

COMMUNITY CAPITAL BANCSHARES INC
Form DEF 14A
April 06, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒ X

Filed by a Party other than the Registrant ☐ O

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Rule 14a-12

Community Capital Bancshares, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

COMMUNITY CAPITAL BANCSHARES, INC.

2815 Meredyth Drive
Albany, Georgia 31707
(229) 446-2265

March 31, 2004

Dear Shareholder:

You are cordially invited to attend our annual meeting of shareholders, which will be held at the Merry Acres Conference Center, 1504 Dawson Road, Albany, Georgia 31707 on Monday, April 26, 2004, at 1:30 p.m. I sincerely hope that you will be able to attend the meeting, and I look forward to seeing you.

The attached notice of the annual meeting and proxy statement describes the formal business to be transacted at the meeting. We will also report on our operations during the past year and during the first quarter of fiscal year 2004, as well as our plans for the future.

A copy of our annual report, which contains information on our operations and financial performance as well as our audited financial statements, is also included with this proxy statement.

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Please take this opportunity to become involved in the affairs of Community Capital. Whether or not you expect to be present at the meeting, please mark, date, and sign the enclosed proxy card, and return it to us in the envelope provided as soon as possible. Returning the proxy card will NOT deprive you of your right to attend the meeting and vote your shares in person. If you attend the meeting, you may withdraw your proxy and vote your own shares.

Sincerely,

Robert E. Lee
President

COMMUNITY CAPITAL BANCSHARES, INC.

2815 Meredyth Drive
Albany, Georgia 31707
(229) 446-2265

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD APRIL 26, 2004

The annual meeting of shareholders of Community Capital Bancshares, Inc. will be held on Monday, April 26, 2004, at 1:30 p.m. at the Merry Acres Conference Center, 1504 Dawson Road, Albany, Georgia 31707 for the following purposes:

(1) To elect five persons to serve as Class II Directors for a three-year term; and

(2) To transact any other business as may properly come before the meeting or any adjournments of the meeting.

The Board of Directors has set the close of business on March 11, 2004 as the record date for determining the shareholders who are entitled to notice of, and to vote at, the meeting.

We hope that you will be able to attend the meeting. We ask, however, whether or not you plan to attend the meeting, that you mark, date, sign, and return the enclosed proxy card as soon as possible. Promptly returning your proxy card will help ensure the greatest number of shareholders are present whether in person or by proxy.

If you attend the meeting in person, you may revoke your proxy at the meeting and vote your shares in person. You may revoke your proxy at any time before the proxy is exercised.

By Order of the Board of Directors,

Robert E. Lee
President

March 31, 2004

COMMUNITY CAPITAL BANCSHARES, INC.

2815 Meredyth Drive
Albany, Georgia 31707
(229) 446-2265

PROXY STATEMENT FOR 2004 ANNUAL MEETING

INTRODUCTION

Time and Place of the Meeting

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Our Board of Directors is furnishing this proxy statement in connection with its solicitation of proxies for use at the annual meeting of shareholders to be held on Monday, April 26, 2004, at 1:30 p.m. at the Merry Acres Conference Center, 1504 Dawson Road, Albany, Georgia 31707 and at any adjournments of the meeting.

Record Date and Mailing Date

The close of business March 11, 2004 is the record date for the determination of shareholders entitled to notice of and to vote at the meeting. We first mailed this proxy statement and the accompanying proxy card to shareholders on or about March 31, 2004.

Number of Shares Outstanding

As of the close of business on the record date, Community Capital had 10,000,000 shares of common stock, \$1.00 par value authorized, of which 1,741,191 shares were issued and 1,677,042 shares were outstanding. Each issued and outstanding share is entitled to one vote on all matters presented at the meeting.

VOTING AT THE ANNUAL MEETING

Proposal to Be Considered

Shareholders will be asked to elect five persons to serve as Class II Directors for a three-year term. The persons nominated to serve as Class II Directors as well as the continuing directors are described beginning on page 3. **The Board of Directors recommends a vote for approval of this proposal.**

Procedures for Voting by Proxy

If you properly sign, return and do not revoke your proxy, the persons appointed as proxies will vote your shares according to the instructions you have specified on the proxy card. If you sign and return your proxy card but do not specify how the persons appointed as proxies are to vote your shares, your proxy will be voted FOR the election of the director nominees and in the best judgment of the persons appointed as proxies as to all other matters properly brought before the meeting. If any nominee for election to the Board of Directors named in this proxy statement becomes unavailable for election for any reason, the proxy will be voted for a substitute nominee selected by the Board of Directors.

You can revoke your proxy at any time before it is voted by delivering to Robert E. Lee, President of Community Capital, at the main office of Community Capital, either a written revocation of the proxy or a duly executed proxy bearing a later date or by attending the meeting and voting in person.

Requirements for Shareholder Approval

A quorum will be present at the meeting if a majority of the outstanding shares of common stock is represented in person or by valid proxy. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists. Only those votes actually cast for the election of a director, however, will be counted for purposes of determining whether a particular director nominee receives sufficient votes to be elected. To be elected, a director nominee must receive more votes than any other nominee for the particular seat on the Board of Directors. As a result, if you withhold your vote as to one or more nominees, it will have no effect on the outcome of the election unless you cast that vote for a competing nominee. At the present time we do not know of any competing nominees.

