

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
AT SPOKANE

PLUMBERS UNION LOCAL NO. 12 PENSION FUND, Individually and on Behalf of All Others Similarly Situated,)	No. 2:09-cv-00214-JLQ
)	<u>CLASS ACTION</u>
)	
Plaintiff,)	
)	
vs.)	
)	
AMBASSADORS GROUP INC., et al.,)	
)	
Defendants.)	

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED AMBASSADORS GROUP INC. (“AMBASSADORS”) PUBLICLY-TRADED SECURITIES ON THE OPEN MARKET BETWEEN JULY 24, 2007 AND OCTOBER 23, 2007, INCLUSIVE, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Ambassadors common stock (CUSIP: 023177108) purchased between July 24, 2007 and October 23, 2007, inclusive (“Class Period”).

Settlement Fund: \$7,500,000 in cash. Your recovery will depend on the number of Ambassadors shares you purchased and the timing of your purchases and any sales of shares. Depending on the number of shares that participate in the total settlement and when those shares were purchased and sold, the estimated average recovery per share of common stock will be approximately \$1.785 before deduction of Court-approved fees and expenses.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery.

If the Case Had Not Settled: Continuing with the case could have resulted in dismissal or loss at trial. The two sides do not agree on the amount of money, if any, that could have been won if the Plaintiff prevailed at trial. The parties disagree about (1) whether and the extent to which the facts alleged by the Plaintiff were materially false or misleading; (2) the extent to which the facts alleged by the Plaintiff influenced the trading prices of Ambassadors securities during the relevant period; and (3) whether the facts alleged were actionable under the securities laws.

Attorneys’ Fees and Expenses: Counsel for the Plaintiff have not received any payment for their work investigating the facts, conducting this Litigation, and negotiating the settlement on behalf of the Plaintiff and the Class. Counsel for the Plaintiff will ask the Court for attorneys’ fees of 25% of the Settlement Fund and expenses not to exceed \$260,000 to be paid from the Settlement Fund. If the above amounts are approved by the Court, the average cost per share of common stock will be \$0.48, making the estimated recovery per share after fees and expenses \$1.305.

Deadlines:

Request Exclusion:	November 10, 2011
File Objection:	November 10, 2011
Submit Claim:	December 19, 2011

Court Hearing on Fairness of Settlement: November 30, 2011

More Information: www.gilardi.com or www.rgrdlaw.com or

Claims Administrator:
Ambassadors Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
1-877-262-4275

Lead Counsel:
Rick Nelson
c/o Shareholder Relations
Robbins Geller Rudman
& Dowd LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM THE ONLY WAY TO RECEIVE A PAYMENT.

EXCLUDE YOURSELF Receive no payment. This is the only option that allows you to participate in another lawsuit against the Defendants relating to the legal claims in this case.

OBJECT You may write to the Court if you do not like this settlement.

GO TO A HEARING You may ask to speak in Court about the fairness of the settlement.

DO NOTHING Receive no payment and be deemed to have released all Released Claims.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement.
- Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Get This Notice Package?

You or someone in your family may have purchased shares of Ambassadors common stock between July 24, 2007 and October 23, 2007, inclusive.

The Court approved sending you this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Eastern District of Washington, and the case is known as *Plumbers Union Local No. 12 Pension Fund v. Ambassadors Group Inc.*, No. 2:09-cv-00214-JLQ. The Person who sued is called the Plaintiff, and the company and the individuals it sued, Ambassadors, Jeffrey D. Thomas, Chadwick J. Byrd, and Margaret M. Thomas, are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that the Defendants made misleading statements about Ambassadors' 2008 marketing program, assuring investors it was similar to prior years, when the program had, in fact, undergone significant changes. The case asserts that these misleading statements resulted in the artificial inflation of Ambassadors' stock price during the Class Period, causing damage to the Class and violating federal securities laws. Defendants deny all of the allegations asserted by the Plaintiff in the Litigation.

