

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

LANCE TEAGUE, INDIVIDUALLY AND ON BEHALF OF ALL OTHERS SIMILARLY SITUATED,	X	
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<i>Plaintiff,</i>	:	
	:	
<i>vs.</i>	:	Case No.: 1:10-cv-00634-BLW
	:	
ALTERNATE ENERGY HOLDINGS, INC., DONALD L. GILLISPIE, AND JENNIFER RANSOM,	:	
	:	
<i>Defendants.</i>	:	
	X	

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired the common stock (“Stock”) of Alternate Energy Holdings, Inc. (“Alternate Energy” or the “Company”) during the period from October 23, 2006 through and including December 14, 2010, you could get a payment from a class action settlement (the “Settlement”).

Under law, a federal court has authorized this notice.

- If approved by the Court, the settlement will provide \$450,000, plus interest (the “Settlement Amount”), to pay claims of investors who purchased Alternate Energy Stock during the period from October 23, 2006 through and including December 14, 2010 (the “Class Period”).
- The Settlement represents an average recovery of \$0.0053 per share of Alternate Energy Stock for the 85 million shares estimated to have suffered damages during the Class Period. A share may have been traded more than once during the Class Period. This estimate solely reflects the average recovery per outstanding share of Alternate Energy Stock. The indicated average recovery per share will be the total average recovery for all purchasers of that share. This is not an estimate of the actual recovery per share you should expect. Your actual recovery will depend on the aggregate losses of all Class Members, the date(s) you purchased and sold Alternate Energy Stock, and the total number of claims filed.
- Attorneys for the Lead Plaintiff (“Class Counsel”) intend to ask the Court to award them fees of up to one-third of the Settlement Amount and reimbursement of litigation expenses not to exceed \$15,000. Collectively, the attorneys’ fees and expenses are estimated to average \$0.0019 per share of Alternate Energy Stock. If approved by the Court, these amounts will be paid from the Settlement Fund.
- The approximate recovery, after deduction of attorneys’ fees and expenses approved by the Court, is an average of \$0.0034 per share of Alternate Energy Stock. This estimate is based on the assumptions set forth in the preceding paragraph. Your actual recovery, if any, will vary depending on your purchase price and sales price, and the number of Proof of Claim forms filed.
- The Settlement resolves the lawsuit concerning whether Defendants made materially false and misleading statements and engaged in a scheme to manipulate and artificially inflate the market price of Alternate Energy stock by (1) paying stock promoters to create artificial demand in the marketplace through end of day stock purchases, and failing to disclose the same; (2) misrepresenting that the Company’s officers and directors had never sold any shares of the Company’s stock; (3) understating the amount of the Company’s officers’ and directors’ compensation from the Company; (4) misrepresenting that a company that published a favorable article about the Company was not paid by the Company; and (5) misrepresenting the Company’s true financial condition and potential business prospects.
- Defendants Alternate Energy, Donald L. Gillispie (“Gillispie”), and Jennifer Ransom (“Ransom”), (collectively, the “Defendants”), deny the allegations in the lawsuit and deny any wrongdoing. The Defendants and Lead Plaintiff disagree on liability and damages.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to recover on this claim. Therefore, you should read this notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM FORM NO LATER THAN SEPTEMBER 24, 2012	The only way to get a payment.
EXCLUDE YOURSELF NO LATER THAN SEPTEMBER 24, 2012	Get no payment. This is the only option that allows you to be part of any other lawsuit against Defendants about the legal claims in this case.
OBJECT BY NO LATER THAN OCTOBER 17, 2012	Write to the Court about why you do not like the settlement.
GO TO A HEARING ON OCTOBER 31, 2012	Speak in Court about the fairness of the settlement.
DO NOTHING	Get no payment. Give up rights.

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

Alternate Energy Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 North Jackson Street – Suite 3
Media, PA 19063
Tel: (866) 274-4004
www.strategicclaims.net

COMMON QUESTIONS AND ANSWERS CONCERNING THE SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired Alternate Energy Stock during the Class Period.

