

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN RE GREAT WOLF RESORTS, INC. SHAREHOLDERS
LITIGATION

CONSOLIDATED C.A. No. 7328-VCN

**NOTICE OF PENDENCY OF CLASS ACTION, PROPOSED SETTLEMENT,
SETTLEMENT HEARING AND RIGHT TO APPEAR**

**TO: ALL COMMON STOCKHOLDERS OF GREAT WOLF RESORTS, INC. FROM MARCH 12, 2012 TO
MAY 4, 2012 INCLUSIVE AND THEIR SUCCESSORS IN INTEREST.**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS WILL BE AFFECTED BY THE
LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU WERE NOT A BENEFICIAL HOLDER OF COMMON STOCK OF
GREAT WOLF RESORTS, INC. BUT HELD SUCH STOCK FOR A BENEFICIAL OWNER, YOU ARE DIRECTED TO
TRANSMIT THIS DOCUMENT TO SUCH BENEFICIAL OWNER.**

This Notice is given pursuant to an Order of the Court of Chancery of the State of Delaware (the "Court", or the "Delaware Court of Chancery"), in accordance with Rules 23(a), 23(b)(1) and 23(b)(2) of the Delaware Court of Chancery Rules, to inform you of certain proceedings and the proposed settlement of the above-captioned consolidated action (the "Delaware Consolidated Action"). If you were not a beneficial owner of common stock of Great Wolf Resorts, Inc. ("Great Wolf" or the "Company") held of record by you at any time during the period beginning on and including March 12, 2012, through and including May 4, 2012, but held such Great Wolf common stock for a beneficial owner, you are directed to forward this Notice to the beneficial owner. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such additional copies may be made to **Great Wolf Resorts Shareholders Litigation, c/o Rust Consulting, Inc., P.O. Box 2869, Faribault, MN 55021-8669, or email info@greatwolfshareholderslitigation.com.**

There will be a hearing (the "Settlement Hearing") before the Court on December 18, 2012, at 2:00 p.m., in the Delaware Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801 to determine: (1) whether the proposed settlement of the Actions (as defined herein) should be approved as fair, reasonable, adequate and in the best interests of the proposed Settlement Class (as defined herein) and the Defendants; and (2) whether the request by counsel for Plaintiffs for an award of attorneys' fees and expenses should be granted. It is not necessary for any member of the Settlement Class, or any other shareholder of Great Wolf, to appear at the Settlement Hearing. See THE SETTLEMENT HEARING, below.

THIS NOTICE IN NO WAY INDICATES AN EXPRESSION OF OPINION BY THE COURT AS TO THE MERITS OF THESE ACTIONS OR OF THE PARTIES' RESPECTIVE CLAIMS OR DEFENSES, BUT IS MERELY TO ADVISE YOU OF THE PROPOSED SETTLEMENT OF THE ACTIONS AND YOUR RIGHTS WITH RESPECT THERETO. NO INFERENCES REGARDING THE MERITS OF THE ACTIONS OR LACK THEREOF SHOULD BE DRAWN FROM THE SETTLEMENT OR THE SENDING OF THIS NOTICE.

BACKGROUND

1. On March 13, 2012, Great Wolf and K-9 Holdings, Inc. ("K-9 Holdings") announced that Great Wolf, K-9 Holdings and K-9 Acquisition, Inc. ("K-9 Acquisition", and together with K-9 Holdings, the "Apollo Bidders") had entered into an Agreement and Plan of Merger (as thereafter supplemented and amended, the "Merger Agreement") and the Apollo Bidders launched a tender offer to purchase Great Wolf's stock (the "Proposed Transaction") for \$5.00 per share.

2. Subsequently, several plaintiffs filed putative class action lawsuits in the Delaware Court of Chancery (the “Delaware Actions”, and the plaintiffs in the Delaware Actions, the “Delaware Plaintiffs”) and one putative class action lawsuit in the State of Wisconsin Circuit Court for Dane County (the “Wisconsin Action”) alleging, among other things, that the directors of Great Wolf breached their fiduciary duties to Great Wolf in connection with the Merger Agreement and the process leading up to it. The individual Delaware Actions are: *Raul v. Schaefer, et al.*, Case No. 7328-VCN, *Ferguson v. Great Wolf Resorts, Inc., et al.*, Case No. 7329-VCN, *Rodriguez v. Blutinger, et al.*, Case No. 7332-VCN, *Lerner v. Blutinger, et al.*, Case No. 7337-VCN, and *Dionne v. Great Wolf Resorts, Inc., et al.*, Case No. 7344-VCN. The Wisconsin Action is: *LaVoy v. Great Wolf Resorts, Inc., et al.*, Case No. 12CV1112. A second case, captioned *Jakubiak v. Great Wolf Resorts, Inc., et al.*, Case No. 12CV1181, was filed in the State of Wisconsin Circuit Court for Dane County, but that action voluntarily was dismissed with prejudice by the plaintiff in that action prior to the Settling Parties (as defined herein) entering into the Settlement (as defined herein).

