

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

PRE PAID LEGAL SERVICES INC

Form 8-K

April 04, 2006

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 3, 2006

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

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

Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On April 3, 2006, Pre-Paid Legal Services, Inc. (the "Company") issued a press release announcing its membership production and recruiting information for the three months ended March 31, 2006. 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 3, 2006

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 3, 2006

For Immediate Release
Monday, April 3, 2006

Company Steve Williamson
Contact: (580) 436-1234

PRE-PAID ANNOUNCES 2006 1st QUARTER
MEMBERSHIP AND RECRUITING RESULTS

Active Memberships Up 4%; Active Membership Fee in Force Up 8%

ADA, OK, April 3, 2006 - Pre-Paid Legal Services, Inc. (NYSE: PPD), reported new memberships produced and new sales associates enrolled for the

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

first quarter ended March 31, 2006. During the 1st quarter of 2006, new sales associates enrolled decreased 6% to 49,776 from the 52,944 enrolled in the 1st quarter of 2005 and new memberships produced declined 9% to 165,226 during the 2006 quarter compared to 180,879 for the 2005 quarter. Total memberships in force at March 31, 2006 were 1,542,761, up 4% compared to 1,486,102 at March 31, 2005. From the 4th quarter of 2005 to the 1st quarter of 2006, our active memberships decreased by 28 memberships.

New Memberships:	Three Months Ended		
	3/31/2006	12/31/2005	3/31/2005
New legal service membership sales.....	158,426	147,764	173,764
New "stand-alone" IDT membership sales.....	6,800	9,430	7,430
Total new membership sales.....	165,226	157,194	180,879
New "add-on" IDT membership sales.....	100,405	102,052	103,052
Average Annual Membership fee.....	\$327.43	\$325.34	\$323.43
Active Memberships:			
Active legal service memberships at end of period.....	1,488,308	1,490,847	1,453,847
Active "stand-alone" IDT memberships at end of period (see note below).....	54,453	51,942	32,942
Total active memberships at end of period.....	1,542,761	1,542,789	1,486,102
Active "add-on" IDT memberships at end of period (see note below).....	485,246	461,094	337,094
New Sales Associates:			
New sales associates recruited.....	49,776	52,168	52,168
Average enrollment fee paid by new sales associates.....	\$49.82	\$49.90	\$68.90
Average Membership fee in force:			
Average Annual Membership fee.....	\$288.92	\$286.60	\$277.60
Note - reflects 6,414 net transfers from "add-on" status to "stand-alone" status during the quarter			

Our total active membership fees in force increased approximately 8% during the last four quarters and continues our 13 year trend of increasing our membership fees in force. The 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 71.1% for the 12 months ending March 31, 2006.

Our first quarter 2006 corporate finance focus has again been primarily on share repurchases. During the 1st quarter, we returned \$16.2 million to shareholders through the repurchase of 448,407 shares of common stock, including our odd-lot repurchase program, at an average per share price of \$36.05 and also paid \$4.6 million in dividends. We believe the flexibility to repurchase shares, pay a dividend, or both enables us to maximize the long-term per share value of our common stock, by making a decision to repurchase shares or pay a dividend or both based on market conditions and our cash position. We are fortunate to have a business model that allows us to grow and still produce excess cash. We think

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

of our shareholders as long-term partners. Our goal is to use every excess dollar of cash to improve the value of each share. Since April 1999, we have returned \$238.7 million to shareholders through the purchase of 9.9 million shares, average price of \$24.20 per share, and \$17.1 million in dividends for a combined total of \$255.8 million representing more than 115 percent of our net earnings during the same timeframe.

We anticipate announcing our 2006 first quarter financial results on April 24, 2006 after the market closes and hosting a conference call to discuss such results on April 26, 2006.

About Pre-Paid Legal Services, Inc.

Pre-Paid Legal Services, Inc. develops, underwrites and markets legal service plans across North America. The plans provide for legal service benefits, including unlimited attorney consultation, letter writing, document preparation and review, will preparation, traffic violation defense, automobile-related criminal charges defense and a general trial defense. We also market an identity theft protection plan. More information can be located at our homepage on the worldwide web at <http://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 2005 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.

###