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PRE PAID LEGAL SERVICES INC

Form 8-K

April 28, 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 28, 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

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

Item 2.02 Results of Operations and Financial Condition

On April 28, 2008, Pre-Paid Legal Services, Inc. (the "Company") issued a press release announcing its earnings and operating results 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 28, 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 28, 2008

For Immediate Release Company Steve Williamson
Monday, April 28, 2008 Contact: (580) 436-1234

Pre-Paid Legal Announces 2008 First Quarter Results

2008 First Quarter EPS Up 19%; Membership Revenues Up 5%

ADA, OK, April 28, 2008 - Pre-Paid Legal Services, Inc. (NYSE:PPD), announced results for the first quarter ended March 31, 2008. Net income for the first quarter of 2008 increased 8% to \$15.9 million from \$14.7 million for the prior year's first quarter. Diluted earnings per share increased 19% to \$1.29 per share from \$1.08 per share for the prior year's comparable quarter due to an increase in net income of 8% and a 9% decrease in the weighted average outstanding shares. Membership revenues in the first quarter of 2008 increased 5% to \$109.1 million from \$103.9 million for the same period last year.

Net cash provided from operating activities decreased 14% to \$20.8 million for the first quarter of 2008 from \$24.1 million for 2007 primarily due to the increase in cash taxes paid during the 2008 period. During the 2008 first quarter, we returned \$12.9 million to shareholders through the repurchase of 279,576 shares of common stock, at an average per share price of \$46.08. Since

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April 1999, we have returned \$375.3 million to shareholders through the purchase of 13 million shares, at an 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. At March 31, 2008, we had \$69.2 million of debt outstanding and \$60.4 million in cash and cash equivalents and unpledged investments.

First quarter 2008 membership fees remained stable at \$109.1 million compared to \$108.9 million for the 2007 fourth quarter while associate services revenues remained unchanged at \$6.0 million for both periods. Commissions decreased 4% while associate services and direct marketing expenses decreased approximately 19%. Membership benefits were 34% and 35% of membership fees, respectively for the two periods. Commissions, as a percent of membership fees, were 28% and 30%, respectively, for the two periods while general and administrative expenses were 12% and 10%, respectively, for the two periods.

After our earnings conference call later this week, we expect to continue our open market share purchases as we have authorization from the Board to purchase an additional 1 million shares and funds immediately available for share purchases of approximately \$14.7 million.

We will conduct a conference call to 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 more than 50 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 <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

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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.

PRE-PAID LEGAL SERVICES, INC.
Financial Highlights (Unaudited)

(Dollars and shares in 000s, except per share amounts)

	Three Months Ended		
	March 31 2008	2007	Dec
Revenues:			
Membership fees.....	\$ 109,060	\$ 103,881	\$
Associate services.....	6,043	7,064	
Other.....	1,100	1,139	
	116,203	112,084	
Costs and expenses:			
Membership benefits.....	37,262	36,751	
Commissions.....	30,824	30,532	
Associate services and direct marketing.....	5,604	6,375	
General and administrative.....	12,574	12,747	
Other, net.....	4,166	3,744	
	90,430	90,149	
Income before income taxes.....	25,773	21,935	
Provision for income taxes.....	9,831	7,207	
Net income.....	\$ 15,942	\$ 14,728	\$
Basic earnings per common share.....	\$ 1.29	\$ 1.09	\$
Diluted earnings per common share.....	\$ 1.29	\$ 1.08	\$
Weighted average number of shares, as adjusted:			
Primary.....	12,361	13,541	
Diluted.....	12,382	13,617	
Net cash provided by operating activities.....	\$ 20,825	\$ 24,105	\$
Net cash used in investing activities.....	\$ (10,408)	\$ (827)	\$
Net cash used in financing activities.....	\$ (17,269)	\$ (17,702)	\$

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