Abstentions. A shareholder who is present in person or by proxy at the annual meeting and who abstains from voting on any or all proposals will be included in the number of shareholders present at the annual meeting for the purpose of determining the presence of a quorum. Abstentions do not count as votes in favor of or against a given matter.

Broker Non-Votes. Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that contain a broker vote on one or more proposals but no vote on others are referred to as broker non-votes with respect to the proposal(s) not voted upon. Broker non-votes are included in determining the presence of a quorum. A broker non-vote, however, does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority.

Any other matters that may properly come before the annual meeting requires the affirmative vote of a majority of shares of common stock present in person or by proxy and entitled to vote on the matter. Abstentions and broker non-votes will be counted in determining the

minimum number of votes required for approval and will, therefore, have the effect of negative votes.

SOLICITATION OF PROXIES

Community Capital will pay the cost of proxy solicitation. Our directors, officers and employees may, without additional compensation, solicit proxies by personal interview, telephone, fax, or otherwise. We will direct brokerage firms or other custodians, nominees or fiduciaries to forward our proxy solicitation material to the beneficial owners of common stock held of record by these institutions and will reimburse them for the reasonable out-of-pocket expenses they incur in connection with this process.

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PROPOSAL ONE: ELECTION OF DIRECTORS

The Board of Directors consists of 15 members and is divided into three classes with five members in each class. The directors in each class serve for staggered terms of three years each. The term of each class expires at the annual meeting in the years indicated below and upon the election and qualification of the director's successor.

The Board unanimously recommends that the shareholders re-elect the directors identified below as Director Nominees to serve as Class II Directors for a three-year term expiring in 2007.

The following table shows for each nominee and continuing director: (a) his or her name; (b) his or her age at December 31, 2003; (c) how long he or she has been a director of Community Capital; (d) his or her position(s) with Community Capital, other than as a director; and (e) his or her principal occupation and recent business experience for the past five years. Each of the directors listed below is also a director of Albany Bank & Trust.

Name (Age)	Director Since	Position with Community Capital and Business Experience
Class II Nominated Directors: <i>(For Three-Year Term Expiring 2007)</i>		
C. Richard Langley (55)	1998	Attorney, Langley & Lee
Bennett D. Cotten, Jr. (50)	1998	Orthopedic Surgeon, Southwest Georgia Orthopedic and Sports Medicine
Jane Anne D. Sullivan (44)	1998	Business Owner, Buildings Exchange, a real estate holding company
John P. Ventulett, Jr. (55)	1998	Executive Insurance Agent, Vice President, JSL/Howard Ventulett & Bishop Insurors of Albany
James D. Woods (60)	1998	Medical Doctor, Drs. Adams and Woods, M.D. P.C. Medical Practice
Class III Continuing Directors: <i>(Term Expiring 2005)</i>		
Robert M. Beauchamp (41)	1998	Attorney, Beauchamp & Associates, LLC
Glenn A. Dowling (71)	1998	Podiatrist, Managing Partner, Ambulatory Surgery Center and Albany Podiatry Associates; Business Owner and Developer, Partridge Pea Plantation
Mary Helen Dykes (53)	1998	Business Owner/Administrator, Secretary and Treasurer, Bob's Candies, Inc.
Mark M. Shoemaker (49)	1998	Medical Doctor, Albany Anesthesia Associates
Lawrence B. Willson (53)	1998	Business Administrator, Vice President and Farm Manager, Sunnyland Farms, Inc.

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Name (Age)	Director Since	Position with Community Capital and Business Experience
Class I Continuing Directors: (Term Expiring 2006)		
Charles M. Jones, III (53)	1998	Chairman of the Board of Directors of Community Capital and Albany Bank & Trust and Chief Executive Officer of Community Capital; Director of First Bank of Dothan; Chief Executive Officer, Consolidated Loan & Mortgage Co. and affiliated companies
Van Cise Knowles (63)	1998	Surgeon, Van C. Knowles M.D., P. C.
Robert E. Lee ⁽¹⁾ (51)	1998	President of Community Capital and Albany Bank & Trust and Chief Executive Officer of Albany Bank & Trust; Director of First Bank of Dothan
Corinne C. Martin (61)	1998	Ownership interest in and President of Three Sisters, Inc., farming and timber property; Owner of Dunaway Enterprises, a real estate investment company; Owner of Covey Pointe Shooting Preserve, a commercial hunting property
William F. McAfee (66)	1998	Business Owner, Bill McAfee Leasing, a commercial truck lessor; Sales Manager, Allstar International, a commercial truck dealership; Manager, Fowltown Farms

⁽¹⁾ Mr. Lee has served as President of Community Capital since August 1, 1998. Prior to becoming an officer of Community Capital, Mr. Lee served as Executive Vice President and Chief Financial Officer of a community bank.

Meetings and Committees of the Board

During the year ended December 31, 2003, the Board of Directors of Community Capital held 12 meetings and the Board of Directors of Albany Bank & Trust held 12 meetings. The Board of Directors of First Bank of Dothan held 2 meetings from November 13, 2003 (the date of Community Capital's acquisition of First Bank of Dothan) through December 31, 2003. All incumbent directors attended at least 75% of the total number of meetings of Community Capital's Board of Directors and committees of the board on which he or she serves.

