pines ranging from 0.5-2% of annual revenues, and for our Sandusky resort, additional incentive fees of up to 2% of annual revenues, for each resort we have developed and will develop in the future for a period of ten years after the opening of each such resort. In exchange for these fees, Tall Pines has granted us an exclusive, perpetual license to use certain information received from Tall Pines in connection with Great Lakes purchase of the Wisconsin Dells resort from Tall Pines in 1999, including information related to operating systems, financial information, historical costs, historical revenues, historical expenses and marketing. In addition, the agreement prohibits Tall Pines from developing properties featuring water amenities such as indoor waterparks within 200 miles of our resorts and, for developments outside 200 miles of our resorts, upon notice of such intent to develop from Tall Pines, we have a right of first refusal of such development. Our agreement with Tall Pines expires in 2018, although we will be obligated to make payments pursuant to the agreement for the ten-year period following a resort's opening even if that period extends past 2018.

Resort Operations

Each resort employs a general manager who is responsible for the operations of the particular resort and who typically has 20-25 years of experience in the hospitality or family entertainment industry. Our general managers oversee a staff of approximately 250 resort employees and are assisted by an assistant general manager and directors for each of human resources, food and beverage, housekeeping, aquatics, maintenance, sales and marketing and front office. A corporate-level liaison for each department ensures consistency throughout our resorts while allowing a particular resort to tailor its operations to best meet the needs of its guests.

Prior to assuming responsibility for a resort, general managers and assistant general managers undergo a management training program designed to familiarize each trainee with various facets of our management, operations and development programs. The program also emphasizes our guest service policies and provides hands-on operating experience at the resort level. Our management training program is intended to train assistant managers to become future general managers.

We strive to provide our guests with a fun and convenient experience in a warm and family-friendly environment from the first day a new resort opens. To achieve this, a team of experienced management members from our existing resorts, along with corporate liaisons, begins training personnel at our new resorts

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one month prior to a resort's opening and is on site at the new resort for a month after opening. We believe that this process ensures that the opening of a new resort is efficient and that our culture of high quality and friendly customer service is carried over to our new resorts, including our guests' interactions with our front desk, housekeeping, waterpark, restaurant and other staff members. In addition, we train our maintenance personnel to minimize any operational problems that occur during the opening of a new resort, including the operation of our waterparks. We believe that these efforts help to minimize any problems associated with opening a new resort and give our first guests a favorable, memorable experience that will build brand loyalty.

Training and Development

We believe that our ability to provide a warm family atmosphere where families can relax, play and reconnect begins with our people and their ability to deliver quality customer service. We seek to recruit, train and retain employees who will make sure that our guests enjoy their stay, and we seek to promote from within our company. Each new resort employee undergoes a week-long orientation program and is paired with a more veteran employee for a month so that the new employee can learn more about our resorts, our culture and how we strive to provide the best possible customer service. Our employees are invested in our success and focused on ensuring a memorable experience for each of our guests. We believe that our high level of customer service sets us apart and promotes valuable referrals and repeat visits.

Sales and Marketing

We place a significant emphasis on the sales and marketing of our unique, family-focused resorts. We work together with a third-party consulting firm to analyze the demographics of our markets and to identify potential guests for targeted marketing, both within our primary market areas and beyond those areas to attract occasional or seasonal travelers. We market to these potential customers through a combination of television, radio, newspaper and direct mail advertising, including advertising through local chambers of commerce and convention and visitors bureaus. We also rely upon repeat guests and guest referrals, as well as brand recognition and the visibility of the resorts themselves, which are located along major highways in high traffic areas. In addition, our engaging website offers detailed information about our resorts, including virtual tours and room layouts.

For new resorts, our marketing efforts begin before construction commences and we establish sales offices to generate advance bookings. Reservations may be made at our resorts, through our web site or through our central reservations call center. Our call center and highly trained staff allow us to offer consistent specials throughout our resorts, better track room occupancy levels and room rates and handle the high volume of calls that are usually associated with the opening of a resort.

We maintain an in-house sales force and graphic arts department comprised of 10 employees. Our experienced staff develops products and promotions for use in merchandising and marketing promotions. We also engage in cross-marketing, promotions and co-marketing arrangements with major vendors. We have received numerous awards for our general advertising, website, print media, radio commercials and sales presentations.

We have developed Cub Club, a frequent guest program for children. Membership is available to all children who have stayed at one of our resorts. The benefits of the program include coupons and other incentives, a periodic newsletter, access to the Cub Club activity rooms at each of our resorts and special offers to children who visit during their birthday month. Our Blue Harbor Resort features a Crew Club program for children similar to the Great Wolf Lodge resorts' Cub Club.

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Maintenance and Inspections

Each of our resorts has an aquatics manager who is trained in all aspects of water quality and safety. Our waterparks are frequently inspected by on-site maintenance personnel. These inspections include safety checks of the equipment in the waterpark, as well as analyses of water and air quality. Our water quality levels are constantly monitored and tested by computers and by a full-time aquatics maintenance engineer, who works with an additional assistant during our busiest months. Our air quality system is designed to minimize humidity and moisture build-up, which materially reduces maintenance costs. Furthermore, we use Ellis & Associates as water safety consultants at our resorts in order to train lifeguards and audit safety procedures.

Our senior management and the individual resort personnel evaluate the risk aspects of each resort's operation, including potential risks to the public and employees and staff. All of our staff is committed to maintaining and enhancing the quality of our resorts, from housekeeping personnel to the employees at the front desk. Each resort has six full time maintenance employees on staff that ensure building quality and three fulltime aquatics maintenance employees that ensure the ride safety and air and water quality inside the resort's indoor waterpark. We use a state of the art filtration system and ozonators to balance the water and air quality within the waterpark in order to accommodate fluctuating quantities of visitors.

Our Customers

Our target customer base consists of families with children ranging in age from 2 to 14 years old who live within a convenient driving distance from our resorts. We believe that most families choose our resorts either for taking a primary vacation during the year or for weekend or holiday getaways. According to research conducted by Third Wave Research at our Wisconsin Dells and Sandusky resorts, families choosing us as their primary vacation destination account for approximately 60% of our annual room nights and approximately 40% of our total revenue, while families choosing us for weekend and holiday getaways account for approximately 25% of our annual room nights and approximately 30% of our total revenue. Although we have not had studies performed at our other resorts, we believe our other resorts would have similar statistics.

In addition, meeting facilities at our resorts allow us to attract other types of customers, such as small companies, business groups and social clubs. We believe that the 21,000 square foot conference center located at our Sheboygan resort will allow us to attract larger companies and industry groups to that resort.

Competition

Our resorts compete with other forms of family vacation travel, including theme parks, waterparks and amusement parks and other recreational activities, including other resorts located near these types of attractions. Our business is also subject to factors that affect the recreation and leisure and resort industries generally, such as general economic conditions and changes in consumer spending habits. We believe that the principal competitive factors of a family entertainment resort include location, room rates, name recognition, reputation, the uniqueness and perceived quality of the attractions and amenities, the atmosphere and cleanliness of the attractions and amenities, the quality of the lodging accommodations, the quality of the food and beverage service, convenience, service levels and reservation systems.

A recent USRC survey identified 17 existing properties meeting their definition of an indoor waterpark destination resort that are currently open, and five additional destination resorts expected to open in 2004 in the United States and Canada. Two of these resorts have opened since the survey was published, including our Blue Harbor Resort. We are aware of eight additional resorts that are under construction or in active development, including our three resorts under construction, which includes our licensed resort in Niagara Falls owned by Ripley's. Based on the USRC survey, our five operating resorts and three additional resorts under construction comprise approximately 27% of the supply of new and existing resorts in this market segment.

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As a result of our market presence and our management team's substantial experience, we believe we have an opportunity to capitalize on our first-mover advantage in this industry segment and to achieve significant brand recognition. While we believe that our first-mover advantage is very beneficial to us, it does provide our competitors with an opportunity to monitor our success in our chosen markets. As such, a competitor may choose not to enter one of our markets based on our performance, or may subsequently develop a resort in our markets that is newer, has additional amenities, or offers more, larger or more exciting waterpark attractions than our resorts.

In most of our markets, there are few, if any, other family entertainment resorts featuring indoor waterparks. However, in Wisconsin Dells, Wisconsin, where indoor waterparks were first introduced, there are approximately 16 other resorts and hotels with some type of indoor water-related activity or amenity. As a result, we face significant competition from both lower priced unthemed waterparks and larger, more expensive waterparks with thrill rides and other attractions in the Wisconsin Dells market. While the Wisconsin Dells market has a significant number of resorts with indoor waterparks, we believe the competitive landscape in that small, regional market is not representative of the competition we may face as we further expand our portfolio of resorts. The vast majority of indoor waterpark resorts in Wisconsin Dells are family-owned or privately-operated businesses that have yet to develop additional resorts outside of Wisconsin Dells. In addition, we believe our ability to compete effectively in this highly competitive market will enable us to more effectively compete in other markets where we may not be the only family entertainment resort.

We anticipate that competition within some of our markets will increase in the foreseeable future. We believe that a number of other resort operators are developing or considering the development of family entertainment resorts with indoor waterparks, which will compete with our resorts. There are currently nine resorts that meet USRC's definition of an indoor waterpark destination resort that are under construction or in active development, six of which will be operated by competitors. One of these resorts is being constructed by a competitor in Sandusky and another resort is being constructed by a competitor near Traverse City.

Insurance

We believe that our properties are covered by adequate fire, flood and property insurance, as well as commercial liability insurance with what we believe are commercially reasonable deductibles and limits for our industry. Changes in the insurance market since September 11, 2001 have caused significant increases in insurance costs and deductibles, and have increased the risk that affordable insurance may not be available to us in the future.

While our management believes that our insurance coverage is adequate, if we were held liable for amounts and claims exceeding the limits of our insurance coverage or outside the scope of our insurance coverage, our business, results of operations and financial condition could be materially and adversely affected.

Intellectual Property

We have registered, applied for the registration of or claim ownership of a variety of trade names, service marks, copyrights and trademarks for use in our business, including Biko the Bear, Blue Harbor Resort, Boathouse Suite, Breaker Bay, Crew Club, Cub Club, Great Wolf Lodge, Great Wolf Resorts, KidAquarium Suite, KidCabin and Wiley the Wolf in the United States and, where appropriate, in foreign countries. There can be no assurance that we can obtain the registration for the marks where registration has been sought. We are not aware of any facts that would negatively impact our continuing use of any of the above trade names, service marks or trademarks. We consider our intellectual property rights to be important to our business and actively defend and enforce them.

