

Edgar Filing: PRE PAID LEGAL SERVICES INC - Form 8-K

PRE PAID LEGAL SERVICES INC
Form 8-K
April 02, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 1, 2008

Pre-Paid Legal Services, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Oklahoma

(State or Other Jurisdiction of Incorporation)

001-09293

73-1016728

(Commission File Number)

(IRS Employer Identification No.)

One Pre-Paid Way
Ada, OK

74820

(Address of Principal Executive Offices)

(Zip Code)

(580) 436-1234

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange

Edgar Filing: PRE PAID LEGAL SERVICES INC - Form 8-K

Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On April 1, 2008, Pre-Paid Legal Services, Inc. (the "Company") issued a press release announcing our membership production and recruiting information for the three months ended March 31, 2008. A copy of the release is included as an exhibit to this report.

Item 9.01 Financial Statements and Exhibits

The following exhibits are included with this report:

| Exhibit No. | Description |
|-------------|---|
| 99.1 | Company Press Release dated April 1, 2008 |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Pre-Paid Legal Services, Inc.

By: /s/ Randy Harp
Randy Harp, Chief Operating Officer

Date: April 2, 2008

For Immediate Release
Tuesday, April 1, 2008

Company Steve Williamson
Contact: (580) 436-1234

Pre-Paid Legal Services Announces 2008 1st Quarter Membership And Recruiting Results and Additional Share Repurchase Authorization

ADA, OK, April 1, 2008 - Pre-Paid Legal Services, Inc. (NYSE: PPD), reported new memberships produced and new sales associates enrolled for the 2008 first quarter. During the 1st quarter of 2008, new sales associates enrolled decreased 16.9% compared to the first quarter of 2007. Memberships produced decreased by 13.2% while new membership fees written decreased by 10.6% and our active membership base increased 1.0% compared to the comparable period of the previous year.

On a sequential quarterly basis, new associates enrolled decreased 28.4%; new memberships produced decreased 6.6%, new membership fees written decreased 6.6% and our active membership base decreased by 8,843 memberships.

Edgar Filing: PRE PAID LEGAL SERVICES INC - Form 8-K

| | 3/31/2008 | Three Months ended |
|---|-----------|--------------------------|
| New Memberships: | | 12 |
| New legal service membership sales..... | 131,862 | |
| New "stand-alone" IDT membership sales..... | 8,337 | |
| Total new membership sales..... | 140,199 | |
| New "add-on" IDT membership sales..... | 81,263 | |
| Average Annual Membership fee..... | \$321.47 | |
| Active Memberships: | | |
| Active legal service memberships at end of period..... | 1,481,531 | 1 |
| Active "stand-alone" IDT memberships at end of period (see note below)..... | 85,428 | |
| Total active memberships at end of period..... | 1,566,959 | 1 |
| Active "add-on" IDT memberships at end of period (see note below)..... | 641,997 | |
| New Sales Associates: | | |
| New sales associates recruited..... | 25,800 | |
| Average enrollment fee paid by new sales associates..... | \$94.71 | |
| Average Membership fee in force: | | |
| Average Annual Membership fee..... | \$298.54 | |
| Note - reflects 5,210 net transfers from "add-on" status to "stand-alone" status during the quarter | | |

Our total active membership fees in force increased approximately 2.5% during the last year and continue our trend of increasing our membership fees. Membership persistency rate (defined as the number of memberships in force at the end of a 12 month period as a percentage of the total of memberships in force at the beginning of such period, plus new memberships sold during such period) was 73.2% for the 12 month period ended March 31, 2008 an increase from the 72.1% for the 12 month period ended March 31, 2007.

Our first quarter 2008 corporate finance focus has again been on share repurchases. During the 1st quarter, we returned \$12.9 million to shareholders through the repurchase of 279,336 shares of common stock, at an average per share price of \$46.08. Since April 1999, we have returned \$375.3 million to shareholders through the purchase of 13 million shares, average price of \$28.93 per share, and \$17.1 million in dividends for a combined total of \$392.4 million representing more than 115 percent of our net earnings during the same timeframe.

Our Board of Directors has authorized an additional repurchase of 1 million shares, as we have purchased virtually all of our previously announced stock repurchase authorizations totaling 13 million shares. Purchases pursuant to the new repurchase authorization will be made at prices that we consider attractive. We expect to continue purchases after our 2008 first quarter earnings conference call scheduled for April 30, 2008. No time limit has been set for completion of the additional share repurchases.

We anticipate announcing our 2008 first quarter financial results on April 28, 2008 after the market closes. The Company will conduct a conference call to

Edgar Filing: PRE PAID LEGAL SERVICES INC - Form 8-K

present the first quarter results on Wednesday, April 30, 2008, at 8:30 a.m. Eastern Time. The conference call will be webcast on the investor relations' page of www.prepaidlegal.com or may be accessed by dialing (719) 325-4843. Audio replay will be available beginning at 11:30 a.m. Eastern Time on April 30, 2008 and will run through midnight Wednesday, May 7, 2008 by dialing (719) 457-0820; pass code for the replay is 1173479. The presentation will be available on the web site indefinitely by selecting "Earnings Calls" under the "Investor Relations" section. Questions may be submitted prior to the call via email to investor@pplsi.com.

About Us - We believe our products are one of a kind, life events legal service plans. Our plans provide for legal service benefits provided through a network of independent law firms across the U.S. and Canada, and include unlimited attorney consultation, will preparation, traffic violation defense, automobile-related criminal charges defense, letter writing, document preparation and review and a general trial defense benefit. We have an identity theft restoration product we think is also one of a kind due to the combination of our identity theft restoration partner and our provider law firms. More information about us and our products can be found at our homepage at www.prepaidlegal.com.

Forward-Looking Statements

Statements in this press release, other than purely historical information, regarding our future plans and objectives and expected operating results, dividends and share repurchases and statements of the assumptions underlying such statements, constitute forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. The forward-looking statements contained herein are based on certain assumptions that may not be correct. They are subject to risks and uncertainties incident to our business that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties are described in the reports and statements filed by us with the Securities and Exchange Commission, including (among others) those listed in our Form 10-K, Form 10-Q and Form 8-K, and include the risks that our membership persistency or renewal rates may decline, that we may not be able to continue to grow our memberships and earnings, that we are dependent on the continued active participation of our principal executive officer, that pending or future litigation may have a material adverse effect on us if resolved unfavorably to us, that we could be adversely affected by regulatory developments, that competition could adversely affect us, that we are substantially dependent on our marketing force, that our stock price may be affected by short sellers, that we have been unable to increase our employee group membership sales and that our active premium in force is not indicative of future revenue as a result of changes in active memberships from cancellations and additional membership sales. Please refer to pages 14 and 15 of our 2007 Form 10-K for a more complete description of these risks. We undertake no duty to update any of the forward-looking statements in this release. ###