

IN THE CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT
IN AND FOR PALM BEACH COUNTY, FLORIDA

INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS LOCAL 98,
Individually and on Behalf of All Others Similarly
Situated,

Case No. 50 2007CA 006468XXXXMB (AG)

Plaintiff,

vs.

RANDALL L. CHURCHEY, JACK P. DEBOER,
JOEL F. ZEMANS, MILES BERGER, C. GERALD
GOLDSMITH, JEFFREY H. FISHER, THOMAS J.
CROCKER, ROLF E. RUHFUS, INNKEEPERS
USA TRUST, and APOLLO INVESTMENT
CORPORATION,

Defendants.

**NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION
AND HEARING ON PROPOSED SETTLEMENT**

IF YOU HELD INNKEEPERS USA TRUST (“INNKEEPERS”) COMMON SHARES AS OF APRIL 16, 2007 THROUGH AND INCLUDING JUNE 29, 2007, YOUR RIGHTS MAY BE AFFECTED BY THE SETTLEMENT OF A CLASS ACTION.

The Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida authorized this Notice. This is not a solicitation from a lawyer.

- **Securities and Time Period:** Innkeepers USA Trust (“Innkeepers” or the “Company”) common shares held between April 16, 2007 and June 29, 2007, inclusive.
- **The Lawsuit:** The Settlement resolves litigation over whether Defendants breached their fiduciary duties to the holders of Innkeepers common shares in connection with the acquisition of Innkeepers by Grand Prix Holdings LLC and Grand Prix Acquisition Trust, affiliates of Apollo Investment Corporation (“Apollo” and collectively with its affiliates, the “Apollo Parties,” and, with the Company, the “Merger Parties”).
- **The Settlement:** The Settlement provides for the disclosure by Innkeepers of additional information, suggested by Plaintiffs, in the Definitive Proxy Statement that was filed with the Securities and Exchange Commission (“SEC”) on or about May 29, 2007, and disseminated to Innkeepers shareholders. The Plaintiffs believe disclosure of additional information was necessary in order for Innkeepers’ shareholders to make an informed vote on the proposed acquisition of Innkeepers by the Apollo Parties. The disclosures in the Definitive Proxy Statement included additional information about: additional aspects of the comparable company analysis, comparable transactions analysis, premiums paid analysis and discounted cash flow analysis conducted by Lehman Brothers in connection with its presentation to the Board and as a basis for its fairness opinion on the Merger; additional aspects of the selected public companies analysis, the selected precedent transactions analysis, the discounted cash flow analysis and the net asset value analysis conducted by

UBS, and certain data underlying the results of those analyses, to show how that information resulted in the values disclosed; the name(s) of the person(s) who invited Lehman Brothers to attend the meeting of Innkeepers Board of Trustees (the “Board”) on September 7, 2005; the “strategic alternatives” that the Board resolved to explore following discussions at the September 7, 2005 Board meeting; whether Apollo was one of the “potential financial buyers” Innkeepers held informal exploratory discussions with regarding a potential combination or sale of the Company; the number of “possible financial and strategic buyers” contacted by Lehman Brothers in October and November, 2005, and whether Apollo was one of the contacted financial buyers; whether Apollo was one of the parties who contacted Lehman Brothers during the second and third quarters of 2006 regarding a possible sale of the Company; and the reasons(s) why Lehman Brothers approached Apollo in February 2007 to gauge its interest in a potential transaction with the Company. Additionally, the Defendants agreed to reduce the termination fee payable to Apollo under certain conditions by \$3.4 million.

- **Attorney’s Fees and Expenses:** The Settlement also provides for payment of Plaintiffs’ attorneys’ fees and expenses.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
DO NOTHING	
OBJECT	You may write to the Court if you don’t like this Settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement.

- 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.

BASIC INFORMATION

1. Why Did I Get This Notice?

You or someone in your family held shares of Innkeepers common shares as of April 16, 2007 through and including June 29, 2007 (the “Settlement Class Period”).

If this description applies to you, you have a right to know about a proposed Settlement of a class action lawsuit before the Court decides whether to approve the Settlement.

This Notice explains the lawsuit, the proposed Settlement and your legal rights.

2. What Is This Lawsuit About?

This case was brought as a class action alleging that Defendants breached their fiduciary duties to the shareholders of Innkeepers common shares in connection with the acquisition of Innkeepers by the Apollo Parties. The actions complained, among other things, that the trustees of the Company breached their fiduciary duties by adopting a merger agreement that failed to properly value the Company and by failing to disclose allegedly material facts to the Company’s public shareholders in connection with the merger. Plaintiffs sought to stop Defendants from proceeding with the acquisition and challenged the terms of the merger agreement, including the contemplated merger consideration of \$17.75 per share, and the omission of information Plaintiffs believed was necessary for Innkeepers shareholders to make an informed vote on the proposed acquisition.