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Governmental Regulation

The ownership and management of our resorts, as well as our development and construction of new resorts, subjects us to comprehensive federal, state and local laws regulating zoning, land development, land use, building design and construction, and other real estate-related laws and regulations. In addition, a number of states regulate the permitting and licensing of resorts by requiring registration, disclosure statements and compliance with specific standards of conduct. Our failure to maintain or acquire the requisite licenses, permits and authorizations required by such laws and regulations, as well as any failure on our part to comply with registration, disclosure and standards of conduct required by such laws and regulations could impact the operation, profitability and success of our current resorts or the development, completion and success of any resorts we may develop in the future. We believe that each of our resorts has the necessary permits and approvals to operate its business and is in material compliance with all applicable registration, disclosure and conduct requirements. We intend to continue to obtain such permits and approvals for any resorts we may develop in the future or additions or renovations to current resorts and to ensure that such resorts and additions or renovations comply with applicable registration, disclosure and conduct requirements.

We are also subject to laws and regulations governing our relationship with employees, including minimum wage requirements, overtime, working conditions and work permit requirements. An increase in the minimum wage rate, employee benefit costs or other costs associated with employees could increase our overall labor costs.

The operation of our waterparks subjects us to state and local regulations governing the quality of the water we use in our waterparks, including bacteriological, chemical, physical and radiological standards. In addition to inspections we conduct on our own, state and local authorities may also conduct inspections of our waterparks to determine our compliance with applicable standards. If we are found to be in violation of such regulations we could be subject to various penalties, including, but not limited to, monetary fines and the temporary closure of our waterparks. Changes in state or local regulations could impose more stringent standards with which we would have to comply.

We are subject to both federal and state environmental laws and regulations, including laws and regulations governing the discharge of water from our waterparks. Specifically, under the requirements of the Federal Clean Water Act, we must obtain National Pollutant Discharge Elimination System permits from the Environmental Protection Agency or from the state environmental agency to which the permit program has been delegated for discharges into waterways and comply with the permit terms regarding wastewater quality and discharge limits. Such permits must be renewed from time-to-time, as required by regulation and additional capital expenditures for wastewater treatment systems associated with the renewal of our water discharge permits may be required. Importantly, changes in federal or state legislation or regulations could impose more stringent release standards with which we would have to comply. Currently, our development in the Pocono Mountains is our only property subject to such laws and regulations governing the discharge of water and we intend to comply with these laws and regulations as we develop that property.

As a place of public accommodation, our resorts are subject to the requirements of the Americans with Disabilities Act of 1990, which we refer to as the ADA. As such, our resorts are required to meet certain federal requirements related to access and use by disabled persons. While we believe that our resorts are substantially in compliance with these requirements, we have not conducted an audit or investigation of all of our resorts to determine our compliance. Further, federal legislation or regulations may amend the ADA to impose more stringent requirements with which we would have to comply.

Environmental Matters

Our operations and properties are subject to federal, state and local laws and regulations relating to the protection of the environment, natural resources and worker health and safety, including laws and regulations

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governing and creating liability relating to the management, storage and disposal of hazardous substances and other regulated materials. Our properties are also subject to various environmental laws and regulations that govern certain aspects of our on-going operations. These laws and regulations control such things as the nature and volume of our wastewater discharges, quality of our water supply and our waste management practices. The costs of complying with these requirements, as they now exist or may be altered in the future, could adversely affect our financial condition and results of operations.

Because we own and operate real property, various federal, state and local laws may impose liability on us for the costs of removing or remediating various hazardous substances, including substances that may be currently unknown to us, that may have been released on or in our property or disposed of us at third-party locations. The principal federal laws relating to environmental contamination and associated liabilities that could affect us are the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act; state and local governments have also adopted separate but similar environmental laws and regulations that vary from state to state and locality to locality. These laws may impose liability jointly and severally, without regard to fault and whether or not we knew of or caused the release. The presence of hazardous substances on a property or the failure to meet environmental regulatory requirements may materially adversely affect our ability to use or sell the property, or to use the property as collateral for borrowing, and may cause us to incur substantial remediation or compliance costs. In addition, if hazardous substances are located on or released from one of our properties, we could incur substantial liabilities through a private party personal injury claim, a claim by an adjacent property owner for property damage or a claim by a governmental entity for other damages, such as natural resource damages. This liability may be imposed on us under environmental laws or common-law principles.

We obtain environmental assessment reports on the properties we own or operate as we deem appropriate. These reports have not revealed any environmental liability or compliance concerns that we believe would materially adversely affect our financial condition or results of operations. However, the environmental assessments that we have undertaken might not have revealed all potential environmental liabilities or claims for such liabilities. It is also possible that future laws, ordinances or regulations or changed interpretations of existing laws and regulations will impose material environmental liability or compliance costs on us, that the current environmental conditions of properties we own or operate will be affected by other properties in the vicinity or by the actions of third parties unrelated to us or that our guests could introduce hazardous or toxic substances into the resorts we own or manage without our knowledge and expose us to liability under federal or state environmental laws. The costs of defending these claims, complying with as yet unidentified requirements, conducting this environmental remediation or responding to such changed conditions could adversely affect our financial condition and results of operations.

Some of our resort properties may have contained, or are adjacent to or near other properties that have contained or currently contain underground storage tanks for the storage of petroleum products or other hazardous or toxic substances. If hazardous or toxic substances were released from these tanks, we could incur significant costs or, with respect to tanks on our property, be liable to third parties with respect to the releases.

On occasion, we may elect to develop properties that have had a history of industrial activities and/or historical environmental contamination. Where such opportunities arise, we engage third-party experts to evaluate the extent of contamination, the scope of any needed environmental clean-up work, and available measures (such as creation of barriers over residual contamination and deed restrictions prohibiting groundwater use or disturbance of the soil) for ensuring that planned development and future property uses will not present unacceptable human health or environmental risks or exposure to liabilities. If those environmental assessments indicate that the development opportunities are acceptable, we also work with appropriate governmental agencies and obtain their approvals of planned site clean-up, development activities, and the proposed future property uses. We have followed that process in connection with the development of our Blue Harbor Resort in Sheboygan, Wisconsin where the City of Sheboygan has arranged for environmental clean-up work and ongoing

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groundwater monitoring and we have agreed to the use of a barrier preventing contact with residual contamination and implementation of a deed restriction limiting site activities. To our knowledge, our work at our Sheboygan resort has been conducted in accordance with requirements imposed by the Wisconsin Department of Natural Resources. Based on these efforts, we are not aware of any environmental liability or compliance concerns at our Sheboygan resort that we believe would materially adversely affect our financial conditions or results of operations. It is possible, however, that our efforts have not identified all environmental conditions at the property or that environmental conditions and liabilities associated with the property could change in the future.

Future acquisitions of properties subject to environmental requirements or affected by environmental contamination could require us to incur substantial costs relating to such matters. In addition, environmental laws, regulations, wetlands, endangered species and other land use and natural resource issues affecting either currently owned properties or sites identified as possible future acquisitions may increase costs associated with future site development and construction activities or business or expansion opportunities, prevent, delay, alter or interfere with such plans or otherwise adversely affect such plans.

Employees

As of December 31, 2004, we had approximately 120 corporate employees, including our central reservations center employees, and approximately 1,600 resort-level employees, approximately 700 of whom were part-time employees. Unlike more seasonal resorts and attractions, we are open year-round and are able to attract and retain high quality employees throughout the year. However, we do have fewer part-time employees during the winter months. None of our employees is covered by a collective bargaining agreement. We believe that our relationship with our employees is good.

Legal Proceedings

We are party to various legal actions in the ordinary course of our business. We believe these actions are routine in nature and incidental to the operation of our business. While the outcome of these actions cannot be predicted with certainty, we believe that the ultimate resolution of these matters will not have a material adverse impact on our business, financial condition or prospects.

Table of Contents**MANAGEMENT****Directors and Executive Officers**

Our board of directors currently consists of nine directors, five of which are independent directors under applicable regulations. Pursuant to our certificate of incorporation, each of our directors is elected by our stockholders to serve until the next annual meeting and until their successors are duly elected and qualify. The first annual meeting of our stockholders as a publicly traded company will be held in 2005. Subject to rights pursuant to any employment agreements, officers serve at the pleasure of our board of directors.

The following table sets forth certain information concerning our directors and executive officers:

Name	Age	Position
Bruce D. Neviasher	49	Chairman of the Board
John Emery	40	Chief Executive Officer and Director
Craig A. Stark	53	President and Director
Elan Blutinger	49	Director(1)
Randy Churchey	44	Director(2)(3)
Michael M. Knetter	44	Director(1)(2)
Alissa N. Nolan	42	Director(1)(3)
Howard Silver	50	Director(2)(3)
Marc B. Vaccaro	41	Director
James A. Calder	42	Chief Financial Officer
Eric S. Lund	38	Executive Vice President of Sales and Marketing
Hernan R. Martinez	52	Executive Vice President of Development
Kimberly K. Schaefer	38	Chief Brand Officer
J. Michael Schroeder	37	General Counsel and Corporate Secretary
Alexander P. Lombardo	36	Treasurer

(1) Member of the nominating and corporate governance committee.

(2) Member of the audit committee.

(3) Member of the compensation committee.

Bruce D. Neviasher has served as Chairman of the Board since we commenced operations in May 2004. Mr. Neviasher co-founded our predecessor companies and from 1992 until completion of the initial public offering, served as the Co-Chairman of Great Lakes and its predecessor companies, where he was involved in selecting development sites, designing deal structures and raising capital. Mr. Neviasher has over 20 years of experience in hotel and commercial real estate management, development and acquisition. Mr. Neviasher was recently appointed to the Advisory Board of the Weinert Center for Entrepreneurship at the University of Wisconsin-Madison School of Business and is an active community leader.

John Emery has served as our Chief Executive Officer and director since we commenced operations in May 2004. From January 2004 until completion of the initial public offering, Mr. Emery served as the Chief Executive Officer of Great Lakes. From 1995 to December 2003, Mr. Emery served in a number of management positions at Interstate Hotels & Resorts, Inc., a public company and the nation's largest independent third-party hotel management company, most recently as president and chief operating officer. Additionally, from 1995 to November 2002, Mr. Emery served in a number of management positions at MeriStar Hospitality Corporation, a public company and one of the nation's largest hotel real estate investment trusts, most recently as president and chief operating officer. Mr. Emery is a former member of the board of directors of Interstate Hotels & Resorts and MeriStar Hospitality. He currently serves on the Pamplin College of Business advisory council at Virginia Tech and is executive director of the Stone Circle Foundation, a private, non-profit organization.