3. On March 22, 2012, the Delaware Court of Chancery entered an order consolidating the Delaware Actions into the Delaware Consolidated Action (with the Wisconsin Action, the “Actions”, and the plaintiffs in the Actions, the “Plaintiffs”). The Actions named as defendants Great Wolf, certain individual officers and directors of Great Wolf (together with Great Wolf, the “Great Wolf Defendants”), the Apollo Bidders, K-9 Investors, L.P. (“K-9 Investors”), Apollo Management VII, L.P. (“Management VII”), and Apollo Global Management, LLC (“Apollo Global Management”, and with the Apollo Bidders, K-9 Investors and Management VII, the “Apollo Defendants”, and the Apollo Defendants with the Great Wolf Defendants, the “Defendants”).

4. Plaintiffs in the Actions jointly coordinated discovery and certain litigation efforts.

5. On March 22, 2012, the Delaware Court of Chancery entered an Order Governing Expedited Proceedings in Connection with Delaware Plaintiffs’ Motion for a Preliminary Injunction.

6. On March 22, 2012, Defendants began a rolling production of documents in compliance with that Order.

7. On March 28, 2012, Plaintiffs’ Counsel (defined as counsel who have appeared for any of the Plaintiffs in any of the Actions) took the deposition of Arthur Goldfrank of Deutsche Bank, the Company’s financial advisor for the Proposed Transaction.

8. Also, on March 28, 2012, Plaintiffs’ Counsel took the deposition of Aaron Stone, a partner at Apollo.

9. On March 29, 2012, Plaintiffs’ Counsel took the deposition of Howard Silver, a member of the Great Wolf Board of Directors and chairman of the Board’s Strategic Review Committee.

10. On March 30, 2012, Plaintiffs’ Counsel took the deposition of Kimberly Schaefer, the CEO of Great Wolf and a member of the Great Wolf Board of Directors.

11. On March 31, 2012, Delaware Plaintiffs in the Delaware Consolidated Action filed their Opening Brief in Support of Their Motion for a Preliminary Injunction, based upon evidence adduced in Plaintiffs’ discovery efforts, alleging, *inter alia*, that certain Defendants breached their fiduciary duties by conducting a flawed sales process, with a conflicted financial advisor and improperly prevented certain parties from bidding for the Company because of irrevocable standstill agreements, and further alleging that certain Defendants breached their fiduciary duties of candor by issuing a materially false and misleading Schedule 14D-9.

12. On April 1, 2012, Defendants’ counsel took the deposition of Tara Stephenson, Delaware Plaintiffs’ proposed expert witness in the Delaware Consolidated Action.

13. On April 2, 2012, the Great Wolf Defendants filed their Brief in Opposition to Delaware Plaintiffs’ Motion for a Preliminary Injunction, which was joined by the Apollo Defendants.

14. On April, 2, 2012, the Great Wolf Defendants filed a Motion to Strike and/or Exclude the Expert Report of Tara A. Stephenson, which was joined by the Apollo Defendants.

15. On April 4, 2012, Delaware Plaintiffs filed their Reply Brief in Support of their Motion for a Preliminary Injunction.