Annual Meeting Attendance. Although the Company does not have a formal policy regarding its directors' attendance at the annual meeting of shareholders, all directors are expected to attend the meeting. All of the directors attended the 2003 annual meeting of shareholders.

Nominating Committee. The Company does not have a standing nominating committee and has not adopted a nominating committee charter. Rather, the full Board of Directors participates in the consideration of director nominees. Each of the Company's directors, with the exception of Robert E. Lee and Charles M. Jones, III, is an independent director under Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards. In accordance with the Nasdaq SmallCap Market listing requirements, the Company's director nominees are approved by a majority of the independent directors. Since the Company is a small business issuer and only two of its directors are not independent, the Company believes a standing nominating committee is not necessary. See Director Nominations and Shareholder Communications on page 12.

Compensation Committee. The Board of Directors has established a Compensation Committee which establishes compensation levels for non-executive officers of Community Capital and Albany Bank & Trust, reviews management organization and development, and reviews significant employee benefit programs. The Compensation Committee recommends compensation levels for executive officers of the

Company to the Board of Directors for approval by a majority of the independent directors and a majority of the directors. However, no director who is also an executive officer of the Company participates in the deliberation or voting by the Board of Directors or Compensation Committee relating to his or her compensation. The Compensation Committee also administers Community Capital's equity compensation programs, including the Community Capital Bancshares, Inc. 1998 Stock Incentive Plan. The Compensation Committee is chaired by Van Cise Knowles and also includes Charles M. Jones, III, Robert E. Lee and Jane Anne D. Sullivan. The Compensation Committee held 5 meetings during the year ended December 31, 2003.

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Audit and Compliance Committee. The Board of Directors has established an Audit and Compliance Committee which is directly responsible for appointing (and dismissing) the independent public accountants to conduct audits of Community Capital's and its subsidiaries financial statements and to perform other permissible non-audit services. The Audit and Compliance Committee also reviews the independence and qualifications of Community Capital's auditors, the planned scope of the annual audit, any changes in accounting principles, and the effectiveness and efficiency of Community Capital's and its subsidiaries' internal accounting staff. Additionally, the Audit and Compliance Committee provides oversight to Community Capital's and its subsidiaries' compliance with regulatory rules and regulations, including the Community Reinvestment Act.

The Audit and Compliance Committee is chaired by William F. McAfee and also includes Glenn A. Dowling and C. Richard Langley. Each of the members of the Audit and Compliance Committee is an independent director under Rule 4200(a)(15) of the National Association of Securities Dealers' listing standards. Although none of the Audit and Compliance Committee members meets the criteria specified under applicable Securities and Exchange Commission (SEC) regulations for an audit committee financial expert, the board believes that each has the financial knowledge, business experience and independent judgment necessary for service on the Audit and Compliance Committee. The Audit and Compliance Committee held 7 meetings during the year ended December 31, 2003.

Audit Committee Report

The Audit Committee reports as follows with respect to the audit of Community Capital's 2003 audited consolidated financial statements.

The Audit Committee has reviewed and discussed Community Capital's 2003 audited consolidated financial statements with Community Capital's management;

The Audit Committee has discussed with the independent auditors, Mauldin & Jenkins, LLC, the matters required to be discussed by SAS 61, which include, among other items, matters related to the conduct of the audit of Community Capital's consolidated financial statements;

The Audit Committee has received written disclosures and the letter from the independent auditors required by ISB Standard No. 1 (which relates to the auditor's independence from the corporation and its related entities) and has discussed with the auditors the auditors' independence from Community Capital; and

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Based on review and discussions of Community Capital's 2003 audited consolidated financial statements with management and discussions with the independent auditors, the Audit Committee recommended to the Board of Directors that Community Capital's 2003 audited consolidated financial statements be included in Community Capital's Annual Report on Form 10-KSB.

March 24, 2004

Audit Committee:

William F. McAfee
Glenn A. Dowling
C. Richard Langley

Audit Committee Charter

The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is included as Appendix A to this proxy statement. The Board of Directors reviews and approves changes to the Audit Committee Charter annually.

EXECUTIVE OFFICERS

The following table shows for each executive officer of Community Capital: (a) his name, (b) his age at December 31, 2003; (c) how long he has been an officer of Community Capital; and (d) his positions with Community Capital and Albany Bank & Trust:

Name (Age)	Officer Since	Position with Community Capital and Albany Bank & Trust
Charles M. Jones, III (53)	1998	Chief Executive Officer of Community Capital
Robert E. Lee (51)	1998	President of Community Capital and Albany Bank & Trust and Chief Executive Officer of Albany Bank & Trust

David J. Baranko (47)	1999	Chief Financial Officer of Community Capital and Albany Bank & Trust
David C. Guillebeau (42)	1998	Executive Vice President and Senior Lending Officer of Albany Bank & Trust

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COMPENSATION

The following table sets forth information concerning the annual and long-term compensation for services in all capacities to Community Capital for the fiscal years 2003, 2002 and 2001 of our Chief Executive Officer, President and Executive Vice President. No other executive officer received a combined payment of salary and bonus in excess of \$100,000 for services rendered to Community Capital during 2003.