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Craig A. Stark has served as our President and a director since we commenced operations in May 2004. From 1995 until completion of the initial public offering, Mr. Stark served as the President of Great Lakes and its predecessor companies, where his responsibilities included overseeing site selection, operations, brand development and sales and marketing efforts. Mr. Stark has over 30 years of hospitality experience and has earned distinction for managing top performing and award-winning facilities. Mr. Stark holds a Bachelor of Science degree in Home Economics with a concentration in Hotel and Restaurant Management from the University of Wisconsin-Stout.

Elan Blutinger has been a managing director of Alpine Consolidated, LLC, a merchant bank specializing in consolidating fragmented industries, since 1996. Mr. Blutinger served as a director of Hotels.com, an online booking service of hotels and other travel-related services, from 2001 until its sale in 2003. Mr. Blutinger was a founder and director of Resortquest International, a leading public vacation property management and realty company, from 1997 until its sale in 2003, a founder and director of Travel Services International, a consolidator of specialized travel services, from 1996 until its sale in 2001, and a director of Online Travel Services, a U.K.-based online travel and technology company, from 2000 until its sale in 2004. Mr. Blutinger is a trustee of the Washington International School and The Sheridan School. Mr. Blutinger currently serves as one of our independent directors and as chair of our nominating and corporate governance committee.

Randy Churchey has been a private investor since the sale of RFS Hotel Investors, Inc., a public self-administered hotel real estate investment trust in July 2003. From November 1999 until July 2003, Mr. Churchey served as president and chief operating officer and a director of RFS Hotel Investors, Inc. From 1997 through October 1999, Mr. Churchey was senior vice president and chief financial officer of FelCor Lodging Trust, a public hotel owner and operator. For nearly 15 years prior to joining FelCor, Mr. Churchey held various positions in the audit practice of Coopers & Lybrand, LLP, where he most recently served as partner and as chairman of the firm's Hospitality and Real Estate practice for the Southwestern United States. Mr. Churchey is a certified public accountant. Mr. Churchey is a director of Innkeepers USA Trust, a hotel real estate investment trust, and serves as chairman of its audit committee. Mr. Churchey currently serves as one of our independent directors, chair of our audit committee and as a member of our compensation committee.

Michael M. Knetter joined the University of Wisconsin-Madison School of Business as its dean in July 2002. From June 1997 to July 2002, Dean Knetter was associate dean of the MBA program and professor of international economics in the Amos Tuck School of Business at Dartmouth College. Dean Knetter has served as a senior staff economist for the President's Council of Economic Advisors for former presidents George H.W. Bush and William Jefferson Clinton and has been a consultant to the International Monetary Fund. Dean Knetter is a research associate for the National Bureau of Economic Research and a Trustee of Lehman Brothers/First Trust Income Opportunity Fund and the Lehman Brothers Liquid Assets Trust. Dean Knetter currently serves as one of our independent directors and as a member of our audit committee and nominating and corporate governance committee.

Alissa N. Nolan is a long time entertainment/attractions industry analyst and development consultant. Since January 2001, she has served as director of strategic planning and development to The Tussauds Group, a visitor attractions company. Prior to joining Tussauds, Ms. Nolan was a director and principal with Economics Research Associates, a specialist advisor to global attractions and leisure developers and leisure investors, from 1993 to 1999. After leaving Economics Research Associates and prior to joining Tussauds, Ms. Nolan served as a private consultant. Ms. Nolan currently serves as one of our independent directors and as a member of our compensation committee and our nominating and corporate governance committee.

Howard Silver is the president and chief executive officer of Equity Inns, Inc., a public self-advised and self-administered real estate investment trust, having served in these capacities since January 2005. Between June 1998 and January 2005, he served as president and chief operating officer of Equity Inns. Mr. Silver joined Equity Inns in May 1994 and has served in various capacities including: executive vice president of finance, secretary, treasurer and chief financial officer. Mr. Silver has been a certified public accountant since

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1980. Mr. Silver is a director of Capital Lease Funding, Inc., a public triple net lease real estate investment trust, and serves on its audit committee. Mr. Silver is also on the board of managers of GHII, LLC, a national hotel furniture and equipment provider. Mr. Silver currently serves as one of our independent directors and as chair of our compensation committee and as a member of our audit committee.

Marc B. Vaccaro has served as a director since we commenced operations in May 2004. Mr. Vaccaro co-founded our predecessor companies and from 1992 until completion of the initial public offering, served as the Co-Chairman of Great Lakes and its predecessor companies. Mr. Vaccaro has over 16 years of experience in a wide array of commercial property acquisitions, developments and redevelopments, including hotel, shopping center, office and land projects. Mr. Vaccaro holds a Bachelors of Art degree in Economics from the University of Wisconsin. Mr. Vaccaro sits on several foundation boards, including the Menasha Corporations Foundation and the Theda Clark Smith Foundation.

James A. Calder has served as our Chief Financial Officer since we commenced operations in May 2004. From September 1997 to April 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 October 2001 to November 2002, Mr. Calder served as chief accounting officer of MeriStar Hospitality Corporation, a public company. From May 1995 to September 1997, Mr. Calder served as senior vice president and corporate controller of ICF Kaiser International, Inc., a public consulting and engineering company. Prior to that time, from 1984 to May 1995, Mr. Calder worked for Deloitte & Touche LLP in various capacities, serving most recently as senior manager for the real estate industry. Mr. Calder holds a Bachelor of Science degree in Accounting from The Pennsylvania State University. Mr. Calder is a certified public accountant and is president and treasurer of the Thomas W. Hetrick Memorial Scholarship Fund, a private, non-profit organization.

Eric S. Lund has served as our Executive Vice President of Sales and Marketing since we commenced operations in May 2004. From September 1996 until completion of the initial public offering, Mr. Lund served as Senior Vice President of Sales and Marketing of Great Lakes and its predecessor companies, where he was involved with brand development, sales and marketing. From January 1995 to November 1996, Mr. Lund held the position of regional marketing director for HFS, Inc. (now a part of Cendant, Inc.), then a public company and the world's largest hotel franchisor, where he directed the marketing efforts for 125 hotel properties in 22 states. Mr. Lund has over 17 years of sales and marketing experience in the hospitality industry and holds a Bachelor of Science degree in Public Policy and Administration from the University of Wisconsin-Whitewater.

Hernan R. Martinez has served as our Executive Vice President of Development since we commenced operations in May 2004. During April 2004, Mr. Martinez served as Executive Vice President of Development of Great Lakes. From September 2002 to April 2004, Mr. Martinez was principal for Urbana Partners, a real estate advisory and development company serving international, private and institutional investors. From June 2000 to August 2002, Mr. Martinez served as chief operating officer for American Skiing Company Resort Properties and Executive Vice President of its parent American Skiing Company, a public company. Mr. Martinez holds a Diploma in Architecture from the University of Buenos Aires, Argentina, a Post-Graduate Diploma in Urban Development Planning, Development Planning Unit from the University College, London, U.K. and a Masters of Business Administration from Stanford University.

Kimberly K. Schaefer has served as our Chief Brand Officer since we commenced operations in May 2004. From May 1997 until completion of the initial public offering, Ms. Schaefer served as Senior Vice President of Operations of Great Lakes 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 15 years of hospitality experience and holds a Bachelor of Science degree in Accounting from Edgewood College in Madison, Wisconsin. Ms. Schaefer is also involved with charitable work and sits on the advisory board for Edgewood College Business School. Ms. Schaefer is a certified public accountant.

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J. Michael Schroeder has served as our General Counsel and Corporate Secretary since we commenced operations in May 2004. From November 1999 until completion of the initial public offering, Mr. Schroeder served in several senior management positions for Great Lakes, most recently as Senior Vice President and General Counsel. From September 1993 to November 1999, Mr. Schroeder was associated with several law firms in New York, New York and Greenwich, Connecticut where he specialized in real estate, real estate finance and corporate law, with a focus on the hospitality industry. Mr. Schroeder holds a Juris Doctor degree from Duke University School of Law and a Bachelor of Science degree in Finance from the University of Colorado.

Alexander P. Lombardo has served as our Treasurer since August 2004. From August 1998 to August 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 August 1998 to December 2002, Mr. Lombardo served in a number of positions with MeriStar Hospitality Corporation, a public company, serving most recently as assistant treasurer. From August 1996 to August 1998, Mr. Lombardo served as cash manager of ICF Kaiser International, Inc., a public company. Mr. Lombardo holds a Bachelor of Business Administration degree from James Madison University.

Board Committees

Our board of directors has appointed an audit committee, compensation committee and nominating and corporate governance committee. The board of directors has adopted a written charter for each of these committees, copies of which are posted on our web site at www.greatwolffresorts.com. The inclusion of our web site address in this prospectus does not incorporate by reference the information on our web site into this prospectus.

Under our committee charters, the composition of each committee must comply with the rules and regulations of the Nasdaq Stock Market, as amended or modified from time to time. Each of these committees has at least three directors and is composed exclusively of independent directors. Our committee charters define independent director by reference to the rules and regulations of the Nasdaq Stock Market, which generally deem a director to be independent if the director has no relationship to us that may interfere with the exercise of his or her independence from management.

Audit Committee. The audit committee helps ensure the integrity of our financial statements, the qualifications and independence of our independent auditors and the performance of our internal audit function and independent auditors. The audit committee selects, assists and meets with the independent auditors, oversees each annual audit and quarterly review, establishes and maintains our internal audit controls and prepares the report that federal securities laws require be included in our annual proxy statement. Mr. Churchey has been designated as chair and Messrs. Silver and Knetter have been appointed as members of our audit committee. Mr. Churchey has been designated as an audit committee financial expert.

Compensation Committee. The compensation committee reviews and approves the compensation and benefits of our executive officers, administers and makes recommendations to our board of directors regarding our compensation and incentive stock plans and produces an annual report on executive compensation for inclusion in our proxy statement. Mr. Silver has been designated as chair and Ms. Nolan and Mr. Churchey have been appointed as members of our compensation committee.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee will adopt a code of ethics, adopt policies with respect to conflicts of interest, monitor our compliance with corporate governance requirements of state and federal law and the rules and regulations of the Nasdaq Stock Market, establish criteria for prospective members of our board of directors, conduct candidate searches and interviews, oversee and evaluate our board of directors and management, evaluate from time to time the appropriate size and composition of our board of directors and recommend, as appropriate, increases, decreases

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and changes in the composition of our board of directors and formally propose the slate of directors to be elected at each annual meeting of our stockholders. Mr. Bluttinger has been designated as chair and Mr. Knetter and Ms. Nolan have been appointed as members of our nominating and corporate governance committee.