3. Why Is This a Class Action?

In a class action, one or more people called a class representative (in this case the Plaintiff, MARTA/ATU Local 732 Employees Retirement Plan) sues on behalf of people who have similar claims. Here, all these people are called a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class. Senior Judge Justin L. Quackenbush is in charge of this class action.

WHO IS IN THE SETTLEMENT

To see if you will get money from this settlement, you first have to determine if you are a Class Member.

4. How Do I Know if I Am Part of the Settlement?

The Class includes *all persons who purchased Ambassadors publicly-traded securities on the open market between July 24, 2007 and October 23, 2007, inclusive, except those persons and entities that are excluded, as described below.*

5. What Are The Exceptions to Being Included?

You are not a Class Member if you are a Defendant, a director or officer of Ambassadors during the relevant times, a member of a Defendant's immediate family or the legal representative, heir, successor or assign of a Defendant, or an entity in which Ambassadors had a controlling interest. In addition, if you validly and timely request exclusion from the Class pursuant to this Notice, you are also excluded from the Class.

If you sold or held Ambassadors securities between July 24, 2007 and October 23, 2007, inclusive, that alone does not make you a Class Member. **YOU ARE A CLASS MEMBER ONLY IF YOU PURCHASED AMBASSADORS SECURITIES ON THE OPEN MARKET BETWEEN JULY 24, 2007 AND OCTOBER 23, 2007, INCLUSIVE.**

THE SETTLEMENT BENEFITS — WHAT YOU GET

6. What Does the Settlement Provide?

Ambassadors, Jeffrey D. Thomas, and Margaret M. Thomas have agreed to pay \$7.5 million in cash to be divided among eligible Class Members who send in valid claim forms, after payment of Court-approved attorneys' fees and expenses, and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund").

7. How Much Will My Payment Be?

Your share of the fund will depend on the number of valid claim forms that Class Members send in and how many shares of common stock you purchased during the relevant period and when you bought and sold them. Your allocation will be based on the October 23, 2007 price decline of \$17.73, as well as the statutory PSLRA 90-day look-back amount of \$17.96. To summarize briefly, you can only recover if you purchased your shares on or between July 24, 2007, and October 22, 2007. The precise calculation of your per-share damages will vary depending on when you sold your shares, and whether you held your shares until on or after January 19, 2008.

You will be eligible to receive a distribution from the Net Settlement Fund only if you had a net loss. All gains and losses (as calculated under the court-approved plan) will be combined and thereafter netted against each other. In addition, no distribution will be made to you unless you will receive a net distribution of at least \$10.00.

The complete Plan of Allocation, including a full description of how your claim will be calculated depending on the dates of purchase and sale, is available at www.gilardi.com and www.rgrdlaw.com.

HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

8. How Will I Get a Payment?

To qualify for payment, you must be an eligible Class Member and you must send in a claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than December 19, 2011.

9. When Will I Get My Payment?

The Court will hold a hearing on November 30, 2011, to decide whether to approve the settlement. If Judge Quackenbush approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

10. What Am I Giving Up to Get a Payment or Stay in the Class?

Unless you exclude yourself, you are staying in the Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same legal issues in this case. It also means that all of the Court's orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are available for review at www.gilardi.com or www.rgrdlaw.com.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same legal issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

11. How Do I Get Out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *Plumbers Union Local No. 12 Pension Fund v. Ambassadors Group Inc.*, No. 2:09-cv-00214-JLQ. You must include your name, address, telephone number, your signature, and the number of shares of Ambassadors common stock you purchased between July 24, 2007 and October 23, 2007, inclusive, the number of shares sold during this time period, if any, and the dates and prices of such purchases and sales. You must mail your exclusion request postmarked no later than November 10, 2011 to:

Ambassadors Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040
1-877-262-4275

You **cannot** exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

12. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you exclude yourself, you give up any right to sue the Defendants for the claims resolved by this settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is November 10, 2011.

13. If I Exclude Myself, Can I Get Money from This Settlement?

No. If you exclude yourself, do not send in a claim form.