16. On April 4, 2012, Delaware Plaintiffs filed an Opposition to Defendants' Motion to Strike and/or Exclude the Report of Tara A. Stephenson.
17. On April 4, 2012, two days before a scheduled hearing on the preliminary injunction motion, KSL Capital Partners LLC ("KSL") bid \$6.25 for Great Wolf.
18. The hearing on Delaware Plaintiffs' injunction application was re-scheduled to April 18, 2012 because of KSL's topping bid.
19. On April 16, 2012, Defendants filed a Supplemental Brief in Opposition to Delaware Plaintiffs' Motion for a Preliminary Injunction.
20. On April 16, 2012, Delaware Plaintiffs filed a Supplemental Brief in Support of Their Motion for a Preliminary Injunction.
21. On April 23, 2012, Delaware Plaintiffs filed a Second Supplemental Brief in Support of their Motion for a Preliminary Injunction.
22. On April 4, 2012 and on April 19, 2012, Delaware Plaintiffs sent written communications to the Great Wolf Board concerning the Board's fiduciary duties as they related to events unfolding in the bidding process and the litigation.
23. Bidding for the Company had commenced again after Plaintiffs conducted their discovery and while briefing on the motion for preliminary injunction was ongoing, with representatives of the Apollo Bidders and representatives of KSL Capital Partners bidding at various prices from \$6.25 per share to, ultimately, a \$7.85 bid from the Apollo Bidders.
24. While the parties were engaged in litigation regarding Delaware Plaintiffs' application for preliminary injunctive relief, certain of Defendants were aware of, reviewed and discussed Plaintiffs' claims concerning the alleged inadequacy of the process and the offer prices for Great Wolf, and the Plaintiffs' demand in an April 19, 2012 letter to the Company's Board that any further offers from the Apollo Bidders be at least \$0.30 per share greater than any competing KSL bid before being deemed "superior."
25. The Plaintiffs' scrutiny of the extent of Deutsche Bank's business dealings and financial relationship with the Apollo Bidders and their affiliates, and the results of such scrutiny, came to the attention of the Great Wolf Board during the course of this litigation.
26. The Great Wolf Board Minutes of March 20, 2012, April 5, 2012 (9:00 am meeting); April 5, 2012 (6:30 pm meeting); and April 6, 2012 (at a minimum), all include discussions of Plaintiffs' litigation efforts, KSL's bids and Deutsche Bank's financial analyses.
27. During the course of the Actions, certain of the Defendants made certain changes to Great Wolf's 14D-9 filings in response to allegations made by the Plaintiffs, including clarifications to the description of the summary analyses underlying Deutsche Bank's fairness opinion.
28. Following several bids by KSL Capital Partners and the Apollo Bidders between April 4, 2012 and April 20, 2012, the Apollo Bidders increased their offer to \$7.85 per share, which was \$0.60 per share higher than KSL's last bid.
29. Plaintiffs believe that their litigation efforts, including, but not limited to, their allegations, claims and discovery respecting (a) the extent of Deutsche Bank's alleged conflicts of interests and making the Great Wolf Board aware of those conflicts, (b) the alleged infirmities with the process leading up to the \$5.00 initial deal with the Apollo Bidders, and (c) in identifying the alleged flaws in Deutsche Bank's financial analyses, contributed to the Board ultimately achieving substantially improved value in the Proposed Transaction.
30. Defendants dispute Plaintiffs' allegations, disagree with the claim that Plaintiffs' demands contributed to any higher offers for the Company, and believe that the sales process was robust and successful.

31. On April 25, 2012, each of the Defendants and each of the Plaintiffs, individually and on behalf of themselves and members of the Class in the Actions, and counsel for each of the Defendants and each of the Plaintiffs (together, the “Settling Parties”) executed a Memorandum of Understanding (“MOU”). The MOU memorialized certain of the terms of the Settling Parties’ agreement in principle to settle the Actions.

32. The MOU contemplated a settlement of the Actions predicated on Great Wolf making certain additional disclosures and waiving certain provisions of the Confidentiality Agreements that Great Wolf signed with certain bidders, in exchange for, *inter alia*, a release of all claims that were or could have been asserted in the Actions or that arose out of or relate to any of the allegations asserted in the Actions.

33. Also on April 25, 2012, Great Wolf filed Amendment No. 13 to its Schedule 14D-9 with the Securities and Exchange Commission, which contained, *inter alia*, certain additional disclosures (the “Supplemental Disclosures”) as follows:

ITEM 4. THE SOLICITATION OR RECOMMENDATION.

1. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by including as the second sentence in the paragraph beginning, “Following a process of identifying potential financial advisors,” on page 6 of Amendment No. 5 as follows:

“In connection with their presentation to the Board of Directors, Deutsche Bank disclosed its historical and ongoing business relationships with several strategic and financial parties, including the Apollo Parties, and involvement in certain associated transactions. The plaintiffs’ scrutiny of the extent of Deutsche Bank’s business dealings and financial relationship with Apollo Global Management and certain of its affiliates (“Apollo”), and the results of such scrutiny, came to the attention of the Board of Directors during the course of the litigation described under Item 8 “—Litigation Related to the Offer” of the Schedule 14D-9.”

2. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the paragraph beginning, “On August 4, 2011,” on page 7 of Amendment No. 5 as follows:

“On August 4, 2011, the Company entered into a confidentiality agreement with Party C that contained a standstill provision barring Company C from making a proposal to acquire the Company unless invited to do so by the Board and that does not terminate upon the announcement of a transaction with the Company by another third party; such confidentiality agreement superseded the agreement entered into by the Company and Party C on May 26, 2011.”

3. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the paragraph beginning, “On August 12, 2011,” on page 7 of Amendment No. 5 as follows:

“On August 12, 2011, the Company entered into confidentiality agreements with each of Party H and Party I. Party I’s confidentiality agreement contained a standstill provision barring Company I from making a proposal to acquire the Company unless invited to do so by the Board and that does not terminate upon the announcement of a transaction with the Company by another third party.”

4. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the final sentence of the paragraph beginning, “On October 31, 2011,” on page 8 of Amendment No. 5 as follows:

“On November 22, 2011, the Company entered into a separate confidentiality agreement with Party M that contained a standstill provision barring Company M from making a proposal to acquire the Company unless invited to do so by the Board and that does not terminate upon the announcement of a transaction with the Company by another third party.”

5. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the second paragraph beginning, “On November 15, 2011,” on page 9 of Amendment No. 5 as follows:

“On November 15, 2011, the Company entered into a confidentiality agreement with Party N barring Party N from making a proposal to acquire the Company unless invited to do so by the Board and that contained a standstill provision that does not terminate upon the announcement of a transaction with the Company by another third party.”

6. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the paragraph beginning, “On December 21, 2011,” on page 11 of Amendment No. 5 as follows:

“On December 21, 2011, representatives of Akin Gump met telephonically with representatives of Paul, Weiss during which the representatives of Akin Gump discussed various transaction issues, including requests by the Apollo Parties that (i) the Company adopt a stockholder rights plan concurrently with executing definitive transaction documents, which the Apollo Parties believed would deter activist Company investors from acquiring positions large enough to disrupt the contemplated transaction, (ii) the transaction be structured as a two-step tender offer (including a so called “top-up option”) and (iii) concurrently with the execution of definitive transaction documents, the Company sell to the Apollo Parties preferred shares of the Company convertible into 19.9% of the outstanding common equity of the Company as a method of added deal protection.”

7. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 5, is hereby amended and supplemented by replacing the fourth sentence in the paragraph beginning, “On February 20, 2012,” on page 14 of Amendment No. 5 as follows:

“A representative of Paul, Weiss then gave a summary of the legal issues related to the then-current drafts of the merger agreements and ancillary agreements, including the provisions related to termination fees and deal protection, expense reimbursement and financing. A representative of Paul, Weiss also reported on the Apollo Parties’ continuing insistence that the Company adopt a stockholder rights plan, which the Apollo Parties believed would prevent activist Company investors from acquiring positions large enough to thwart a transaction.”

8. Item 4, The Solicitation or Recommendation, subsection (b), “Background of the Transaction—Background of the Merger” of the Schedule 14D-9, as set forth on Amendment No. 11, is hereby amended and supplemented by adding the following new paragraph at the end thereof:

“On April 25, 2012, the Company and the Apollo Parties agreed to waive the standstill provisions in the Company’s confidentiality agreements with parties C, I, M and N, in each case, solely as such standstill provisions relate to the ability of such parties to deliver a confidential unsolicited bona fide written Takeover Proposal (as defined in the Merger Agreement) to the Company.”

ITEM 5. PERSONS/ASSETS RETAINED, EMPLOYED, COMPENSATED OR USED.

1. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by replacing the first sentence of the second full paragraph beginning “Based on its analysis,” on page 10 of Amendment No. 11 as follows:

“Based on its analysis of the ratios of Enterprise Value to forward EBITDA (the “EBITDA Multiple”) for each of the Selected Companies, which ranged between 7.8x and 11.3x, Deutsche Bank selected a representative EBITDA Multiple range of 6.75x to 7.75x, which factored in the historic discount that Great Wolf had traded to such Selected Companies over the past three years. The median and mean multiples of 2012 EBITDA for the “Lodging Comparables” was 11.1x and 10.0x; the median and mean multiples of 2012 EBITDA for the “Leisure Comparables” was 8.5x and 8.9x; and the median and mean multiples for the “Total Peer Set” was 9.4x and 9.5x.”

2. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by replacing the first sentence of the first full paragraph beginning “Based on its analysis,” on page 11 of Amendment No. 11 as follows:

“Based on its analysis of one year forward EBITDA Multiples for each of the Selected Transactions, which ranged from 7.4x to 14.8x for Waterpark Hotel Transactions and 6.1x to 12.0x for Theme Park Transactions, Deutsche Bank selected a representative one year forward EBITDA Multiple range of 7.0x to 8.5x, based on Deutsche Bank’s judgment as to the comparability of the Selected Transactions. The median and mean multiples of one year forward EBITDA for “Theme Parks” was 8.7x and 8.6x; the median and mean multiples of one year forward EBITDA for “Waterpark Hotels” was 11.1x and 11.1x.”

3. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by replacing the first sentence of the last paragraph beginning “As part of its analysis of the Per Key Transactions,” on page 11 of Amendment No. 11 as follows:

“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”), based upon a Per Key Value for the Waterpark Hotel Transactions of \$19,449 to \$197,755 and a Per Key Value for the Lodging Transactions of \$51,644 to \$225,751 and on Deutsche Bank’s judgment as to the comparability of the Per Key Transactions.”

4. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by replacing the sixth sentence of the paragraph entitled “Discounted Cash Flow Analysis” as follows:

“Deutsche Bank calculated a weighted average cost of capital (“WACC”) for Great Wolf of 12.5%. Based on the Company’s challenges to raise incremental debt and equity capital, and the likely costs associated with raising incremental capital, Deutsche Bank estimated the appropriate discount rate to range from 12.5% to 15%.”

5. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by replacing the fourth sentence of the paragraph entitled “Leveraged Buyout Analysis” on page 12 of Amendment No. 11 as follows:

Based on these projections and assumptions, among others, and assuming for these purposes that the exit multiple equals the entry multiple, 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. Consequently, as the offer price increased, the entry and exit multiples increased, causing the LBO range to increase from previous analyses presented to the Board of Directors.”

6. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by adding the following to clause (a) of the last paragraph on page 13 of Amendment No. 11 prior to the semicolon at the end thereof:

“, which shall reduce the transaction fee paid in connection with the consummation of the Merger or any fee payable pursuant to (c) below”

7. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by adding the following sentence to clause (c) on page 14 of Amendment No. 11 at the end thereof:

“At the Offer Price, such transaction fee is approximately \$5.8 million, which fee is reduced by the retainer fee and opinion fee as disclosed in (a) and (b) above.”

8. Item 5, Persons/Assets Retained, Employed, Compensated or Used of the Schedule 14D-9, as set forth in Amendment No. 11, is hereby amended and supplemented by adding the following as the new fourth sentence of the paragraph beginning “Deutsche Bank is” on page 14 of Amendment No. 11 thereof:

“According to Deutsche Bank records, since 2007, Deutsche Bank has received approximately €120.9 million in revenues for United States banking-related transactions from Apollo.”

34. Great Wolf also, with the consent of the Apollo Bidders, waived Section 9 or Section 10, as applicable, of the Confidentiality Agreements that the Company entered into with certain other potential bidders, in each case, solely as such provisions restricted such party’s ability to deliver to the Company a confidential unsolicited bona

vide written Takeover Proposal, as defined in the Merger Agreement (the “Standstill Waivers”). The Apollo Bidders further agreed to waive and not assert any claim that the Standstill Waivers violated Section 6.5(a) or 6.5(b) of the Merger Agreement. The Standstill Waivers only applied to Takeover Proposals delivered in the manner as specified in the Merger Agreement. The Settling Parties agreed that, for the avoidance of doubt, except as expressly provided in the MOU, the Apollo Bidders did not (a) waive any other rights provided to them, including, but not limited to, rights provided to the Apollo Bidders in connection with the Merger Agreement and/or the Confidentiality Agreements, or (b) consent to the Company amending, terminating, altering or waiving any other provision of the Merger Agreement or the Confidentiality Agreements.

35. On September 27, 2012, the Settling Parties executed a Stipulation and Agreement of Compromise and Settlement (the “Stipulation”). Plaintiffs’ Counsel have reviewed and analyzed the facts and circumstances relating to the claims asserted in the Actions, as known by Plaintiffs and their counsel to date, including conducting arm’s-length discussions with counsel to Defendants, analyzing documents produced by Defendants and obtained through public sources, applicable case law, and other authorities, taking the depositions described above, and consulting with an independent financial expert. Based on this investigation, the Plaintiffs’ Counsel have determined that the Settlement of the Actions set forth in the Stipulation is fair, reasonable, adequate and in the best interests of the Settlement Class, and that the Settlement confers substantial benefits upon Great Wolf’s stockholders. See SUMMARY OF THE TERMS OF THE PROPOSED SETTLEMENT, below.

36. The Defendants, to eliminate the burden, inconvenience, expense, risk and distraction of further litigation, and without admitting the validity of any allegations made in the Actions, or any liability with respect thereto, have concluded that it is desirable that the Actions be settled and dismissed with prejudice on the terms reflected in the Stipulation.

37. The Defendants vigorously have denied, and vigorously continue to deny, all allegations of wrongdoing, fault, liability or damage with respect to all claims asserted in the Actions, including that they have committed any violation of law, that they have acted improperly in any way, that they have any liability or owe any damages of any kind to any of the Plaintiffs and/or the Settlement Class, and that any additional disclosure (including the additional disclosures made in the Supplemental Disclosures) was or is required under any applicable rule, regulation, statute or law.