2. What is this lawsuit about?

The case is known as *Teague v. Alternate Energy Holdings, Inc. et al.*, Case No. 10-cv-00634 (the “Litigation”), and the Court in charge of the case is the United States District Court for the District of Idaho.

The Class Action involves whether Defendants violated the federal securities laws in making materially false and misleading statements and in engaging in a scheme to manipulate and artificially inflate the market price of Alternate Energy stock by (1) paying stock promoters to create artificial demand in the marketplace through end of day stock purchases, and failing to disclose the same; (2) misrepresenting that the Company’s officers and directors had never sold any shares of the Company’s stock; (3) understating the amount of the Company’s officers’ and directors’ compensation from the Company; (4) misrepresenting that a company that published a favorable article about the Company was not paid by the Company; and (5) misrepresenting the Company’s true financial condition and potential business prospects. The Defendants deny they did anything wrong. The Settlement resolves all of the claims in the Class Action.

3. Why is this a class action?

In a class action, one or more persons and/or entities, called Lead Plaintiffs, sue on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

4. Why is there a Settlement?

Lead Plaintiff and Defendants do not agree regarding the merits of Lead Plaintiff’s allegations with respect to liability or the average amount of damages per share that would be recoverable if Lead Plaintiff were to prevail

at trial on each claim. The issues on which the Lead Plaintiff and Defendants disagree include: (1) whether Defendants engaged in a scheme to manipulate and artificially inflate the market price of Alternate Energy stock; (2) whether Defendants failed to disclose the existence of the stock manipulation scheme; (3) whether Defendants made materially false and misleading statements; (4) whether Defendants Gillispie and Ransom exercised control over Defendants' misconduct; (5) whether Defendants' misconduct was the cause of the Class Members' alleged damages; and (6) the amount of damages, if any, suffered by the Class Members.

This matter has not gone to trial and the Court has not decided in favor of either Lead Plaintiff or Defendants. Instead, Lead Plaintiffs and Defendants have agreed to settle the Class Action. The Lead Plaintiff and Class Counsel believe the settlement is best for all Class Members because of the risks associated with continued litigation and the nature of the defenses raised by the Defendants. Even if Plaintiffs win at trial, and also withstand Defendants' inevitable challenge on appeal, Plaintiffs might not be able to collect some, or all, of the judgment.

5. How do I know if I am part of the Class settlement?

To be a Class Member, you must have purchased or otherwise acquired Alternate Energy Stock during the period from October 23, 2006 through and including December 14, 2010, and suffered losses in your investment.

6. Are there exceptions to being included?

Yes. You are not a Class Member if you are a Defendant, a member of a Defendant's immediate family, a Defendant's legal representative, heir, predecessor, successor, assign, or any entity in which any Defendant has or had a controlling interest. Also, if you exclude yourself from the Class, as described below, you are not a part of the Class.

7. What does the Settlement provide?

a. What is the Settlement Fund?

The proposed Settlement calls for Defendants to create a Settlement Fund (the "Settlement Fund") in the amount of \$450,000. The Settlement is subject to Court approval. Also, subject to the Court's approval, a portion of the Settlement Fund will be used to pay Lead Plaintiff's attorneys' fees and reasonable litigation expenses. A portion of the Settlement Fund also will be used to pay taxes due on interest earned by the Settlement Fund, if necessary, and any notice and claims administration expenses permitted by the Court. After the foregoing deductions from the Settlement Fund have been made, the amount remaining (the "Net Settlement Fund") will be distributed to Class Members who submit valid claims.

b. What can you expect to receive under the proposed Settlement?

Your share of the Net Settlement Fund will or may depend on: (i) the number of claims filed; (ii) the dates you purchased and sold Alternate Energy Stock; (iii) the prices of your purchases and sales; (iv) the amount of administrative costs, including the costs of notice; and (v) the amount awarded by the Court to Class Counsel for attorneys' fees, costs, and expenses.

The compensable loss per share ("Recognized Loss") of each Authorized Claimant shall be calculated according to the following formula:

- I. For shares of the common stock of Alternate Energy purchased between October 23, 2006 and December 14, 2010, inclusive, and sold during the period December 15, 2010 to March 28, 2011, inclusive, the recognized loss is the lesser of:
 - i. The price paid less \$.13
 - ii. The price paid less the price received.
- II. For shares of the common stock of Alternate Energy purchased between October 23, 2006 and December 14, 2010, inclusive, and held as of the close of trading on March 28, 2011, the recognized loss per share is the price paid less \$.13.
- III. For shares of the common stock of Alternate Energy purchased and sold between October 23, 2006 and December 14, 2010, inclusive, the recognized loss per share is the lesser of:
 - i. The price paid less \$.13
 - ii. The price paid less the price received.

c. Are there any further limitations on the amount I may receive?

- i) To the extent there are sufficient funds in the Net Settlement Fund, each Class Member with a Recognized Loss that satisfies the requirements approved by the Court (“Authorized Claimant”) will receive an amount equal to the Authorized Claimant’s Recognized Loss described above. If, however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total Recognized Loss of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant’s Recognized Loss bears to the total of the Recognized Losses of all Authorized Claimants.
- ii) For Class members who conducted multiple transactions in Alternate Energy Stock during the Class Period, the earliest subsequent sale shall be matched first against those shares in the Claimant’s opening position on the first day of the Class Period, and then matched chronologically thereafter against each purchase made during the Class Period.
- iii) Transactions during the Class Period resulting in a gain shall be netted against the Class Members’ transactions resulting in a loss to arrive at the Recognized Loss.
- iv) Any Class members whose collective transactions in Alternate Energy Stock during the Class Period resulted in a net gain shall not be entitled to share in the Net Settlement Fund.
- v) The purchase and sales prices exclude any brokerage commissions, transfer taxes or other fees.
- vi) No cash payment will be made on a claim where the potential distribution amount is \$10 or less.
- vii) The covering purchase of a short sale is not an eligible purchase. Gifts and transfers are not eligible purchases.

8. How can I get a payment?

To qualify for a payment, you must send in a form entitled “Proof of Claim and Release” form. This claim form is attached to this Notice. You may also obtain a claim form on the Internet at www.strategicclaims.net. Read the instructions carefully, fill out the form, sign it in the location indicated, and mail the claim form together with all documentation requested in the form, postmarked no later than September 24, 2012, to:

Alternate Energy Securities Litigation
Claims Administrator
c/o Strategic Claims Services
P.O. Box 230
600 North Jackson Street – Suite 3
Media, PA 19063

The Claims Administrator will process your claim and determine whether you are an “Authorized Claimant.”

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

Unless you exclude yourself, you will remain in the Class. That means that if the Settlement is approved, you and all Class Members will release (agreeing never to sue, continue to sue, or be part of any other lawsuit) all claims against Defendants, and any of their current, former, or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, principals, shareholders, members, agents (acting in their capacity as agents), employees, attorneys, insurers, reinsurers, advisors, accountants, associates, and/or any other individual or entity in which any Settling Defendant has a legal or beneficial interest or that is related to or affiliated with any Settling Defendant, and the current, former, and future legal representatives, heirs, successors-in-interest, predecessors, or assigns of the Defendants (“Released Parties”) in connection with your acquisition of Alternate Energy Stock during the Class Period. It also means that all of the Court’s orders will apply to you and legally bind you. If you sign the claim form, you are agreeing to a “Release of Claims,” which will bar you from ever filing a lawsuit against any Released Party to recover losses from the acquisition or sale of Alternate Energy Stock during the Class Period, except to enforce the Settlement. That means you will accept a share in the Net Settlement Fund as sole compensation for any losses you have suffered in the acquisition and sale of Alternate Energy Stock during the Class Period.