Defendants contend that the allegations are meritless and did not justify a delay in the merger and deny that they did anything wrong. However, Defendants agreed to make additional disclosures in the Definitive Proxy Statement sent to Innkeepers shareholders in connection with the vote to approve or disapprove the Merger.

3. Why Is This a Class Action?

In a class action, one or more people or entities called class representatives (in this case International Brotherhood Of Electrical Workers Local 98) sue on behalf of people and entities who have similar claims. Here, all these people and entities are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members. The Court in charge of the case is the Circuit Court for the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida and the case is known as *International Brotherhood Of Electrical Workers Local 98 v. Randall L. Churchey, et. al.*, Case No. 50 2007CA 006468 (the “IBEW Action”). One other similar action is pending in the Circuit Court for the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida - *Norfolk County Retirement System v. Innkeepers USA Trust, et al.*, Case No. 50 2007CA 006912 (the “Norfolk Action”). A third case - *Plymouth County Retirement System v. Churchey, et al.*, Case No. 50 2007CA 007545 - which had similar claims was voluntarily dismissed without prejudice on June 18, 2007 (together with the IBEW Action and the Norfolk Action, the “Actions”). The Norfolk Action complaint will be dismissed with prejudice by the plaintiffs in that action upon final Court approval of this Settlement.

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to settle the litigation, thereby avoiding the cost and risks of further litigation and a trial. In late May 2007, the parties reached an agreement in principle, expressed in a memorandum of understanding, providing for the settlement of the suits subject to the Florida court’s approval. Before agreeing to finalize the Settlement, Plaintiffs’ Counsel undertook certain confirmatory discovery efforts, including the taking of depositions and reviewing of documents, that confirmed, in the view of Plaintiffs and their counsel, that the material terms of the merger, including the additional disclosures that Innkeepers made, were fair. Following completion of that discovery, Plaintiffs’

Counsel determined that the additional disclosures that Defendants agreed to provide to shareholders were sufficient to allow Innkeepers shareholders to make an informed vote on the merger, and that such additional disclosures together with the reduction of a termination fee (as described below) made the acquisition procedurally fair to Innkeepers shareholders.

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

The Settlement Class includes all holders of Innkeepers common shares as of April 16, 2007, through and including the date of the closing of the merger on June 29, 2007, including any and all of the legal representatives, heirs, successors, successors in interest, predecessors, predecessors in interest, trustees, executors, administrators, transferees and assigns, and any person or entity acting for or on behalf of, or claiming under, any of all such foregoing holders, immediate and remote, except for the Defendants and their “affiliates” and “associates” (as those terms are defined in Rule 12b-2 promulgated pursuant to the Securities Act of 1934).

THE SETTLEMENT BENEFITS

6. What Does the Settlement Provide?

Plaintiffs had alleged that the merger consideration of \$17.75 per share of Innkeepers common shares, as originally contemplated by the Defendants, was financially unfair to Innkeepers’ public shareholders, that Defendants failed to disclose to shareholders certain material information relating to the acquisition, and that the acquisition was procedurally unfair because, among other things, it was the culmination of a process that was not designed to maximize shareholder value and sought to provide certain Innkeepers officers and trustees with preferential treatment over its public shareholders. Defendants have denied and continue to deny all allegations of wrongdoing, fault, liability, or damage to Plaintiffs and the putative class. However, to settle the lawsuit, Defendants agreed to make additional disclosures in the Definitive Proxy Statement distributed to Innkeepers shareholders in connection with the Merger. Defendants acknowledge that the decision to provide

the additional information and to amend the Merger Agreement was a result of the filing, pendency and prosecution of the lawsuit and the efforts of Plaintiffs and Plaintiffs' Counsel and that absent the lawsuit, these changes would not have been made. While Plaintiffs believe that the additional disclosures are material to the acquisition, the Defendants make no admission that the additional disclosures are material.

- The disclosures in the Definitive Proxy Statement included additional information about: additional aspects of the comparable company analysis, comparable transactions analysis, premiums paid analysis and discounted cash flow analysis conducted by Lehman Brothers in connection with its presentation to the Board and as a basis for its fairness opinion on the Merger; additional aspects of the selected public companies analysis, the selected precedent transactions analysis, the discounted cash flow analysis and the net asset value analysis conducted by UBS, and certain data underlying the results of those analyses, to show how that information resulted in the values disclosed; the name(s) of the person(s) who invited Lehman Brothers to attend the Board's meeting on September 7, 2005; the "strategic alternatives" that the Board resolved to explore following discussions at the September 7, 2005 Board meeting; whether Apollo was one of the "potential financial buyers" Innkeepers held informal exploratory discussions with regarding a potential combination or sale of the Company; the number of "possible financial and strategic buyers" contacted by Lehman Brothers in October and November, 2005, and whether Apollo was one of the contacted financial buyers; whether Apollo was one of the parties who contacted Lehman Brothers during the second and third quarters of 2006 regarding a possible sale of the Company; and the reasons(s) why Lehman Brothers approached Apollo in February 2007 to gauge its interest in a potential transaction with the Company.

- Additionally, the Defendants reduced the termination fee payable to the Apollo Parties under certain conditions by \$3.4 million.

7. What Does It Mean to Be Part of the Settlement Class?

If you are in the Settlement Class, that means you cannot sue, continue to sue, or be part of any other lawsuit against Defendants or the Released Parties (defined below) regarding the claims being released in this Settlement. It also means that all of the Court's orders will apply to you and legally bind you.

Pursuant to the proposed Settlement, and upon entry of the Order and Final Judgment, Plaintiff and the other Settlement Class Members shall release and forever discharge, and shall forever be enjoined from prosecuting, the Released Persons (defined below) with respect to each and every Released Claim (defined below).

The "Defendants" include the following, each of whom will be released from all Released Claims: Innkeepers, Randall L. Churchey, Jack P. Deboer, Joel F. Zemans, Miles Berger, C. Gerald Goldsmith, Jeffrey H. Fisher, Thomas J. Crocker, Rolf E. Ruhfus, and Apollo. The proposed Settlement will release all Settlement Class Members' Released Claims against any and all of the Defendants (or any one of them), and any of their respective families, affiliates, parents, or subsidiaries and each and all of their respective past, present or future officers, directors, shareholders, members, employees, agents, attorneys, advisors, insurers, accountants, trustees, financial or investment advisors, commercial bankers, persons who provided fairness opinions, investment bankers, associates, representatives, general partners, limited partners, partnerships, heirs, executors, personal representatives, estates, administrators, predecessors, successors and assigns (herein collectively the "Released Persons").

“Released Claims” means any and all claims, rights, demands, suits, matters, issues, actions or causes of action, liabilities, damages, losses, obligations and judgments of any kind or nature whatsoever, whether known or unknown, contingent or absolute, suspected or unsuspected, disclosed or undisclosed, matured or unmatured, that have been, could have been, or in the future might be asserted in this action or in any court, tribunal or proceeding (including, but not limited to, any claims arising under federal or state law related to the alleged breach of any duty, negligence, violations of the federal securities or antitrust laws or otherwise) by the Plaintiffs, or by or on behalf of any and all Settlement Class Members, whether in an individual, class, direct, derivative, representative, legal, equitable, or any other type of capacity, against such Released Persons or against any or all Defendants and any of their present or former officers, directors, employees, agents, attorneys, advisors, insurers, accountants, trustees, financial advisors, commercial bank lenders, persons who provided fairness opinions, investment bankers, associates, representatives, affiliates, parents, subsidiaries (including the directors and officers of such affiliates, parents, and subsidiaries), general partners, limited partners, partnerships, heirs, executors, personal representatives, estates, administrators, successors and assigns, whether under state or federal law, including but not limited to the federal securities laws (except for the rights conferred by this Settlement), and whether directly, derivatively, representatively or arising in any other capacity, in connection with, or that arise out of, any claim that was or could have been brought in the Actions, or that arise now or hereafter out of, or that relate in any way to, the acts, facts or the events alleged in the Actions, including without limitation, the Merger Agreement, the Preliminary Proxy Statement, the Definitive Proxy Statement, the Merger, the events leading up to the Merger, including without limitation the negotiation and consideration of the Merger and any agreements and disclosures relating thereto, and any acts, facts, matters, events, transactions, occurrences, conduct,

representations, misrepresentations or omissions relating to or arising out of the subject matter referred to in the Actions, and the fiduciary and disclosure obligations of any of the Defendants, the Defendants' affiliates, or the Released Persons with respect to any of the foregoing (whether or not such claim was or could have been asserted in the Actions).

With respect to any and all Released Claims, the Parties stipulate and agree that the Plaintiffs shall expressly, and each of the Settlement Class Members shall be deemed to have, and by operation of the Order and Final Judgment shall have, waived and relinquished, to the fullest extent permitted by law, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, that is similar, comparable, or equivalent in effect to California Civil Code Section 1542 or that would otherwise act to limit the effectiveness or scope of the releases. California Civil Code 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."

If the proposed Settlement is approved by the Court, all Released Claims will be dismissed on the merits and with prejudice as to all Settlement Class Members and all Settlement Class Members shall be forever barred from prosecuting a class action or any other action raising any Released Claims against any Released Persons.

THE LAWYERS REPRESENTING YOU

8. Do I Have a Lawyer in This Case?

The law firms of Lerach Coughlin Stoia Geller Rudman & Robbins LLP and Labaton Sucharow & Rudoff LLP represent you and other Settlement Class Members. These lawyers are called Plaintiffs' Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

9. How Will the Lawyers Be Paid?

Defendants have agreed that if the other conditions of the Settlement are satisfied, including approval by the Court, Innkeepers or its successor shall pay attorneys' fees, expenses and costs of Plaintiffs' Counsel of up to \$975,000.00. The attorneys' fees and expenses will be the only payment to Plaintiffs' Counsel for their efforts in achieving this Settlement and for their risk in undertaking this representation on a wholly contingent basis.

OBJECTING TO THE SETTLEMENT

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

10. How Do I Tell the Court that I Don't Like the Settlement?

If you are a Settlement Class member, you can object to the Settlement if you don't 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 *International Brotherhood Of Electrical Workers Local 98 v. Randall L. Churchey, et. al.*, Case No. 50 2007CA 006468. Be sure to include your name, address, telephone number, your signature, the number of shares of Innkeepers common shares that you held as of April 16, 2007, through and including June 29, 2007, and the reasons you object to the Settlement. Mail the objection to each of the following places such that it is received no later than February 1, 2008 by each of the following:

Court

Clerk of the Court
CIRCUIT COURT OF THE FIFTEENTH JUDICIAL CIRCUIT IN AND FOR
PALM BEACH COUNTY, FLORIDA
Palm Beach County Courthouse
205 North Dixie Highway
3rd Floor, Room 3.23
West Palm Beach, FL 33401

Counsel for Plaintiffs

Jonathan M. Stein, Esq.
LERACH COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
120 E. Palmetto Park Road, Suite 500
Boca Raton, FL 33432

Counsel for Defendants Innkeepers USA Trust, Randall L. Churchey, Jack P. Deboer, Joel F. Zemans, Miles Berger, C. Gerald Goldsmith, Thomas J. Crocker and Rolf E. Ruhfus

David C. Bryan
WACHTELL, LIPTON, ROSEN & KATZ
51 West 52nd Street
New York, NY 10019

Counsel for Defendant Apollo Investment Corporation

Joseph C. Coates, III
GREENBERG TRAUERIG, LLP
777 S. Flagler Drive, Suite 300 East
West Palm Beach, FL 33401

Counsel for Defendant Jeffrey H. Fisher

George H. Mernick, III
HOGAN & HARTSON, LLP
555 Thirteenth Street, NW
Washington, D.C. 20004

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.

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

The Court will hold a fairness hearing at 8:00 a.m., on February 15, 2008, at the Circuit Court of the Fifteenth Judicial Circuit, in and for Palm Beach County, Florida, , Room 9C, Main Courthouse, 205 North Dixie Highway, 3rd Floor, West Palm Beach, FL 33401. At this hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have requested to speak at the hearing. The Court may also consider an award of attorneys' fees and reimbursement of expenses to be paid to Plaintiffs' Counsel by Innkeepers or its successor. The Court may decide these issues at the hearing or take them under consideration. We do not know how long the Court's decision will take.

12. Do I Have to Come to the Hearing?

No. Plaintiffs' Counsel will answer questions the Court may have. But, you are welcome to come 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 submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

13. 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 *International Brotherhood Of Electrical Workers Local 98 v. Randall L. Churchey, et. al.*, Case No. 50 2007CA 006468. Be sure to include your name, address, telephone number, your signature, and the number of shares of Innkeepers common shares you held between April 16, 2007 and June 29, 2007, inclusive. Your notice of intention to appear must be received no later than February 1, 2008, by the court and each of the counsel for the parties at their addresses listed in question 10.

GETTING MORE INFORMATION

14. Are There More Details About the Settlement?

This Notice summarizes the proposed Settlement. More details are in the Stipulation of Settlement entered into as of September 5, 2007. You can get a copy of the Stipulation of Settlement during business hours at the Palm Beach County Clerk of the Court, Circuit Civil, Main Courthouse, 205 North Dixie Highway, 3rd Floor, Room 3.23, West Palm Beach, FL 33401, or by writing to Rick Nelson, c/o Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

15. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, Lerach Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101.

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

If you held any Innkeepers common shares as of April 16, 2007, through and including the date of the closing of the merger on June 29, 2007, as nominee for a beneficial owner, then, within ten (10) calendar 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 entities; or (2) provide a list of the names and addresses of such persons or entities to the Notice Administrator:

Innkeepers Shareholder Litigation Notice Administrator
Dennis Sneyers
Computershare Investors Services LLC
2 N. LaSalle Street
Chicago, IL 60602

If you choose to mail the Notice yourself, you may obtain from the Notice 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 Notice Administrator.

DATED: December 5, 2007

BY ORDER OF THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT, IN AND FOR PALM
BEACH COUNTY, FLORIDA