Summary Compensation Table

Name and Position	Annual Compensation ⁽¹⁾			Long-Term Compensation Awards	
	Compensation Year	Salary (\$)	Bonus (\$)	Number of Securities Underlying Options	All Other Compensation (\$)
Charles M. Jones, III, Chief Executive Officer	2003	0	0	285	0
	2002	0	0	285	0
	2001	0	0	285	0
Robert E. Lee, President	2003	160,600	83,717	25,000	10,340 ₍₂₎
	2002	141,085	57,722	0	7,425 ₍₂₎
	2001	128,260	35,171	0	6,850 ₍₂₎
David C. Guillebeau, Executive Vice President	2003	101,609	14,000	10,000	5,018 ₍₃₎
	2002	94,800	5,849	0	4,752 ₍₃₎
	2001	90,900	8,208	0	4,526 ₍₃₎

⁽¹⁾ We have omitted information on perks and other personal benefits because the aggregate value of these items does not meet the minimum amount required for disclosure under the Securities and Exchange Commission regulations.

- (2) Includes a matching contribution to Mr. Lee's 401K plan of \$5,500, \$5,500 and \$4,746 in 2003, 2002 and 2001, respectively, and premiums paid on a term life insurance policy for the benefit of Mr. Lee of \$4,480, \$1,905 and \$1,325 in 2003, 2002 and 2001, respectively.
- (3) Includes a matching contribution to Mr. Guillebeau's 401K plan of \$5,018, \$4,752, and \$4,526 in 2003, 2002 and 2001, respectively.

The following tables set forth information at December 31, 2003, and for the fiscal year then ended, concerning stock options granted to the executive officers listed in the Summary Compensation Table. The listed executive officers did not exercise any options to purchase common stock of Community Capital during 2003. We have not granted any stock appreciation rights, restricted stock or stock incentives other than stock options.

Stock Option Grants in Fiscal 2003

Name	Number of Securities Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date
------	---	--	--------------------------	-----------------

Charles M. Jones, III	285	0.37%	\$ 13.97	5/15/2013
Robert E. Lee	25,000	32.41%	\$ 13.97	5/15/2013
David C. Guillebeau	10,000	12.96%	\$ 10.18	2/24/2013

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Aggregated Option Exercises in Fiscal 2003 and Fiscal Year-End Option Values

Name	Number of Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options		Value of Unexercised In-the-Money Options at December 31, 2003	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Charles M. Jones, III	0	--	18,282	4,286	\$ 83,659	\$ 19,928
Robert E. Lee	0	--	60,000	40,000	\$ 300,000	\$ 75,000
David C. Guillebeau	0	--	24,000	16,000	\$ 168,000	\$ 143,800

Employment Agreements

Robert E. Lee. On August 19, 1998, Community Capital and Albany Bank & Trust entered into an employment agreement with Mr. Lee regarding Mr. Lee's employment as Community Capital's President. The initial term of the agreement began on August 1, 1998, and runs until July 31, 2003. At the end of the initial five-year term and at the end of any extension of the term, the agreement will be automatically extended for a period of twelve months, unless a party to agreement provides notice to the other parties that he or it does not intend to extend the agreement.

Mr. Lee's base salary under the agreement during 2003 was \$160,600 per year. The Board of Directors is required to review the base salary amount annually, and the base salary may be increased by an amount determined by the Board of Directors. The agreement also provides that Mr. Lee is entitled to an annual cash bonus based on Community Capital's consolidated earnings, provided that the Board of Directors determines, according to reasonable safety and soundness standards, that the overall financial condition of Albany Bank & Trust will not be adversely affected by the payment of the bonus. Mr. Lee earned a bonus of \$83,717 during 2003. Additionally, the agreement requires Community Capital to provide Mr. Lee with an automobile, health insurance, life insurance, vacation time, reimbursement for reasonable business expenses, club memberships and other customary benefits.

Generally, in the event Mr. Lee is terminated by Community Capital without cause or Mr. Lee terminates his employment with cause, Community Capital will be required to meet its obligations with respect to Mr. Lee's compensation for a period equal to the greater of twelve months from the date of termination or the remaining term of the agreement. In the event Community Capital terminates Mr. Lee's employment due to his permanent disability, Community Capital will be required to meet its obligations with respect to Mr. Lee's compensation for a period of twelve months following the termination. If Mr. Lee terminates his employment within six months following a change in control of Community Capital, Mr. Lee will be entitled to a cash payment equal to 2.99 times his average base salary for the preceding three years.

If Mr. Lee's employment is terminated by Community Capital with cause or Mr. Lee terminates his employment without cause or upon a change in control, Mr. Lee will generally be prohibited from competing with Albany Bank & Trust or soliciting its customers or employees for a period of twelve months from the date of termination.

David C. Guillebeau. On October 1, 1998, Community Capital and Albany Bank & Trust entered into an employment agreement with Mr. Guillebeau regarding his employment as Executive Vice President of Community Capital and Albany Bank & Trust and Senior Loan Officer of Albany Bank & Trust. The initial term of the agreement began on October 1, 1998, and continued until September 30, 2001. At the end of the initial three-year term and at the end of any extension of the term, the agreement automatically extends for a period of twelve months, unless a party to agreement provides notice to the other parties that he or it does not intend to extend the agreement.

Mr. Guillebeau's base salary under the agreement during 2003 was \$101,609 per year. The President of Albany Bank & Trust is required to review the base salary amount annually, and the base

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salary may be increased each year by an amount determined by the President. The agreement also provides that Mr. Guillebeau is entitled to an annual cash bonus based on criteria established by the President of Albany Bank & Trust. Mr. Guillebeau earned a bonus of \$14,000 during 2003. Additionally, the agreement requires Community Capital to provide Mr. Guillebeau with an automobile, health insurance, vacation time,

reimbursement for reasonable business expenses, club memberships and other customary benefits.

Generally, in the event Mr. Guillebeau is terminated by Community Capital without cause or Mr. Guillebeau terminates his employment with cause, Community Capital will be required to meet its obligations with respect to Mr. Guillebeau's compensation for a period equal to the greater of twelve months from the date of termination or the remaining term of the agreement. In the event Community Capital terminates Mr. Guillebeau's employment due to his permanent disability, Community Capital will be required to meet its obligations with respect to Mr. Guillebeau's compensation for a period of twelve months following the termination. If Mr. Guillebeau terminates his employment within six months following a change in control of Community Capital, Mr. Guillebeau will be entitled to a cash payment equal to the sum of his average base salary and cash bonus for the preceding three years.

If Mr. Guillebeau's employment is terminated by Community Capital with cause or Mr. Guillebeau terminates his employment without cause or upon a change in control, Mr. Guillebeau will generally be prohibited from competing with Albany Bank & Trust or soliciting its customers or employees for a period of twelve months from the date of termination.

Director Compensation

During 2003, directors of Community Capital received \$250 for each board meeting attended and \$100 for each committee meeting. Additionally, on May 15, 2003, we granted our Chairman of the Board a non-qualified option to purchase 285 shares of stock and granted every other non-employee director a non-qualified option to purchase 142 shares of Community Capital's common stock for their service as directors during 2002. The options vested immediately on the grant date, are exercisable at \$13.97 per share, and have a maximum term of ten years from the grant date. Directors of Albany Bank & Trust receive \$250 for each board meeting and \$100 for each committee meeting attended.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of the record date, the number of shares common stock beneficially owned by: (a) each current director of Community Capital; (b) each executive officer listed in the Summary Compensation Table; and (c) all current executive officers and directors as a group. As of the record date, Community Capital did not have any non-director shareholders who beneficially owned more than 5% of the outstanding common stock. The information shown below is based upon information furnished to Community Capital by the named persons. Additionally, the address for each person listed below is 2815 Meredyth Drive, Albany, Georgia 31707.

Information relating to beneficial ownership of Community Capital is based upon beneficial ownership concepts described in the rules issued under the Securities Exchange Act of 1934, as amended. Under these rules a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose or to direct the disposition of the security. Under the rules, more than one person may be deemed to be a beneficial owner of the same securities. A person is also deemed to be a beneficial owner of any security as to which that person has the right to acquire beneficial ownership within sixty (60) days from the record date. Unless otherwise indicated in the Nature of Beneficial Ownership column, each person is the record owner of and has sole voting and investment power with respect to his or her shares.

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Name and Address	Number of Shares	Number of Shares Subject to Options/Warrants Exercisable within 60 days			Nature of Beneficial Ownership
		Aggregate Number of Shares	Percent of Class		

Directors:

Robert M. Beauchamp	Hyatt (8 hotels) / Nobel
June 2011	Rosewood Hotels / New World
	Hospitality
May 2011	Tharaldson / ADIA
March 2011	Highland Hospitality / Ashford

May 2010	Hospitality Extended Stay Hotels / Centerbridge, Paulson & Co. and Blackstone
January 2010	Lodgian, Inc. / Lone Star Funds
December 2009	Interstate Hotels & Resorts / Thayer Lodging and Jin Jiang Hotel

As part of its analysis of the Per Key Transactions, Deutsche Bank calculated a representative range of a target's Enterprise Value (taking into account Unconsolidated Investments) per number of such target's rooms of \$180,500 to \$200,000 ("Per Key Value"). Applying this range to the number of rooms owned by Great Wolf Resorts, resulted, after accounting for Net Debt, in a range of implied equity values per share of \$0.00 to \$1.76. While other Per Key Transactions showed lower Per Key Values, because of Great Wolf Resorts' Net Debt, the low end of Deutsche Bank's calculated range of implied equity values per share based on the Per Key Transactions

resulted in a negative number. Deutsche Bank noted that the consideration per share to be received by the holders of Common Shares in the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, is \$7.85.

Discounted Cash Flow Analysis. Deutsche Bank performed a discounted cash flow analysis for Great Wolf Resorts based on Management's Projections assuming no new conversion or development projects. Using these projections, Deutsche Bank calculated the discounted cash flow values dated back to December 31, 2011 for Great Wolf Resorts as the sum of the net present values of (i) the estimated unlevered free cash flows that Great Wolf Resorts will generate for the calendar years 2012 through 2016, plus (ii) the terminal value of Great Wolf Resorts. The terminal value of Great Wolf Resorts was calculated based on estimates of Adjusted EBITDA for calendar year 2017 and a representative range of multiples of 6.75x to 7.75x. Deutsche Bank estimated 2017 Adjusted EBITDA of \$106.5 million by applying an estimated growth rate to Great Wolf Resorts' 2016 Management Projections.¹ The multiples range was based on a review of current trading multiples for the Selected Companies and also factored in the historic discount that Great Wolf had traded to such Selected Companies over the past three years. Deutsche Bank used discount rates ranging from 12.5% to 15.0%, based on its judgment of Great Wolf Resorts' estimated weighted average cost of capital, as adjusted upward to account for Great Wolf Resorts' high ratio of debt to equity. Among the inputs Deutsche Bank used in calculating the WACC was a debt-to-total-capital ratio of 36.6%. This ratio was identical to the median debt-to-total capital ratio of the Selected Companies. This analysis, after accounting for Net Debt, indicated a range of implied equity values per share of \$4.32 to \$8.15. Deutsche Bank noted that the consideration per share to be received by the holders of Common Shares in the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, is \$7.85.