38. The entry by the Plaintiffs into the MOU and the Stipulation is not an admission as to the lack of any merit of any claim asserted in the Actions, and that in negotiating and evaluating the terms of the MOU and the Stipulation, the Plaintiffs’ Counsel considered the significant legal and factual defenses to the Plaintiffs’ claims that the Defendants raised and might have raised throughout the pendency of the Actions as well as the benefits provided to the Class through the Supplemental Disclosures and the Standstill Waivers.

39. On May 4, 2012, Great Wolf and the Apollo Bidders closed on the Proposed Transaction at \$7.85 per share (the “Closed Transaction”).

40. In an order dated October 16, 2012, the Court, for purposes of effectuating the proposed Settlement only, preliminarily certified the Delaware Consolidated Action (including its constituent actions) pursuant to Delaware Court of Chancery Rules 23(a), 23(b)(1) and 23(b)(2) as a class action, on behalf of a non-opt-out settlement class of all record holders and beneficial owners of Great Wolf Common Stock who held such stock at any time during the period beginning on and including March 12, 2012, through and including May 4, 2012 including any and all of their respective successors-in-interest, successors, predecessors-in-interest, predecessors, representatives, trustees, executors, administrators, estates, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, together with their predecessors-in-interest, predecessors, successors-in-interest, successors and assigns (individually, the “Class Members”, and together, the “Class” or the “Settlement Class”).

SUMMARY OF THE TERMS OF THE PROPOSED SETTLEMENT

41. The terms of the settlement agreed upon by the Settling Parties (the “Settlement”) are fully described in the Stipulation. The Stipulation has been filed with the Court and is available for your inspection as discussed below under the heading, “INQUIRIES.” The following is only a summary of its terms.

a. Pursuant to the MOU, on April 25, 2012, Great Wolf filed Amendment No. 13 to its Schedule 14D-9 with the Securities and Exchange Commission, which contained, among other things, the Supplemental Disclosures, as set forth herein.

b. Great Wolf also, with the consent of the Apollo Bidders, entered into the Standstill Waivers. The Apollo Bidders further agreed to waive and not assert any claim that the Standstill Waivers violated Section 6.5(a) or 6.5(b) of the Merger Agreement. The Standstill Waivers only applied to Takeover Proposals delivered in the manner specified in the Merger Agreement. For the avoidance of doubt, except as expressly provided in the MOU, the Apollo Bidders did not (a) waive any other rights provided to them, including, but not limited to, rights provided to the Apollo Bidders in connection with the Merger Agreement and/or the Confidentiality Agreements, or (b) consent to the Company amending, terminating, altering or waiving any other provision of the Merger Agreement or the Confidentiality Agreements.

c. In accordance with the terms of the Stipulation, the Settling Parties have agreed, and the Court has entered an Order that, for purposes of settlement only, the Delaware Consolidated Action shall be conditionally certified as a non-opt-out class action. The Settling Parties have also agreed that the certification of the Class shall be binding only with respect to the Stipulation. In the event that the Stipulation is terminated pursuant to its terms, that the Stipulation is not approved in all material respects by the Delaware Court of Chancery, that the Defendants withdraw from the Settlement pursuant to the terms hereof, that the Effective Date (as defined herein) does not occur, that the Settlement does not otherwise become final for any reason, or that any judgment or order entered pursuant hereto is reversed, vacated or modified in any material respect by the Delaware Court of Chancery or any other court, the certification of the Class shall be deemed vacated, the Delaware Consolidated Action shall proceed as though the Class had never been certified, and no reference to the certification of the Class, or to the Stipulation or any document related thereto, shall be made by any of the Settling Parties for any purpose, except as expressly authorized by the terms of this Stipulation.

d. The Effective Date means the date on which the following two conditions have been met: (i) the Order and Final Judgment (as defined herein) has either been finally affirmed on appeal or is no longer subject to appeal and the time for any petition for re-argument, appeal or review thereof has expired, and (ii) the Wisconsin Action has been dismissed with prejudice as set forth below in Paragraph 41(i).

e. Upon the Effective Date, each of the Plaintiffs and each and all of the Class Members, on behalf of themselves and each and all of their respective affiliates, predecessors, successors and assigns and each and all of their respective current and former officers, directors, managers, members, partners, employees, agents, security holders, attorneys and representatives in their capacities as such, and each of their respective heirs, executors, legal representatives and assigns (collectively, the “Plaintiff Releasers”) shall hereby fully, finally and forever release, acquit and discharge each and all of the Defendants and each and all of their respective past and present predecessors, successors, parent entities, subsidiaries, affiliates, general or limited partners or partnerships, and agents (including, without limitation, any past or present officers, directors, stockholders, members, managers, general or limited partners, limited liability companies, agents, representatives, assignors, employees, advisors, accountants, attorneys, financial or investment advisors, other advisors, consultants, insurers, co-insurers, reinsurers, engineers, investment bankers (including, without limitation, Deutsche Bank) or commercial bankers of any of the foregoing) and each and all of their respective heirs, executors, administrators, trustees, personal or legal representatives, estates, successors or assigns (collectively, the “Defendant Releasees”) from any and all claims, including Unknown Claims (defined herein), that were brought or could have been brought in any or all of the Actions, or that arise out of or relate to any of the allegations that are asserted in any of the Actions (the “Released Claims”) from the beginning of the world to the date of this Stipulation; provided however, that this release does not extend to claims (a) arising out of ordinary course of business commercial dealings between any of the Plaintiff Releasers and any of the Defendant Releasees; (b) seeking an appraisal pursuant to Section 262 of

the Delaware General Corporation Law (8 Del. C. § 262) by any Great Wolf stockholder who properly perfects such appraisal claims and do not otherwise waive her/his/its appraisal rights; or (c) enforcing the terms of the Stipulation, the Settlement, the Order and Final Judgment, and/or the Wisconsin Order.

f. “Unknown Claims” means any of the Released Claims which any Plaintiff or any Class Member does not know or suspect to exist at or prior to the Effective Date which, if known by her, him or it, might have affected her, his or its settlement with and release of any or all of the Defendant Releasees, or might have affected her, his or its decision not to object to the Settlement. The Plaintiffs acknowledge, and the Class Members by operation of law shall be deemed to have acknowledged, that each of them may discover facts in addition to or different from those now known or believed to be true with respect to the Released Claims, but that it is the intention of the Plaintiffs, and by operation of law the Class Members, to completely, fully, finally and forever extinguish any and all Released Claims, known or unknown, suspected or unsuspected, which now exist, or heretofore existed, or hereafter may exist, and without regard to the subsequent discovery of additional or different facts. The Plaintiffs acknowledge, and the Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of “Released Claims” separately was bargained for and was a material element of the Settlement and was relied upon by each and all of the Defendants in entering into the Settlement Agreement.

g. Upon the Effective Date, Defendants, on behalf of themselves and their respective successors-in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns, or transferees, immediate and remote, and any person or entity acting for or on behalf of or claiming under any of them, individually and collectively, shall and hereby do completely, fully, finally and forever release, relinquish, settle and discharge each and all of the Plaintiffs and Plaintiffs’ Counsel from and with respect to any and all claims arising out of or relating to the initiation, prosecution, and/or resolution of the Actions; provided, however, that nothing herein shall prevent any of the Defendant Releasees, Plaintiffs or Plaintiffs’ Counsel from enforcing the terms of the Stipulation, the Settlement, the Order and Final Judgment, and/or the Wisconsin Order.

h. Each of the Plaintiff Releasors shall be deemed to relinquish to the full extent permitted by law, the provisions of and the rights and benefits conferred by Section 1542 of the California Civil Code (“Section 1542”) or any other similar law, rule or regulation of any other state or country. Section 1542 provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

i. Upon the entering of the Order and Final Judgment by the Delaware Court of Chancery, the Settling Parties promptly shall take all necessary and appropriate action to obtain the dismissal with prejudice of the Wisconsin Action. Upon the entry of an order dismissing with prejudice and without costs or attorneys’ fees the Wisconsin Action and such order becoming final, binding and nonappealable (the “Wisconsin Order”), the Settling Parties shall be deemed to have released the Wisconsin Plaintiff and his counsel of record in the Wisconsin Action from any and all claims arising out of the institution, prosecution, settlement or resolution of the Wisconsin Action; provided however, that each and all of the Defendant Releasees shall retain the right to enforce in a Wisconsin court, the Delaware Court of Chancery or elsewhere the terms of the Stipulation, the Settlement, the Order and Final Judgment, and/or the Wisconsin Order.