Our board of directors may from time to time establish certain other committees to facilitate the management of our company.

Corporate Governance Profile

In addition to the independent directors serving on our board committees, we have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. The corporate governance initiatives that we have enacted include the following:

Our board of directors is not staggered, with all of our directors subject to annual re-election;

Of the nine directors who serve on our board, five have been determined by us to be independent for purposes of the rules and regulations of the Nasdaq Stock Market;

We do not have a stockholder rights plan; and

Our independent directors will meet regularly without the presence of any inside directors or our senior management.

Compensation of Directors

Each of our directors who is not an employee of our company or any of our subsidiaries receives an annual fee of \$40,000 for services as a director. Non-employee directors receive \$1,000 for each board or committee meeting attended in person and \$500 for each meeting of the board or a committee attended telephonically, other than committee meetings that occur on the same day as board meetings. The chair of the audit committee receives an additional annual fee of \$10,000, and the chair of each other committee receives an additional annual fee of \$5,000. Employees of our company or our subsidiaries do not receive compensation for their services as directors.

Upon the consummation of the initial public offering, we made grants of stock options to independent directors under our 2004 Incentive Stock Plan, and intend to make future grants under this plan. On the date of the closing of the initial public offering, each independent director received options to purchase 7,500 shares of our common stock at an exercise price equal to the initial public offering price of \$17.00 per share. The compensation committee, in administering the 2004 Incentive Stock Plan, has provided that: (1) each independent director who is initially elected to our board of directors will receive options to purchase 7,500 shares of our common stock on the date of such initial election and (2) independent directors will receive options to purchase 5,000 shares of our common stock on the date of each annual meeting of stockholders at which the independent director is reelected to our board of directors. The exercise price will be equal to 100% of the fair market value of our common stock on the date of grant. The options granted to independent directors will be exercisable in three equal annual installments beginning on the first anniversary of the date of the grant of the option, subject to accelerated vesting as described below.

Executive Officer Compensation

The following table sets forth the annual base salary and other compensation paid in 2004 to our Chief Executive Officer and our four other most highly compensated executive officers, whom we refer to as our named executive officers. Because we were only recently organized and several members of our management group joined us recently, historical compensation information for our named executive officers is not meaningful. We have entered into employment agreements with certain of our executive officers. Under the terms of their respective employment agreements, each of these executive officers are eligible to receive annual

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performance-based bonuses as more fully described in Employment Agreements. Pursuant to their respective employment agreements and our 2004 Incentive Stock Plan, Messrs. Emery, Stark, Martinez, Calder and Schroeder received options to purchase 350,000, 200,000, 150,000, 100,000 and 75,000 shares of our common stock, respectively, set forth under Securities Underlying Options upon consummation of the initial public offering. Pursuant to their current employment arrangements, Messrs. Emery and Calder received \$2,000,000 and \$200,000, respectively, in the form of lump sum cash payments upon consummation of the initial public offering. These cash payments have been deferred pursuant to our deferred compensation plan. Pursuant to elections by these members of management to have these bonus payments track the performance of our common stock, we contributed 129,412 shares of common stock (based on the initial public offering price) to a trust that holds assets to pay obligations under our deferred compensation plan. These deferred bonuses will be deemed to be investments in shares of our common stock. As a result, the amount of cash ultimately paid from the deferred bonuses payments will appreciate and depreciate as the price of our common stock increases and decreases. Pursuant to an employment arrangement in place prior to the initial public offering, Mr. Schroeder received \$75,000 in the form of a lump-sum cash payment upon the consummation of the initial public offering.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation	Long-Term Compensation
		Base Salary(\$)	Securities Underlying Options(#)
John Emery <i>Chief Executive Officer</i>	2004	400,000	350,000
Craig A. Stark <i>President</i>	2004	300,000	200,000
Hernan R. Martinez <i>Executive Vice President of Development</i>	2004	320,000	150,000
James A. Calder <i>Chief Financial Officer</i>	2004	250,000	100,000
J. Michael Schroeder <i>General Counsel and Corporate Secretary</i>	2004	250,000	75,000

401(k) Plan

We maintain a retirement savings plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, or the Code, to cover our eligible employees. The plan allows eligible employees to defer, within prescribed limits, up to 20% of their compensation on a pre-tax basis through contributions to the plan. We intend to match each eligible participant's contributions, within prescribed limits, with an amount equal to 50% of such participant's initial 4% tax-deferred contributions. In addition, we reserve the right to make additional discretionary contributions on behalf of eligible participants. Our employees are eligible to participate in the plan if they meet certain requirements, including a minimum period of credited service. Any matching and discretionary company contributions may be subject to certain vesting requirements.

2004 Incentive Stock Plan

Our board of directors has adopted our 2004 Incentive Stock Plan, pursuant to which we may grant stock options, restricted stock, stock appreciation rights and other incentive awards to employees and directors of our company. Only company employees are eligible to receive incentive stock options under the plan. We have reserved a total of 3,380,520 shares of our common stock for issuance pursuant to the plan, subject to certain

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adjustments as set forth in the plan. Of this amount, options to purchase 1,656,300 shares were issued upon consummation of the initial public offering.

Effective as of the consummation of the initial public offering, our board of directors delegated general administrative authority of the 2004 Incentive Stock Plan to its compensation committee. The plan provides that the compensation committee has the authority to designate recipients of awards and to determine the terms and provisions of awards, including the exercise or purchase price, expiration date, vesting schedule and terms of exercise. The plan provides that the maximum number of shares that may be subject to awards granted any individual in any calendar year will not exceed 350,000. Similarly, the maximum number of shares that may be subject to stock appreciation rights granted to any individual in any calendar year may not exceed 350,000. In addition, the 2004 Incentive Stock Plan provides a \$5,000,000 limit on stock grants and stock unit grants to any individual in any calendar year, and restricts the number of nonforfeitable shares issuable pursuant to stock grants to 750,000.

The exercise price of nonqualified stock options and incentive stock options granted under the plan must be at least 100% of the fair market value of our common stock on the date of grant. Options intended to qualify as performance-based compensation under Section 162(m) of the Code must have an exercise price of at least 100% of the fair market value of our common stock on the date of grant. Incentive stock options granted to optionees who own more than 10% of our outstanding common stock on the date of grant (considering certain attribution rules) must have an exercise price that is at least 110% of our outstanding common stock on the grant date. Incentive stock options granted under the 2004 Incentive Stock Plan will expire no later than ten years after the date of grant, or five years after the date of grant with respect to optionees who own more than 10% of our outstanding common stock on the grant date. The purchase price, if any, of other awards will be determined by the compensation committee.

In the event of certain changes in our corporate structure or capitalization, the plan administrator may make appropriate adjustments to:

the maximum number, kind and class of shares issuable under the plan;

the number and class of shares subject to outstanding awards; and

the grant or exercise price of each outstanding award.

In addition, in the event of a change in control (as defined in the plan), all conditions (other than payment conditions) to the exercise of outstanding options and stock appreciation rights and all outstanding issuance and forfeiture conditions (other than payments conditions) on stock grants and stock unit grants shall be deemed 100% satisfied. The board of directors will have the right, to the extent expressly required as part of such transaction, to cancel options and other awards after providing the award holder a reasonable period of time to exercise his or her options and stock appreciation rights and to take such other actions as necessary to receive the stock subject to the stock grants and the cash payable under any stock unit grants.

The board of directors may at any time amend or revise the terms of the 2004 Incentive Stock Plan; provided, however, that without the approval of our stockholders, no amendment may effect any change that would require stockholder approval under applicable law or the rules of the stock exchange on which the stock is listed, and no amendment may be made on or after a change of control which might adversely affect any rights which would otherwise vest on the related change effective date (as defined in the plan). In addition, any alteration or impairment of any outstanding award requires consent of the affected holder absent certain corporate events. No grants under the plan may be made after the earlier of the expiration of ten years from the date that it is adopted by our stockholders (in which case the plan otherwise continues until all outstanding options and stock appreciation rights have been exercised in full or are no longer exercisable and all stock issued under any stock grants have been forfeited or have become non-forfeitable, and all stock unit grants have

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been forfeited or paid) or the date on which all of the stock reserved under the plan has been issued or is no longer available for use under the plan.

Deferred Compensation Plan

Effective upon consummation of the initial public offering, our board of directors adopted our Deferred Compensation Plan. Under this non-qualified plan, our senior executives and other highly compensated employees may elect to defer the receipt and taxation of up to 100% of their annual base salary and/or their bonus. We will credit a participant's deferred compensation to a deferral bookkeeping account and also may credit participants' accounts with matching and/or profit-sharing contributions in additional amounts that we determine provided the participant is an eligible employee on the last day of the year. Until changed by our chief executive officer, the matching contribution will not exceed 100% of a participant's deferred compensation up to 4% of a participant's aggregate compensation. We select investments for purposes of determining the rate of return to be credited on amounts deferred under the plan, one of which will be a deemed investment in our common stock. Participants may select from these investments for purposes of determining the rate of return to be credited on all their deferral accounts. Participants will be at all times fully vested in any amount they defer, and will become vested in any additional amounts that we credit to their deferral account equally over five years. No participant or beneficiary has any right under the plan to any of our assets which is greater than the right of a general and unsecured creditor of ours.

Upon completion of the initial public offering, bonus payments in the aggregate amount of \$2.2 million to Messrs. Emery and Calder were placed in our deferred compensation plan. Pursuant to elections by these members of management to have these bonus payments track the performance of our common stock, we contributed 129,412 shares of common stock (based on the public offering price) to a trust that holds assets to pay obligations under our deferred compensation plan. These deferred bonuses will be deemed to be investments in shares of our common stock. As a result, the amount of cash ultimately paid from the deferred bonuses will increase and decrease as the price of our common stock increases and decreases.

Employment Agreements

We entered into employment agreements, effective upon consummation of the initial public offering, with Messrs. Emery, Stark, Martinez, Calder, Schroeder and Lund and Ms. Schaefer. The employment agreements provide for Mr. Emery to serve as our Chief Executive Officer, Mr. Stark to serve as our President, Mr. Martinez to serve as our Executive Vice President of Development, Mr. Calder to serve as our Chief Financial Officer, Mr. Schroeder to serve as our General Counsel and Corporate Secretary, Mr. Lund to serve as our Executive Vice President of Sales and Marketing and Ms. Schaefer to serve as our Chief Brand Officer.

Each employment agreement has a term of three years and provides for automatic one-year extensions thereafter, unless either party provides at least 120 days notice of non-renewal.

