DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC
Form 3
January 17, 2008

FORM 3

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0104
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Early Roger A

(Last) (First) (Middle)

C/O DELAWARE INVESTMENTS,Â 2005 MARKET STREET

(Street)

PHILADELPHIA,Â PAÂ 19103

(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/14/2008

3. Issuer Name **and** Ticker or Trading Symbol
DELAWARE INVESTMENTS DIVIDEND & INCOME FUND INC [DDF]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
SVP/Senior Portfolio Manager

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
		Title			

Date Exercisable	Expiration Date	Amount or Number of Shares	or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Early Roger A C/O DELAWARE INVESTMENTS 2005 MARKET STREET PHILADELPHIA,Â PAÂ 19103	Â	Â	Â SVP/Senior Portfolio Manager	Â

Signatures

/s/ Roger A Early	01/17/2008
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. any (by vote or by value) by any Third Party, (ii) any merger, consolidation, business combination, reorganization, share exchange, sale of assets, recapitalization, equity investment, joint venture, liquidation, dissolution or other transaction which would result in any Third Party acquiring assets (including capital stock of or interest in any Subsidiary of the Company) representing, directly or indirectly, twenty (20) percent or more of the net revenues, net income or total assets of the Company and the Company Subsidiaries, taken as a whole, (iii) any merger, consolidation, business combination, binding share exchange or similar transaction involving the Company or any of the Company Subsidiaries pursuant to which any person or group (or the shareholders of any person) would own, directly or indirectly, twenty (20) percent or more of the aggregate voting power of the Company or of the surviving entity in a merger or the resulting direct or indirect parent of the Company or such surviving entity or (iv) any tender offer or exchange offer, as such terms are defined under the Exchange Act, that, if consummated, would result in any Third Party beneficially owning twenty (20) percent or more of the outstanding shares of Company Common Stock and any other voting securities of the Company, in each case, other than the Merger and the transactions contemplated by this Agreement.

(ii) "Superior Proposal" means any bona fide written Alternative Transaction Proposal that is not solicited or received in violation of Section 6.02 that the Special Committee or Company Board has determined in its good faith judgment, after consultation with its financial advisor and outside legal counsel, is reasonably likely to be consummated in accordance with its terms, taking into account all legal, regulatory and financial aspects of the proposal and the Person making the proposal, and if consummated, would result in a transaction more favorable to the Company's shareholders than the transaction contemplated by this Agreement (including any changes to the terms of this Agreement proposed by Parent to the Company in writing in response to such proposal or otherwise); provided, that for purposes of the definition of "Superior Proposal", the references to "twenty (20) percent" in the definition of Alternative Transaction Proposal shall be deemed to be references to "fifty (50) percent."

ARTICLE VII

ADDITIONAL AGREEMENTS

Section 7.01 Company Shareholders Meeting. As promptly as reasonably practicable following the clearance of the Proxy Statement by the SEC and the completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02, the Company, acting through the Company Board (as applicable), shall take all action necessary to establish a record date for, duly call, give notice of, convene and hold a meeting of its shareholders for the purpose of obtaining the Company Shareholder Approval (the "Company Shareholders Meeting") including, (a) not more than five (5) Business Days after the Proxy Statement has been cleared by the SEC, mailing the Proxy Statement to the holders of Company Common Stock as of the record date established for the Company Shareholders Meeting (subject to completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02) and (b) holding the Company Shareholders Meeting as promptly as practicable after the date of mailing (but in any event within thirty-five (35) days thereafter (subject to completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02)) of the Proxy Statement to consider and vote upon the adoption of this Agreement and the Merger; provided that the Company may postpone or adjourn the Company Shareholders Meeting (i) with the consent of Parent (not to be unreasonably withheld, delayed or conditioned), (ii) for the absence of a quorum, (iii) to allow additional time for the preparation, filing and mailing of any supplemental or amended disclosure which the Company Board has determined is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's shareholders prior to the Company Shareholders Meeting or (iv) if the Company has provided a written notice to Parent pursuant to Section 6.02(e) or Section 6.02(f) and the deadline contemplated under such Section (as applicable) with respect to such notice has not been reached. In addition to and notwithstanding the foregoing, Parent may require the Company to adjourn or postpone the Company Shareholders Meeting one (1) time. The Company shall (i) advise Parent as Parent may reasonably request, and at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Company Shareholders Meeting, as to the aggregate tally of the proxies received by the Company with respect to the Company Shareholder Approval and (ii) except to the extent that the Company Board shall have effected a Company Adverse Recommendation Change in accordance with Section 6.02(e) or a Change of Recommendation in accordance with Section 6.02(f), (A) include in the Proxy Statement the Company Recommendation and (B) use its reasonable best efforts to obtain the Company Shareholder Approval. At such Company Shareholders Meeting, the Company shall, through the Company Board or any committee thereof, make the Company Recommendation, except as provided in the immediately succeeding sentence. Unless this Agreement is validly terminated in accordance with Article IX, the Company shall establish a record date for, duly call, give notice of, convene and hold a Company Shareholders Meeting at which it shall submit this Agreement to its shareholders even if the Company Board shall have withdrawn, modified or qualified its recommendation thereof or otherwise effected a Company Adverse Recommendation Change or Change of Recommendation or proposed or announced any intention to do so. The Company shall in no event propose, recommend or allow to be included at such Company Shareholders Meeting a proposal for the shareholders to act on any Alternative Transaction Proposal or Superior Proposal, and the Company shall not permit the shareholders to propose any business to be transacted at such Company Shareholders Meeting.

Section 7.02 Proxy Statement, SEC Comments and Information Supplied.

(a) As promptly as reasonably practicable following the date of this Agreement (and in any event within fifteen (15) Business Days after the date hereof) (subject to completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02), the Company shall prepare and file with the SEC a proxy statement (together with any amendments thereof or supplements thereto, the "Proxy Statement") relating to the adoption of this Agreement by the holders of the Company Common Stock at the Company Shareholders Meeting. Prior to filing the Proxy Statement with the SEC or responding to any comments of the SEC with respect thereto, the Company shall (i) give Parent a reasonable opportunity to review and comment on such document or response and (ii) include in such document or response comments reasonably proposed by Parent. The Company and Parent each agree to correct any information provided by it for use in the Proxy Statement that shall have become false or misleading in any material respect. Parent will furnish (or cause to be furnished) to the Company the information relating to Parent and its Affiliates (including Merger Sub) to be set forth in the Proxy Statement as the Company may reasonably request. The Company agrees to provide or cause to be provided all information with respect to itself, its Subsidiaries and its Representatives, including all material disclosure relating to the Company Financial Advisor (including the amount of fees and other considerations of the Company Financial Advisor will receive upon consummation of the Merger, and the conditions for the payment of such fees and other considerations) in the Proxy Statement, as and to the extent required by the Exchange Act.

(b) The Company, after consultation with Parent, will use its reasonable best efforts to respond as promptly as reasonably practicable (subject to completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02) to any comments made by the SEC with respect to the Proxy Statement. The Company will advise Parent, promptly after it receives notice thereof, of any request by the SEC for amendment of the Proxy Statement or comments thereon and responses thereto or requests by the SEC for additional information and will promptly supply Parent with copies of all correspondence between the Company or any of the Company Representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the transactions contemplated by this Agreement. Prior to filing or mailing the Proxy Statement or filing any other required filings (or, in each case, any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, the Company shall provide Parent with an opportunity to review and comment on such document or response (which comments, if any, shall be provided by Parent to the Company as promptly as is reasonably practicable) and shall include in such document or response comments reasonably proposed by Parent.

Section 7.03 Access to Information; Confidentiality. Upon reasonable notice, and except as may otherwise be prohibited by applicable Law, the Company shall, and shall cause each of the Company Subsidiaries and each of its and their respective Representatives (collectively, the "Company Representatives") to, (i) afford to Parent and Merger Sub, and each of their respective Representatives (collectively, the "Parent Representatives"), reasonable access during normal business hours during the period prior to the Effective Time to all their respective properties, offices and other facilities, books and records, Contracts and personnel (including officers, employees and agents) and (ii) furnish or cause to be furnished such information concerning the business, properties, Contracts, assets, liabilities and personnel of the Company and the Company Subsidiaries as Parent, Merger Sub or any Parent Representative may reasonably request; provided, however, that the foregoing shall not require the Company to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company would result in the disclosure of any trade secrets of the Company and the Company Subsidiaries or violate any of its contractual obligations or any obligations with respect to confidentiality or privacy; and provided, further, that nothing in this Section 7.03 shall require the Company to take or allow any action that would unreasonably interfere with the Company's or any Company Subsidiary's business or operations. In no event shall the Company or any Company Subsidiary be required pursuant to this Section 7.03 to conduct or allow to be conducted any invasive testing of soil, groundwater or building components at any property of the Company or any Company Subsidiary. All information exchanged pursuant to this Section 7.03 shall be subject to the Confidentiality Agreement, and the Confidentiality Agreement shall remain in full force and effect in accordance with its terms.

Section 7.04 Reasonable Best Efforts; Notification. (a) Upon the terms and subject to the conditions set forth in this Agreement, except as may be otherwise permitted by this Agreement, and except for the undertaking of Parent to obtain financing pursuant to the Financing Commitments, which shall be governed solely by Section 7.18, except as may be otherwise permitted by this Agreement, each of the parties hereto shall use its respective reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated hereby and to cause the conditions to the Merger set forth in Article VIII to be satisfied as promptly as practicable, including (i) obtaining all necessary Consents from Governmental Entities and the making of all necessary registrations and filings and the taking of all steps as may be necessary to obtain any necessary Consent from, or to avoid an action or Proceeding by, any Governmental Entity (including under the HSR Act or any Foreign Competition Law), (ii) obtaining all Consents necessary or advisable to be obtained from Third Parties in order to consummate the Merger or any of the other transactions contemplated by this Agreement, (iii) defending any Proceedings challenging this Agreement or the consummation of the transactions contemplated hereby (including seeking to avoid the entry of, or to have reversed, terminated or vacated, any Order entered by any Governmental Entity), and (iv) executing and delivering any additional instruments necessary to consummate the Merger and other transactions contemplated hereby and to fully carry out the purposes of this Agreement; provided, however, all obligations hereunder of the Company, Parent and Merger Sub relating to the Financing shall not be governed by this Section 7.04. To the extent not prohibited by applicable Law, upon the terms and subject to the conditions set forth in this Agreement, each of Parent and the Company shall keep the other reasonably apprised of the status of matters relating to the completion of the transactions contemplated hereby and shall work cooperatively with the other in connection with obtaining all required Consents of any Governmental Entity, including (A) promptly notifying the other of, and, if in writing, furnishing the other with copies of (or, in the case of material oral communications, advising the other orally of) any communications from or with any Governmental Entity with respect to the Merger or any of the other transactions contemplated by this Agreement, (B) permitting the other to review and discuss in advance, and considering in good faith the views of the other in connection with, any proposed written (or any material proposed oral) communication with any such Governmental Entity, (C) not participating in any meeting with any such Governmental Entity unless it notifies the other in advance and, to the extent permitted by such Governmental Entity, gives the other the opportunity to attend and participate thereat, (D) furnishing the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and any such Governmental Entity with respect to this Agreement and the Merger, and (E) cooperating with the other to furnish the other party with such necessary information and reasonable assistance as the other party may reasonably request in connection with the parties' mutual cooperation in preparing any necessary filings or submissions of information to any such Governmental Entity.

(b) Without limiting the generality of the provisions of Section 7.04(a), the Company and Parent shall make all filings and submissions required by all applicable Laws, including the HSR Act and all applicable state, federal and non-U.S. insurance Laws, and promptly file any additional information requested as soon as reasonably practicable after receipt of such request therefor. Parent shall file with all applicable Governmental Entities all filings required to be made under the Laws governing the insurance businesses of Parent and the Company and their respective Subsidiaries in connection with the transactions contemplated by this Agreement as promptly as practicable hereafter, including an application with the Commissioner of the Oklahoma Insurance Department for approval of the acquisition of Pre-Paid Legal Casualty, Inc. of in connection with the transactions contemplated hereby pursuant to the Oklahoma Insurance Law (the "Oklahoma Form A") and an application with the Commissioner of the Florida Office of Insurance Regulation for approval of the acquisition of Pre-Paid Legal Services, Inc. of Florida in connection with the transactions contemplated hereby pursuant to the Florida Insurance Law (the "Florida Application"). Parent will submit or cause to be submitted (i)(A) a complete Oklahoma Form A on or prior to February 22, 2011, (B) the notification required pursuant to Section 628.4615(2)(a) of the Florida Insurance Law in connection with the transactions contemplated hereby within five days of the execution of this Agreement, (C) a complete Florida Application on or prior to February 22, 2011, (D) all other required pre-acquisition notification statements (Form Es and equivalent forms) under the insurance holding company Laws of applicable states and non-U.S. jurisdictions, including those set forth in Section 7.04(b) of the Company Disclosure Schedule, in each case, on or prior to February 22, 2011 and (E) all required notifications under the HSR Act or any Foreign Competition Law within ten (10) Business Days of the execution of this Agreement and (ii) Parent shall have responsibility for and pay the filing fees associated with all such filings.

(c) In the event any Proceeding by any Governmental Entity or other Person is commenced that challenges the validity or legality of this Agreement or the Merger or seeks damages in connection therewith, except as otherwise permitted by this Agreement or necessary to avoid violation of applicable Law, the parties hereto agree to cooperate and use their reasonable best efforts to defend against and respond thereto, in accordance with Section 7.04(a). The Company shall be entitled to control the defense and settlement of any such Proceeding but shall provide Parent reasonable opportunity to participate at its expense in the defense or settlement thereof.

Section 7.05 Company Stock Options. (a) At the Option Cancellation Time, each Company Stock Option then outstanding (whether vested or unvested), shall be canceled and, in consideration of such cancellation, Parent shall as promptly as reasonably practicable, but in no event more than ten (10) Business Days after the Option Cancellation Time, pay or cause to be paid to the holder as soon as practicable following the Option Cancellation Time, in full satisfaction of such Company Stock Option, an amount in cash equal to the product of (i) the excess of (if any) (A) the Merger Consideration over (B) the per share exercise price with respect to such Company Stock Option, and (ii) the number of shares of Company Common Stock subject to such outstanding Company Stock Option, as the case may be, less any applicable withholding taxes; provided that if the per share exercise price of any such Company Stock Option is equal to or greater than the Merger Consideration, such Company Stock Option shall be canceled without any cash payment being made in respect thereof.