Leveraged Buyout Analysis. Deutsche Bank performed a leveraged buyout analysis to estimate theoretical prices at which a financial sponsor might effect a leveraged buyout of Great Wolf Resorts using a debt capital structure consistent with the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment. This analysis was based on the same projections described above. Assumptions used in Deutsche Bank's analysis included financial sponsors targeting internal rates of return of 20% to 25% (which is based on Deutsche Bank's judgment of typical equity returns targeted by financial sponsors) over their investment horizons and an exit EBITDA Multiple range of 7.5x to 9.0x (which is based on the range of entry multiples observed in these types of transactions). Based on those projections and assumptions, among others, Deutsche Bank calculated, after accounting for Net Debt, a range of implied equity values per share of \$6.10 to \$7.56 at which a financial buyer might be willing to pay to acquire Great Wolf Resorts. Deutsche Bank noted that the consideration per share to be received by the holders of Common Shares in the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, is \$7.85.

Equity Research Analysts' Future Price Targets. Deutsche Bank reviewed the future public market trading price targets for the Common Shares prepared and published by equity research analysts prior to April 19, 2012 using the unaffected target prices issued prior to March 13, 2012. These forward targets reflected each analyst's estimate of the future public market trading price of the Common Shares and are not discounted to reflect present values. While noting that there are limited price forecast targets, as of February 23, 2012, one equity analyst had set a one-year price target for Great Wolf Resorts at \$5.00 per share, and another equity analyst had set a two-year price target at \$6.00 per share. These price targets, when discounted to present value using a 16.5% cost of equity (based on Deutsche Bank's judgment of Great Wolf Resorts' estimated cost of equity), resulted in a range of analyst future price targets per share of \$4.29 to \$4.42. Deutsche Bank noted that the consideration per share to be received by the holders of Common Shares in the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, is \$7.85. The public market trading prices published by equity research analysts do not necessarily reflect current market trading prices of the Common Shares and these estimates are subject to uncertainties, including the future financial performance of Great Wolf Resorts and future financial market conditions.

Premia Paid Analysis. Deutsche Bank performed a premia paid analysis based upon the premia paid in certain merger and acquisition transactions identified since 2007. Deutsche Bank considered 101 precedent transactions involving a U.S. target with an aggregate value greater than \$500 million and less than \$1 billion. Deutsche Bank analyzed the transactions to determine the premia paid for the target as determined using the stock price on the date that is 20 days and 1 day prior to the announcement of each such deal. Based on this analysis, Deutsche Bank selected a representative premia range of 30-40% for both time periods and applied this range to

1 When adjusted to include Great Wolf Resorts' share of EBITDA from unconsolidated affiliates, estimated 2017 EBITDA was \$113.0 million.

Great Wolf Resorts' stock price on March 12, 2012 to derive an implied equity value per share range of \$5.41 to \$5.82 and \$4.63 to \$4.98, respectively. Deutsche Bank noted that the consideration per share to be received by the holders of Common Shares in the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, is \$7.85. All premia considered were based on public information available at the time of announcement of such transaction, without taking into account differing market conditions during the period during which the transactions occurred.

General. The foregoing summary describes all analyses and factors that Deutsche Bank deemed material in its presentation to the Board of Directors, but is not a comprehensive description of all analyses performed and factors considered by Deutsche Bank in connection with preparing its opinion. The preparation of a fairness opinion is a complex process involving the application of subjective business judgment in determining the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. Deutsche Bank believes that its analyses must be considered as a whole and that considering any portion of such analyses and of the factors considered without considering all analyses and factors could create a misleading view of the process underlying the opinion. In arriving at its fairness determination, Deutsche Bank did not assign specific weights to any particular analyses.

In conducting its analyses and arriving at its opinions, Deutsche Bank utilized a variety of generally accepted valuation methods. The analyses were prepared solely for the purpose of enabling Deutsche Bank to provide its opinion to the Board of Directors that the Transaction Consideration was fair, from a financial point of view, to the holders of Common Shares (other than Parent and any subsidiary of Parent that holds Common Shares) and does not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold, which are inherently subject to uncertainty. In connection with its analyses, Deutsche Bank made, and was provided by Great Wolf Resort management with, numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond Great Wolf Resorts' control. Analyses based on estimates or forecasts of future results are not necessarily indicative of actual past or future values or results, which may be significantly more or less favorable than suggested by such analyses. Because such analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of Great Wolf Resorts or their respective advisors, neither Great Wolf Resorts nor Deutsche Bank nor any other person assumes responsibility if future results or actual values are materially different from these forecasts or assumptions.

The terms of the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, were determined through negotiations between Great Wolf Resorts and Apollo Management and were approved by the Board of Directors. Although Deutsche Bank provided advice to Great Wolf Resorts during the course of these negotiations, the decision to enter into the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, was solely that of the Board of Directors. As described above, the opinion and presentation of Deutsche Bank to the Board of Directors were only one of a number of factors taken into consideration by the Board of Directors in making its determination to approve the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment. Deutsche Bank's opinion was provided to the Board of Directors and the Strategic Review Committee to assist it in connection with its consideration of the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, and does not constitute a recommendation to any holder of the Common Shares as to whether they should tender shares in the Offer or as to how to vote with respect to the Merger.

Great Wolf Resorts selected Deutsche Bank as financial advisor in connection with the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, based on Deutsche Bank's qualifications, expertise, reputation and experience in mergers and acquisitions. Great Wolf Resorts retained Deutsche Bank pursuant to an engagement letter dated as of July 28, 2011 (the "Engagement Letter"). As compensation for

Deutsche Bank's services in connection with the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, Great Wolf Resorts has paid or agreed to pay to Deutsche Bank the following fees:

- (a) a retainer fee of \$100,000 paid upon the execution of the Engagement Letter;
- (b) a fee of \$750,000 upon delivery of its fairness opinion (or upon notice from Deutsche Bank that it was unable to render the opinion), which shall reduce the transaction fee paid in connection with the consummation of the merger or any fee payable pursuant to (c) below;

(c) a transaction fee equal to 0.70% of the total amount of cash and fair market value (on the date which is five days prior to the consummation of the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment) of all property paid or payable directly or indirectly to Great Wolf Resorts or any of its securityholders in connection with such transactions (including customary add-backs) (the "Aggregate Consideration"), up to and including an offer price of \$6.00 per share, plus 1.00% of the Aggregate Consideration in excess of an offer price of \$6.00 per share (against which the retainer fee and opinion fee will be credited). Notwithstanding the foregoing, the total transaction fee may not exceed 0.80% of the Aggregate Consideration.

Regardless of whether the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, are consummated, Great Wolf Resorts has agreed to reimburse Deutsche Bank for reasonable and documented fees, expenses and disbursements of Deutsche Bank's outside counsel and all of Deutsche Bank's reasonable and documented travel and other reasonable and documented out-of-pocket expenses incurred in connection with the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment, or otherwise arising out of the retention of Deutsche Bank under the Engagement Letter; provided, that without the prior written consent of Great Wolf Resorts (such consent not to be unreasonably withheld), Great Wolf Resorts shall not be required to reimburse Deutsche Bank for any amounts in excess of \$50,000 with respect to such fees, expenses and disbursements payable to its outside counsel and \$25,000 in aggregate with respect to such out-of-pocket expenses. Great Wolf Resorts has also agreed to indemnify Deutsche Bank and certain related persons to the full extent lawful against certain liabilities, including certain liabilities under the federal securities laws arising out of its engagement or the transactions contemplated by the Merger Agreement, as amended by the Third Merger Agreement Amendment.

Deutsche Bank is an internationally recognized investment banking firm experienced in providing advice in connection with mergers and acquisitions and related transactions. Deutsche Bank is an affiliate of Deutsche Bank AG (together with its affiliates, the "DB Group"). One or more members of the DB Group have, from time to time, provided investment banking, commercial banking (including extension of credit) and other financial services to the Apollo Funds or their affiliates for which they have received, and in the future may receive, compensation, including acting as Joint Bookrunner on the \$225 million senior secured notes offering for Apollo Investment Corporation in October 2010, acting as Lender on the \$1,000 million amend and extend for an existing revolving credit facility for Apollo Management Holdings, L.P. in March 2011, acting as Joint Bookrunner on the \$565 million Initial Public Offering of Apollo Global Management in March 2011 and acting as Lender on the \$400 million term loan for AP Alternative Assets LP in December 2011. In addition, one or more members of the DB Group have, from time to time, provided investment banking, commercial banking (including extension of credit) and other financial services to Great Wolf Resorts or its affiliates for which they have received compensation, including acting as Joint Bookrunner for the \$230 million first mortgage offering in March 2010 and acting as lender for the \$56 million secured loan in July 2011. DB Group may provide investment and commercial banking services to the Apollo Funds and Great Wolf Resorts in the future, for which Deutsche Bank would expect DB Group to receive compensation. In the ordinary course of business, members of the DB Group may actively trade in the securities and other instruments and obligations of Great Wolf Resorts and the Apollo Funds for their own accounts and for the accounts of their customers. Accordingly, the DB Group may at any time hold a long or short position in such securities, instruments and obligations."

ITEM 8. ADDITIONAL INFORMATION TO BE FURNISHED

1. Item 8, Additional Information to be Furnished, subsection (c), "Golden Parachute Compensation" is hereby amended and supplemented by replacing the date in the first bullet under the heading "Golden Parachute Compensation" with "April 19, 2012" and by replacing the price in the third bullet under the heading "Golden Parachute Compensation" with "\$7.85", on page 41 of the Schedule 14D-9.

2. Item 8, Additional Information to be Furnished, subsection (c), “Golden Parachute Compensation” is hereby amended and supplemented by replacing, in its entirety, the table included in that section and the notes thereto, on pages 41-42 of the Schedule 14D-9, with the following:

Name	Cash \$(1)	Equity \$(2)	Pension/ NQDC (\$)	Perquisites/ Benefits \$(3)	Tax Reimbursement \$(4)	Other (\$)	Totals (\$)
Kimberley K. Schaefer Chief Executive Officer	2,659,500	5,011,848	—	33,235	2,422,602	—	10,127,185
James A. Calder Chief Financial Officer	1,518,340	2,301,958	—	21,945	1,127,809	—	4,970,052
Timothy D. Black Executive Vice President—Operations	1,304,160	1,574,584	—	33,235	975,134	—	3,887,113
Alexander P. Lombardo Treasurer	204,000	363,149	—	—	—	—	567,149
J. Scott Maupin Senior Vice President—Operations	275,000	204,100	—	—	—	—	497,100

- (1) The amounts in this column for Ms. Schaefer, Mr. Calder and Mr. Black reflect a lump sum payment equal to two times the sum of (x) his or her base salary in effect on the assumed date of termination and (y) the amount of his or her most recently paid annual bonus. Base Salaries as of the effective time of the Merger for Ms. Schaefer, Mr. Calder and Mr. Black are expected to be \$561,000, \$392,700 and \$319,770, respectively, and the most recently paid annual bonus as of the effective time of the Merger for Ms. Schaefer, Mr. Calder and Mr. Black were \$768,750, \$366,470 and \$332,310, respectively. These severance amounts are “double trigger” payments, payable if the executive resigns for “good reason” or is terminated by the Company (other than for “cause” or a disability) within 180 days prior to, or 18 months following the effective date of a change in control, which would include the consummation of the Offer. The amounts reported in this column for Mr. Lombardo and Mr. Maupin reflect a lump sum payment equal to 12 months of the executive’s base salary in effect on the date of termination. Base salaries for Mr. Lombardo and Mr. Maupin as of the effective time of the Merger are expected to be \$204,000 and \$275,000, respectively. These severance amounts are “double trigger” payments, payable if the executive is terminated by the Company without “cause” within 12 months following a change in control, which would include the consummation of the Offer.
- (2) Represents the “single trigger” payments, payable as a result of the consummation of the Offer. The amounts in this column reflect the value of the cash Offer or Merger consideration payable in respect of unvested Restricted Shares, including Restricted Shares obtained from the conversion of MYPEGs, in each case, in accordance with the Merger Agreement and without regard to applicable tax

withholding. The amounts for each NEO represent the following amounts:

Ms. Schaefer: \$2,665,577 for 339,564 Restricted Shares and \$2,346,271 for

298,888 additional Restricted Shares obtained from the conversion of MYPEGs;

Mr. Calder: \$1,207,008 for 153,759 Restricted Shares and \$1,094,949 for 139,484

additional Restricted Shares obtained from the conversion of MYPEGs;

Mr. Black: \$905,921 for 115,404 Restricted Shares and \$668,663 for 85,180

additional Restricted Shares obtained from the conversion of MYPEGs;

Mr. Lombardo: \$363,149 for 46,261 Restricted Shares; and Mr. Maupin: \$204,100

for 26,000 Restricted Shares.

- (3) The amounts reported in this column for Ms. Schaefer, Mr. Black and Mr. Calder reflect a lump sum payment equal to 36 times the Company's monthly contribution on behalf of the executive under the insurance plan in which the executive currently participates. These severance amounts are "double trigger" payments, payable if the executive resigns for "good reason" or is terminated by the Company (other than for "cause" or a disability) within 180 days prior to, or 18 months following the effective date of a change in control, which would include the consummation of the Offer.
- (4) The amounts reported in this column represents Ms. Schaefer's, Mr. Calder's and Mr. Black's right to receive a "gross-up" payment under their respective employment agreements in the event that the executive becomes subject to excise tax under Section 4999 of the Internal Revenue Code. The "gross-up" payments are "double trigger" payments, payable only if the executive incurs excise tax liabilities following a change in control, which would include the consummation of the Offer.

The consummation of the Third Amended Offer would qualify as a change of control under each of the agreements discussed above.

ITEM 9. EXHIBITS.

1. Item 9 of the Schedule 14D-9, as amended, is hereby amended and supplemented by adding the following exhibits:

Exhibit Number	Description
(a)(1)(U)	Third Amendment and Supplement to the Offer to Purchase, dated April 20, 2012, incorporated by reference to Exhibit (a)(1)(O) to the Third Amended Schedule TO.
<u>(a)(2)(D)</u>	<u>Deutsche Bank Fairness Opinion, dated April 20, 2012.</u>
(e)(20)	Third Merger Agreement Amendment, dated as of April 20, 2012, among Parent, Merger Sub and the Company, incorporated by reference to Exhibit (d)(11) to the Third Amended Schedule TO.
(e)(21)	Third Equity Commitment Letter Amendment, dated April 20, 2012, incorporated by reference to Exhibit (d)(12) to the Third Amended Schedule TO.
(e)(22)	Third Limited Guarantee Amendment, dated April 20, 2012, incorporated by reference to Exhibit (d)(13) to the Third Amended Schedule TO.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

GREAT WOLF RESORTS, INC.

By: /s/ James A. Calder
Name: James A. Calder
Title: Chief Financial Officer

Dated: April 20, 2012