The employment agreements provide for:

an annual base salary of \$400,000 for Mr. Emery, \$300,000 for Mr. Stark, \$320,000 for Mr. Martinez, \$250,000 for each of Messrs. Calder and Schroeder, and \$225,000 for each of Mr. Lund and Ms. Schaefer;

eligibility for annual bonuses to be determined by our compensation committee;

eligibility for grants of options to purchase our common stock as determined by our compensation committee; and

participation in employee benefit plans, programs and policies applicable generally to our senior executives.

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The employment agreements provide that, if an executive's employment is terminated by us without cause or by the executive for good reason (each as defined in the applicable employment agreement), including non-renewal of the employment agreement by us upon the end of its term, the executive will be entitled to the following severance payments and benefits, subject to his or her execution and non-revocation of a general release of claims:

a lump sum severance amount equal to the sum of that executive's then-current annual base salary and most recent annual bonus paid for each of Messrs. Martinez, Calder, Schroeder and Lund and Ms. Schaefer, and two times such amount for each of Messrs. Emery and Stark;

acceleration of vesting of all outstanding options to purchase our common stock; and

a lump sum payment in an amount designed to roughly equal the pre-tax cost of health, life insurance and accidental death and dismemberment benefits in effect immediately prior to the termination of the executive's employment for a period of time following the termination of executive's employment.

Under the employment agreements, we have agreed to make an additional tax gross-up payment to the executive if any amounts paid or payable to the executive would be subject to the excise tax imposed on certain so-called excess parachute payments under Section 4999 of the Code. However, if a reduction in the payments and benefits of \$25,000 or less would render the excise tax inapplicable, then the payments and benefits will be reduced by such amount, and we will not be required to make the gross-up payment.

Each employment agreement provides that, if the executive's employment is terminated by us without cause or by the executive for good reason within 180 days prior to, or eighteen months following, a change in control, then the executive will receive the above benefits and payments as though the executive's employment was terminated without cause or for good reason. However, the lump-sum cash severance payment will be equal to three times (in the case of each of Messrs. Emery and Stark) or two times (in the case of each of Messrs. Martinez, Calder, Schroeder and Lund and Ms. Schaefer) the sum of the executive's then-current annual base salary and the most recent annual bonus paid to the executive.

Each employment agreement also provides that the executive or his or her estate will be entitled to certain severance benefits in the event of his or her death or disability.

The employment agreements also contain non-compete and standard confidentiality and non-solicitation provisions that apply during the term of the employment agreements and for a one-year period thereafter.

Noncompetition Agreements

We have entered into noncompetition agreements with each of Messrs. Neviasser and Vaccaro, each of whom is a member of our board of directors. The noncompetition agreements provide that each of Messrs. Neviasser and Vaccaro will not, during their terms as directors of the company or an officer of the company, as applicable, or for the one-year period following their removal from the board of directors or such office or in the event Messrs. Neviasser or Vaccaro are not re-elected to the board of directors, compete with us. These agreements also contain standard confidentiality and non-solicitation provisions. In exchange for these agreements, we have agreed to accelerate the vesting of these individuals' stock options if the individual is removed from or is not re-elected to our board of directors or is removed from his respective office.

Indemnification of Directors and Executive Officers and Limitation of Liability

As allowed by the Delaware General Corporation Law, or DGCL, we have adopted provisions in our certificate of incorporation that provide that our directors shall not be personally liable for monetary damages to us or our stockholders for a breach of fiduciary duty as a director to the fullest extent that the act permits the limitation or elimination of the liability of directors.

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Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our officers or directors pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act, and is therefore unenforceable. In the event that a claim for indemnification for these liabilities, other than the payment by us of expenses incurred or paid by a director or officer in the successful defense of any action, suit or proceeding, is asserted by a director or officer, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question as to whether this indemnification is against public policy as expressed in the Securities Act and will be governed by the final adjudication of the issue.

We have entered into indemnification agreements with each of our directors to give such directors additional contractual assurances regarding the scope of their indemnification. The indemnification agreements provide indemnification to the fullest extent permitted under Delaware law and provide for the advancement of expenses incurred by a director in connection with the investigation, defense, settlement or appeal of any action or investigation. In addition, we maintain liability insurance for our directors and officers as required by their indemnification agreements.

Compensation Committee Interlocks and Insider Participation

None of our executive officers who are members of our board of directors participate in the approval of matters relating to their compensation, and none of them serve as members of the compensation committee. None of our executive officers currently serve on the compensation committee or board of directors of any other company of which any member or proposed member of our compensation committee is an executive officer.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Formation Transactions

Since 1999, directors and officers of Great Lakes, including Messrs. Lund, Neviaser, Sather, Stark and Vaccaro and Ms. Schaefer, as well as former employees of Great Lakes who have subsequently been released from such guarantees, have personally guaranteed certain loans made in connection with our resorts. Pursuant to such guarantees, such directors and officers, along with Great Lakes, each jointly and severally guaranteed the repayment of the outstanding debt on the loans in their entirety. In connection with the formation transactions, the application of the net proceeds from the initial public offering to repay a portion of the underlying debt and the refinancing of the remainder of this debt, these individuals were removed as guarantors from approximately \$167.1 million of guarantees as of September 30, 2004, consisting of the following indebtedness:

approximately \$35.9 million and \$36.5 million of mortgage indebtedness on our Kansas City and Traverse City resorts, respectively, for which Messrs. Neviaser, Stark and Vaccaro serve as guarantors, which was refinanced in connection with the formation transactions;

approximately \$25.8 million and \$50.2 million of mortgage indebtedness on our Sandusky and Wisconsin Dells resorts, respectively, for which Messrs. Neviaser, Stark and Vaccaro serve as guarantors, which was repaid in connection with the formation transactions; and

approximately \$18.7 million of indebtedness on our Williamsburg resort that we assumed, for which each of these individuals served as a guarantor. In connection with our assumption of this indebtedness, these individuals were released from their guarantees.

Pursuant to separate transition services agreements, we agreed to provide certain services to each of Great Lakes Hospitality Partners, LLC and Great Lakes Housing Partners, LLC (the entities that succeeded to Great Lakes non-resort development and management business), and these entities have agreed to provide certain services to us, for a period not to exceed two years from the date of completion of the formation transactions. These services may include administrative services, corporate services, accounting services, financing services, legal services, tax services, information technology services, human resources services, payroll services and operational services. These services will be provided by the parties to the transition services agreements as and if any such service is reasonably requested to be performed during the two-year period of the agreements. The fees for these services will be determined as each such service is provided from time to time and will generally be equal to the cost of such services had the services been provided by an unaffiliated third party. The agreements also provide for customary expense reimbursement. Further, each party may terminate the agreement if the other party thereto defaults in the performance of its material obligations under, or breaches any of its warranties set forth in, the agreements, subject to a 30-day cure period.

Messrs. Lund, Neviaser, Sather, Stark and Vaccaro and Ms. Schaefer, each of whom was a shareholder of Great Lakes immediately prior to the consummation of the initial public offering and the formation transactions, have entered into indemnity agreements with us pursuant to which they have made certain representations and warranties to us relating to the formation transactions and the status of the properties operated by the resort-owning entities. Pursuant to these indemnity agreements, these shareholders have also agreed to indemnify us for a period of one year if those representations and warranties are not accurate. These representations and warranties relate, among other things, to the following matters concerning Great Lakes:

capital structure as of the time of the formation transactions;

compliance with laws and possession of required authorizations;

possession of all required consents and approvals;

no breach of organizational documents or material agreements;

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- no material tax dispute or claim;
- no payment of brokers or finders fees;
- no bankruptcy events;
- material legal proceedings;
- reasonable insurance coverage for properties;
- liens and options and rights with respect to underlying properties;
- no labor disputes or unfair labor practices;
- ownership of real property and improvements thereto;
- no material environmental liabilities;
- no material defect in the condition of the properties;
- accuracy of financial statements;
- no material undisclosed liabilities, contracts or liabilities;
- no damage or loss to its underlying properties in excess of \$1 million; and
- ownership of intellectual property rights.

In addition, these shareholders have agreed to indemnify us for a period of one year against liabilities or obligations relating to claims asserted under federal or state securities laws arising out of the offer or sale of condominiums on or before the closing of the formation transactions by the management company or any affiliated entity of the management company. With respect to each shareholder, the maximum indemnification obligation under these agreements will not exceed 35% of the value of the number of shares of our common stock received by that shareholder in the formation transactions based on the initial public offering price of \$17.00 per share. The maximum amount of the indemnification obligations under these agreements will equal approximately \$45.2 million in the aggregate. These shareholders may fulfill the indemnity obligations under the agreements solely through the delivery of shares of our common stock that they own, valued at the time of delivery, or with an equivalent amount of cash. However, if any of these shareholders chooses to fulfill the indemnity obligations under the agreement through the delivery of shares, the maximum number of shares such shareholder will be obligated to deliver is 35% of the number of shares such shareholder received in the formation transactions.

Immediately following the completion of the initial public offering, Messrs. Lund, Neviasser and Sather received personal loans which are full-recourse and are secured by a pledge of all the shares of our common stock received by each in the formation transactions. While some of these shares may be released from the pledge over time, they may not be available as an alternative means to satisfy an indemnification obligation under the agreements.

Registration Rights

We granted to the participants in the formation transactions registration rights with respect to all shares of common stock owned by them. We have agreed to file a registration statement with the SEC with respect to sales of shares of common stock that constitute restricted shares by such persons within 60 days following the consummation of the formation transactions, and use our commercially reasonable efforts to cause such registration statement to be declared effective by the SEC as soon as possible. The registration statement of which this prospectus constitutes a part has been filed to satisfy this obligation. We will be obligated to maintain the effectiveness of such registration statement until the earlier of (1) such time as all of the shares

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registered pursuant to such registration statement have been disposed of pursuant to such registration statement or (2) two years following the consummation of the formation transactions. The existence of this agreement may adversely affect the terms upon which we can obtain additional equity financing in the future. We have agreed to bear expenses incident to the registration requirements under these registration rights, except that such expenses will not include any underwriting discounts or commissions or transfer taxes. Regardless of when this registration statement becomes effective, each participant in the formation transactions will be subject to a lock-up period expiring 180 days after the completion of the initial public offering and the formation transactions pursuant to our bylaws and will not be able to sell any shares received in the formation transactions until the end of such lock-up period, unless such stockholder obtains our consent. We have agreed not to waive these lock-up provisions without the written consent of the underwriters.

Indemnification of Officers and Directors

We have entered into an indemnification agreement with each of our executive officers and directors as described in Management Employment Agreements Indemnification of Directors and Executive Officers and Limitation of Liability.

Transactions with Executive Officers and Directors

Prior to the consummation of the formation transactions, Great Lakes regularly used an aircraft owned by LVNCS, LLC, an entity owned by Messrs. Lund, Vaccaro, Neviasser and two of our other employees. During 2003, Great Lakes paid an aggregate of \$149,077 for the lease of the aircraft for company business. These payments represented approximately 67% of the entity's revenue for 2003. The entity that owns the aircraft also has one employee for whom Great Lakes provided payroll and benefit services during 2003, the costs of which were reimbursed by the entity. We believe that the costs Great Lakes incurred for use of this aircraft were substantially less than the costs that it would have incurred for the use of a similar aircraft owned by an independent third party. We intend to continue to use this aircraft in the future.

Table of Contents**PRINCIPAL STOCKHOLDERS**

The following table sets forth the beneficial ownership of shares of our common stock as of December 20, 2004 for:

each stockholder who is a beneficial owner of 5% or more of our outstanding common stock;

each of our directors;

our Chief Executive Officer, each of our four named executive officers and our other vice-presidents; and

all of our directors and executive officers as a group.

Unless otherwise indicated in the footnotes to the table, each person named in the table has sole voting and investment power with respect to all of the shares of our common stock shown as beneficially owned by such person. Beneficial ownership is determined in accordance with the rules of the SEC. There are no options outstanding that are exercisable within 60 days of December 20, 2004. Unless otherwise indicated in the footnotes, the address of each named person is c/o Great Wolf Resorts, Inc., 122 West Washington Avenue, 6th Floor, Madison, Wisconsin 53703.

Name of Beneficial Owner	Shares Beneficially Owned	
	Number	Percentage
Bruce D. Neviasher(1)	1,821,443	6.0%
John Emery(2)	483,077	1.6
Craig A. Stark	1,681,767	5.6
Elan Blutinger(3)	5,000	*
Randy Churchey(4)	10,000	*
Michael M. Knetter(5)	1,500	*
Alissa N. Nolan(6)		
Howard Silver(7)		
Marc B. Vaccaro(8)	1,650,339	5.5
James A. Calder(9)	4,379	*
Eric S. Lund(10)	838,581	2.8
Hernan R. Martinez	4,379	*
Kimberly K. Schaefer(11)	821,457	2.7
J. Michael Schroeder	90,367	*
Alexander P. Lombardo		
All directors and executive officers as a group (15 persons)	7,412,289	24.5%

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

- (1) Includes (a) 45,248 shares held by DNEV, LLC for which Mr. Neviasher shares voting and investment power, and (b) 125,699 shares held by Neviasher Enterprises, LLC., of which Mr. Neviasher is the managing member and possesses sole voting and investment power over the shares.
- (2) In addition, pursuant to the bonus payment of \$2 million that Mr. Emery received upon consummation of the initial public offering, we contributed 117,647 shares, based on the public offering price of \$17.00 per share, to a trust that holds assets to pay obligations under our deferred compensation plan.

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- (3) The address for Mr. Blutinger is c/o Alpine Consolidated, LLC, 2927 44th St., NW, Washington, D.C. 20016.
- (4) The address for Mr. Churchey is 2458 Dove Grove Cove, Germantown, Tennessee, 38139.
- (5) The address for Mr. Knetter is 5110 Grainger Hall, 975 University Avenue, Madison, Wisconsin 53706-1323.
- (6) The address for Ms. Nolan is c/o Chessington World of Adventures, Leatherhead Road, Chessington, Surrey, KT9 2NE United Kingdom.
- (7) The address for Mr. Silver is 7700 Wolf River Boulevard, Germantown, Tennessee, 38138.
- (8) Includes (a) 19,907 shares held by MV LLC, of which Mr. Vaccaro is the managing member and possesses sole voting and investment power over the shares, (b) 75,000 shares held by The Marc B. Vaccaro Grantor Retained Authority Trust, of which Mr. Vaccaro is the sole trustee and possesses sole voting and investment power and (c) 75,000 shares held by The Astrid G. VanZon Grantor Retained Annuity Trust, of which Astrid G. VanZon, Mr. Vaccaro's spouse, is the sole trustee and possesses sole voting and investment power. Mr. Vaccaro disclaims beneficial ownership of the 75,000 shares held by The Astrid G. VanZon Grantor Retained Annuity Trust.
- (9) In addition, pursuant to the bonus payment of \$200,000 that Mr. Calder received upon consummation of the initial public offering, we contributed 11,765 shares, based on the public offering price of \$17.00 per share, to a trust that holds assets to pay obligations under our deferred compensation plan.
- (10) Includes 9,550 shares held jointly with Mr. Lund's spouse.
- (11) Includes 33,009 shares held jointly with Ms. Schaefer's spouse.

Table of Contents**SELLING STOCKHOLDERS**

The selling stockholders received their shares of common stock in transactions with us as follows:

13,901,947 shares of common stock offered by this prospectus were issued to investors in the formation transactions in exchange for their interests in the resort-owning entities, sponsor entities, Sandusky Investor LLC and the management company; and

130,949 shares of common stock offered by this prospectus were issued to holders of tenant in common interests in our Poconos and Williamsburg resorts that were, until immediately prior to the consummation of the formation transactions, convertible into our common stock.

The following table sets forth information known by us with respect to beneficial ownership of our common stock by each selling stockholder immediately following the completion of the formation transactions and the initial public offering on December 20, 2004 and assumes that the only shares of our common stock owned by each such stockholder was received pursuant to the formation transactions, as described in this prospectus. The following table also assumes that the selling stockholders sell all of the shares offered hereby. We do not know how long the selling stockholders will hold the shares set forth in the following table before selling them or how many shares they will sell, if any, and we currently have no agreements, arrangements or understandings with any of the selling stockholders regarding the sale of any of the shares. There can be no assurance that all or any of the shares offered under this prospectus will be sold. In addition, pursuant to our bylaws shares of our common stock issued prior to the closing of the initial public offering are restricted from transfer, subject to certain limited exceptions, for 180 days following the closing of the initial public offering.

Information with respect to beneficial ownership shown below is based on information supplied by the respective beneficial owner or by other stockholders as well as filings made with the SEC or furnished to us. Unless otherwise indicated in the footnotes, the address of each named person beneficially owning 5% or more of our common stock is c/o Great Wolf Resorts, Inc., 122 West Washington Avenue, 6th Floor, Madison, Wisconsin 53703.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
780 Partners	44,580	*	44,580	0	*
A.W. Real Estate, LLC	2,925	*	2,925	0	*
Ahrens, D.J.	8,878	*	8,878	0	*
Ahrens, Peter J., Revocable Trust	8,878	*	8,878	0	*
Allen, Barry and Cecelia	4,775	*	4,775	0	*
Andersen, Danny L. and Linda G.	4,767	*	4,767	0	*
Andersen, Patrick C.	13,311	*	13,311	0	*
Anderson, Jeff	9,520	*	9,520	0	*
Anderson, Patrick C.	6,642	*	6,642	0	*
Arkema, Milo and Jentine	2,383	*	2,383	0	*
Arrow Parts Corp.	3,786	*	3,786	0	*
Artus, Randal J.	1,462	*	1,462	0	*
Ashworth, Michael F.	9,535	*	9,535	0	*
ATFAB, LLC	9,535	*	9,535	0	*
Aubrey, Ronald J. and Maryann G.	7,140	*	7,140	0	*
Ayala, Ronald J.	6,745	*	6,745	0	*
Ayala, Ronald J. and Mary K.	4,760	*	4,760	0	*
Bachman, Mark	15,146	*	15,146	0	*
Badyna, Paul J.	4,760	*	4,760	0	*
Baker, John D. Living Trust dated 2/23/2000	11,749	*	11,749	0	*

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Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
Bakke, David B. and Kelly D.	5,331	*	5,331	0	*
Bakke, Meredith	3,028	*	3,028	0	*
Barnhill, Charles and Elizabeth	6,655	*	6,655	0	*
Bauer, David P.	1,971	*	1,971	0	*
Bayorgeon, Dennis J.	2,865	*	2,865	0	*
Bernstein, Alfred E.	6,056	*	6,056	0	*
Bernstein, Dana Lin	7,685	*	7,685	0	*
Bernstein, Jeffrey	2,925	*	2,925	0	*
Bissell, Jeanne	17,123	*	17,123	0	*
Bittner, Lawrence C. and Denise M.	7,035	*	7,035	0	*
Blake, Philip E.	2,387	*	2,387	0	*
Bliss, Richard J.	3,056	*	3,056	0	*
Borwick, Ingrid	11,573	*	11,573	0	*
Bowen, James and Susan	5,850	*	5,850	0	*
Bowers, Kenneth G.	2,380	*	2,380	0	*
Boyke, Dale	2,003	*	2,003	0	*
Boyke, Dale C. and Susan J.	2,383	*	2,383	0	*
Boyke, Gary	2,003	*	2,003	0	*
Boyke, Gary L. and Rose A.	8,088	*	8,088	0	*
Boyke, Mark	2,003	*	2,003	0	*
Boyke, Mark and Debra	10,694	*	10,694	0	*
Braaten, David A. and Ann M.	19,041	*	19,041	0	*
Braatz, Jane F.	596	*	596	0	*
Brakebush, Carl and Judith	7,034	*	7,034	0	*
Breunig, Thomas R. and Valerie J.	1,193	*	1,193	0	*
Brey, Peter W.	3,029	*	3,029	0	*
Brey, Peter W. and Debra	3,327	*	3,327	0	*
B-ROD Investments, LLC	4,775	*	4,775	0	*
Broihaun, Fred and Amy	11,771	*	11,771	0	*
Buettner, Gerald and Nancy	7,140	*	7,140	0	*
Burke Affiliates	9,520	*	9,520	0	*
Buth, Douglas	8,013	*	8,013	0	*
Calder, James A.(1)(2)	4,379	*	4,379	0	*
Carey, Denis O.	4,006	*	4,006	0	*
Carey, Timothy and Lisa	2,925	*	2,925	0	*
Carey, Timothy O.	6,386	*	6,386	0	*
Carmo Investment, LLC	30,293	*	30,293	0	*
Carpenter, Todd and Melanie	1,432	*	1,432	0	*
Castle Holdings, LLC	1,893	*	1,893	0	*
Cedergren, Charles P. and Ann C.	4,760	*	4,760	0	*
Chirban, Zivile Zymantas	9,550	*	9,550	0	*
Christensen, Aaron M.	22,730	*	22,730	0	*
Christensen, Jens E. and Nyla B.	13,476	*	13,476	0	*
Christy, Stephen F. and Jennifer N.	22,369	*	22,369	0	*
Chuma, Paul Jr. and Lisa A.	1,663	*	1,663	0	*
Clyde Street Investments, LLC	7,573	*	7,573	0	*

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Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
Collins and Waldbillig, Joint Revocable Living Trust dated April 3, 2000	7,140	*	7,140	0	*
Conaghan, Michael and Anne	12,317	*	12,317	0	*
Conaghan, Mike(1)	35,001	*	35,001	0	*
Constantine, Dinos N.	9,550	*	9,550	0	*
CR Leisure Investments, LLC	248,474	*	248,474	0	*
Crimmins Family, LP I	9,550	*	9,550	0	*
Crimmins Family, LP II	9,550	*	9,550	0	*
Culver, Christopher F.	27,327	*	27,327	0	*
Culver, Clark and Patricia	831	*	831	0	*
Daily, Jerry M., Trust	10,625	*	10,625	0	*
Daniels, Terry L.	5,850	*	5,850	0	*
Danner, Ann, Declaration of Trust dated June 2, 1997, c/o Ann M. Danner, Trustee	7,826	*	7,826	0	*
Davis, Georgine R.	4,760	*	4,760	0	*
Davis, William P.	6,745	*	6,745	0	*
Davis, William P. and Karen B.	4,760	*	4,760	0	*
Decker, Gordon H.	14,280	*	14,280	0	*
Delehanty, James R. and Carol J.	2,865	*	2,865	0	*
Dempsey Family LLC	2,271	*	2,271	0	*
Dempsey, Michael	9,550	*	9,550	0	*
DEP Holdings of Reedsburg, LLC	36,302	*	36,302	0	*
DeWitt, Kenneth J. and Barbara A.	1,190	*	1,190	0	*
Dickens, John A.	6,388	*	6,388	0	*
DiSalle, Daniel J. and Mary E.	19,071	*	19,071	0	*
Dittmann, Doug and Kathy	3,028	*	3,028	0	*
DJ & The Three K s	1,514	*	1,514	0	*
Dolezel Holdings, LLC	4,006	*	4,006	0	*
Dombrowski, Greg	1,893	*	1,893	0	*
Dongarra, John F. IRA F.C.C. Custodian	15,146	*	15,146	0	*
Dooley, Martin and Lynn	596	*	596	0	*
Dorothy & George Gabrielse s Grandchildren LLC	3,820	*	3,820	0	*
Downey, Timothy A. and Joanne O.(1)	103,373	*	103,373	0	*
Dresden, Bram and Beverly	3,932	*	3,932	0	*
Duckworth, Leonard	7,573	*	7,573	0	*
Dudley, Stephen and Lynn	1,514	*	1,514	0	*
Duesing, Lynn	4,006	*	4,006	0	*
Dunn, Thomas J.	9,520	*	9,520	0	*
Dussault, Michael and Sherry	12,500	*	12,500	0	*
Dwyer, Kevin M., Declaration of Trust dated June 2, 1997, c/o Kevin M. Dwyer, Trustee	7,826	*	7,826	0	*
Eagan, Michael J.	23,742	*	23,742	0	*
Eigenberger, Christopher J.	2,380	*	2,380	0	*
Ellswood, Ronald L. and Mary A.	1,514	*	1,514	0	*
Emery, John(1)(3)	483,077	1.7%	483,077	0	*
Engelman, Brenda and Dean(1)	1,331	*	1,331	0	*

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Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
Engen, Randy C. and Deborah	2,380	*	2,380	0	*
Engelson, Robin J.	1,462	*	1,462	0	*
Erickson, Jon C. and Susan B.	15,385	*	15,385	0	*
Everhart, Larry	1,817	*	1,817	0	*
Evers, Gary S. and Debra R.	2,387	*	2,387	0	*
Farrell, Thomas F.	15,146	*	15,146	0	*
Faust, Scott M	5,850	*	5,850	0	*
Fichera, Frank	4,760	*	4,760	0	*
Finnegan Jr., Donald J. Trust	4,760	*	4,760	0	*
Fitterer, Lyle J. and Lisa M.	14,295	*	14,295	0	*
Fitzgerald, Dean D.	22,122	*	22,122	0	*
Fitzpatrick, Michael F.	1,714	*	1,714	0	*
Flesch, John	3,682	*	3,682	0	*
Flynn, Patrick J. Trust	4,775	*	4,775	0	*
Forrestal, James W. and Deborah L.	9,520	*	9,520	0	*
Four Brothers, LLP	2,925	*	2,925	0	*
Franklin, Paul C.	1,190	*	1,190	0	*
Fueger, Jr., Frank	2,380	*	2,380	0	*
Fuhrman, Nicolas A.	9,550	*	9,550	0	*
Fulton, Benjamin T.	4,775	*	4,775	0	*
Gabrielse, Brian and Jennifer	25,563	*	25,563	0	*
Gabrielse, Bruce and Barbara	25,563	*	25,563	0	*
Gabrielse, Diane L. Declaration of Trust dated Sept. 2, 1999 c/o Diane L. Gabrielse as Trustee	4,775	*	4,775	0	*
Gabrielse, George and Dorothy	34,247	*	34,247	0	*
Gabrielse, Jack and Denise	35,114	*	35,114	0	*
Gaelic Charm, LLC	11,700	*	11,700	0	*
Galati Family Investments LLC	3,028	*	3,028	0	*
Galati, Jr., Joseph J.	1,514	*	1,514	0	*
Gallagher, Michael J.	2,387	*	2,387	0	*
GBKC, LLC	4,006	*	4,006	0	*
G-CLASS LLC	6,655	*	6,655	0	*
Genzman, DeWilton W.	9,550	*	9,550	0	*
Geos Kids, LLC	31,158	*	31,158	0	*
Gertz, Barry	9,084	*	9,084	0	*
Gleason, J. Kevin	38,255	*	38,255	0	*
Goderstad, Torge and Svetlana, Jt Rev Lv Tr dtd 7/95					
Torge & Svetlana Goderstad	1,001	*	1,001	0	*
Goldstar Holdings, Ltd.	9,520	*	9,520	0	*
Gorges, Richard A.	4,760	*	4,760	0	*
Great Wolf Partners, LLC	17,550	*	17,550	0	*
Greg A. Loitz, DDS, MD, Inc. Profit Sharing Trust	4,006	*	4,006	0	*
GWPM, LLC	9,520	*	9,520	0	*
GWWB, LLC	4,775	*	4,775	0	*
Hadfield, Thomas and Lori	7,573	*	7,573	0	*
Hall, R. Scott and Susan L.	11,930	*	11,930	0	*

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Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
Hamerski, Stanislaus and Jayne	3,552	*	3,552	0	*
Harbaugh LLC	9,550	*	9,550	0	*
Harris, Del	19,041	*	19,041	0	*
Hartkopf, Hans	2,380	*	2,380	0	*
Hausmann, Fritz J. and Martha V.	36,701	*	36,701	0	*
Hausmann, Jeffrey P.	27,114	*	27,114	0	*
Hausmann, Jeffrey P. and June M.	6,655	*	6,655	0	*
Healy, Steve	6,629	*	6,629	0	*
Hecht, Martin IRA, State Bank of Cross Plains Cust.	4,760	*	4,760	0	*
Heckmann, Matthew M.	1,190	*	1,190	0	*
Hedberg, Don and Marilyn	11,579	*	11,579	0	*
Hendry, James E. and Martha L.	2,380	*	2,380	0	*
Herremans, Harleth H.	4,760	*	4,760	0	*
Hibbard, Robert G. and Patricia	10,610	*	10,610	0	*
Hird, Stephen C.	12,512	*	12,512	0	*
Hoffmann, Richard A. and Patricia A.	16,608	*	16,608	0	*
Holmes, James F. and Gloria S.	9,520	*	9,520	0	*
Horein, Jeffrey N.	2,340	*	2,340	0	*
Horein, Jim	1,001	*	1,001	0	*
Hovde Financial, Inc., Profit Sharing Plan & Trust	19,071	*	19,071	0	*
Hovde, Eric D.	89,671	*	89,671	0	*
Hovde, Eric D. and Steven D. Foundation	33,367	*	33,367	0	*
Hovde, Steven D.	89,671	*	89,671	0	*
Hults, David B.	2,148	*	2,148	0	*
Hults, David F. and Karen R.	46,901	*	46,901	0	*
Janssen, David	14,071	*	14,071	0	*
Jarrard Trust, dated August 15, 2003	7,151	*	7,151	0	*
Jasinowski, Jack A. and Lynn M.	21,235	*	21,235	0	*
Jeppesen, Christian	4,760	*	4,760	0	*
Jezwinski and Lorraine M.	8,580	*	8,580	0	*
John & Mary Rev. Liv. Tr.(1/2),	26,516	*	26,516	0	*
Johnson, Dennis W. and Marybeth	9,520	*	9,520	0	*
Johnson, Norbert J.	7,789	*	7,789	0	*
Johnson, Ronald H. and Jane K., Irrevocable Endowment Trust c/o Jane Johnson, Trustee	24,039	*	24,039	0	*
Johnson, William B.	1,893	*	1,893	0	*
Jones, Chemerow, Thomas and Susanne	2,856	*	2,856	0	*
Jones, Rodney(1)	51,294	*	51,294	0	*
Jorgensen, Timothy and Tracey	9,520	*	9,520	0	*
JSJ Investments	6,058	*	6,058	0	*
Kalish, David A.	952	*	952	0	*
Kamperschroer, George R. IRA c/o US Bank N.A., Trustee	3,786	*	3,786	0	*
Kamperschroer, Julie	9,658	*	9,658	0	*