THE LAWYERS REPRESENTING YOU

14. Do I Have a Lawyer in This Case?

The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP to represent you and other Class Members. If you want to be represented by your own lawyer, you may hire one at your own expense.

15. How Will the Lawyers Be Paid?

Counsel for the Plaintiff will ask the Court for attorneys' fees of 25% of the Settlement Fund (an average of \$0.446 per share of common stock) and for expenses up to \$260,000 (\$0.034 per share of common stock), which were advanced in connection with the Litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

The attorneys' fees and expenses requested will be the only payment to Counsel for the Plaintiff for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. To date, Counsel for the Plaintiff have not been paid for their services for conducting this Litigation on behalf of the Plaintiff and the Class or for their substantial out-of-pocket expenses. The fee requested will compensate Counsel for the Plaintiff for their work in achieving the Settlement Fund and is well within the range of fees awarded to class counsel under similar circumstances in other cases of this type.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

16. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Class Member, you can object to the settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Plumbers Union Local No. 12 Pension Fund v. Ambassadors Group Inc.*, No. 2:09-cv-00214-JLQ. Be sure to include your name, address, telephone number, your signature, the number of shares of Ambassadors common stock purchased and sold between July 24, 2007 and October 23, 2007, inclusive, and the reasons you object to the settlement. Any objection to the settlement must be mailed or delivered such that it is received by each of the following no later than November 10, 2011:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
Thomas S. Foley United States Courthouse
920 West Riverside Avenue, Suite 840
Spokane, WA 99210

Lead Counsel for Plaintiff:

Joy Ann Bull
ROBBINS GELLER RUDMAN & DOWD LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

*Counsel for Defendants Ambassadors,
Jeffrey D. Thomas, and Margaret M. Thomas:*

Barry M. Kaplan
WILSON SONSINI GOODRICH &
ROSATI, P.C.
701 Fifth Avenue, Suite 5100
Seattle, WA 98104

17. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you don't like something about the settlement. You can object **only if** you stay in the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you don't have to.

18. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 10:00 a.m., on November 30, 2011, in the courtroom of Judge Quackenbush in the Thomas S. Foley United States Courthouse, 920 West Riverside Avenue, Spokane, Washington. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Quackenbush will listen to people who have asked in a timely manner to speak at the hearing. The Court will also consider how much to pay to Counsel for the Plaintiff out of the Settlement Fund. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

19. Do I have to Attend the Hearing?

No. Lead Counsel will answer questions Judge Quackenbush may have. You are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

20. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Plumbers Union Local No. 12 Pension Fund v. Ambassadors Group Inc.*, No. 2:09-cv-00214-JLQ. Be sure to include your name, address, telephone number, your signature, and the number of shares of Ambassadors common stock purchased and sold between July 24, 2007 and October 23, 2007, inclusive. Your notice of intention to appear must be received no later than November 10, 2011, by the Clerk of the Court, Lead Counsel, and Defendants' counsel, at the three addresses listed in Question 16. You cannot speak at the hearing if you exclude yourself from the Class.

IF YOU DO NOTHING

21. What Happens if I Do Nothing at All?

If you do nothing, you'll get no money from this settlement. But, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same legal issues in this case.

GETTING MORE INFORMATION

22. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated July 11, 2011. You can get a copy of the Stipulation of Settlement by writing to Rick Nelson, c/o Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101 or personally from the Clerk's office at the United States District Court for the Eastern District of Washington, Thomas S. Foley United States Courthouse, 920 West Riverside Avenue, Spokane, Washington during regular business hours. It is also available at www.gilardi.com and www.rgrdlaw.com.

23. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the websites at www.gilardi.com or www.rgrdlaw.com.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

If you held any shares of any Ambassadors common stock purchased between July 24, 2007 and October 23, 2007, inclusive, as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either (1) send a copy of this Notice by First-Class Mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Ambassadors Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: September 6, 2011

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON