

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO**

LESLIE NIEDERKLEIN, Individually and on Behalf of All Others Similarly Situated,)	Civil Action No. 1:10-cv-00479-CWD
)	
)	<u>CLASS ACTION</u>
Plaintiff,)	
)	NOTICE OF PROPOSED SETTLEMENT OF
vs.)	CLASS ACTION
)	
PCS EDVENTURES!.COM, INC., and)	
ANTHONY A. MAHER,)	
)	
Defendants.)	

IF YOU PURCHASED PCS EDVENTURES!.COM, INC. (“PCS” OR THE “COMPANY”),¹ COMMON STOCK ON OR ABOUT MARCH 28, 2007 THROUGH AUGUST 15 2007, INCLUSIVE, AND ARE NOT OTHERWISE EXCLUDED FROM THE SETTLEMENT CLASS, YOU COULD GET A PAYMENT FROM A CLASS ACTION SETTLEMENT.

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

BASIC INFORMATION

Why did I get this Notice package?

You or someone in your family may have purchased PCS common stock between March 28, 2007 through and including August 15, 2007, inclusive. The Court directed that you be sent 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 (if there are any) 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.

What is this lawsuit about?

This Action alleges that PCS and certain of its executives violated the federal securities laws by making false and misleading statements and omissions in connection with the Company’s announcement of a \$7.15 million contract with PCS Middle East and Class Members (also referred to as “Settlement Class Members”) suffered damages as a result of the decline in the price of PCS’s common stock.

Defendants deny all of Plaintiff’s allegations and further deny that they did anything wrong. Defendants also deny that Plaintiff or the Settlement Class suffered damages or that the price of PCS common stock was artificially inflated by reasons of alleged misrepresentations or nondisclosures.

Why is this a class action?

In a class action, one or more people called class representatives sue on behalf of people who have similar claims. All of these people and/or entities 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.

¹ This Notice incorporates by reference the definitions in the Stipulation of Settlement dated September 29, 2011 (“Stipulation”), and all capitalized terms used, but not defined herein, shall have the same meanings as in the Stipulation.

Why is there a settlement?

The Court did not decide in favor of the Plaintiff or Defendants. Instead, the Parties and the lawyers for both sides of the lawsuit have negotiated a settlement that they believe is in the best interests of their respective clients. The settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the uncertainty of a trial and appeals and permits Class Members to be compensated without further delay. Plaintiff and his attorneys think the settlement is best for all Class Members.

WHO GETS MONEY FROM THE SETTLEMENT

How do I know if I am part of the Settlement Class?

The Settlement Class includes all Persons who purchased the common stock of PCS between March 28, 2007 through August 15, 2007, inclusive.

Are there exceptions to being included in the Settlement Class?

Yes. Excluded from the Settlement Class are Defendants, the officers and directors of PCS, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which defendants have or had a controlling interest. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

THE SETTLEMENT BENEFITS—WHAT YOU GET

What does the settlement provide?

PCS has agreed to pay \$665,000 in cash (the "Cash Consideration"). The Cash Consideration, plus interest earned from the date it is established (the "Settlement Fund"), less costs, fees, and expenses (the "Net Settlement Fund"), will be divided among all eligible Class Members who send in valid Proof of Claim and Release forms ("Proofs of Claim"). Costs, fees, and expenses include Court-approved attorneys' fees and expenses, reasonable costs and expenses of the Plaintiff directly relating to representation of the Settlement Class, the costs of notifying the Settlement Class, including the costs of printing and mailing this Notice, the costs of claims administration, and taxes on the Settlement Fund.

How much will my payment be?

Your share of the Net Settlement Fund will depend on the number of valid claims submitted, the number of shares of PCS common stock you purchased during the Settlement Class Period, and the dates on which you bought and sold your shares. Plaintiffs' Lead Counsel conferred with their damages consultants for the purpose of determining the amount a Class Member may recover under the Plan of Allocation. The Plan of Allocation reflects an assessment of damages that Plaintiffs' Lead Counsel believes could have been recovered had Plaintiff prevailed at trial.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Class Member will receive an amount equal to the Class Member's claim, as defined below. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Class Member, then each Class Member shall be paid the percentage of the Net Settlement Fund that each Class Member's claim bears to the total of the claims of all Class Members (his, her, or its "*Pro Rata Share*"). In the event a Class Member's claim or *Pro Rata Share* is less than \$5.00, no payment will be made due to the administrative time and cost associated with the issuance of payments. Payment in this manner shall be deemed conclusive against all Class Members.

A “claim” will be calculated as follows:

- 1. For shares of PCS Edventures!.com common stock purchased, or acquired, on or between March 28, 2007 through and including August 14, 2007, and:**
 - (a) sold prior to August 15, 2007, the claim per share is \$0.00.
 - (b) sold on August 15, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price and the selling price.
 - (c) retained at the end of August 15, 2007, and sold before November 13, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price and the selling price or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale.
 - (d) retained or sold on or after November 13, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price per share and \$0.96 per share.
- 2. For shares of PCS Edventures!.com common stock purchased, or acquired, on August 15, 2007, and:**
 - (a) sold on August 15, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price and the selling price.
 - (b) retained at the end of August 15, 2007, and sold before November 13, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price and the selling price or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale.
 - (c) retained or sold on or after November 13, 2007, the claim per share shall be the lesser of (i) \$0.34 (August 15, 2007 Price Decline) or (ii) the difference between the purchase price per share and \$0.96 per share.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net market loss after all profits from transactions in PCS common stock, including short sales, during the Settlement Class Period are subtracted from all losses. Retained shares shall be ascribed the market value at the close of trading on November 13, 2007, for purposes of establishing market loss.

Claims will be calculated on a first in, first out (FIFO) basis, with sales being matched first against the opening position, then subsequent Settlement Class Period purchases. Open short sales as of close of trading March 27, 2007, will be matched against earliest Settlement Class Period purchases.

Short sales will have a recognized loss of zero (\$0.00) but will be considered in market loss calculations as noted above.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Class Members. No Person shall have any claim against Plaintiff, any of Plaintiffs’ Lead Counsel, any claims administrator, or other Person designated by Plaintiffs’ Lead Counsel based on distributions made substantially in accordance with the Stipulation and the settlement contained therein, the Plan of

Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court) but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

HOW YOU GET A PAYMENT—SUBMITTING A PROOF OF CLAIM

How will I get a payment?

To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim 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 90 calendar days after entry of the preliminary approval order, by January 3, 2012.

When would I get my payment?

The Court will hold a hearing to decide whether to approve the settlement. If the Court approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved favorably, and resolving them can take time, perhaps more than a year. It also takes time for all the Proofs of Claim to be processed. If there are no appeals and depending on the number of claims submitted, the Claims Administrator could distribute the Net Settlement Fund as early as nine months after the fairness hearing. Please be patient.

What am I giving up to get a payment or stay in the Settlement Class?

Unless you exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in this case or about issues that could have been asserted 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 Released Parties.

“Claims” means any and all claims (including Unknown Claims as defined below), debts, demands, rights, or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys’ fees, expert or consulting fees, and any other costs, expenses, or liability whatsoever), whether asserted individually or in a representative capacity, whether based on federal, state, local, statutory, or common law or any other law, rule, or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, including both known claims and unknown claims that have been, or could have been, asserted: (i) in the Action by the members of the Settlement Class or any of them against any of the Released Parties, or (ii) in any forum by the members of the Settlement Class or any of them against any of the Released Parties which arise out of, relate in any way or are based upon the allegations, transactions, facts, matters or occurrences, representations, or omissions involved, set forth, or referred to in the Class Action Complaint for Violation of Federal Securities Law filed on September 17, 2010 against any of the Released Parties.

“Unknown Claims” means any Claims which Lead Plaintiff or Settlement Class Members do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Parties, or might have affected his, her, or its decision not to object to this settlement. With respect to any and all Claims, the Parties stipulate and agree that, upon the Effective Date, Plaintiff shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code § 1542, which 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.

Lead Plaintiff shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived 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, which is similar, comparable or equivalent to California Civil Code § 1542. Lead Plaintiff and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Claims, but Lead Plaintiff shall expressly settle and release and each member of the Settlement Class, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

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 issues in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as “opting out” of the Settlement Class.

How do I get out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from *Niederklein v. PCS Edventures!.com, Inc.*, Civil Action No. 1:10-cv-00479-CWD. You must include your name, address, and telephone number; your signature; all purchases and sales of PCS common stock made during the Settlement Class Period and the dates of such purchases and sales; and the price paid or received for each such purchase or sale. You must mail your exclusion request postmarked no later than 14 days before the date of the Settlement Fairness Hearing, by February 8, 2012, to *Niederklein v. PCS Edventures!.com, Inc.*, Claims Administrator, EXCLUSIONS, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8091.

You cannot exclude yourself on the phone or by email. 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.

THE LAWYERS REPRESENTING YOU

Do I have a lawyer in this case?

The Court appointed the law firm of Robbins Umeda LLP to represent you and other Class Members. These lawyers are called Plaintiffs’ Lead Counsel. These lawyers will apply to the Court for payment from the Settlement Fund; you will not otherwise be charged for their work. If you want to be represented by your own lawyer, you may hire one at your own expense.

How will the lawyers be paid?

At the fairness hearing, Plaintiffs' Lead Counsel will request the Court to award attorneys' fees of 25% of the Settlement Fund and for expenses in an amount not to exceed \$20,000, which were incurred in connection with the Action. This compensation will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses. To date, Plaintiffs' Lead Counsel have not received any payment for their services in conducting this Action on behalf of the Plaintiff and the Settlement Class, nor have counsel been paid for their expenses. The fee requested will compensate Plaintiffs' Lead Counsel for their work in achieving the settlement and is 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, the Plan of Allocation, or Plaintiff's request for an award of attorneys' fees and expenses.

How do I tell the Court that I do not like the settlement?

If you are a Class Member (and you have not excluded yourself), you can object to the settlement, the request for attorneys' fees and expenses, or the Plan of Allocation if you do not like any part of it. You can give reasons why you think the Court should not approve the settlement, the request for attorneys' fees and expenses, or the Plan of Allocation. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed settlement in *Niederklein v. PCS Adventures!.com, Inc.*, Civil Action No. 1:10-cv-00479-CWD. Be sure to include your name, address, and telephone number; your signature; the number of shares of PCS common stock purchased between March 28, 2007 through August 15, 2007, inclusive; and the reasons you object to the settlement, the requested attorneys' fees and expenses, or the Plan of Allocation. Any such objection must be filed with the Clerk of the United States District Court for the District of Idaho, 550 West Fort Street, Room 400, Boise, ID 83724, and mailed or delivered such that it is received by each of the following no later than 14 calendar days before the date of the Settlement Fairness Hearing, by February 8, 2012:

Plaintiffs' Lead Counsel
ROBBINS UMEDA LLP
Craig W. Smith, Esq.
600 B Street, Suite 1900
San Diego, CA 92101

Counsel for Defendants
MAUK & BURGOYNE
Briane Nelson Mitchell, Esq.
515 South 6th Street
Boise, ID 83701

What is the difference between objecting and excluding myself from the settlement?

Objecting is telling the Court that you do not like something about the proposed settlement. You can object **only** if you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer applies to you.

THE SETTLEMENT FAIRNESS HEARING

When and where will the Court decide whether to approve the settlement?

The Court will hold a hearing at 1:00 p.m. on February 22, 2012, at the United States District Court, District of Idaho, 550 West Fort Street, Room 400, Boise, ID 83724. 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 also decide whether to approve the payment of fees and expenses to Plaintiffs' Lead Counsel, including the Plan of Allocation.

Do I have to come to the hearing?

No. Plaintiffs' Lead Counsel will answer questions the Court may have. You are welcome to come at your own expense. You may also pay your own lawyer to attend, but you are not required to do so.

May I speak at the hearing?

You may ask the Court for permission to speak at the hearing. To do so, you must send a letter saying that it is your intention to appear in *Niederklein v. PCS Edventures!.com, Inc.*, Civil Action No. 1:10-cv-00479-CWD. Your notice of intention to appear must be received no later than February 8, 2012, by the Clerk of the Court, Plaintiffs' Lead Counsel, and counsel for Defendants at the addresses listed above. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

What happens if I do nothing at all?

If you do nothing, you will get no money from this settlement and you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the same issues in this case.

Special Notice to Banks, Brokers, and Other Nominees

If you hold or held any PCS common stock during the Settlement Class Period as a 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. 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.

GETTING MORE INFORMATION

Are there more details about the settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation, which has been filed with the Court. You can get a copy of the Stipulation from the Clerk of the Court's office during regular business hours, or you can call or write to a representative of Plaintiffs' Lead Counsel, c/o Lauren Levi, Shareholder Relations, Robbins Umeda LLP, 600 B Street, Suite 1900, San Diego, CA 92101.

**PLEASE DO NOT CALL THE COURT OR THE CLERK OF THE COURT FOR
ADDITIONAL INFORMATION ABOUT THE SETTLEMENT.**