(b) Upon the terms and subject to the conditions set forth in this Agreement, the Company shall (i) take all actions necessary to cause the actions and effects specified in Section 7.05(a) to occur, (ii) take all actions necessary to ensure that, effective as of the Option Cancellation Time, no holder of shares of Company Stock Options will have any right to receive any shares of capital stock of the Company or, if applicable, the Surviving Corporation, upon exercise or settlement of any Company Stock Option or any other event and (iii) cooperate with all reasonable requests of Parent to ensure the effective application of Section 7.05(a) without limitation.

Section 7.06 Indemnification. (a) From and after the Effective Time, each of Parent and the Surviving Corporation shall, jointly and severally, indemnify, defend and hold harmless (i) each present and former director and officer of the Company or any of the Company Subsidiaries, (ii) to the extent not covered by the foregoing clause (i), those individuals indentified in clause (i) of the definition of "Knowledge" and (iii) each person who served at the request of the Company or any Company Subsidiary as a director or officer of another corporation, partnership, joint venture, trust or other enterprise (collectively, the "IndemnifiedParties") against any costs or expenses (including fees and expenses of counsel), judgments, fines, penalties, interest, losses, claims, damages or liabilities and amounts paid in settlement (collectively, "Losses") incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time relating to the Indemnified Party's service with or at the request of the Company, whether asserted or claimed prior to, at or after the Effective Time to the fullest extent permitted by applicable Law. To the fullest extent permitted by applicable Law, expenses (including attorneys' fees) incurred by any Indemnified Party in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by Parent or the Surviving Corporation in advance of the final disposition of such action, suit or proceeding, subject to (if legally required) receipt of an undertaking by or on behalf of such Indemnified Party to repay such amounts to the extent it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified under applicable Law. The indemnification rights hereunder are not exclusive and shall be in addition to any other rights such Indemnified Party may have under any Law or Contract or any organizational documents of any Person, under the OGCA or otherwise. The certificate of incorporation and bylaws of the Surviving Corporation shall contain, and Parent shall cause the Surviving Corporation to fulfill and honor, provisions with respect to indemnification, advancement of expenses and exculpation that are at least as favorable to the Indemnified Parties as those set forth in the Company Charter and Company Bylaws as of the date of this Agreement, and those provisions shall not be amended, repealed or otherwise modified for a period of six (6) years from the Effective Time in any manner that would adversely affect the rights thereunder of any of the Indemnified Parties. The parties agree that the provisions relating to exoneration of directors and officers and the rights to indemnification and advancement of expenses incurred in defense of any action or suit in the Company Charter or Company Bylaws and the comparable organizational documents of the Company Subsidiaries with respect to matters occurring through the Effective Time shall survive the Merger and shall continue in full force and effect for a period of six years from the Effective Time; provided that all rights to indemnification and advancements in respect of any action, suit or proceeding pending or asserted or claim made within such period shall continue until the disposition of such action, suit or proceeding or resolution of such claim.

(b) If Parent, the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent or Surviving Corporation, as the case may be, shall assume the obligations set forth in this Section 7.06.

(c) Parent and the Surviving Corporation shall be jointly and severally liable for and, to the fullest extent permitted by applicable Law, shall pay (within 10 days of receiving a reasonably detailed invoice therefor) all expenses (including reasonable fees and expenses of counsel) that an Indemnified Party may incur in enforcing the indemnity and other rights and obligations provided for in this Section 7.06.

(d) The provisions of this Section 7.06 are (i) intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties, their heirs and their representatives and (ii) in addition to, and not in substitution for, any other rights to indemnification, advancement of expenses or contribution that any such Person may have by contract or otherwise. No release executed by any Indemnified Party in connection with his or her departure from the Company or any of the Company Subsidiaries shall be deemed to be a release or waiver of any of the indemnity or other rights provided such Indemnified Party in this Section 7.06, unless the release or waiver of the provisions of this Section 7.06 is expressly provided for in such release.

Section 7.07 Public Announcements.

(a) The initial press release regarding the Merger shall be a joint press release by the Company and Parent and thereafter, except with respect to any action pursuant to Section 6.02, Parent and Merger Sub, on the one hand, and the Company, on the other hand, shall consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statements (including conference calls with investors and analysts) with respect to this Agreement and the Merger and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, by court process or by obligations pursuant to any listing agreement with any national securities exchange, in which case such party shall use all reasonable efforts to consult with the other party before issuing any such release or making any such public statement.

Upon Parent's request, subject to completion of any process with respect to an Alternative Transaction Proposal that is then ongoing pursuant to Section 6.02, (i) the Company and Parent shall promptly prepare a mutually acceptable joint written presentation to RiskMetrics Group recommending this Agreement and the transactions contemplated hereby, including the Merger, and (ii) the Company shall request a meeting with RiskMetrics Group for purposes of obtaining its recommendation of the adoption of this Agreement by the Company's shareholders.

Section 7.08 Transfer Taxes. All Transfer Taxes, if any, and any penalties or interest with respect to the Transfer Taxes, payable in connection with the consummation of the Merger, and all Stock Transfer Taxes, if any, and any penalties or interest with respect to any such Stock Transfer Taxes shall be paid by either Merger Sub or the Surviving Corporation, and shall not be paid out of the aggregate Merger Consideration.

Section 7.09 Employee Matters. (a) With respect to employee benefit plans, programs, policies and arrangements that are established or maintained by Parent or its Affiliates (including the Company and the Company Subsidiaries) for the benefit of each person who is employed by the Company or any of the Company Subsidiaries as of the Closing Date (the "CompanyEmployees") and, to the extent applicable, any former employees of the Company and the Company Subsidiaries ("Former Company Employees") (and their eligible dependents), Company Employees and Former Company Employees (and their eligible dependents) shall be given credit for their service with the Company and the Company Subsidiaries (i) for purposes of eligibility to participate, vesting and level of benefits under vacation and severance plans (but not benefit accrual for any purpose, including under a defined benefit pension plan) to the extent such service was taken into account under a corresponding Company Plan and (ii) for purposes of satisfying any waiting periods, evidence of insurability requirements, or the application of any pre-existing condition limitations, and shall be given credit for amounts paid under a corresponding Company Plan during the plan year in which the Closing Date occurs for purposes of applying deductibles, copayments and out-of-pocket maximums for such plan year as though such amounts had been paid in accordance with the terms and conditions of the plans, programs, policies and arrangements maintained by Parent. Notwithstanding the foregoing provisions of this Section 7.09(a), service and other amounts shall not be credited to Company Employees or Former Company Employees (or their eligible dependents) to the extent the crediting of such service or other amounts would result in the duplication of benefits.

(b) As of the Effective Time, the Surviving Corporation shall assume and agree to perform in accordance with their terms (i) all employment, severance, bonus, incentive and other compensation agreements and arrangements existing as of the date hereof between the Company or any of the Company Subsidiaries and any director, officer or employee thereof and (ii) any such agreements or arrangements entered into after the date hereof and prior to the Effective Time by the Company or any of the Company Subsidiaries in compliance with the terms of this Agreement that have been provided to Parent.

(c) Nothing contained in this Agreement, (i) shall be construed to establish, amend, or modify any benefit or compensation plan, program, agreement or arrangement, or (ii) create any third-party beneficiary rights or obligations in any Person (including any Company Employee or Former Company Employee), including with respect to (x) any right to employment or continued employment or to a particular term or condition of employment with Parent, the Company, any of the Company Subsidiaries or any of their respective Affiliates and (y) the ability of Parent or any of its Affiliates (including, following the Closing Date, the Company and the Company Subsidiaries) to amend, modify, or terminate any benefit or compensation plan, program, agreement or arrangement at any time established, sponsored or maintained by any of them; provided, however, that nothing in this Section 7.09(c) shall affect the obligations between Parent and the Company under this Agreement.

Section 7.10 Section 16(b). Prior to the Effective Time, the Company shall take all actions reasonably necessary to cause the transactions contemplated by this Agreement, including any dispositions of equity securities of the Company (including derivative securities) by each individual who is or will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 7.11 Financing Cooperation.

(a) Prior to the Closing, the Company shall provide to Parent and Merger Sub and their financing sources, and shall cause the Company Subsidiaries to, and shall use its reasonable best efforts to cause the respective officers, employees and advisors, including legal and accounting, of the Company and the Company Subsidiaries to, provide to Parent and Merger Sub and their financing sources all cooperation reasonably requested by Parent in connection with the arrangement of the Financing, including:

(i) participating in a reasonable number of sessions with ratings agencies; and using reasonable best efforts to obtain ratings as and when set forth in the Debt Financing Commitment;

(ii) hosting one or more meetings with prospective financing sources as and when set forth in the Debt Financing Commitment;

(iii) providing reasonable assistance with the preparation of marketing materials and materials for rating agency presentations;

(iv) executing and delivering any definitive financing certificates, documents and/or instruments as may be reasonably requested by Parent, including pledge and security documents, currency or interest hedging agreements, and a certificate of an officer of the Company or any borrowing Company Subsidiary with respect to solvency matters and consents of accountants for use of their reports in any materials relating to the Debt Financing,

(v) furnishing Parent and its financing sources as promptly as practicable with financial and other pertinent information regarding the Company and the Company Subsidiaries as may be reasonably requested by Parent, including the audited consolidated financial statements of the Company and the Company Subsidiaries for the fiscal year ended December 31, 2010 (the "2010Audited Financials"), and all other financial statements and projections and other pertinent information required by the Financing Commitments and all financial statements, pro forma financial information, financial data, audit reports and other information of the type required by Regulation S-X and Regulation S-K under the Securities Act and of type and form customarily included in a registration statement on Form S-1 (or any applicable successor form) under the Securities Act (subject to exceptions customary for private placements pursuant to Rule 144A promulgated under the Securities Act) for a public offering to consummate the offering(s) of debt securities, or as otherwise required by Law in connection with the Debt Financing and the transactions contemplated by this Agreement (all such information in this clause (v), the "Required Financial Information");

(vi) using reasonable best efforts to obtain accountants' comfort letters, consents, legal opinions, surveys and title insurance as reasonably requested by Parent;

(vii) providing quarterly financial statements no later than the date by which the applicable quarterly filing is required to be made with the SEC;

(viii) providing customary letters to the financing sources of Parent and Merger Sub authorizing the dissemination of marketing materials, including confirming that such materials do not contain material non-public information; and

(ix) entering into one or more credit or other agreements on terms satisfactory to Parent in connection with the Debt Financing immediately prior to the Effective Time to the extent direct borrowings or debt incurrences by the Company or any Company Subsidiary are contemplated by the Debt Financing Commitment;

provided that (1) irrespective of the above, no obligation of the Company or any of the Company Subsidiaries under any certificate, document or instrument shall be effective until the Effective Time and none of the Company or any of the Company Subsidiaries shall be required to take any action under any certificate, document or instrument that is not contingent upon the Closing (including the entry into any agreement that is effective before the Effective Time) or that would be effective prior to the Effective Time, (2) such efforts do not unreasonably interfere with the ongoing operations of the Company and the Company Subsidiaries and (3) none of the Company or any of the Company Subsidiaries shall be required to issue or disseminate any offering or information document. Parent shall, promptly upon request by the Company, reimburse the Company for all out-of-pocket costs incurred by the Company or the Company Subsidiaries in connection with the performance of the provisions of this Section 7.11(a).

(b) Parent acknowledges and agrees that the Company and its Representatives shall not have any responsibility for, or incur any liability to, any Person under, any Financing that Parent or Merger Sub may raise in connection with the transactions contemplated by this Agreement or any cooperation provided pursuant to this Section 7.11 and that Parent and Merger Sub shall, jointly and severally, indemnify and hold harmless the Company and its Representatives from and against any and all Losses suffered or incurred by any of them in connection with any Financing and any information utilized in connection therewith.

(c) All non-public or otherwise confidential information regarding the Company or any of the Company Subsidiaries obtained by Parent or Merger Sub or their respective Representatives pursuant to Section 7.11(a) shall be kept confidential in accordance with the Confidentiality Agreement.

Section 7.12 Obligations of Merger Sub. Parent shall take all action necessary to cause Merger Sub to perform its covenants and agreements, and comply with its obligations, under this Agreement, including consummating the Merger and the other transactions contemplated by this Agreement on the terms and subject to the conditions set forth in this Agreement.

Section 7.13 Parent Vote. Parent shall vote (or consent with respect to) or cause to be voted (or cause a consent to be given with respect to) any shares of Company Common Stock beneficially owned by it or any of its Subsidiaries or other Affiliates or with respect to which it or any of its Subsidiaries or other Affiliates has the power (by agreement, proxy or otherwise) to cause to be voted (or to provide a consent), in favor of the adoption of this Agreement at any meeting of shareholders of the Company at which this Agreement shall be submitted for adoption and at all adjournments or postponements thereof (or, if applicable, by any action of shareholders of the Company by consent in lieu of a meeting).

Section 7.14 Solvency Opinion Assistance. Parent will, in connection with the preparation and delivery of the solvency opinion referenced in Section 8.02(d), (a) make its officers available and will use its reasonable best efforts to make its other Representatives available on a customary basis and upon reasonable notice, (b) provide or make available such information concerning the business, properties, Contracts, assets and liabilities of Parent and its Affiliates as may reasonably be requested, and (c) pay the fees and reimbursable expenses of the firm referred to in Section 8.02(d) that are incurred in such preparation and delivery.

Section 7.15 State Takeover Statutes. Parent, the Company and their respective Boards of Directors (or with respect to the Company, the Special Committee, if appropriate) shall (i) take all reasonable action necessary to ensure that no Takeover Statute is or becomes applicable to this Agreement or the transactions contemplated by this Agreement and (ii) if any Takeover Statute becomes applicable to this Agreement or the transactions contemplated by this Agreement, take all reasonable action necessary to ensure that the transactions provided for in this Agreement may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such Takeover Statute on this Agreement or the transactions provided for in this Agreement. In furtherance of the foregoing, any Contract entered into after the execution of this Agreement between Parent or any member of the Parent Group, on the one hand, and any Third Party, on the other hand, that has the effect of causing a Takeover Statute (including Section 1090.3 of the OGCA) to be applicable to this Agreement, the Merger or the other transactions contemplated by this Agreement shall be deemed to be a breach of this Section 7.15 by Parent.

Section 7.16 Resignation of Directors. At the Closing, except as otherwise may be agreed to by Parent no later than three (3) Business Days prior to the Closing Date, the Company shall deliver to Parent the resignation of all members of the Company Board who are in office immediately prior to the Effective Time, which resignations shall be effective at the Effective Time.

Section 7.17 Transaction Litigation. From and after the date of this Agreement until the Effective Time, each of the Company and Parent shall promptly notify the other orally and in writing of any Action commenced against, such party or any of its Subsidiaries or Affiliates or otherwise relating to, involving or affecting such party or any of its Subsidiaries or Affiliates, in each case in connection with, arising from or otherwise relating to the Merger or any other transaction contemplated hereby (the “Transaction Litigation”). The Company and Parent shall give each other the opportunity to participate in the defense, settlement and/or prosecution of any Transaction Litigation; provided, that neither the Company nor any Company Subsidiary or Company Representative shall compromise, settle, come to an arrangement regarding or agree to compromise, settle or come to an arrangement regarding any Transaction Litigation or consent to the same unless Parent shall have consented in writing; provided, further, that after receipt of Company Shareholder Approval, the Company shall cooperate with Parent and, if requested by Parent, use its reasonable best efforts to settle any unresolved Transaction Litigation in accordance with Parent’s direction;provided that any such settlement shall be conditioned on the consummation of the Merger.

Section 7.18 Financing. (a) Parent shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain the Debt Financing on the terms and conditions described in or contemplated by the Debt Financing Commitment and shall not agree to any amendment or modification to be made to, or any waiver of any provision or remedy under, the Debt Financing Commitment without the prior written consent of the Company if such amendments, modifications or waivers would or would reasonably be expected to (w) reduce the aggregate amount of the Debt Financing below the amount required to consummate the Merger and the other transactions contemplated hereby, (x) impose new or additional conditions to the receipt of the Debt Financing, (y) prevent or materially delay the consummation of the transactions contemplated by this Agreement or (z) adversely impact the ability of Parent or Merger Sub to enforce its rights against the other parties to the Financing Commitments (provided that Parent and Merger Sub may amend the Debt Financing Commitment to add lenders, lead arrangers, bookrunners, syndication agents or similar entities who had not executed the Debt Financing Commitment as of the date of this Agreement so long as such action would not reasonably be expected to delay or prevent the Closing), including using reasonable best efforts to (i) maintain in effect the Debt Financing Commitment, (ii) satisfy on a timely basis all conditions and covenants applicable to Parent and Merger Sub in the Debt Financing Commitment (including by consummating the financing pursuant to the terms of the Equity Financing Commitment) and otherwise comply with its obligations thereunder, (iii) enter into definitive agreements with respect thereto on the terms and conditions contemplated by the Debt Financing Commitment (or terms and conditions no less favorable, in the aggregate, to Parent and Merger Sub (in the reasonable judgment of Parent) than the terms and conditions in the Debt Financing Commitment), (iv) in the event that all conditions in the Debt Financing Commitment (other than the availability or funding of any Equity Financing) have been satisfied, consummate the Debt Financing at or prior to Closing and (v) subject to compliance with the requirements of Section 10.09(b), enforce its rights under the Debt Financing Commitment in the event that all conditions in the Debt Financing Commitment (other than the availability or funding of any Equity Financing) have been satisfied, to cause the lenders and other persons providing Debt Financing to fund on the Closing Date the Debt Financing required to consummate the Merger and the other transactions contemplated hereby. Without limiting the generality of the foregoing, Parent and Merger Sub shall give the Company prompt notice (containing a reasonable description of the circumstances giving rise to the notified matter): (A) of any material breach or material default (or any event or circumstance that, with or without notice, lapse of time or both, would reasonably be expected to give rise to any material breach or material default) by any party to the Debt Financing Commitment or definitive document related to the Debt Financing of which Parent or Merger Sub become aware; (B) of the receipt of any written notice or other written communication from any party to the Debt Financing Commitment with respect to any breach, default, termination or repudiation by any party to the Debt Financing Commitment or any definitive document related to the Debt Financing or any provisions of the Debt Financing Commitment or any definitive document related to the Debt Financing; and (C) if Parent or Merger Sub will not be able to obtain all or any portion of the Debt Financing on the terms, in the manner or from the sources contemplated by the Debt Financing Commitment or the definitive documents related to the Debt Financing; provided, that the Parent and Merger Sub shall be under no obligation to disclose any information that is subject to attorney client or similar privilege, but only if such privilege is asserted in good faith. If any portion of the Debt Financing becomes unavailable on the terms and conditions contemplated in the Debt Financing Commitment, Parent shall, if requested by the Company, use its reasonable best efforts to arrange and obtain alternative debt financing from alternative debt sources in an amount sufficient to consummate the transactions contemplated by this Agreement upon terms and conditions not less favorable, taken as a whole, to Parent and Merger Sub (in the reasonable judgment of Parent) than those in the Debt Financing Commitment as promptly as practicable following the occurrence of such event but no later than the Business Day immediately prior to the Closing Date. To the extent Parent, at the Company's request, seeks to arrange and obtain alternative debt financing from alternative debt sources and such actions by Parent are determined to have constituted a breach of the Debt Financing Commitment, the Company agrees that such result shall not be deemed to be a breach by Parent of its obligations under this Section 7.18 or otherwise under this Agreement. Notwithstanding anything contained in this Section 7.18 or in any other provision of this Agreement, in no event shall Parent or Merger Sub be required (x) to amend or waive any of the terms or conditions hereof or (y) consummate the Closing any earlier than the final day of the Marketing Period.

(b) Each of Parent and Merger Sub shall take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain the Equity Financing on the terms and conditions described in or contemplated by the Equity Financing Commitment and shall not agree to any amendment or modification to be made to, or any waiver of any provision or remedy under the Equity Financing Commitment without the prior written consent of the Company if such amendments, modifications or waivers would or would reasonably be expected to (w) reduce the aggregate amount of the Equity Financing, (x) impose new or additional conditions to the receipt of the Equity Financing, (y) prevent or materially delay the consummation of the transactions contemplated by this Agreement or (z) adversely impact the ability of Parent or Merger Sub to enforce its rights against the other parties to the Equity Financing Commitment, including (i) maintaining in effect the Equity Financing Commitment and (ii) satisfying on a timely basis all conditions and covenants applicable to Parent and Merger Sub in the Equity Financing Commitment and otherwise complying with their obligations thereunder. Without limiting the generality of the foregoing, Parent and Merger Sub shall give the Company prompt notice (containing a reasonable description of the circumstances giving rise to the notified matter): (A) of any material breach or material default (or any event or circumstance that, with or without notice, lapse of time or both, could reasonably be expected to give rise to any material breach or material default) by any party to the Equity Financing Commitment; (B) of the receipt of any written notice or other written communication from any party to the Equity Financing Commitment with respect to any breach, default, termination or repudiation by any party to the Equity Financing Commitment of the Equity Financing Commitment or any provisions of the Equity Financing Commitment; and (C) if Parent or Merger Sub will not be able to obtain all or any portion of the Equity Financing on the terms, in the manner or from the sources contemplated by the Equity Financing Commitment.

(c) Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Section 7.18 shall require, and in no event shall the reasonable best efforts of Parent or Merger Sub be deemed or construed to require, either Parent or Merger Sub to (i) bring any enforcement action against the counterparties to the Financing Commitments to enforce its respective rights under the Financing Commitments, except that Parent shall seek enforcement of the Financing Commitments solely if the Company seeks and is granted a decree of specific performance after all conditions to the granting therefor set forth in Section 10.09(b) of this Agreement have been satisfied, (ii) seek the Equity Financing from any source other than those counterparty to, or in any amount in excess of that contemplated by, the Equity Commitments or (iii) pay any fees in connection with the Financing in excess of those contemplated by the Financing Commitments (whether to secure waiver of any conditions contained therein or otherwise).

ARTICLE VIII

CONDITIONS PRECEDENT

Section 8.01 Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party to effect the Merger and the other transactions contemplated herein are subject to the satisfaction (or waiver, if permissible under applicable Law) at or prior to the Effective Time of each of the following conditions:

(a) Shareholder Approval. The Company Shareholder Approval shall have been obtained.

(b) Regulatory Approvals. (i) The waiting period (and any extensions thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired, (ii) the Commissioner of the Oklahoma Insurance Department shall have approved the Oklahoma Form A, (iii) the Commissioner of the Florida Office of Insurance Regulation shall have approved the Florida Application and (iv) the Additional Material Regulatory Consents, if any, shall have been obtained.

(c) Statutes; Court Orders. No statute, rule, regulation or Orders shall have been enacted, entered, promulgated, issued or enforced by any Governmental Entity of competent jurisdiction and shall be in effect that restrains, enjoins or otherwise prohibits the consummation of the Merger.

Section 8.02 Conditions to Obligation of the Company to Effect the Merger. The obligation of the Company to consummate the Merger is also subject to the satisfaction or waiver (to the extent permitted by applicable Law) at or prior to the Effective Time of each of the following conditions:

(a) Accuracy of Representations and Warranties. (i) The representations and warranties made by Parent and Merger Sub herein, other than in Section 5.03, shall be true and correct as of the date hereof and on the Closing Date with the same effect as if made on and as of the Closing Date (except for those representations and warranties which address matters only as of an earlier specified date (including the date of this Agreement), which shall be true and correct only as of such earlier specified date), disregarding all qualifications and exceptions contained therein relating to materiality or Parent Material Adverse Effect (other than the Parent Retained Qualifiers), except for such failures to be so true and correct which, individually or in the aggregate, would not reasonably be expected to prevent, materially delay or materially impede the performance by Parent or Merger Sub of its obligations under this Agreement; and (ii) the representations and warranties set forth in Section 5.03 shall be true and correct as of the date hereof and as of the Closing Date as if made at and as of the Closing Date (except for those representations and warranties that address matters only as of an earlier specified date (including the date of this Agreement), which shall be true and correct only as of such earlier specified date).

(b) Compliance with Covenants. Each of Parent and Merger Sub shall have performed in all material respects all covenants and agreements, and complied in all material respects with all obligations, contained in this Agreement that are to be performed or complied with by it prior to or on the Closing Date.

(c) Officer's Certificate. The Company shall have received a certificate of Parent, dated as of the Closing Date, signed by an executive officer of Parent to the effect that the conditions set forth in Section 8.02(a) and Section 8.02(b) have been satisfied.

(d) Solvency Opinion. The Company shall have received a favorable opinion from a firm reasonably acceptable to Parent and the Company addressed to the Company Board, in customary form and substance, that (i) as of and immediately after the Effective Time, neither Parent, the Surviving Corporation nor any of the Company Subsidiaries is insolvent (as defined in section 101(32) of title 11 of United States Code), (ii) neither Parent, the Surviving Corporation nor any of the Company Subsidiaries is, as of the Effective Time, engaged or about to engage in a business or transaction for which its remaining property was an unreasonably small capital, and (iii) neither Parent, the Surviving Corporation nor any of the Company Subsidiaries intended, as of the Effective Time to incur, or believed at the Effective Time that it would incur, debts beyond their ability to pay as such debts matured.

Section 8.03 Conditions to Obligation of Parent and Merger Sub to Effect the Merger. The obligations of Parent and Merger Sub to consummate the Merger are also subject to the satisfaction or waiver (to the extent permitted by applicable Law) at or prior to the effective time of each of the following conditions:

(a) Accuracy of Representations and Warranties. (i) The representations and warranties made by the Company herein, other than in Sections 4.03, 4.04, 4.08 (second sentence only) and 4.20, shall be true and correct as of the date hereof and on the Closing Date with the same effect as if made on and as of the Closing Date (except for those representations and warranties that address matters only as of an earlier specified date (including the date of this Agreement), which shall be true and correct only as of such earlier specified date), disregarding all qualifications and exceptions contained therein relating to materiality or Company Material Adverse Effect (other than the Company Retained Qualifiers), except for such failures to be so true and correct which, individually or in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect; (ii) the representations and warranties set forth in Section 4.03 shall be true and correct as of the date hereof and as of the Closing Date as if made at and as of the Closing Date (except for those representations and warranties that address matters only as of an earlier specified date (including the date of this Agreement), which shall be true and correct only as of such earlier specified date), except for such failures to be so true and correct that do not exceed a de minimis extent; and (iii) the representations and warranties set forth in Sections 4.04, 4.08 (second sentence only) and 4.20 shall be true and correct as of the date hereof and as of the Closing Date as if made at and as of the Closing Date (except for those representations and warranties that address matters only as of an earlier specified date (including the date of this Agreement), which shall be true and correct only as of such earlier specified date).

(b) Compliance with Covenants. The Company shall have performed in all material respects all covenants and agreements, and complied in all material respects with all obligations, contained in this Agreement that are to be performed or complied with by it prior to or on the Closing Date.

(c) Officer's Certificate. Parent shall have received a certificate of the Company, dated as of the Closing Date, signed by an executive officer of the Company to the effect that the conditions set forth in Section 8.03(a) and Section 8.03(b) have been satisfied.