THE EFFECT OF THE SETTLEMENT ON YOUR RIGHTS

42. If the Court approves the Settlement provided for in the Stipulation, an Order and Final Judgment shall be entered approving the proposed Settlement (the “Final Court Approval”); adjudging the terms thereof to be fair, reasonable and adequate; certifying a non-opt-out class for settlement purposes only; directing the Parties to consummate the terms of the Settlement; awarding Plaintiffs’ Counsel such fees and expenses, consistent with the Stipulation, as the Court deems appropriate; dismissing with prejudice the Delaware Consolidated Action in accordance with the terms of the Stipulation; and providing that the Class Representatives and each member of the Settlement Class, on behalf of themselves and their respective successors in interest, predecessors, representatives, trustees, executors, administrators, heirs, assigns or transferees, immediate and remote, and any person or entity acting for or on behalf of, or claiming under, any of them, and each of them, shall be deemed to

have forever released and discharged each and every of the Released Claims, and shall forever be enjoined from commencing, prosecuting, instigating or in any way participating in the commencement of prosecution of any of the Released Claims either directly, representatively, derivatively, or in any other capacity, against any of the Defendant Releasees; provided, however, that this dismissal and release will become effective upon: (a) entry by the Court of the Order and Final Judgment approving the Settlement set forth in the Stipulation in all material respects; and (b) the expiration of any applicable appeal period for the appeal of the Order and Final Judgment without an appeal having been filed or; if an appeal is taken, the date of final dismissal of any appeal from the Order and Final Judgment; or the date of final affirmance on appeal, if any, of the Order and Final Judgment, the expiration of the time to file a petition for a writ of *certiorari*, or the denial of a writ of *certiorari* to review the Order and Final Judgment, and, if *certiorari* is granted, the date of final affirmance of the Order and Final Judgment following review pursuant to that grant. Any proceeding or order, or any appeal or petition for writ of *certiorari* pertaining solely to any application for attorneys' fees, costs or expenses, shall not in any way delay or preclude the Order and Final Judgment from becoming final.

43. In the event that the Stipulation fails for any reason to become effective in accordance with its terms, the Stipulation shall have no further force and effect and shall not be deemed to prejudice in any way the respective positions of any or all of the Defendants or the Plaintiffs in any of the Actions, and neither the existence of this Stipulation nor its contents shall be admissible in evidence or shall be referred to for any purpose in any or all of the Actions or in any other litigation or proceeding, and any judgment or order entered by the Delaware Court of Chancery in accordance with the terms of the Stipulation shall be treated as vacated *nunc pro tunc*.

INTERIM INJUNCTION

44. The Court has ordered that, pending the Final Court Approval, Plaintiffs and all members of the Class are barred and enjoined from commencing, prosecuting, instigating or in any way participating in the commencement or prosecution of any action asserting any Released Claims, either directly, representatively, derivatively, or in any other capacity, against any of the Defendant Releasees.

THE SETTLEMENT HEARING

45. As set forth above, the Court has scheduled a Settlement Hearing, which will be held on December 18, 2012, at 2:00 p.m., in the Delaware Court of Chancery, New Castle County Courthouse, 500 North King Street, Wilmington, DE 19801, to determine whether the proposed settlement of the Actions should be approved as fair, reasonable, adequate and in the best interests of the proposed Settlement Class and the Defendants and whether the request by counsel for Plaintiffs for an award of attorneys' fees and expenses should be granted.

46. It is not necessary for any member of the Settlement Class, or any other shareholder of Great Wolf, to appear at the Final Approval Hearing. If you do not appear, you will be represented by **Levi & Korsinsky LLP, Pomerantz Grossman Hufford Dahlstrom & Gross LLP, and Bernstein Liebhard LLP**, or their successor(s).

47. Any member of the Settlement Class may appear at the Settlement Hearing, in person or by counsel, and show cause why the proposed Settlement should or should not be approved as fair, reasonable and adequate, or why an Order and Final Judgment should not be entered thereupon, or why an award of attorneys' fees to Plaintiffs' Counsel or their successor(s) should or should not be granted, as requested; provided, however, that no member of the Settlement Class or any other person shall be heard or entitled to contest the approval of the terms and conditions of the proposed Settlement, the requested attorneys' fees or expenses, or, if approved, the Order and Final Judgment to be entered herein approving the same, without permission of the Court, unless no later than ten (10) calendar days prior to the date of the Settlement Hearing set forth above, that person has served by hand or overnight delivery (i) written notice of the intention to appear, (ii) a detailed statement of all of such Person's objections to any matter before the Delaware Court of Chancery, (iii) all of the grounds therefor or the reasons for such Person's desiring to appear and to be heard, as well as documentary proof of membership in the Class and all documents and writings which such Person desires the Delaware Court of Chancery to consider, upon:

Great Wolf Resorts Shareholders Litigation
c/o Rust Consulting, Inc.
P.O. Box 2869
Faribault, MN 55021-8669

IMPORTANT COURT DOCUMENT