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Name and Address of Beneficial Owner	Common Stock Beneficially Owned Prior to this Offering		Common Stock to be Sold in this Offering	Common Stock Beneficially Owned After this Offering	
	Shares	Percentage		Shares	Percentage
Kanter, Stanley P., Rev Trust UTA 4-27-98 c/o Stan Kanter Trustee	6,745	*	6,745	0	*
Karver, John and Jean	4,655	*	4,655	0	*
Kassis, William E. and Gail B. Revocable Living Trust dated 12/5/1988	2,380	*	2,380	0	*
Kaveggia, Francis F.	45,655	*	45,655	0	*
Kellermeyer, Donald V. Trust	9,520	*	9,520	0	*
Kellermeyer, Thomas V. Trust	9,520	*	9,520	0	*
Kelso, Gayle A.	10,244	*	10,244	0	*
Kelso, Tim	1,663	*	1,663	0	*
Kennedy, David M. and Mary Jean	15,146	*	15,146	0	*
Kersten, David	8,580	*	8,580	0	*
KFP, LLP, Steve Kratzer	24,039	*	24,039	0	*
Kinney, Edward W. and Jacqueline M.	20,966	*	20,966	0	*
Kinney, Wilfred E	9,158	*	9,158	0	*
Kleinheinz, Carl J. and Mary A., trust dated April 2, 1992 Carl J. Kleinheinz and Mary A. Kleinheinz trustees	15,370	*	15,370	0	*
Klug, Scott and Theresa M.	4,760	*	4,760	0	*
Kluge, James A., Lincoln Trust Company Custodian FBO James Kluge	6,207	*	6,207	0	*
Koenig, Steven B. and Debra S.	4,760	*	4,760	0	*
Kohl, Kevin W.	2,387	*	2,387	0	*
Konecky, Phillip	1,514	*	1,514	0	*
Koob, Timothy and Susan	1,001	*	1,001	0	*
Krantz, Christopher	8,013	*	8,013	0	*
Krantz, Jason	8,013	*	8,013	0	*
Krantz, Ron	30,293	*	30,293	0	*
Krantz, Steven J.	8,013	*	8,013	0	*
Kratzer, Steven	8,013	*	8,013	0	*
Kratzer, Carl and Helen, 1995 Revocable Living Trust c/o Carl & Helen Kratzer	1,193	*	1,193	0	*
Kreft, Gary D. and Christine F.	7,151	*	7,151	0	*
Kritter, Tim and Elizabeth	3,786	*	3,786	0	*
Krystowski, John and Christine	2,380	*	2,380	0	*
Kuypers, John	2,865	*	2,865	0	*
Kwapil, Donald P.	15,146	*	15,146	0	*
Land, Michael J. and Leslie K.	238	*	238	0	*
Land, Steve and Carol	2,380	*	2,380	0	*
Landreman, Patrick H.	1,257	*	1,257	0	*
Larkin, Richard S.	7,034	*	7,034	0	*
Lazarz, Robert W.	9,520	*	9,520	0	*
LE & B Corp.	3,786	*	3,786	0	*
Leavitt, Daniel J. and Patricia A.	7,162	*	7,162	0	*
Lindell Investments LLC	9,550	*	9,550	0	*
Lindell, James H.	30,293	*	30,293	0	*

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Lishewski, E.J. Edward J. Lishewski Revocable Trust	2,380	*	2,380	0	*
Livermore, Douglas S.	4,991	*	4,991	0	*
Livesey, John K.	7,573	*	7,573	0	*
Lococo, Jeffery A.(1)	30,035	*	30,035	0	*
Lococo, Jeffery A. and Ann M.	9,520	*	9,520	0	*
Loomans, Kevin M. and Julia A.	955	*	955	0	*
Lorge, Patrick J.	2,003	*	2,003	0	*
Lozins, Neal N. and Mary Jane	2,586	*	2,586	0	*
Luby, Timothy J.	7,162	*	7,162	0	*
Lucht, Karen S.	3,570	*	3,570	0	*
Lucius, Marion	4,760	*	4,760	0	*
Ludden, Brian	9,520	*	9,520	0	*
Ludden, David	9,520	*	9,520	0	*
Ludden, Dennis	9,520	*	9,520	0	*
Lund, Daryl and Dawn K.	12,347	*	12,347	0	*
Lund, Dawn	1,663	*	1,663	0	*
Lund, Eric S.(1)(4)	838,581	2.8%	838,581	0	*
Luty, James and Janet	11,359	*	11,359	0	*
Majewski, Joseph T.	6,667	*	6,667	0	*
Marks, Emil	2,380	*	2,380	0	*
Marks, Jonathan W.	5,242	*	5,242	0	*
Martinez, Hernan(1)	4,379	*	4,379	0	*
Marvan Partners I, LLC	14,325	*	14,325	0	*
Mathews, Craig S.	9,520	*	9,520	0	*
Maverick Investments	4,507	*	4,507	0	*
McAllister, Duane and Connie	14,295	*	14,295	0	*
McGarel, David G.	7,692	*	7,692	0	*
McManamy, Phillip A.	3,786	*	3,786	0	*
MDS Investments, LLC	8,013	*	8,013	0	*
Mertens, Scott	5,850	*	5,850	0	*
Mertens, Wayne J. and Carol A., Wayne J. Mertens & Carol Mertens Revocable Trust c/o Associated Trust	11,700	*	11,700	0	*
Meyer, Rene M.	1,190	*	1,190	0	*
Meyers and Lim, Greg G. and Evangeline J.	4,167	*	4,167	0	*
Michelson, Don, c/o Michelson Associates Inc.	17,550	*	17,550	0	*
Milano, Mark D.	9,535	*	9,535	0	*
Miller Southwick LLC	9,520	*	9,520	0	*
Millington, M. Drew	1,790	*	1,790	0	*
Mills, William D. and Constance O.	8,013	*	8,013	0	*
Moriarty, Richard D.	8,088	*	8,088	0	*
Moseng Family Limited Partnership	3,028	*	3,028	0	*
Moseng Revocable Trust, dated April 8, 1994 c/o MJ & Barbara Moseng	8,595	*	8,595	0	*
Murphy, Bill, First Clearing Corp. as Custodian f/b/o William T Murphy	7,573	*	7,573	0	*

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Murphy, Daniel T.	20,996	*	20,996	0	*
Nagle, John(1)	23,940	*	23,940	0	*
Napierala, Kathleen J.	2,380	*	2,380	0	*
Nash Sigler, Robb	831	*	831	0	*
Nehring Family Trust, Roland G. & Bette B. trustees	32,219	*	32,219	0	*
Nelson, Don A.	14,295	*	14,295	0	*
Nelson, Donn C.	9,520	*	9,520	0	*
Neviasher, B. Ann	68,024	*	68,024	0	*
Neviasher, Bruce D.(1)(5)	1,821,443	6.0%	1,821,443	0	*
Neviasher, Charles M.	9,520	*	9,520	0	*
Neviasher, Donald S.	41,231	*	41,231	0	*
Neviasher, Gerald F.(1)	91,846	*	91,846	0	*
Nicholson, Robert J.	1,190	*	1,190	0	*
Nicklaus, Fritz and Kathryn	3,332	*	3,332	0	*
NMC Investments, Inc.	7,573	*	7,573	0	*
Nolan, Mark E., Mgnd IRA c/o Johnson Bank	6,058	*	6,058	0	*
Northern Bankshares, Inc.	40,516	*	40,516	0	*
Noyes, Christopher B.	30,091	*	30,091	0	*
OBP, LLC	19,041	*	19,041	0	*
Offerdahl, Debra R.	2,380	*	2,380	0	*
Oostdyk, Mark and Kaye	24,697	*	24,697	0	*
Oster, Carol J.	9,520	*	9,520	0	*
Oster, David	4,775	*	4,775	0	*
Oster, Merrill J.	2,380	*	2,380	0	*
Pagelow, Lori A.	14,908	*	14,908	0	*
Paine, Cirsten	1,893	*	1,893	0	*
Pam Investments, Ltd.	3,581	*	3,581	0	*
Parish, Steven R. and Diane F.	6,718	*	6,718	0	*
Paul, Rebecca S.	9,520	*	9,520	0	*
Payne, Dan	15,146	*	15,146	0	*
Payne, Neil F. and Janis A. Trust	1,579	*	1,579	0	*
Pelanek, Philip S. and Susan J. Revocable Trust of 1992 c/o Sue Pelanek	9,520	*	9,520	0	*
Pengra, William R.	4,387	*	4,387	0	*
Perry, David L., Living Trust, dated Oct. 18, 1994, David L. Perry & Karen C. Perry, Trustees	6,170	*	6,170	0	*
Perry, Karen C. Living Trust dated Oct. 18, 1994 c/o David L. Perry & Karen C. Perry, Trustees	5,500	*	5,500	0	*
Petersen, Michael A. and Theresa R.	2,380	*	2,380	0	*
Peterson, Kurt L.	17,352	*	17,352	0	*
Pfeifer, Ronald T.	9,520	*	9,520	0	*
Plocher, Fred	2,346	*	2,346	0	*
Plocher, Fred and Mary Sue	1,462	*	1,462	0	*
Pogue, Mai N. and Gerald A. Jt. Ten.	1,193	*	1,193	0	*

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Policano, Andrew J.	3,573	*	3,573	0	*
Poole, Gary M., Revocable Trust	10,610	*	10,610	0	*
Pope, James E. and Lynn S.	16,940	*	16,940	0	*
Potter, Gregory J.	36,891	*	36,891	0	*
Potter, Jr., John M.	14,857	*	14,857	0	*
Potter, Kathleen J.	32,382	*	32,382	0	*
Potter, Kevin C.	40,219	*	40,219	0	*
Prevea Clinic 401K Retirement Savings Plan	29,815	*	29,815	0	*
Prince, Gail Trust dtd 9/16/96 c/o Gail Prince, Trustee	4,760	*	4,760	0	*
Quinn, Steven J. and Joan M.	3,137	*	3,137	0	*
Rach, Chad M.	9,535	*	9,535	0	*
Ragatz Investment Co. LLP	27,084	*	27,084	0	*
Ragatz Revocable Trust	122,088	*	122,088	0	*
Ragatz, LLP	42,455	*	42,455	0	*
Rasmussen, John M.	9,535	*	9,535	0	*
Reinecke, David W. and Kimberly A.	7,803	*	7,803	0	*
Rice and Bitney, Terry A. and Jeanie C.	1,910	*	1,910	0	*
Rice, Judith A.	9,085	*	9,085	0	*
Rice, Judith A. and Ralph M.	1,663	*	1,663	0	*
Rice, Terry A.	4,520	*	4,520	0	*
Richard Realty, Inc.	6,236	*	6,236	0	*
Richter, Pat and Renee	4,760	*	4,760	0	*
Ries, Gary	1,462	*	1,462	0	*
Ries, Gary R. and Judy R.	7,573	*	7,573	0	*
Rooney, Patrick	22,309	*	22,309	0	*
Ross, Mike	2,380	*	2,380	0	*
Ruegsegger, Frederick D.	2,380	*	2,380	0	*
Ryan, Jr., William F.	19,056	*	19,056	0	*
Ryan, Matt	8,013	*	8,013	0	*
S&B Investments Co., LLC	3,570	*	3,570	0	*
Sanchez, Kate	4,166	*	4,166	0	*
Sands, Loretta N. Trust A	4,760				