(d) FIRPTA Certificate. The Company shall have delivered to Parent a properly completed and executed certificate to the effect that the Common Stock of the Company is not a U.S. real property interest (such certificate in the form required by Treasury Regulation Sections 1.897-2(h) and 1.1445-2(c)(3)), along with written authorization for Parent to deliver such form to the IRS on behalf of the Company upon Closing.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.01 Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Time, whether before or after Company Shareholder Approval has been obtained (other than as provided in Section 9.01(d)(i)), by written notice (other than termination pursuant to Section 9.01(a)) by the terminating party to the other parties specifying the subsection of this Section 9.01 pursuant to which such termination is effected:

(a) by mutual written consent of the Company (upon approval of the Special Committee) and Parent;

(b) by either Parent or the Company:

(i) if the Merger shall not have been consummated on or before July 31, 2011 (as may extended in accordance with this Section 9.01(b)(i), the "Outside Date"); provided, further that (x) if the Marketing Period has commenced on or before such Outside Date, but not ended before any such Outside Date, such Outside Date shall automatically be extended by one month and (y) the Outside Date shall not occur sooner than three (3) Business Days after the final day of the Marketing Period; provided, however, that the right to terminate this Agreement pursuant to this Section 9.01(b)(i) shall not be available to any party whose breach of, or failure to fulfill any obligation under, this Agreement has been the principal cause of, or resulted in, the failure of the Merger to be consummated on or before such date; provided further that in the event the Company has brought any litigation seeking to enforce any of its rights under Section 10.09 and such litigation is pending as of the Outside Date, Parent shall not be entitled to terminate this Agreement pursuant to this Section 9.01(b)(i) until the third Business Day immediately following the date on which Parent and Merger Sub have complied with all orders (if any) included in the final ruling (including any appeals) on the merits of such litigation that is issued by the courts in which such litigation is pending;

(ii) if (x) any Order permanently restraining, enjoining or otherwise prohibiting the Merger shall have become final and nonappealable or (y) any Law makes consummation of the Merger illegal or otherwise prohibited (unless the consummation of the Merger in violation of such Law would not have a Company Material Adverse Effect); provided, however, that no party hereto shall have such right to terminate pursuant to this Section 9.01(b)(ii) unless, prior to such termination, such party shall have used its reasonable best efforts to oppose any such Order or Law or to have such Order or Law vacated or made inapplicable to the Merger and shall have complied in all material respects with its obligations under Section 7.04; provided further that the right to terminate this Agreement pursuant to this Section 9.01(b)(ii) shall not be available to any party whose breach of any provision of this Agreement results in the imposition of any such Order or the failure of such Order to be resisted, resolved or lifted, as applicable; or

(iii) if at the Company Shareholders Meeting (or any adjournment thereof), a proposal to adopt this Agreement shall have been voted upon by the holders of shares of Company Common Stock and the Company Shareholder Approval shall not have been obtained.

(c) by Parent:

(i) if the Company shall have breached any of its representations or warranties or failed to perform any of its covenants or other agreements contained in this Agreement, which breach or failure to perform (x) would give rise to the failure of a condition set forth in Section 8.03(a) or 8.03(b) and (y) (1) is incapable of being cured or (2) if capable of being cured, is not cured by the earlier to occur of thirty (30) calendar days (or, in the case of a breach of Section 6.02, five (5) calendar days) after the Company receives notice of such breach from Parent or Merger Sub and the Outside Date; provided, however, that each of Parent and Merger Sub is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.01, 8.02(a) or 8.02(b), as applicable, not to be satisfied; or

(ii) if, prior to the obtaining of the Company Shareholder Approval, (A) the Company Board or the Special Committee shall have effected a Company Adverse Recommendation Change or the Company Board or the Special Committee shall have effected a Change of Recommendation in response to an Intervening Event; or (B) Parent shall have received written notice from the Company to the effect that the Company intends to terminate this Agreement in accordance with Section 6.02(e).

(d) by the Company:

(i) at any time prior to obtaining the Company Shareholder Approval, if the Company Board or the Special Committee shall have determined, in good faith, that an Alternative Transaction Proposal is a Superior Proposal and the Company shall have complied with the provisions of Section 6.02 and Section 9.02(b);

(ii) if Parent or Merger Sub shall have breached any of its representations or warranties or failed to perform any of its covenants or other agreements contained in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 8.02(a) or 8.02(b) and (B) (1) is incapable of being cured or (2) if capable of being cured, is not cured by the earlier to occur of (x) thirty (30) calendar days after Parent or Merger Sub receives notice of such breach from the Company and (y) the Outside Date; provided, however, that the Company is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.01, 8.03(a) or 8.03(b), as applicable, not to be satisfied; or

(iii) if (A) the conditions set forth in Sections 8.01 and 8.03 have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing), (B) the Company has irrevocably confirmed in writing that all conditions set forth in Section 8.02 have been satisfied or that it is willing to waive all unsatisfied conditions in Section 8.02 provided that the Closing occurs by the close of business on the second Business Day following the date of such notice, (C) the Marketing Period has ended or will end on the date of such notice, and (D) by the close of business on the second Business Day after the Company has delivered written notice to Parent of the satisfaction of such conditions and such confirmation, the Merger shall not have been consummated; provided that such conditions in Sections 8.01 and 8.03 remain satisfied and the Company's certification remains in full force and effect at the close of business on such second Business Day;provided, further, that during such period of two (2) Business Days, no party shall be entitled to terminate this Agreement pursuant to Section 9.01(b)(i) until after the close of business on the Business Day immediately following the last day of such period.

Section 9.02 Effect of Termination. (a) In the event of termination of this Agreement as provided in Section 9.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of Parent, Merger Sub or the Company, other than Section 4.18, Section 5.08, the last sentence of Section 7.03, the last sentence of Section 7.11(a), Section 7.11(b), Section 7.11(c), this Section 9.02, and Article X; provided, however, that no such termination shall relieve any party from any liability for damages to any other party resulting from any material and willful breach by such party of any representation, warranty, covenant or agreement set forth in this Agreement. The Confidentiality Agreement and the Guarantee shall survive any termination of this Agreement in accordance with their respective terms.

(b) Company Termination Fee.

(i) In the event that this Agreement is terminated pursuant to Section 9.01(d)(i), the Company shall pay to the Fund Manager a fee equal to $21,500,000 (the "Company Termination Fee") prior to such termination by wire transfer of same day funds to one or more accounts designated by Fund Manager (except that if the Fund Manager shall not have so designated one or more accounts to the Company by 12:00 pm, New York City time, on the final day of the Notice Period, the Company shall be permitted to terminate this Agreement pursuant to Section 9.01(d)(i) without paying the Company Termination Fee prior to such termination; provided, that the Company shall thereafter pay the Company Termination Fee to the Fund Manager within two (2) Business Days of the later to occur of (A) the termination of this Agreement pursuant to Section 9.01(d)(i) and (B) the date that the Fund Manager shall have designated such account or accounts to the Company).

(ii) In the event that this Agreement is terminated pursuant to Section 9.01(c)(ii), the Company shall pay the Company Termination Fee to the Fund Manager promptly, but in any event within two (2) Business Days after the date of such termination, by wire transfer of same day funds to one or more accounts designated by the Fund Manager.

(iii) In the event that this Agreement is terminated pursuant to Section 9.01(b)(iii) and prior to the Company Shareholders Meeting the Company Board has made a Change of Recommendation based on an Intervening Event, the Company shall pay the Company Termination Fee to Fund Manager promptly, but in any event within two (2) Business Days after the date of such termination, by wire transfer of same day funds to one or more accounts designated by Fund Manager.

(iv) In the event that (A) after the date of this Agreement (and in the case of a termination pursuant to Section 9.01(b)(iii), prior to the Company Shareholders Meeting (or any adjournment thereof)) an Alternative Transaction Proposal shall have become publicly known and not withdrawn, (B) thereafter, this Agreement is terminated (1) by Parent or the Company pursuant to Section 9.01(b)(i), (2) by Parent or the Company pursuant to Section 9.01(b)(iii), or (3) by Parent pursuant to Section 9.01(c)(i), and (C) within 12 months after such termination, the Company enters into a definitive agreement providing for any transaction contemplated by any Alternative Transaction Proposal (regardless of when made) (which transaction is thereafter consummated) or consummates any Alternative Transaction Proposal (regardless of when made), then the Company shall, on the date such Alternative Transaction Proposal is consummated, pay the Company Termination Fee to the Fund Manager; provided that for purposes of clause (C) of this Section 9.02(b)(iv), the term "Alternative Transaction Proposal" shall have the meaning set forth in Section 6.02(i)(i) except that all references to "twenty (20) percent or more" shall be deemed to be references to "fifty (50) percent or more".

In no event shall the Company Termination Fee be paid more than once.

(c) Parent Termination Fee.

(i) In the event that this Agreement is terminated by the Company pursuant to Section 9.01(d)(ii) or Section 9.01(d)(iii), Parent shall pay or cause to be paid to the Company a fee equal to $50,000,000 (the "Parent Termination Fee"), in each case promptly, and in any event within two (2) Business Days following such termination, by wire transfer of same day funds to one or more accounts designated by the Company.

(ii) In no event shall Parent be obligated to pay, or cause to be paid, the Parent Termination Fee on more than one occasion.

(iii) If Parent becomes obligated to pay the Parent Termination Fee pursuant to this Section 9.02(c), the Company agrees that its right to receive the Parent Termination Fee from Parent or the Guarantors pursuant to the Guarantee shall be its sole and exclusive remedy against Parent, the Parent Group and the Lender Identified Persons and, upon payment of the Parent Termination Fee, neither Parent nor any member of the Parent Group nor any Lender Identified Person shall have any liability or obligation to the Company relating to or arising out of this Agreement or the transactions contemplated hereby. Each Lender Identified Person is an express third party beneficiary of this Section 9.02(c)(iii).

(d) In the event that this Agreement is terminated pursuant to (i) (A) Section 9.01(b)(i) and, as of the date of such termination, (1) all of the conditions set forth in Sections 8.01 and 8.02 shall have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, all of which would be satisfied if the Closing were to occur on the date of such termination (except that the condition set forth in Section 8.02(d) would fail to be satisfied as of such date)) and (2) Parent shall have complied in all material respects with its obligations contained in Section 7.14 or (B) either Section 9.01(b)(iii) or Section 9.01(c)(i) and (ii) under circumstances in which the Company Termination Fee is not then payable pursuant to Section 9.02(b), then the Company shall promptly reimburse Parent for all reasonably documented out-of-pocket fees and expenses (including all fees and expenses of counsel, accountants, investment bankers, financing sources (including commitment fees), experts, consultants and the costs of all filing fees and printing costs) incurred by the Parent Group in connection with this Agreement and the transactions contemplated hereby ("Parent Expenses") by payment to the Fund Manager of the amount thereof by wire transfer of same day funds as promptly as reasonably practicable (and, in any event, within two (2) Business Days following request therefor), which amount shall not be greater than $5,000,000; provided, that the payment by the Company of Parent Expenses pursuant to this Section 9.02(d) shall be credited against any amount that may become payable pursuant to Section 9.02(b).

(e) Each party acknowledges that (i) the agreements contained in this Section 9.02 are an integral part of the transactions contemplated in this Agreement, (ii) the damages resulting from termination of this Agreement under circumstances where a Company Termination Fee or Parent Termination Fee is payable are uncertain and incapable of accurate calculation and therefore, the amounts payable pursuant to Section 9.02(b) or Section 9.02(c) are not a penalty but rather constitute liquidated damages in a reasonable amount that will compensate Parent or the Company, as the case may be, for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, and (iii) without the agreements contained in this Section 9.02, the parties would not have entered into this Agreement. Accordingly, if the Company fails to promptly pay any amount due pursuant to Section 9.02(b) or if Parent fails to promptly pay any amount due pursuant to Section 9.02(c) and, in order to obtain such payment, Parent or the Company, as the case may be, commences a suit that results in a judgment against the Company for the amount set forth in Section 9.02(b) or Section 9.02(c) or any portion thereof or a judgment against Parent for the amount set forth in or any portion thereof, the Company shall pay to Parent, or Parent shall pay to the Company, as the case may be, costs and expenses (including reasonable attorneys' fees) incurred by the prevailing party and its Affiliates in connection with such suit, together with interest on the amount of such amount or portion thereof at the prime rate in effect on the date such payment was required to be made through the date of payment.

Section 9.03 Amendment. This Agreement may be amended by the parties at any time before the Effective Time; provided, that after receipt of Company Shareholder Approval, there shall be no amendment that by Law requires further approval by the shareholders of the Company without the further approval of such shareholders; provided, further that no amendment of Section 7.06 or the second sentence of Section 10.06 (to the extent such sentence refers to Section 7.06 or Section 10.12(c)) shall be effective against any Indemnified Party without the prior written consent of such Indemnified Party. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

Section 9.04 Extension; Waiver. At any time prior to the Effective Time, the parties may, and in the case of the Company upon the approval of the Special Committee, (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement or (c) subject to the proviso in the first sentence of Section 9.03, and to the fullest extent permitted by Law, waive compliance with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

ARTICLE X

GENERAL PROVISIONS

Section 10.01 Nonsurvival of Representations and Warranties. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement, nor any rights arising out of any breach of such representations, warranties, covenants and agreements, shall survive the Effective Time, except for those covenants and agreements contained herein and therein that by their terms apply or are to be performed in whole or in part after the Effective Time.

Section 10.02 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by telecopy, facsimile or email, upon confirmation of receipt or (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

(a) if to Parent or Merger Sub, to

c/o MidOcean Partners
320 Park Avenue
16th Floor
New York, NY 10022
Tel: (212) 497-1400
Fax: (212) 497-1373
Email: fschiff@midoceanpartners.com
nrabinsky@midoceanpartners.com
Attention: Frank Schiff and Noah Rabinsky

with a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022
Tel: (212) 446-4800
Fax: (212) 446-4900
Email: george.stamas@kirkland.com,
mark.director@kirkland.com,
andrew.herman@kirkland.com
Attention: George P. Stamas, Mark D. Director
and Andrew M. Herman

with a copy to:

Hartzog Conger Cason & Neville
201 Robert S. Kerr Ave., Suite 1600
Oklahoma City, Oklahoma 73102
Tel: (405) 235-7000
Fax: (405) 996-3403
Email: lcason@hartzogLaw.com,
rwarren@hartzoglaw.com
Attention: Len Cason and Rick Warren

if to the Company, to

Pre-Paid Legal Services, Inc.
One Pre-Paid Way
Ada, Oklahoma 74820
Tel: (580) 436-1234
Fax: (580) 436-7412
Attention: General Counsel

with a copy to:

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Tel: (312) 782-0600
Fax: (312) 701-7711
Email: sdavis@mayerbrown.com
wkucera@mayerbrown.com
anoreuil@mayerbrown.com
Attention: Scott J. Davis, William R. Kucera
and Andrew J. Noreuil

and a copy to:

Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
The Kennedy Building
321 South Boston, Suite 800
Tulsa, Oklahoma 74103-3318
Tel: (918) 599-0621
Fax: (918) 583-9659
Email: lfoster@fellerssnider.com
Attention: Lon Foster, III

Section 10.03 Interpretation. When a reference is made in this Agreement to a Section or Exhibit, such reference shall be to a Section or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation” to the extent such words do not already follow any such term. The phrases “herein,” “hereof,” “hereunder” and words of similar import shall be deemed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

Explanation of Responses: 26

Section 10.04 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 10.05 Counterparts. This Agreement (i) may be executed in two or more counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall be considered one and the same agreement and (ii) shall become effective when signed by all of the parties or when counterparts have been signed by each of the parties and delivered to all of the other parties. Delivery of an executed counterpart of this Agreement by facsimile or ".pdf" file shall be effective to the fullest extent permitted by applicable Law.

Section 10.06 Entire Agreement; No Third-Party Beneficiaries. This Agreement, the Company Disclosure Schedule, Parent Disclosure Schedule and all Exhibits hereto, the Guarantee and the Confidentiality Agreement, taken together, constitute the entire agreement, and supersede all prior agreements, arrangements and understandings, both written and oral, among the parties with respect to the subject matter hereof and the transactions contemplated hereby. Other than as provided in Section 7.06 and Section 10.12(c) (each of which is intended to be for the benefit of the Persons referred to therein), each of Parent and the Company hereby agrees that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other parties hereto, in accordance with and subject to the terms of this Agreement and no provision of this Agreement is intended to, and does not, confer upon any Person other than the parties hereto and the Lender Identified Persons any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein. For the avoidance of doubt and without limitation on the foregoing, in no event shall any Lender Identified Person have any liability or obligation under this Agreement.

Section 10.07 Governing Law. Except to the extent the Laws of the State of Oklahoma are mandatorily applicable to the Merger, this Agreement, the transactions contemplated by this Agreement or the internal affairs of any parties hereto, the Merger, this Agreement and the transactions contemplated by this Agreement, and all disputes between the parties under or related to this Agreement or the facts and circumstances leading to its execution, whether in contract, tort or otherwise, shall be governed by, and construed in accordance with, the Laws of the State of New York, without reference to conflicts of laws principles.

Section 10.08 Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned or delegated, in whole or in part, by operation of Law or otherwise by any of the parties without the prior written consent of the other parties. Any purported assignment without such consent shall be void. Subject to the two immediately preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 10.09 Enforcement.

(a) The parties agree that irreparable injury, for which monetary damages, even if available, would not be an adequate remedy, would occur in the event that the parties hereto do not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder in order to consummate the transactions contemplated by this Agreement) in accordance with its specified terms or otherwise breach such provisions. Accordingly, the parties agree that, prior to the valid termination of this Agreement in accordance with Section 9.01 but in all cases subject to the specific requirements set forth in Section 10.09(b), the parties shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, in accordance with Section 10.10, this being in addition to any other remedy to which they are entitled under the terms of this Agreement at law or in equity.

(b) Notwithstanding the foregoing, the right of the Company to obtain an injunction, or other appropriate form of specific performance or equitable relief, in each case, solely with respect to causing Parent and Merger Sub to, or to directly, cause the Equity Financing to be funded at any time but only simultaneously with the receipt of the Debt Financing (whether under this Agreement, the Equity Financing Commitment or the Guarantee) shall be subject to the requirements that: (A) all conditions in Sections 8.01 and 8.03 (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or waived, (B) Parent and Merger Sub fail to complete the Closing by the date the Closing is required to have occurred pursuant to Section 2.02, (C) the Debt Financing (or, if alternative financing is being used in accordance with Section 7.18, pursuant to the commitments with respect thereto) has been funded or will be funded at the Closing if the Equity Financing is funded at the Closing and (D) the Company has irrevocably confirmed that (1) all conditions set forth in Section 8.02 have been satisfied or that it is willing to waive any of the conditions to the extent not so satisfied in Section 8.02 and (2) if specific performance is granted and the Equity Financing and Debt Financing are funded, then the Closing will occur. It is further hereby acknowledged and agreed that the Company's right to specific performance to cause Parent and Merger Sub to use reasonable best efforts to enforce the terms of the Debt Financing Commitment, which may include a demand that Merger Sub and Parent file one or more lawsuits against the sources of Debt Financing to fully enforce such sources' obligations thereunder and Parent's and Merger Sub's rights thereunder shall be subject to the requirements that (A) all conditions in Sections 8.01 and 8.03 (other than those conditions that by their nature are to be satisfied at the Closing) have been satisfied or waived, (B) Parent and Merger Sub fail to complete the Closing by the date the Closing is required to have occurred pursuant to Section 2.02, (C) the Company has irrevocably confirmed that (1) all conditions set forth in Section 8.02 have been satisfied or that it is willing to waive any of the conditions to the extent not so satisfied in Section 8.02 and (2) if specific performance is granted and the Equity Financing and Debt Financing are funded, then the Closing will occur and (D) all conditions to the consummation of the Debt Financing contemplated by the Debt Financing Commitment (other than the receipt of the Equity Financing and those conditions that by their nature cannot be satisfied until the Closing, but each of which, including the receipt of the Equity Financing, shall be capable of being satisfied on the Closing (and shall be satisfied on the Closing Date)) have been satisfied and remain satisfied.

(c) Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief as provided herein on the basis that (x) either party has an adequate remedy at law or (y) an award of specific performance is not an appropriate remedy for any reason at law or equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

Section 10.10 Submission to Jurisdiction.

(a) Each party to this Agreement hereby (a) agrees that any litigation, proceeding or other legal action brought in connection with or relating to this Agreement or any matters or transactions contemplated hereby shall be brought, heard and determined exclusively in the courts of the State of Delaware located in New Castle County, Delaware or the federal courts of the United States of America located in the District of Delaware, (b) agrees not to bring any action or proceeding arising out of or relating to this Agreement or any matters or transactions contemplated by this Agreement in any other court, (c) consents and irrevocably submits itself to personal jurisdiction in connection with any such litigation, proceeding or action in any such court described in clause (a) of this Section 10.10, as well as to the jurisdiction of all courts to which an appeal may be taken from such court, and to service of process upon it in accordance with the rules and statutes governing service of process, (d) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such courts, (e) expressly waives to the full extent permitted by Law any objection that it may now or hereafter have to the venue of any such litigation, proceeding or action in any such court or that any such litigation, proceeding or action was brought in an inconvenient forum, (f) designates, appoints and directs Corporation Service Company, as its authorized agent to receive on its behalf service of any and all process and documents in such litigation, proceeding or action in the State of Delaware, (g) agrees to notify the other parties to this Agreement immediately if such agent shall refuse to act, or be prevented from acting, as agent and, in such event, promptly designate another agent in the State of Delaware to serve in place of such agent and deliver to the other parties written evidence of such substitute agent's acceptance of such designation, (h) agrees, to the fullest extent permitted by Law, as an alternative method of service to service of process in such litigation, proceeding or action by mailing of copies thereof to such party at its address set forth in Section 10.02, (i) agrees, to the fullest extent permitted by Law, that any service made as provided herein shall be effective and binding service in every respect and (j) agrees that nothing herein shall affect the rights of any party to effect service of process in any other manner permitted by applicable Law. Each of the parties further agrees to waive any bond, surety or other security that might be required of any other party with respect to any action or proceeding, including an appeal thereof.

(b) Each of the parties hereto irrevocably agrees (on their own behalf and on behalf of each of their respective Subsidiaries and Affiliates) that (i) any litigation, proceeding or other legal action arising against any Lender Identified Person, or with respect to which any Lender Identified Person otherwise becomes subject to, arising out of, relating to, resulting from or otherwise in connection with the Debt Financing Commitment, the Financing, the use of the proceeds therefrom, the Merger, or any of the other transactions contemplated by the Debt Financing Commitment shall be subject to the exclusive jurisdiction of a New York State or Federal court sitting in the County of New York, New York, and (ii) each Lender Identified Person is an express third party beneficiary of this Section 10.10(b).

Section 10.11 Waiver of Jury Trial. EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH OR RELATING TO THIS AGREEMENT, THE FINANCING OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

Section 10.12 Non-Reliance; Limitation of Damages.

(a) Parent and Merger Sub acknowledge and agree that, except for the representations and warranties expressly set forth in this Agreement, neither the Company nor any of its Representatives has made, in connection with Parent's and Merger Sub's investigation of the Company or otherwise, any representation or warranty, express or implied, including with respect to the accuracy or completeness of any information, written or oral, relating to the Company or the Company Subsidiaries (collectively, the "Information"). Without limiting the generality of the foregoing, Parent and Merger Sub acknowledge that neither the Company nor any of its Representatives has made any representation or warranty with respect to (i) any projections, forecasts or forward-looking statements made or made available to Parent or Merger Sub or any of their respective Representatives or (ii) any memoranda, charts, summaries, schedules or other information about the Company or the Company Subsidiaries made available to Parent or Merger Sub or any of their respective Representatives (including any information by any financial advisor for the Company), except as expressly set forth in this Agreement. Parent and Merger Sub acknowledge and agree that neither the Company nor any of its Representatives shall have any liability to Parent or Merger Sub or any of their respective Representatives relating to or resulting from the use of the Information or any errors or inaccuracies contained therein or omissions therefrom, except for any liability resulting from the breach of the representations, warranties, covenants and agreements expressly set forth in this Agreement or from Parent's reliance on the Company SEC Documents. Parent and Merger Sub also agree that, except for the representations and warranties expressly set forth in this Agreement, neither they nor any of their respective Representatives has relied upon any representations or warranties of any nature made by or on behalf of or imputed to the Company or any of its Representatives, and Parent and Merger Sub acknowledge that, in entering into this Agreement, they have relied solely on their own investigation of the Company and the Company Subsidiaries, the Company SEC Documents and the representations and warranties expressly set forth in this Agreement, subject to the limitations and restrictions specified herein.

(b) Parent and Merger Sub acknowledge and agree that neither the Company nor any of its Representatives shall have any liability to Parent or Merger Sub or any of their respective Representatives relating to or resulting from the use of the Information or any errors or inaccuracies contained therein or omissions therefrom, except for any liability resulting from the breach of the representations, warranties, covenants and agreements expressly set forth in this Agreement.

(c) For the avoidance of doubt and subject only to the Company's right to seek specific performance under Section 10.09, notwithstanding anything herein to the contrary, the maximum aggregate liability of Parent and Merger Sub under or relating to this Agreement to any Person shall be limited to the amount of the Parent Termination Fee (the "Parent Liability Limitation"), and in no event shall the Company or any of its Affiliates seek, obtain or accept, or permit to be sought (and no liability shall attach to the any member of the Parent Group with respect to), any recovery, judgment or damages of any kind, including consequential, indirect or punitive damages, under or in connection with this Agreement, the Financing Commitments or the Guarantee or the transactions contemplated hereby or thereby, against Parent, Merger Sub, the Guarantor or any other member of the Parent Group, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by or through a claim by or on behalf of Parent against the Guarantors or any other member of the Parent Group, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation or applicable Law, or otherwise, other than against Parent or Merger Sub pursuant to this Agreement or against Guarantor pursuant to the Guarantee, in each such case not to exceed the Parent Liability Limitation, and in no event shall the Company and its Affiliates be entitled to an aggregate amount equal to more than the Parent Liability Limitation. The Company acknowledges that both Parent and Merger Sub are newly-formed companies and do not have any material assets except in connection with this Agreement or the Financing Commitment as expressly set forth herein and therein. The provisions of this Section 10.12(c) are intended to be for the benefit of, and shall be enforceable by, each member of the Parent Group. Notwithstanding anything herein to the contrary, if the Company receives the Parent Termination Fee from Parent pursuant to Section 9.03(c), (i) such payment shall be the sole and exclusive remedy of the Company against any member of the Parent Group and its respective Subsidiaries and any of its respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates with respect to this Agreement and the transactions contemplated hereby, (ii) no member of the Parent Group nor its respective Subsidiaries nor any of its respective former, current or future officers, directors, partners, stockholders, managers, members or Affiliates shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated hereby and (iii) the Company shall not be entitled to specific enforcement of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers all as of the date first written above.

MIDOCEAN PPL HOLDINGS CORP.

By: /s/ Frank Schiff
Name: Frank Shiff
Title: Managing Director

PPL ACQUISITION CORP.

By: /s/ Frank Schiff
Name: Frank Shiff
Title: Managing Director

PRE-PAID LEGAL SERVICES, INC.

By: /s/ Harland C. Stonecipher
Name: Harland C. Stonecipher
Title: Chairman of the Board

EXHIBIT A

GUARANTEE

Explanation of Responses:

LIMITED GUARANTEE

LIMITED GUARANTEE, dated as of January 30, 2011 (this "Limited Guarantee"), by MidOcean Partners III, L.P., MidOcean Partners III-A, L.P. and MidOcean Partners III-D, L.P. (collectively, the "Guarantors"), in favor of Pre-Paid Legal Services, Inc., an Oklahoma corporation (the "Company").

WHEREAS, contemporaneously with the execution and delivery of this Limited Guarantee, MidOcean PPL Holdings Corp., a Delaware corporation ("Parent"), PPL Acquisition Corp., an Oklahoma corporation and a wholly owned subsidiary of Parent ("Merger Sub"), and the Company are entering into an Agreement and Plan of Merger (as amended, restated, supplemented or otherwise modified from time to time, the "Merger Agreement"; capitalized terms used, but not defined herein shall have the meanings ascribed to such terms in the Merger Agreement) pursuant to which, on the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will be merged with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly owned subsidiary of Parent; and

WHEREAS, Guarantors are entering into this Limited Guarantee as an inducement to and a condition to the willingness of the Company to enter into the Merger Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Limited Guarantee, the parties agree as follows:

1. Limited Guarantee. To induce the Company to enter into the Merger Agreement, Guarantors, intending to be legally bound, hereby absolutely, unconditionally and irrevocably guarantee to the Company the due and punctual payment by Parent and Merger Sub of, and to cause Parent and Merger Sub to punctually pay and perform, when due pursuant to the terms and condition of the Merger Agreement of (1) the Parent Termination Fee, when required to be paid by Parent pursuant to Section 9.02(c) of the Merger Agreement, subject to the provisions of Section 9.02(c) and the other terms and conditions of the Merger Agreement, and (2) any reimbursement obligations of Parent pursuant to Sections 7.11(a) and (c) of the Merger Agreement (collectively, the "Guaranteed Obligations"); provided, however, that, notwithstanding anything to the contrary set forth in this Limited Guarantee (except the immediately succeeding proviso), the Merger Agreement, or any other agreement contemplated hereby or thereby, in no event shall the aggregate liability of the Guarantors pursuant to this Limited Guarantee exceed $50,000,000 (such amount, plus the aggregate amount to which the Company shall be entitled pursuant to Section 10 of this Limited Guarantee being, the "Maximum Liability Cap"), it being understood that in no event shall this Limited Guarantee be enforced without giving effect to the Maximum Liability Cap. The Company hereby agrees that (i) the Guarantors shall in no event be required to pay an aggregate amount in excess of the Maximum Liability Cap under or in respect of this Limited Guarantee (or in the case of each Guarantor, its Pro Rata Amount of the Maximum Liability Cap), and (ii) neither the Guarantors nor any Guarantor Affiliate (as hereinafter defined) shall have any obligation or liability to any person relating to, arising out of or in connection with, this Limited Guarantee, other than as expressly set forth herein.

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2. Nature of Guarantee; Waivers.

(a) The Company shall not be obligated to file any claim relating to the Guaranteed Obligations in the event Parent or Merger Sub becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Company to so file shall not affect any Guarantor's obligations hereunder. In the event any payment theretofore applied by the Company to the Guaranteed Obligations is rescinded or must otherwise be returned for any reason whatsoever (including by reason of the insolvency, bankruptcy or reorganization of Merger Sub or any Guarantor), such Guaranteed Obligations shall, for the purposes of this Limited Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Company, and this Limited Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Guaranteed Obligations, all as though such application by the Company had not been made.

(b) Each Guarantor agrees that the Company may, in its sole discretion, at any time and from time to time, without notice to or further consent of such Guarantor, extend the time of payment of the Guaranteed Obligations, and may also make any agreement with Parent or Merger Sub for the extension or renewal thereof, in whole or in part, without in any way impairing or affecting such Guarantor's obligations under this Limited Guarantee or affecting the validity or enforceability of this Limited Guarantee. Each Guarantor agrees that the obligations of such Guarantor hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (i) the failure of the Company to assert any claim or demand or to enforce any right or remedy against Parent, Merger Sub or any other Guarantor or any other Person interested in the transactions contemplated by the Merger Agreement; (ii) any change in the time, place or manner of payment of any of the Guaranteed Obligations or any rescission, waiver, compromise, consolidation or other amendment or modification of any of the terms or provisions of the Merger Agreement made in accordance with the terms thereof or any agreement evidencing, securing or otherwise executed in connection with any of the Guaranteed Obligations; (iii) the addition, substitution, discharge or release of any Person interested in the transactions contemplated by the Merger Agreement; (iv) any change in the corporate existence, structure or ownership of Parent, Merger Sub or any other Guarantor; (v) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Parent or Merger Sub or any other Guarantor; (vi) the lack of enforceability of the Merger Agreement (in each case against any Person other than the Company); (vii) except as otherwise provided herein, the existence of any claim, set-off or other right that such Guarantor may have at any time against Parent, Merger Sub or any other Guarantor, whether in connection with the Guaranteed Obligations or otherwise; (viii) the adequacy of any means the Company may have of obtaining payment related to the Guaranteed Obligations. To the fullest extent permitted by Law, each Guarantor hereby expressly waives any rights and defenses arising by reason of any applicable Law that would otherwise require any election of remedies by the Company. Each Guarantor hereby waives promptness, diligence in collection or protection of or realization upon any Guaranteed Obligations, notice of the acceptance of this Limited Guarantee and of the Guaranteed Obligations, presentment, demand for payment, notice of non-performance, default, dishonor and protest, notice of any Guaranteed Obligations incurred and all other notices of any kind, all defenses that may be available by virtue of any valuation, stay, moratorium Law or other similar Law now or hereafter in effect, any right to require the marshalling of assets of Parent, Merger Sub or any other Guarantor, and all suretyship and guarantor defenses generally (other than fraud or willful misconduct by the Company or any of its Affiliates, defenses to the payment of the Guaranteed Obligations that are available to Parent under the Merger Agreement or breach by the Company of this Limited Guarantee). Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by the Merger Agreement and that the waivers set forth in this Limited Guarantee are knowingly made in contemplation of such benefits. Each Guarantor hereby covenants and agrees that is shall not assert, directly or indirectly, and shall cause its Affiliates not to assert, in any proceeding that this Limited Guarantee is illegal, invalid or unenforceable in accordance with its terms.

(c) Notwithstanding any other provision of this Limited Guarantee, the Company hereby agrees that (i) each of the Guarantor may assert, as a defense to, or release or discharge of, any payment by such Guarantor under this Limited Guarantee, any claim, set off, deduction, defense or release that Parent or Merger Sub could assert against the Company under the terms of, or with respect to, the Merger Agreement and (ii) any failure by the Company to comply with the terms of the Merger Agreement, including any breach by the Company of any representation, warranty, covenant or agreement contained therein or in any of the agreements, certificates and other documents required to be delivered by the Company pursuant to the terms of the Merger Agreement (whether any such breach results from fraud, intentional misrepresentation or otherwise), that would relieve each of Parent and Merger Sub of its obligations to consummate the transactions contemplated by the Merger Agreement or any obligations to pay any fees, costs or expenses under the Merger Agreement shall likewise automatically and without any further action on the part of any Person relieve the Guarantors of their obligations under this Limited Guarantee.

3. Continuing Guarantee; Primary Obligations. This Limited Guarantee may not be revoked or terminated and shall remain in full force and effect until all of the Guaranteed Obligations have been satisfied in full. Subject to the provisions of the immediately preceding sentence, this Limited Guarantee is a primary and original obligation of each Guarantor, is not merely the creation of a surety relationship, and is an absolute, unconditional, irrevocable and continuing guaranty of payment and not of collectibility and shall (a) be binding upon each Guarantor, its successors and permitted assigns and (b) inure to the benefit of, and be enforceable by the Company and its successors and permitted assigns against each Guarantor and its successors and permitted assigns. Each Guarantor agrees that it is directly liable to the Company and that a separate action may be brought against each Guarantor, irrespective of whether such action is brought against Parent or Merger Sub or whether Parent or Merger Sub is joined in such action. Notwithstanding the foregoing, this Limited Guarantee shall terminate and the Guarantors shall have no further obligations under this Limited Guarantee as of the earliest of (i) the Effective Time, (ii) the termination of the Merger Agreement in accordance with its terms under circumstances set forth in the Merger Agreement in which Parent would not be obligated to pay any Guaranteed Obligation, and (iii) the 90th day after any termination of the Merger Agreement in accordance with its terms under circumstances in which Parent would be obligated to pay any Guaranteed Obligation if the Company has not presented a claim for payment of any Guarantee Obligation to Parent or any Guarantor by such 90th day; provided, that, such claim shall set forth in reasonable detail the basis for such claim. Notwithstanding the foregoing, in the event that the Company or any of its Subsidiaries asserts in any litigation or other proceeding that the provisions of Section 1 hereof or that any other provisions of this Limited Guaranty are illegal, invalid or unenforceable in whole or in part, that the Guarantors are liable in excess of or to a greater extent than the applicable amount of the Guaranteed Obligations or asserting any theory of liability against the Guarantors or the Guarantor Affiliates of the Guarantors with respect to the transactions contemplated by the Merger Agreement other than liability of the Guarantors under this Limited Guarantee (as limited by the provisions of Section 1 and Section 9), then (i) the obligations of the Guarantors under this Limited Guarantee shall terminate ab initio and shall thereupon be null and void, (ii) if any Guarantor has previously made any payments under this Limited Guarantee, it shall be entitled to recover such payments from the Company, and (iii) no Guarantor shall have any liability to the Company or any of its Affiliates with respect to the Merger Agreement, the Equity Commitment Letter, the transactions contemplated by the Merger Agreement or under this Limited Guarantee.

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4. No Recourse. The Company agrees and acknowledges that no Person other than the Guarantors has any obligations hereunder and that, notwithstanding that Guarantors may be limited partnerships, the Company hereunder has no remedy, recourse or right of recovery against, or contribution from, (i) any former, current or future general or limited partners, stockholders, holders of any equity, partnership or limited liability company interest, officer, member, manager, director, employees, agents, controlling persons, assignee or Affiliates of any Guarantor, (ii) Parent or Merger Sub, (iii) any lender or prospective lender, lead arranger, arranger, agent or representative of or to Parent or Merger Sub or (iv) any former, current or future general or limited partners, stockholders, holders of any equity, partnership or limited liability company interest, officer, member, manager, director, employees, agents, attorneys, controlling persons, assignee or Affiliates of any of the foregoing (those persons and entities described in the foregoing clauses (i), (iii) and (iv) being referred to herein collectively as "Guarantor Affiliates"), through any Guarantor, Parent or Merger Sub or otherwise, whether by or through attempted piercing of the corporate, limited partnership or limited liability company veil, by or through a claim by or on behalf of any Guarantor, Parent or Merger Sub against any Guarantor or any Guarantor Affiliate, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute, regulation or applicable law, or otherwise, except for its rights against the Guarantors under this Limited Guarantee; provided, however, that in the event any Guarantor (i) consolidates with or merges with any other Person and is not the continuing or surviving entity of such consolidation or merger, or (ii) transfers or conveys all or a substantial portion of its properties and other assets to any Person such that the sum of all of such Guarantor's remaining net assets plus uncalled capital is less than such Guarantor's Pro Rata Share of the Guaranteed Obligations, then, in each such case, the Company may seek recourse, whether by the enforcement of any judgment or assessment or by any legal or equitable proceeding or by virtue of any statue, regulation or other applicable law, against such continuing or surviving entity or such Person (in either case, a "Successor Entity"), as the case may be, but only to the extent of the unpaid liability hereunder up to the portion of amount of the Guaranteed Obligations for which such Guarantor is liable, as determined in accordance with this Limited Guarantee. As used herein, unless otherwise specified, the term Guarantor shall include such Guarantor's Successor Entity.

5. No Waiver; Cumulative Rights. No failure on the part of the Company to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Company of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power hereunder. Each and every right, remedy and power hereby granted to the Company or allowed it by Law (and not limited by this Limited Guarantee) shall be cumulative and not exclusive of any other, and may be exercised by the Company at any time or from time to time. The Company shall not have any obligation to proceed at any time or in any manner against, or exhaust any or all of the Company's rights or remedies against Parent or Merger Sub or any other Person liable for the Guaranteed Obligations prior to proceeding against the Guarantors hereunder and the failure by the Company to pursue rights or remedies against Parent or Merger Sub shall not relieve Guarantors of any liability hereunder and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of Law, of the Company. The Company shall have the right to seek recourse against Guarantors to the fullest extent provided for herein, and no election by the Company to proceed in one form of action or proceeding, or against any Person, or on any obligation, shall constitute a waiver of the Company's right to proceed in any other form of action or proceeding or against any other Person unless the Company shall have expressly waived such right in writing. Nothing in this Limited Guarantee shall affect or be construed to affect any liability of Parent or Merger Sub to the Company.

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6. No Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against Parent, Merger Sub or any other Person liable with respect to any of the Guaranteed Obligations that arise from the existence, payment, performance or enforcement of such Guarantor's obligation under or in respect of this Limited Guarantee or any other agreement in connection therewith, including any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Company against Parent, Merger Sub or such other Person, whether or not such claim, remedy or right arises in equity or under contract or Law, including the right to take or receive from Parent, Merger Sub or such other Person, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until the Guaranteed Obligations and any other amounts that may be payable under this Limited Guarantee shall have been indefeasibly paid in full in cash or otherwise fully performed. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the satisfaction in full of the Guaranteed Obligations and any other amounts that may be payable under this Limited Guarantee, such amount shall be received and held in trust for the benefit of the Company, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Company in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and any other amounts that may be payable under this Limited Guarantee, in accordance with the terms of the Merger Agreement and herewith, whether matured or unmatured, or to be held as collateral for the Guaranteed Obligations or other amounts payable under this Limited Guarantee thereafter arising.

7. Representations of Guarantor. Each Guarantor, severally and not jointly, hereby represents and warrants to the Company as to itself the following:

(a) Guarantor has all requisite power and authority to execute and deliver this Limited Guarantee and to perform its obligations hereunder. The execution and delivery by Guarantor of this Limited Guarantee and the performance by Guarantor of its obligations hereunder have been duly authorized by all necessary action and no other action on the part of Guarantor or any other Person is necessary to authorize the execution or delivery of this Limited Guarantee or the performance by Guarantor of its obligations hereunder. This Limited Guarantee constitutes the legal, valid and binding obligation of Guarantor, enforceable against Guarantor in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar Laws affecting the enforcement of creditors' rights generally and subject to general principles of equity.

(b) The execution and delivery by Guarantor of this Limited Guarantee, do not, and the performance by Guarantor of its obligations hereunder will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under any provision of (i) the organizational documents of Guarantor, (ii) any Contract to which Guarantor is a party or by which any of its properties or assets is bound or (iii) any Order or Law applicable to Guarantor or its properties or assets. No Consent of, from or with any Governmental Entity is required to be obtained or made by or with respect to Guarantor in connection with the execution, delivery and performance of this Limited Guarantee.

(c) Guarantor has the capacity (financial and otherwise) to pay and perform the obligations under this Limited Guarantee, including the Guaranteed Obligations, when payment of such obligations shall be due.

(d) Guarantor is currently informed of the financial condition of Parent and Merger Sub, respectively, and of all other circumstances that a diligent inquiry would reveal and that bear upon the risk of nonpayment or nonperformance of the Guaranteed Obligations.

(e) Guarantor has read and understands the terms and conditions of the Merger Agreement.

(f) Guarantor acknowledges that in consideration of the execution and delivery of the Merger Agreement by the Company, the Company is relying on the representations, warranties, covenants and agreements made by Guarantor in this Limited Guarantee.

8. Payments; Availability of Funds. All payments to be made hereunder by the Guarantors shall be made in lawful money of the United States of America at the time of payment, shall be made in immediately available funds, and, subject to Section 2(c) hereof, shall be made without deduction (whether for taxes or otherwise), offset, defense, claim or counterclaim of any kind. For so long as this Limited Guarantee shall remain in effect in accordance with Section 3, each Guarantor shall have available to it all funds necessary for it to satisfy all of its obligations under this Limited Guarantee, including its Pro Rata Amount of the Guaranteed Obligations.

9. Relationship of the Parties. Each party acknowledges and agrees that (a) this Limited Guarantee is not intended to, and does not, create any agency, partnership, fiduciary or joint venture relationship between or among any of the parties hereto and neither this Limited Guarantee nor any other document or agreement entered into by any party hereto relating to the subject matter hereof shall be construed to suggest otherwise, and (b) the obligations of each of the Guarantors under this Limited Guarantee are solely contractual in nature. Notwithstanding anything to the contrary contained in this Limited Guarantee, the liability of each Guarantor hereunder shall be several, not joint and several, based upon its respective Pro Rata Amount, and no Guarantor shall be liable for any amount hereunder in excess of its Pro Rata Amount of the amount payable by the Guarantors hereunder. The “Pro Rata Amount” for each Guarantor is as set forth below:

Name of Investor	Pro Rata Amount
MidOcean Partners III, L.P.	$30,923,174
MidOcean Partners III-A, L.P.	$16,439,991
MidOcean Partners III-D, L.P.	$2,636,834

10. Attorneys' Fees and Costs. Each Guarantor agrees to pay, on demand, all reasonable attorneys' fees and all other costs and expenses that may be incurred by the Company in the enforcement of this Limited Guarantee if (i) such Guarantor asserts in any litigation or other proceeding that this Limited Guarantee is illegal, invalid or unenforceable in accordance with its terms and (ii) the Company prevails in such litigation or proceeding.

11. Amendment and Waiver. This Limited Guarantee may not be amended except by an instrument in writing signed on behalf of each of the parties; provided that no amendment of this Limited Guarantee shall relieve any Guarantor of, or reduce any Guarantor's liability for, any Guaranteed Obligation with respect to Parent's obligations under Section 7.06 of the Merger Agreement. A party may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties contained in this Limited Guarantee or (c) to the fullest extent permitted by Law, waive compliance with any of the agreements or conditions contained in this Limited Guarantee. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Limited Guarantee to assert any of its rights under this Limited Guarantee or otherwise shall not constitute a waiver of such rights.

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (1) on the date of delivery if delivered personally, or by telecopy, facsimile or email, upon confirmation of receipt or (2) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

(a) if to Guarantors, to

c/o MidOcean Partners
320 Park Avenue
16th Floor
New York, NY 10022
Tel: (212) 497-1400
Fax: (212) 497-1373
Email: fschiff@midoceanpartners.com
nrabinsky@midoceanpartners.com
Attention: Frank Schiff and Noah Rabinsky

with a copy to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022
Tel: (212) 446-4800
Fax: (212) 446-4900
Email: george.stamas@kirkland.com,
mark.director@kirkland.com, andrew.herman@kirkland.com
Attention: George P. Stamas, Mark D. Director
and Andrew M. Herman

with a copy to:

Hartzog Conger Cason & Neville
201 Robert S. Kerr Ave., Suite 1600
Oklahoma City, Oklahoma 73102
Tel: (405) 235-700

Fax: (405) 996-3403

Email: lcason@hartzogLaw.com,
rwarren@hartzoglaw.com
Attention: Len Cason and Rick Warren

Explanation of Responses:

(b) if to the Company, to

Pre-Paid Legal Services, Inc.
One-Pre-Paid Way
Ada, Oklahoma 74820
Tel: (580) 436 - 1234
Fax: (580) 436-7412
Attention: General Counsel

with a copy to:

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606
Tel: (312) 782-0600
Fax: (312) 701-7711
Email: sdavis@mayerbrown.com
wkucera@mayerbrown.com
anoreuil@mayerbrown.com
Attention: Scott J. Davis, William R. Kucera
and Andrew J. Noreuil

and a copy to:

Fellers, Snider, Blankenship, Bailey & Tippens, P.C.
The Kennedy Building
321 South Boston, Suite 800
Tulsa, Oklahoma 74103-3318
Tel: (918) 599-0621
Fax: (918) 583-9659
Email: lfoster@fellerssnider.com
Attention: Lon Foster, III

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13. Interpretation. When a reference is made in this Limited Guarantee to a Section, such reference shall be to a Section of this Limited Guarantee unless otherwise indicated. The headings contained in this Limited Guarantee are for reference purposes only and shall not affect in any way the meaning or interpretation of this Limited Guarantee. Whenever the words “include”, “includes” or “including” are used in this Limited Guarantee, they shall be deemed to be followed by the words “without limitation” to the extent such words do not already follow any such term. The phrases “herein,” “hereof,” “hereunder” and words of similar import shall be deemed to refer to this Limited Guarantee as a whole and not to any particular provision of this Limited Guarantee.

14. Severability. If any term or other provision of this Limited Guarantee is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Limited Guarantee shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Limited Guarantee so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

15. Counterparts. This Limited Guarantee (a) may be executed in counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall be considered one and the same agreement and (b) shall become effective when signed by all of the parties or when counterparts have been signed by each of the parties and delivered to all of the other parties. Delivery of an executed counterpart of this Limited Guarantee by facsimile shall be effective to the fullest extent permitted by applicable Law.

16. Entire Agreement; No Third-Party Beneficiaries. This Limited Guarantee constitutes the entire agreement, and supersedes all prior agreements, arrangements and understandings, both written and oral, between the parties with respect to the subject matter hereof. No provision of this Limited Guarantee is intended to confer upon any Person other than the parties any rights or remedies.

17. Confidentiality. Other than as required by Law (including as may be required in connection with any filing with the SEC in connection with the Merger) or the rules of any national securities exchange, each of the parties agrees that it will not, nor will it permit its advisors or Affiliates to, disclose to any person or entity the contents of this Limited Guarantee, other than to Parent and Merger Sub and their advisors who are instructed to maintain the confidentiality of this Limited Guarantee in accordance herewith.

18. Governing Law. This Limited Guarantee and all disputes between the parties under or related to this Limited Guarantee or the facts and circumstances leading to its execution, whether in contract, tort or otherwise, shall be governed by, and construed in accordance with, the Laws of the State of New York, without reference to conflicts of laws principles.

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19. Submission to Jurisdiction. Each party to this Limited Guarantee hereby (a) agrees that any litigation, proceeding or other legal action brought in connection with or relating to this Limited Guarantee or any matters or transactions contemplated hereby shall be brought, heard and determined exclusively in the courts of the State of Delaware located in New Castle County, Delaware or the federal courts of the United States of America located in the District of Delaware, (b) agrees not to bring any action or proceeding arising out of or relating to this Limited Guarantee or any matters or transactions contemplated by this Limited Guarantee in any other court, (c) consents and irrevocably submits itself to personal jurisdiction in connection with any such litigation, proceeding or action in any such court described in clause (a) of this Section 19, as well as to the jurisdiction of all courts to which an appeal may be taken from such court, and to service of process upon it in accordance with the rules and statutes governing service of process, (d) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such courts, (e) expressly waives to the full extent permitted by Law any objection that it may now or hereafter have to the venue of any such litigation, proceeding or action in any such court or that any such litigation, proceeding or action was brought in an inconvenient forum, (f) designates, appoints and directs Corporation Service Company, as its authorized agent to receive on its behalf service of any and all process and documents in such litigation, proceeding or action in the State of Delaware, (g) agrees to notify the other party to this Limited Guarantee immediately if such agent shall refuse to act, or be prevented from acting, as agent and, in such event, promptly designate another agent in the State of Delaware to serve in place of such agent and deliver to the other party written evidence of such substitute agent's acceptance of such designation, (h) agrees, to the fullest extent permitted by Law, as an alternative method of service to service of process in such litigation, proceeding or action by mailing of copies thereof to such party at its address set forth in Section 12, (i) agrees, to the fullest extent permitted by Law, that any service made as provided herein shall be effective and binding service in every respect and (j) agrees that nothing herein shall affect the rights of any party to effect service of process in any other manner permitted by applicable Law. Each of the parties further agrees to waive any bond, surety or other security that might be required of the other party with respect to any action or proceeding, including an appeal thereof.

20. Waiver of Jury Trial. EACH PARTY EXPRESSLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY DISPUTE IN CONNECTION WITH OR RELATING TO THIS GUARANTEE OR ANY MATTERS CONTEMPLATED HEREBY, AND AGREES TO TAKE ANY AND ALL ACTION NECESSARY OR APPROPRIATE TO EFFECT SUCH WAIVER.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Limited Guarantee to be duly executed by their respective authorized officers all as of the date first written above.

MIDOCEAN PARTNERS III, L.P.

By: MidOcean Associates, SPC, for and on behalf of its Segregated Portfolio, MidOcean Partners Segregated Portfolio III

By:

Name:
Title:

MIDOCEAN PARTNERS III-A, L.P.

By: MidOcean Associates, SPC, for and on behalf of its Segregated Portfolio, MidOcean Partners Segregated Portfolio III

By:

Name:
Title:

MIDOCEAN PARTNERS III-D, L.P.

By: MidOcean Associates, SPC, for and on behalf of its Segregated Portfolio, MidOcean Partners Segregated Portfolio III

By:

Name:
Title:

PRE-PAID LEGAL SERVICES, INC.

By:

Name:
Title:

EXHIBIT B

CERTIFICATE OF INCORPORATION OF THE SURVIVING CORPORATION

CERTIFICATE OF INCORPORATION

OF

[SURVIVING CORPORATION]

For the purposes of establishing a corporation for the transaction of the business and the promotion and conduct of the objects and purposes hereinafter stated under the provisions and subject to the requirements of the Oklahoma General Corporation Act, as it may be amended from time to time (hereinafter referred to as the "Act"), the undersigned does make and file this Certificate of Incorporation and does hereby certify as follows:

FIRST: The name of the Corporation is:

[Surviving Corporation]

SECOND: The duration of the Corporation is perpetual.

THIRD: The address of its registered office in the State of Oklahoma is 115 S.W. 89th Street, Oklahoma City, Oklahoma 731139-8511. The name of its registered agent at such address is Corporation Service Company.

FOURTH: The nature of the businesses or purposes to be conducted or promoted are:

To conduct any lawful business, to exercise any lawful purpose and power, and to engage in any lawful act or activity for which corporations may be organized under the Act, and in general, to possess and exercise all the powers and privileges granted by the Act or by any other law of Oklahoma or by this Certificate of Incorporation together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the businesses or purposes of the Corporation.

FIFTH: The total number of shares of stock which the Corporation shall have authority to issue is One Hundred (100) shares, all of which shall be Common Stock. The par value of each such share of Common Stock is One Cent ($.01), amounting in the aggregate to One Dollar ($1.00) of capital. Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, on any matter upon which holders of Common Stock are entitled to vote.

SIXTH: (1) Indemnity for Third Party Actions. To the fullest extent permitted by applicable law, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

(2) Indemnity for Action by or in right of Corporation. To the fullest extent permitted by applicable law, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such suit or action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Any repeal or modification of this Article SIXTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

SEVENTH. (1) To the fullest extent that the Act as it existed on [INSERT DATE OF CLOSING OF MERGER] (the "Effective Date"), permits the limitation or elimination of the liability of directors, no director of this Corporation shall be liable to this Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. No amendment to or repeal of this Article SEVENTH shall apply to or have any effect on the liability or alleged liability of any director of this Corporation for or with respect to any acts or omissions of such director occurring prior to the time of such amendment or repeal.

(2) If the Act is amended after the Effective Date to further limit or eliminate liability of this Corporation's directors for breach of fiduciary duty, then a director of this Corporation shall not be liable for any such breach to the fullest extent permitted by the Act as so amended. If the Act is amended after the Effective Date to increase or expand liability of this Corporation's directors for breach of fiduciary duty, no such amendment shall apply to or have any effect on the liability or alleged liability of any director of this Corporation for or with respect to any acts or omissions of such director occurring prior to the time of such amendment or otherwise adversely affect any right or protection of a director of this Corporation existing at the time of such amendment.

EIGHTH: The Corporation reserves the right to amend or repeal any provision contained herein, to add any additional provisions hereto, to increase or decrease the number of authorized shares of stock, or to restate this Certificate of Incorporation in its entirety in the manner now or hereafter prescribed by the Act.

Annex B

Opinion of Berenson & Company, LLC

January 30, 2011

CONFIDENTIAL

The Special Committee of the Board of Directors
Pre-Paid Legal Services, Inc.
One Pre-Paid Way
Ada, OK 74820-5813

Ladies and Gentlemen:

Berenson & Company, LLC understands that Pre-Paid Legal Services, Inc. (the "Company"), MidOcean PPL Holdings Corp. ("Parent") and PPL Acquisition Corp., a wholly owned subsidiary of Parent ("Merger Sub"), intend to enter into an Agreement and Plan of Merger (the "Agreement") pursuant to which Merger Sub would be merged with and into the Company in a merger (the "Merger"), in which each issued and outstanding share of common stock, par value $0.01 per share, of the Company (the "Company Common Stock"), other than any shares of Company Common Stock that are owned by the Company or any Company Subsidiary (as defined in the Agreement) or Parent or any subsidiary of Parent, would be converted into the right to receive $66.50 per share in cash (the "Merger Consideration").

You have asked us to render our opinion to you as to whether the Merger Consideration to be received by the holders of the shares of the Company Common Stock pursuant to the Merger is fair from a financial point of view to such holders as of the date hereof (the "Opinion").

In arriving at our Opinion, we have, among other things:

(i) reviewed the Agreement;

(ii) reviewed, and discussed with members of management of the Company, certain publicly available business and financial information relating to the Company that we deemed to be relevant, including the Company's recent public filings and financial statements;

(iii) reviewed, and discussed with members of management of the Company, certain information, including financial forecasts, relating to the business, earnings, cash flow, capital structure, assets, liabilities and prospects of the Company, furnished to us by the Company;

(iv) participated in certain discussions and negotiations among representatives of the Company and Parent and their advisors; and

(v) reviewed such other information, performed such other analyses and took into account such other factors we deemed relevant.

For purposes of rendering the Opinion, we have assumed and relied upon the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided or otherwise made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed any responsibility for independent verification of such information or for any independent valuation or appraisal of any assets or liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of the Company, nor were we furnished with any such valuations or appraisals, nor have we evaluated the solvency or fair value of the Company under any laws relating to bankruptcy, insolvency or similar matters. We did not assume any obligation to, and accordingly did not, conduct any physical inspection of the properties or facilities of the Company. With respect to the financial forecast information furnished to or discussed with us by the Company, we have assumed, and relied upon the fact, that they were reasonably prepared and reflect the best currently available estimates and good faith judgments of the Company's senior management as to the expected future financial performance of the Company. In addition, we have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger will be obtained without the imposition of any delay, limitation, restriction, divestiture or condition that would have a materially adverse effect on the Company.

The Opinion is necessarily based upon economic, monetary, market and other conditions, and on information made available to us, as of the date hereof, and we assume no responsibility for updating, revising or reaffirming this Opinion based on circumstances, developments or events occurring after the date hereof. As you know, we are not legal, tax, accounting or regulatory experts and have relied on the assessments of other advisors to the Company and the Special Committee of the Board of Directors of the Company with respect to such issues.

The Opinion is provided at the request and solely for the use and benefit of the Special Committee of the Board of Directors of the Company. The Opinion does not address the merits of the underlying decision by the Company to engage in the Merger or the relative merits of the Merger as compared to any strategic alternatives that may be available to the Company. This Opinion does not constitute a recommendation to any shareholder of the Company as to how such shareholder should vote on the proposed Merger. We do not express any view on, and the Opinion does not address, any term or aspect of the Agreement or Merger other than as described in the last paragraph of this letter. In addition, you have not asked us to address, and this Opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company, other than the holders of the shares of Company Common Stock.

We are acting as financial advisor to the Special Committee of the Board of Directors of the Company in connection with the Merger and will receive a fee from the Company for our services, a portion of which will be payable upon delivery of this Opinion and a portion of which is contingent upon the consummation of the Merger, and the Company has agreed to reimburse our expenses and to indemnify us for certain liabilities arising out of our engagement. We also may provide investment banking and other financial services to the Company and Parent and their respective affiliates in the future for which we may receive compensation.

This Opinion has been approved by a fairness committee of Berenson & Company, LLC. This Opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party for any purpose whatsoever except with our prior written approval or as permitted in our engagement letter with the Special Committee of the Board of Directors of the Company.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration to be received by the holders of the shares of the Company Common Stock pursuant to the Merger is fair from a financial point of view to the holders of such shares.

Very truly yours,

/s/ Berenson & Company, LLC

Annex C

18 Oklahoma Statutes §1091

APPRAISAL RIGHTS

A. Any shareholder of a corporation of this state who holds shares of stock on the date of the making of a demand pursuant to the provisions of subsection D of this section with respect to the shares, who continuously holds the shares through the effective date of the merger or consolidation, who has otherwise complied with the provisions of subsection D of this section and who has neither voted in favor of the merger or consolidation nor consented thereto in writing pursuant to the provisions of Section 1073 of this title shall be entitled to an appraisal by the district court of the fair value of the shares of stock under the circumstances described in subsections B and C of this section. As used in this section, the word "shareholder" means a holder of record of stock in a stock corporation and also a member of record of a nonstock corporation; the words "stock" and "share" mean and include what is ordinarily meant by those words and also membership or membership interest of a member of a nonstock corporation; and "depository receipt" means an instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository. The provisions of this subsection shall be effective only with respect to mergers or consolidations consummated pursuant to an agreement of merger or consolidation entered into after November 1, 1988.

B. 1. Except as otherwise provided for in this subsection, appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation, or of the acquired corporation in a share acquisition, to be effected pursuant to the provisions of Section 1081, other than a merger effected pursuant to subsection G of Section 1081, and Section 1082, 1086, 1087, 1090.1 or 1090.2 of this title.

2. a. No appraisal rights under this section shall be available for the shares of any class or series of stock which stock, or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of shareholders to act upon the agreement of merger or consolidation, were either:

(1) listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.; or

(2) held of record by more than two thousand holders.

No appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation as provided in subsection G of Section 1081 of this title.

b. In addition, no appraisal rights shall be available for any shares of stock, or depository receipts in respect thereof, of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation as provided for in subsection F of Section 1081 of this title.

3. Notwithstanding the provisions of paragraph 2 of this subsection, appraisal rights provided for in this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to the provisions of Section 1081, 1082, 1086, 1087, 1090.1 or 1090.2 of this title to accept for the stock anything except:

a. shares of stock of the corporation surviving or resulting from the merger or consolidation or depository receipts thereof, or

b. shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. or held of record by more

than two thousand holders, or

c. cash in lieu of fractional shares or fractional depository receipts described in subparagraphs a and b of this paragraph, or

d. any combination of the shares of stock, depository receipts, and cash in lieu of the fractional shares or depository receipts described in subparagraphs a, b, and c of this paragraph.

4. In the event all of the stock of a subsidiary Oklahoma corporation party to a merger effected pursuant to the provisions of Section 1083 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Oklahoma corporation.

C. Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections D and E of this section, shall apply as nearly as is practicable.

D. Appraisal rights shall be perfected as follows:

1. If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of shareholders, the corporation, not less than twenty (20) days prior to the meeting, shall notify each of its shareholders entitled to appraisal rights that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in the notice a copy of this section. Each shareholder electing to demand the appraisal of the shares of the shareholder shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of the shares of the shareholder. The demand will be sufficient if it reasonably informs the corporation of the identity of the shareholder and that the shareholder intends thereby to demand the appraisal of the shares of the shareholder. A proxy or vote against the merger or consolidation shall not constitute such a demand. A shareholder electing to take such action must do so by a separate written demand as herein provided. Within ten (10) days after the effective date of the merger or consolidation, the surviving or resulting corporation shall notify each shareholder of each constituent corporation who has complied with the provisions of this subsection and has not voted in favor of or consented to the merger or consolidation as of the date that the merger or consolidation has become effective; or

2. If the merger or consolidation is approved pursuant to the provisions of Section 1073 or 1083 of this title, either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within ten (10) days thereafter shall notify each of the holders of any class or series of stock of the constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of the constituent corporation, and shall include in the notice a copy of this section. The notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify the shareholders of the effective date of the merger or consolidation. Any shareholder entitled to appraisal rights may, within twenty (20) days after the date of mailing of the notice, demand in writing from the surviving or resulting corporation the appraisal of the holder's shares. The demand will be sufficient if it reasonably informs the corporation of the identity of the shareholder and that the shareholder intends to demand the appraisal of the holder's shares. If the notice does not notify shareholders of the effective date of the merger or consolidation either:

a. each constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of the constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation, or

b. the surviving or resulting corporation shall send a second notice to all holders on or within ten (10) days after the effective date of the merger or consolidation; provided, however, that if the second notice is sent more than twenty (20) days following the mailing of the first notice, the second notice need only be sent to each shareholder who is entitled to appraisal rights and who has demanded appraisal of the holder's shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the shareholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than ten (10) days prior to the date the notice is given; provided, if the notice is given on or after the effective date of the merger or consolidation, the record date shall be the effective date. If no record date is fixed and the notice is given prior to the effective date, the record date shall be the close of business on the day next preceding the day on which the notice is given.

E. Within one hundred twenty (120) days after the effective date of the merger or consolidation, the surviving or resulting corporation or any shareholder who has complied with the provisions of subsections A and D of this section and who is otherwise entitled to appraisal rights, may file a petition in district court demanding a determination of the value of the stock of all such shareholders; provided, however, at any time within sixty (60) days after the effective date of the merger or consolidation, any shareholder shall have the right to withdraw the demand of the shareholder for appraisal and to accept the terms offered upon the merger or consolidation. Within one hundred twenty (120) days after the effective date of the merger or consolidation, any shareholder who has complied with the requirements of subsections A and D of this section, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of the shares. The written statement shall be mailed to the shareholder within ten (10) days after the shareholder's written request for a statement is received by the surviving or resulting corporation or within ten (10) days after expiration of the period for delivery of demands for appraisal pursuant to the provisions of subsection D of this section, whichever is later.

F. Upon the filing of any such petition by a shareholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which, within twenty (20) days after service, shall file, in the office of the court clerk of the district court in which the petition was filed, a duly verified list containing the names and addresses of all shareholders who have demanded payment for their shares and with whom agreements regarding the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such duly verified list. The court clerk, if so ordered by the court, shall give notice of the time and place fixed for the hearing on the petition by registered or certified mail to the surviving or resulting corporation and to the shareholders shown on the list at the addresses therein stated. Notice shall also be given by one or more publications at least one (1) week before the day of the hearing, in a newspaper of general circulation published in the City of Oklahoma City, Oklahoma, or other publication as the court deems advisable. The forms of the notices by mail and by publication shall be approved by the court, and the costs thereof shall be borne by the surviving or resulting corporation.

G. At the hearing on the petition, the court shall determine the shareholders who have complied with the provisions of this section and who have become entitled to appraisal rights. The court may require the shareholders who have demanded an appraisal of their shares and who hold stock represented by certificates to submit their certificates of stock to the court clerk for notation thereon of the pendency of the appraisal proceedings; and if any shareholder fails to comply with this direction, the court may dismiss the proceedings as to that shareholder.

H. After determining the shareholders entitled to an appraisal, the court shall appraise the shares, determining their fair value exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining the fair value, the court shall take into account all relevant factors. In determining the fair rate of interest, the court may consider all relevant factors, including the rate of interest which the surviving or resulting corporation would have to pay to borrow money during the pendency of the proceeding. Upon application by the surviving or resulting corporation or by any shareholder entitled to participate in the appraisal proceeding, the court may, in its discretion, permit discovery or other pretrial proceedings and may proceed to trial upon the appraisal prior to the final determination of the shareholder entitled to an appraisal. Any shareholder whose name appears on the list filed by the surviving or resulting corporation pursuant to the provisions of subsection F of this section and who has submitted the certificates of stock of the shareholder to the court clerk, if required, may participate fully in all proceedings until it is finally determined that the shareholder is not entitled to appraisal rights pursuant to the provisions of this section.

C-3

I. The court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the shareholders entitled thereto. Interest may be simple or compound, as the court may direct. Payment shall be made to each shareholder, in the case of holders of uncertificated stock immediately, and in the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing the stock. The court's decree may be enforced as other decrees in the district court may be enforced, whether the surviving or resulting corporation be a corporation of this state or of any other state.

J. The costs of the proceeding may be determined by the court and taxed upon the parties as the court deems equitable in the circumstances. Upon application of a shareholder, the court may order all or a portion of the expenses incurred by any shareholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney's fees and the fees and expenses of experts, to be charged pro rata against the value of all of the shares entitled to an appraisal.

K. From and after the effective date of the merger or consolidation, no shareholder who has demanded appraisal rights as provided for in subsection D of this section shall be entitled to vote the stock for any purpose or to receive payment of dividends or other distributions on the stock, except dividends or other distributions payable to shareholders of record at a date which is prior to the effective date of the merger or consolidation; provided, however, that if no petition for an appraisal shall be filed within the time provided for in subsection E of this section, or if the shareholder shall deliver to the surviving or resulting corporation a written withdrawal of the shareholder's demand for an appraisal and an acceptance of the merger or consolidation, either within sixty (60) days after the effective date of the merger or consolidation as provided for in subsection E of this section or thereafter with the written approval of the corporation, then the right of the shareholder to an appraisal shall cease; provided further, no appraisal proceeding in the district court shall be dismissed as to any shareholder without the approval of the court, and approval may be conditioned upon terms as the court deems just.

L. The shares of the surviving or resulting corporation into which the shares of any objecting shareholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

PRE-PAID LEGAL SERVICES, INC.
ONE PRE-PAID WAY
ADA, OKLAHOMA 74820-5813

There are three ways to vote: by the Internet, by Telephone or by Mail. Internet and Telephone voting authorizes the named proxies to vote your shares in the same manner as if you had returned your Proxy Card. We encourage you to use these cost effective and convenient ways of voting, 24 hours a day, 7 days a week.

VOTE BY INTERNET - [ ]

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the meeting date. Have your Proxy Card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE – [ ]

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the meeting date. Have your Proxy Card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your Proxy Card and return it in the postage-paid envelope we have provided or return it to [ ].

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: x

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT YOU VOTE "FOR" THE FOLLOWING PROPOSALS.

		FOR	AGAINST	ABSTAIN
1.	To adopt the Agreement and Plan of Merger, dated as of January 30, 2011, by and among the Company, MidOcean PPL Holdings Corp. and PPL Acquisition Corp., as such agreement may be amended from time to time (the "Merger Agreement").	..	..	..
2.	To authorize the Company's board of directors, in its discretion, to adjourn the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies in the event there are not sufficient votes in favor of adoption of the Merger Agreement at the time of the special meeting.	..	..	..

The shares represented by this proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this proxy will be voted FOR the proposal in Item 1. and FOR the proposal in Item 2. In their discretion, the persons named in this proxy are authorized to vote on such other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Company's board of directors.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature (PLEASE SIGN WITHIN BOX) Date Signature (Joint Owners) Date

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PRE-PAID LEGAL SERVICES, INC.

This Proxy is Solicited on Behalf of the Board of Directors

Special Meeting of Shareholders

[ ], 2011

The shareholder(s) of Pre-Paid Legal Services, Inc., an Oklahoma corporation (the "Company"), hereby acknowledges receipt of the Notice of Special Meeting of Shareholders and Proxy Statement of the Company, each dated [ ], 2011, and hereby appoints Randy Harp and Kathleen S. Pinson, and each of them, as proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the Company's special meeting of shareholders to be held at the Company's corporate offices located at One Pre-Paid Way, Ada, Oklahoma, on [ ], 2011, at [ ]a.m., local time, and at any adjournment or postponement thereof, and to vote all shares of the Company's common stock that the undersigned would be entitled to vote if then and there personally present, on the matters set forth on the reverse side.

THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS MADE, WILL BE VOTED "FOR" THE PROPOSAL IN ITEM 1. AND "FOR" THE PROPOSAL IN ITEM 2. ON THE REVERSE SIDE.

PLEASE SIGN ON THE REVERSE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.