10. How do I get out of the Settlement?

If you do not want to receive a payment from this Settlement, and you want to keep the right to sue or continue to sue Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Settlement. This is called excluding yourself from — or “opting out” of — the Settlement.

To exclude yourself from the Settlement, you must mail a letter stating you want to be excluded as a Class Member from *Teague v. Alternate Energy Holdings, Inc. et al.*, Case No. 10-cv-00634. Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your purchases and sales of Alternate Energy Stock including the number and price of the shares purchased, the number and price shares sold during the Class Period, and the date of each such purchase or sale. You must mail your exclusion request, postmarked no later than September 24, 2012, to:

Alternate Energy Securities Litigation
 Claims Administrator
 c/o Strategic Claims Services
 P.O. Box 230
 600 North Jackson Street – Suite 3
 Media, PA 19063

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not receive a settlement payment, and you cannot object to the Settlement. If you ask to be excluded, you will not be legally bound by anything that happens in this Class Action.

11. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

12. Do I have a lawyer in this case?

The Court appointed The Rosen Law Firm, P.A. and the Gordon Law Offices to represent you and the other Class Members. These lawyers are called Lead Plaintiff’s Counsel or Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

13. How will the lawyers be paid?

Class Counsel have expended considerable time litigating this action on a contingent fee basis, and have paid for the expenses of the litigation themselves and have not been paid attorneys’ fees in advance of this Settlement with the expectation that if they are successful in recovering money for the Class, they will receive attorneys’ fees and be reimbursed for their litigation expenses from the Settlement Fund, as is customary in this type of litigation. Class Counsel will not receive attorneys’ fees or be reimbursed for their litigation expenses except from the Settlement Fund. Therefore, Class Counsel will file a motion asking the Court at the Settlement Hearing to make an award of attorneys’ fees in an amount not to exceed one-third of the Settlement amount and for reimbursement of reasonable litigation expenses not to exceed \$15,000. The Court may award less than these amounts. Any amounts awarded by the Court will come out of the Settlement Fund.

14. How do I tell the Court that I do not like the Settlement?

You can tell the Court you do not agree with the Settlement, any part of the Settlement, or Class Counsel’s motion for attorneys’ fees, and that you think the Court should not approve the Settlement, by mailing a letter stating that you object to the Settlement in *Teague v. Alternate Energy Holdings, Inc. et al.*, Case No. 10-cv-00634. Be sure to include your name, address, telephone number, your signature, a list of your purchases and sales of Alternate Energy Stock in order to show your membership in the Class, and all of the reasons you object to the Settlement. Be sure to mail the objections to the addresses listed below, postmarked no later than October 17, 2012, so the Court will consider your views:

COURT	CLASS COUNSEL	DEFENSE COUNSEL
Clerk of the Court United States District Court District of Idaho 550 W. Fort St. Boise, ID 83724	Phillip Kim, Esq. THE ROSEN LAW FIRM, P.A. 275 Madison Avenue 34th Floor New York, New York 10016	Richard A. Roth, Esq. THE ROTH LAW FIRM, P.L.L.C. 295 Madison Avenue 22nd Floor New York, New York 10017

15. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Settlement. If you exclude yourself, you cannot object to the Settlement because it no longer concerns you.

16. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Settlement Hearing on October 31, 2012, at 3:00 p.m., at the United States District Court for the District of Idaho, 550 W. Fort St., Boise, ID 83724.

At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate and whether to approve the Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay Class Counsel for attorneys' fees and expenses.

17. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, 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 mail your written objection on time, the Court will consider it.

18. What happens if I do nothing at all?

If you do nothing, you will not receive a payment from the Settlement. However, unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Defendants about the claims made in this case ever again.

DATED: JULY 20, 2012

BY ORDER OF THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO