

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

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In re PRE-PAID SECURITIES, INC., LITIGATION : No. CIV-01-0182-C
_____ X

NOTICE OF PENDENCY OF CLASS ACTION AND OF PARTIAL SETTLEMENT

TO: ALL PERSONS AND ENTITIES THAT PURCHASED OR OTHERWISE ACQUIRED PRE-PAID LEGAL SERVICES, INC. ("PRE-PAID") COMMON STOCK FROM MARCH 18, 1999 THROUGH MAY 15, 2001 INCLUSIVE (THE "CLASS PERIOD"). IF YOU WERE THE RECORD HOLDER, BUT NOT THE BENEFICIAL OWNER OF PRE-PAID COMMON STOCK DURING THE CLASS PERIOD AS SET FORTH ABOVE, PLEASE SEND THIS DOCUMENT TO ANY SUCH BENEFICIAL OWNER(S).

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED IN THIS NOTICE, YOU MAY BE ENTITLED TO RECEIVE PAYMENTS PURSUANT TO THE PROPOSED SETTLEMENT IN THIS ACTION.

SUMMARY OF SETTLEMENT AND RELATED MATTERS

1. Purpose of This Notice: This Notice is given pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Western District of Oklahoma dated August 6, 2004. The purpose of this Notice is to inform you of the pendency of a proposed settlement with defendant Deloitte & Touche LLP ("Deloitte") of *McNamara v. Pre-Paid Legal Services, Inc.*, Nos. 02-6110 & 02-6178, (the "Settlement") the appeal to the United States Court of Appeals for the Tenth Circuit (the "Appeal") from the Court's dismissal on the merits with prejudice and without costs of the above-captioned action (the "District Court Action") (the Appeal and the District Court Action are referred to collectively as the "Action"); how the Settlement may affect your rights; your options with respect to the Settlement; and the hearing to be held by the United States District Court for the Western District of Oklahoma (the "Court") to consider the Settlement. This Notice describes rights you may have under the proposed Settlement and sets forth steps you may take in relation to this Action. This Notice is not an expression of any opinion by the Court as to the merits of any claims or any defenses asserted by any party in this Action, or the fairness, adequacy or reasonableness of the proposed Settlement.

The proposed Settlement, the terms of which are only summarized in this Notice, is embodied in a Stipulation and Agreement of Settlement dated January 22, 2004 (the "Stipulation") (the defined terms of which shall have the same meaning herein), which has been filed with the Court.

2. Statement of Plaintiffs' Recovery: Pursuant to the Settlement described herein, as reflected in the Stipulation that the parties have entered into subject to the approval of the Court, a fund consisting of the sum of Nine Hundred Twenty-Five Thousand Dollars (\$925,000.00) in cash will be established (the "Settlement Fund"). This Settlement is subject to the approval of the Court. If approved, this Settlement will result in: (i) the disbursement of the Settlement Fund as set forth below; and (ii) the dismissal of the Appeal on the merits with prejudice and without costs, and the release of the Released Persons (as defined below) from the Released Claims (as defined below).

Based on Plaintiffs' Co-Lead Counsel's estimate of the number of outstanding shares held by the public entitled to participate in the Settlement and the anticipated number of claims to be submitted by Settlement Class Members, the average distribution will be \$0.052 per allegedly damaged share, less each Settlement Class Member's share of Attorneys' Fees and Expenses and Costs as approved by the Court. However, your actual recovery from the Settlement Fund may be greater or less depending on a number of variables including your actual loss based on the share price paid for your Class Period purchases/acquisitions of Pre-Paid common stock, the number of claimants, the amount of Attorneys' Fees and Expenses and Costs awarded by the Court, the expense of administering the claims process, and the timing of your purchases/acquisitions.

A Settlement Class Member's distribution from the Settlement Fund will be governed by the proposed Plan of Allocation, as approved by the Court. Under the relevant securities laws, a claimant's recoverable damages are limited to the actual losses attributable to the alleged fraud. Losses that resulted from factors other than the alleged fraud are not compensable from the Settlement Fund. A detailed explanation of how each Settlement Class Member's claim will be calculated is set forth in the proposed Plan of Allocation, which is described at page 5 of this Notice.

3. Statement of Potential Outcome of Case: On March 5, 2002, the Court dismissed Plaintiffs' claims against Deloitte and other Defendants with prejudice and Plaintiffs' Co-Lead Counsel appealed that decision. This Settlement is only with Deloitte; the appeal is still ongoing with respect to all other Defendants. Lead Plaintiffs and Deloitte disagree as to the potential outcome of the Action, including whether the appellate court would reverse the Court's decision and reinstate the action, whether Deloitte would be found liable to Plaintiffs even if the action was reinstated, and the amount of damages that Deloitte would owe, if any. Plaintiffs' Co-Lead Counsel believe that if Plaintiffs were to prevail on each of the Settlement Class' claims against Deloitte, the Settlement Class would recover damages that exceed the Settlement Fund. Lead Counsel recognize that the potential result could be achieved only if the Tenth Circuit reversed the Court's dismissal of the Action and all significant liability and damage issues were then fully resolved in Plaintiffs' favor at trial. Deloitte denies that it is liable to Plaintiffs or the Settlement Class and denies that Plaintiffs or the Settlement Class have suffered any damages.

This statement of potential outcome relates only to claims against Deloitte and has no bearing on claims against other Defendants, which remain pending on appeal.

4. **Statement of Attorneys' Fees and Expenses and Costs Sought:** Plaintiffs' Co-Lead Counsel, in compensation for their time and risk in prosecuting this Action on a contingent fee basis, intend to apply to the Court for an award of Attorneys' Fees in an amount not to exceed thirty percent (30%) of the Settlement Fund, or approximately \$0.016 per outstanding allegedly damaged share held by the public, as well as reimbursement for the reasonable Expenses and Costs actually incurred in the prosecution of this Action in an amount not to exceed \$60,000, or approximately \$0.003 per outstanding allegedly damaged share held by the public.

5. **Identification of Lawyers Representing the Class:** Co-Lead Counsel for the proposed Settlement Class are:

Sherrie R. Savett, Esq.
Douglas M. Risen, Esq.
Berger & Montague, P.C.
1622 Locust Street
Philadelphia, PA 19103-6365
(215) 875-4631
(215) 875-4636 (fax)
drisen@bm.net

Daniel W. Krasner, Esq.
Michael Jaffe, Esq.
Wolf Haldenstein Adler Freeman & Herz LLP
270 Madison Avenue
New York, NY 10016
(212) 545-4600
(212) 545-4653 (fax)
jaffe@whafh.com

6. **Reasons for Settlement:** Plaintiffs and Plaintiffs' Counsel believe that the claims asserted in the Action have merit. They recognize and acknowledge, however, that the Court has dismissed all claims with prejudice thus requiring that they prosecute an appeal, which may or may not be successful, and even if successful and the case is reinstated, they recognize and acknowledge the expense and likely lengthy duration of the continued proceedings necessary to prosecute their claims against Deloitte through trial and additional appeals. Plaintiffs and Plaintiffs' Counsel take into account the uncertain outcome and risk of litigation, especially in a complex case such as this one, as well as the difficulties and delays inherent in the legal process. Plaintiffs and Plaintiffs' Counsel are mindful of the inherent problems of proof and of the possible defenses to the federal securities law violations asserted in the Complaint. Plaintiffs and Plaintiffs' Counsel, therefore, have concluded that the Settlement is fair, adequate, and reasonable, that it confers substantial benefits upon the Settlement Class, and that it is in the best interests of the Settlement Class.

Deloitte vigorously denies that it made any misrepresentations or engaged in any wrongdoing whatsoever, or that it violated Generally Accepted Accounting Principles ("GAAP") or Generally Accepted Auditing Standards ("GAAS") or otherwise failed to do that which it had an obligation to do. Deloitte has successfully asserted, resulting in dismissal of the District Court Action with prejudice, and continues to assert that all claims and contentions raised in the Action are without merit as to it and has denied and continues to deny all charges of wrongdoing or liability with respect to each and all of the claims and contentions that were alleged and dismissed or that could have been alleged by Lead Plaintiffs and the putative Settlement Class, including all contentions concerning Deloitte's conduct, as well as contentions that such conduct constitutes wrongdoing or gives rise to legal liability or has caused damages to Lead Plaintiffs or the putative Settlement Class. Even though the District Court Action was dismissed against Deloitte and Deloitte believes it will prevail in the Appeal, Deloitte desires to resolve this Action solely to avoid the expense and time of the Appeal. Thus, Deloitte concludes that it is desirable and beneficial that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation. The Stipulation shall not be construed or deemed to be evidence of any admission or concession by Deloitte with respect to any claim of any fault or liability or wrongdoing or damage whatsoever, or of any infirmity in the defenses Deloitte has asserted, nor shall the Stipulation be admissible as evidence in any action other than to enforce the terms of the Settlement.

THE SETTLEMENT CLASS

On August 6, 2004, the Court conditionally certified, for settlement purposes only, a Settlement Class consisting of: All persons and entities that purchased or otherwise acquired Pre-Paid common stock from March 18, 1999 through May 15, 2001, inclusive. Excluded from the Settlement Class are: (a) the officers and directors of Pre-Paid, including Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunebaum, and David Savula, and their immediate families; (b) Deloitte, the employees, partners and principals of Deloitte and their immediate families; (c) the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party; (d) any entity in which Deloitte or any excluded person or entity has or had a controlling-person interest; and (e) any potential Settlement Class Members who exclude themselves by timely filing a request for exclusion in accordance with the requirements set forth in this Notice.

THE COURT HAS DIRECTED THAT NOTICE SHOULD BE GIVEN TO ALL SETTLEMENT CLASS MEMBERS TO INFORM THEM OF THE LAWSUIT AND THEIR RIGHTS. THE SENDING OF THIS NOTICE IS NOT AN EXPRESSION BY THE COURT OR THE LITIGANTS OF ANY OPINION AS TO THE MERITS OF ANY CLAIM OR DEFENSE OR THE LIKELIHOOD OF RECOVERY BY THE SETTLEMENT CLASS REPRESENTATIVES OR ANY OF THE SETTLEMENT CLASS MEMBERS. NOTICE IS BEING PROVIDED SO THAT ALL SETTLEMENT CLASS MEMBERS MAY MAKE A DECISION AS TO WHAT STEPS, IF ANY, THEY WISH TO TAKE AS THIS MATTER PROCEEDS. NOTICE IS BEING SENT TO YOU BECAUSE RECORDS INDICATE THAT YOU MAY BE A CLASS MEMBER.

BACKGROUND OF THE LITIGATION

Commencing on or about January 17, 2001, a number of actions were filed in the Court as proposed class actions on behalf of certain persons who purchased or otherwise acquired common stock of Pre-Paid Legal Services, Inc. ("Pre-Paid") between March 18, 1999 through May 15, 2001 inclusive (the "Class Period") against Pre-Paid and certain of its officers and directors. By Order dated May 15, 2001, the Court (i) consolidated these actions under the above caption; (ii) appointed Lead Plaintiffs for the Class; and (iii) appointed Co-Lead Counsel for the Class.

On June 14, 2001, a Consolidated Amended Complaint (the "Complaint") was filed. The Complaint asserted violations of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder against Pre-Paid, certain of its officers and directors, and for the first time also named Deloitte. Plaintiffs alleged that Pre-Paid, and certain of its officers and directors (collectively, the "Pre-Paid Defendants"), materially misstated Pre-Paid's 1998, 1999, and 2000 financial statements. As against Deloitte, the Complaint alleged that Deloitte falsely represented during the Class Period that Pre-Paid's 1998, 1999, and 2000 financial statements fairly presented Pre-Paid's financial condition and results of operations in accordance with GAAP and allegedly falsely represented that it had audited those financial statements in accordance with GAAS. The Complaint claimed that the alleged misrepresentations and omissions caused the price of Pre-Paid stock to be artificially inflated during the Class Period, to the alleged injury and damage of the plaintiffs.

Deloitte moved to dismiss the Complaint, arguing, among other things, that Plaintiffs had not and could not plead that Deloitte acted with scienter and that the claims were barred by the statute of limitations. The Pre-Paid Defendants filed a motion to dismiss the Complaint also arguing, among other things, that scienter had not been adequately pled. By Orders dated March 5, 2002 and March 25, 2002, the Court agreed with Deloitte and the Pre-Paid Defendants and dismissed the District Court Action with prejudice.

Plaintiffs filed Notices of Appeal to the Tenth Circuit on April 2, 2002, April 23, 2002, and June 5, 2002.

The Parties have engaged in an extensive arms'-length mediation process utilizing the mandatory mediation program of the Tenth Circuit. Through that process and over the period of six months, the Parties negotiated an agreement in principle for the Parties to settle the Action with Deloitte on the terms described in detail below, subject to the approval of the Court. The Action with respect to the Pre-Paid Defendants has not been settled and is currently still the subject of an appeal to the Tenth Circuit.

NOTICE OF SETTLEMENT HEARING

NOTICE IS HEREBY GIVEN, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the Court dated August 6, 2004 (the "Hearing Order"), that a hearing (the "Settlement Hearing") shall be held on December 10, 2004 at 9:00 a.m. in the United States District Court for the Western District of Oklahoma, United States Courthouse, 200 NW 4th Street, Oklahoma City, OK 73102 before the Honorable Robin J. Cauthron, United States District Judge, to determine, among other things: (a) whether this Action satisfies the applicable prerequisites for class action treatment under Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure; (b) whether the proposed Settlement of the Action as set forth in the Stipulation is fair, adequate, reasonable and in the best interests of the Settlement Class and should be approved by the Court; (c) whether the proposed Final Order Approving the Settlement (the "Final Order") should be entered in the Action; (d) whether the Appeal should be dismissed against Deloitte on its merits with prejudice and without costs, and whether the Plaintiffs and all Settlement Class Members on behalf of themselves and their respective heirs, executors, administrators, representatives, predecessors, successors, transferees and assigns (collectively "Releasers"), shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims against the Released Persons, as provided more fully in the Stipulation; and (e) such other matters as the Court may deem appropriate, including: (i) whether and in what amount Plaintiffs' Co-Lead Counsel's application for Attorneys' Fees and reimbursement of Expenses and Costs incurred should be approved by the Court, provided that Plaintiffs' Co-Lead Counsel have submitted their application for such Fees and Expenses and Costs to the Court on or before November 19, 2004, which is twenty-one (21) days before the Settlement Hearing; and (ii) whether the Plan of Allocation proposed by Lead Plaintiffs and Plaintiffs' Co-Lead Counsel should be approved by the Court. The defendants in the Action other than Deloitte (described below) are not part of the proposed Settlement.

At the Settlement Hearing, the Court will hear arguments in favor of and in opposition to the proposed Settlement. As a potential Settlement Class Member, unless you request exclusion from the Settlement Class in the manner described in this Notice of Pendency of Class Action and of Partial Settlement, you will be bound by the terms of the Settlement if it is approved by the Court.

TERMS OF THE SETTLEMENT

1. The following description of the proposed Settlement is only a summary. Please refer to the text of the Stipulation on file with the Court for a full description of the terms and conditions of the Settlement. The Settlement will become effective upon the occurrence of each of the events set forth in paragraph 10.1 of the Stipulation (the "Effective Date").

2. Under the terms of the Settlement, Deloitte will transfer the sum of Nine Hundred Twenty-Five Thousand Dollars (\$925,000.00) (the "Settlement Amount"), less the amount advanced to Plaintiffs' Co-Lead Counsel of Fifty Thousand Dollars (\$50,000.00) for Notice and Administration Expenses, into an interest-bearing account held by Berger & Montague, P.C. on behalf of the Settlement Class no later than ten (10) business days after Shearman & Sterling LLP receives written notice from Plaintiffs' Co-Lead Counsel that the Tenth Circuit has rendered the Judgment dismissing the Appeal on the merits with prejudice and without costs as provided in paragraph 10.1.5 of the Stipulation, *provided* that Deloitte has received appropriate wire instructions from Plaintiffs' Co-Lead Counsel at least four (4) business days in advance. The payment of the Settlement Amount constitutes the entire monetary consideration to be paid by or on behalf of Deloitte pursuant to the Settlement set forth in this Stipulation. In no event shall Deloitte be required to pay any amounts, other than as specified in the preceding sentence, into the Settlement Fund or otherwise in payment of any aspect of this Settlement, including, without limitation, payment to the Settlement Class Members of their attorneys' fees or reimbursement of any other expenses.

3. After payment of Notice and Administration Expenses and Taxes owed by the Settlement Fund, any award of Attorneys' Fees and Expenses and Costs, and subject to the other terms and conditions in the Stipulation, the funds remaining in the Settlement Fund will be distributed to Authorized Claimants pursuant to the proposed Plan of Allocation described in paragraphs 7-10 herein.

4. Pursuant to the Settlement, on the Effective Date, the Releasors: (i) shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims against the Released Persons, (ii) shall be conclusively deemed to have and by operation of the Final Order shall have fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims (including Unknown Claims) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims, (iii) shall be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims, and (iv) shall forever be enjoined and barred from asserting the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not such Releasors have executed and delivered a Proof of Claim, whether or not such Releasors have participated in the Settlement Fund, whether or not such Releasors have filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs and whether or not the claims of such Releasors have been approved or allowed.

a. "Released Claims" collectively means and includes any and all claims or causes of action, including "Unknown Claims" (as defined below), debts, suits, rights of action, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, agreements, promises, judgments, variances, executions, obligations, demands, rights, liabilities, damages, losses, fees, and costs of any kind, nature and/or description whatsoever, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not asserted, threatened, alleged or litigated, at law, equity or otherwise, including, without limitation, claims for contribution or indemnification, or for costs, expenses (including, without limitation, amounts paid in settlement) and attorneys' fees, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, misrepresentation, fraud, breach of fiduciary duty, or violations of any federal, state or local statutes, common law, rules or regulations, that now exist or heretofore existed, that have been or could have been asserted in the Action or any other forum against the Released Persons, whether directly, indirectly, representatively, derivatively or in any other capacity, which arise out of, are based upon or relate to, or are in connection with: (i) the claims asserted in the Action; (ii) the purchase or sale or other acquisition or disposition of Pre-Paid common stock during the Class Period; (iii) any of the facts, circumstances, claims, transactions, events, occurrences, acts, disclosures, statements, representations, omissions or failures to act, or matters of any kind or nature whatsoever, related directly or indirectly to the subject matters referred to, set forth in, or the facts or claims for relief which were or could have been alleged or litigated in the Action, including, without limitation, claims related in any way to Pre-Paid's 1998, 1999, and 2000 financial statements, including, but not limited to, its audited and unaudited financial statements, or any restatement thereof and any public filing, press release, or other public statement, whether made during or after the Class Period; (iv) this Settlement or the entry into it; and/or (v) any and all services provided at any time by Deloitte to or with respect to Pre-Paid or any related entity or individual, including, without limitation, their present or former affiliates, predecessors or successors, and their respective directors, officers, employees, partners, principals, stockholders and owners, irrespective of whom such services were claimed to have been performed for or on behalf of.

b. "Released Persons" means and includes Deloitte (formerly known as D&T Partners LLP), Deloitte & Touche USA LLP (formerly known as Deloitte & Touche LLP, Deloitte & Touche, and Deloitte Haskins & Sells), Deloitte Consulting LLP, (successor to Deloitte Consulting Holding LLC), Deloitte Consulting L.P. (successor to Deloitte Consulting LLC (formerly known as Deloitte & Touche Consulting Group LLC)), Deloitte Consulting (US) LLC, and Deloitte Consulting (Holding Sub) LLC and their past, present and future parent companies, subsidiaries, divisions, related or affiliated entities, predecessors and successors, their respective present and former directors, officers, partners, principals, members, stockholders, owners, employees, agents, servants, subrogees, insurers, co-insurers, reinsurers, and attorneys (including, without limitation, Hartzog Conger Cason & Neville, P.C. and Shearman & Sterling LLP, and any present and former partners, directors, or employees thereof), and their respective heirs, executors, representatives, administrators, successors, transferees and assigns, and any and all persons, natural or corporate, in privity with them. Pre-Paid, Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunebaum, and David Savula are expressly excluded from the definition of Released Persons.

c. "Unknown Claims" means and includes any and all claims that the Releasor does not know or suspect to exist in his or her favor at the time of the release of the Released Persons, including, without limitation, claims that, if known by him or her, might have affected his or her decision to settle with and release the Released Persons or release the Released Claims, or might have affected his or her decision not to object to the Settlement set forth in the Stipulation.

5. If the Settlement is approved by the Court, all claims which have been or could have been or could be asserted in the Appeal will be dismissed on the merits with prejudice and without costs as to all Releasors, and all Releasors (i) shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims against the Released Persons; (ii) shall be conclusively deemed to have and by operation of the Final Order shall have fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims

(including Unknown Claims) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims; (iii) shall be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims; and (iv) shall forever be enjoined and barred from asserting the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not such Releasers have executed and delivered a Proof of Claim, whether or not such Releasers have participated in the Settlement Fund, whether or not such Releasers have filed an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs, and whether or not the claims of such Releasers have been approved or allowed.

6. The Settlement provides that Deloitte may terminate the Settlement under certain conditions as set forth in the Stipulation.

PLAN OF ALLOCATION—ALLOCATION OF SETTLEMENT PROCEEDS AMONG CLASS MEMBERS

7. The Settlement Fund, less all Taxes, Notice and Administration Expenses, and any award of Attorneys' Fees and Expenses and Costs (the "Net Settlement Fund"), will be distributed to members of the Settlement Class who timely submit valid Proofs of Claim ("Authorized Claimants"). Payments and distributions from the Net Settlement Fund on claims submitted by Settlement Class Members shall be made in accordance with a Plan of Allocation (the "Plan of Allocation") approved by the Court.

8. The Net Settlement Fund will be allocated among all Authorized Claimants proportionately according to their Recognized Claim compared to the aggregate claims of all Authorized Claimants. An Authorized Claimant's "Recognized Loss" shall mean the difference, if any, between the amount paid for Pre-Paid common stock during the Class Period (including brokerage commissions and transaction charges) and the amount received for Pre-Paid common stock sold during the Class Period (net of brokerage commissions and transaction charges). (The date of acquisition or purchase is the "contract" or "trade" date as distinguished from the "settlement" date.) To the extent shares were held through the end of the Class Period, \$18.51 per share will be used in lieu of a sales price to offset against purchase price.¹

9. The distribution to each member of the Settlement Class may be rounded to the nearest dollar. Only claims that result in payments of \$5 or more will be paid. The Plan of Allocation may be modified only upon further order of the Court and may be so modified without further notice to members of the Settlement Class. Members of the Settlement Class who desire to be informed of any modification of the Plan of Allocation must request further notification by writing to the Claims Administrator, at in re Pre-Paid Legal Services, Inc. Securities Litigation c/o Heffler, Radetich & Saitta LLP, P.O. Box 190, Philadelphia, PA 19105-0190.

10. Settlement Class Members who do not submit a Proof of Claim in the manner set forth in paragraphs 12 and 13 below or exclude themselves from the Settlement Class in the manner set forth in paragraph 21 below will be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth therein, but will in all respects be subject to and bound by the Stipulation and the Settlement, including the releases provided for in the Stipulation, the Proof of Claim, and the Final Order, will be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims against the Released Persons, will be conclusively deemed to have and by operation of the Final Order will have fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims (including Unknown Claims) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims, will be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims, and will forever be enjoined and barred from asserting the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not they participate in the Settlement Fund, whether or not they file an objection to the Settlement, the proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs, and whether or not their claims are approved or allowed.

In the event a Class Member has more than one purchase or sale of Pre-Paid common stock, all purchases and sales shall be matched on a First-In/First-Out ("FIFO") basis, beginning with the shares held at the close of March 17, 1999.

Shares "transferred into", "delivered into" or "received into" the claimant's account, shall NOT be considered as purchased shares unless claimant submits documents supporting that the original purchase of the shares occurred during the Class Period. Also, shares purchased and subsequently "transferred out" or "delivered out" of claimant's account will NOT be considered part of claimant's claim, as the right to file for those shares may belong to the person or party receiving the shares.

The receipt or grant of a gift of Pre-Paid common stock during the Class Period shall not be deemed to be a purchase of Pre-Paid common stock during the Class Period. However, the recipient of Pre-Paid common stock as a gift or as a distribution from an estate shall be eligible to file a Proof of Claim form and participate in the Settlement to the extent the particular donor or decedent as the actual purchaser of Pre-Paid common stock would have been eligible, based upon the circumstances of such purchase within the Class Period; however, the donee and donor may not both claim with regard to the same Pre-Paid common stock. If both the donor and donee make such a claim, only the claim filed by the donee will be honored.

THE RIGHTS OF SETTLEMENT CLASS MEMBERS

11. The Court has, for settlement purposes only, certified the Action to proceed as a class action. If you purchased or otherwise acquired Pre-Paid common stock from March 18, 1999 through May 15, 2001, inclusive, then, unless you

¹Pursuant to Section 21(D)(e)(1) of the Private Securities Litigation Reform Act of 1995, "in any private action arising under this title in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated." \$18.51 is the mean trading price of Pre-Paid common stock during the 90-day period beginning on May 16, 2001.

are an excluded person (as defined above), you are a Settlement Class Member. Settlement Class Members have the following options pursuant to Rule 23(c)(2) of the Federal Rules of Civil Procedure:

a. If you wish to remain a member of the Settlement Class, you may apply to share in the proceeds of the Settlement by timely submitting a valid Proof of Claim. Settlement Class Members will be represented by the Plaintiffs and their counsel, unless you enter an appearance through counsel of your own choice at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file an appearance on your behalf on or before November 25, 2004, and must serve copies of such appearance on the attorneys listed in paragraph 27 below.

b. If you do not wish to remain a member of the Settlement Class, you may exclude yourself from the Settlement Class by following the instructions in paragraph 21 below. Persons who exclude themselves from the Settlement Class will **NOT** receive any share of the settlement proceeds and will not be bound by the Settlement.

SUBMITTING AND PROCESSING OF PROOF OF CLAIM AND RELEASE FORMS

12. IN ORDER TO BE ELIGIBLE TO RECEIVE ANY DISTRIBUTION FROM THE SETTLEMENT FUND, YOU MUST COMPLETE AND SIGN THE ATTACHED PROOF OF CLAIM AND SEND IT BY PREPAID FIRST-CLASS MAIL POSTMARKED ON OR BEFORE MARCH 29, 2005, ADDRESSED AS FOLLOWS:

In re Pre-Paid Securities, Inc. Litigation
Claims Administrator
c/o Heffler, Radetich & Saitta L.L.P.
P.O. Box 190
Philadelphia, PA 19105-0190

13. The Proof of Claim *must* be completed in accordance with the Instructions on the Proof of Claim, and must enclose all documentation required by the Instructions.

14. IF YOU DO NOT TIMELY SUBMIT A VALID PROOF OF CLAIM, YOU WILL BE FOREVER BARRED FROM RECEIVING ANY PAYMENTS PURSUANT TO THE STIPULATION AND THE SETTLEMENT SET FORTH THEREIN BUT YOU WILL IN ALL RESPECTS BE SUBJECT TO AND BOUND BY THE STIPULATION AND SETTLEMENT, INCLUDING THE RELEASES PROVIDED FOR IN THE STIPULATION, THE PROOF OF CLAIM AND THE FINAL ORDER, AND YOU: (1) WILL BE CONCLUSIVELY DEEMED TO HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED ALL RELEASED CLAIMS AGAINST THE RELEASED PERSONS; (2) WILL BE CONCLUSIVELY DEEMED TO HAVE AND BY OPERATION OF THE FINAL ORDER WILL HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED THE RELEASED PERSONS FROM ALL CLAIMS (INCLUDING UNKNOWN CLAIMS) ARISING OUT OF OR IN CONNECTION WITH THE INSTITUTION, PROSECUTION, OR ASSERTION OF THE APPEAL, THE ACTION OR THE RELEASED CLAIMS; (3) WILL BE CONCLUSIVELY DEEMED TO HAVE COVENANTED NOT TO SUE THE RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE WITH RESPECT TO THE RELEASED CLAIMS, AND (4) WILL FOREVER BE ENJOINED AND BARRED FROM ASSERTING THE RELEASED CLAIMS AGAINST ANY RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE, WHETHER OR NOT YOU HAVE FILED AN OBJECTION TO THE SETTLEMENT, THE PROPOSED PLAN OF ALLOCATION, OR ANY APPLICATION BY PLAINTIFFS' CO-LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND COSTS, WHETHER OR NOT YOU HAVE EXECUTED OR DELIVERED A PROOF OF CLAIM, WHETHER OR NOT YOU PARTICIPATE IN THE SETTLEMENT FUND, AND WHETHER OR NOT YOUR CLAIM IS APPROVED OR ALLOWED BY THE COURT.

15. IF YOU ARE A SETTLEMENT CLASS MEMBER, AND YOU DO NOT EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS OR TIMELY SUBMIT A VALID PROOF OF CLAIM, YOU WILL BE FOREVER BARRED FROM RECEIVING ANY PAYMENTS PURSUANT TO THE STIPULATION AND THE SETTLEMENT SET FORTH THEREIN BUT YOU WILL IN ALL RESPECTS BE SUBJECT TO AND BOUND BY THE STIPULATION AND SETTLEMENT, INCLUDING THE RELEASES PROVIDED FOR IN THE STIPULATION, THE PROOF OF CLAIM AND THE FINAL ORDER AS FULLY OR MORE FULLY SET FORTH IN PARAGRAPH 14. IF YOU EXCLUDE YOURSELF, YOU WILL NOT BE BOUND BY THE RELEASES, BUT YOU WILL NOT BE ENTITLED TO ANY SHARE OF THE SETTLEMENT FUND.

16. If you do not request to be excluded from the Settlement Class, you may object to the Settlement in the manner set forth below. The submission of a Proof of Claim does not preclude you from objecting to the Settlement. However, if the Settlement is approved by the Court, you will in all respects be subject to and bound by the Stipulation and the Settlement, including the releases provided for in the Stipulation, the Proof of Claim, and the Final Order, as well as any order approving the proposed Plan of Allocation or any award of Attorneys' Fees and Expenses and Costs, as fully or more fully set forth in paragraph 14, as if you had not objected. You may also object to the proposed Plan of Allocation or to any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees or Expenses and Costs from the Settlement Fund, even if you submit a Proof of Claim. The proposed Plan of Allocation and any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees or Expenses and Costs are not part of the Stipulation or Settlement, however, and will be considered by the Court separately from its consideration of the fairness, adequacy and reasonableness of the Stipulation and Settlement. Any order (including any appeal from any such order or reversal or modification thereof) or proceedings related to the proposed Plan of Allocation and any application for an award of Attorneys' Fees or Expenses and Costs will not modify, terminate, or cancel the Stipulation or Settlement, and the Court may therefore approve the Settlement regardless of what actions, if any, the Court takes with respect to any objections to the proposed Plan of Allocation or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees or Expenses and Costs. Deloitte and the Released Persons will have no responsibility for, and no liability whatsoever with respect to, the proposed Plan of Allocation or any application by Plaintiffs' Co-Lead

Counsel for an award of Attorneys' Fees or Expenses and Costs. If the Court approves the Settlement, you will in all respects be subject to and bound by the Stipulation and the Settlement, including the releases provided for in the Stipulation, the Proof of Claim, and the Final Order as fully or more fully set forth in paragraph 14.

17. All Proofs of Claim must be submitted by the date specified in this Notice unless such period is extended by Order of the Court. All Proofs of Claim must be signed under penalty of perjury and supported by such documents as are specified in the Proof of Claim, including, but not limited to, proof of Claimant's loss, or such other documents or proof as Plaintiffs' Co-Lead Counsel, in their discretion, may deem acceptable. A Proof of Claim shall be deemed to have been submitted when posted, if received with a postmark indicated on the envelope and if mailed first-class postage prepaid and addressed in accordance with the instructions thereon. In all other cases, the Proof of Claim shall be deemed to have been submitted when actually received by the Claims Administrator.

18. Each Proof of Claim shall be submitted to and reviewed by the Claims Administrator, under the supervision of Plaintiffs' Co-Lead Counsel, who will determine in accordance with the Stipulation and the Plan of Allocation, and subject to supervision and review of the Court, the extent, if any, to which each claim shall be allowed. Proofs of Claim that do not meet the requirements set forth herein and in the Stipulation, or in any Order of the Court relating thereto, may be rejected. Prior to rejection of a Proof of Claim, the Claims Administrator will communicate with the Claimant in an attempt to remedy the curable deficiencies in the Proof of Claim submitted. The Claims Administrator, under the supervision of Plaintiffs' Co-Lead Counsel, will notify, in a timely fashion and in writing, all Claimants whose Proofs of Claim they propose to reject in whole or in part, setting forth the reasons therefor, and will indicate in such notice that the Claimant whose claim is to be rejected has the right to review by the Court if the Claimant so desires and complies with the requirements set forth in the Stipulation or otherwise by the Court.

19. If any Claimant whose claim has been rejected in whole or in part desires to contest such rejection, the Claimant must, within twenty (20) days after the date of mailing of the notice required in the preceding paragraph, serve upon the Claims Administrator a notice and statement of reasons indicating the Claimant's grounds for contesting the rejection along with any supporting documentation, and requesting a review thereof by the Court. If a dispute concerning a claim cannot be otherwise resolved, Plaintiffs' Co-Lead Counsel will thereafter present the request for review to the Court. Claimants involved in such a dispute whose rejection is ultimately upheld by the Court will be forever barred from receiving any payments pursuant to the Stipulation and the Settlement set forth herein, but will in all respects be subject to and bound by the Stipulation and the Settlement set forth therein, including the releases provided for in the Stipulation, the Proof of Claim, and the Final Order as fully or more fully set forth in paragraph 14.

20. Each Claimant will be deemed to have submitted to the jurisdiction of the Court with respect to the Claimant's claim, and the claim will be subject to investigation and discovery under the Federal Rules of Civil Procedure, provided that such investigation and discovery will be limited to that Claimant's status as a Settlement Class Member and the validity and amount of that Claimant's claim. No discovery will be allowed on the merits of the Action or of the Settlement in connection with processing of the Proof of Claim.

**EXCLUSION FROM THE SETTLEMENT
IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOU MAY BE
ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT
AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE
YOURSELF FROM THE SETTLEMENT CLASS.**

21. Each potential member of the Settlement Class will in all respects be subject to and bound by the Stipulation and the Settlement, including the releases provided for in the Stipulation, the Proof of Claim, and the Final Order as fully or more fully set forth in paragraph 14, *unless* such person shall, by first-class mail, send a written request for exclusion from the Settlement Class, signed by the Settlement Class Member or his authorized designee, so that it is received on or before November 25, 2004, which is fifteen (15) days prior to the Settlement Hearing. Requests for exclusion should be addressed to: Berger & Montague, P.C., 1622 Locust Street, Philadelphia, PA 19103, Attention: Sherrie R. Savett, Esq., Wolf Haldenstein Adler Freeman & Herz LLP, 270 Madison Avenue, New York, NY 10016, Attention: Daniel W. Krasner, Esq., and Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022, Attention: Stuart J. Baskin, Esq. No person may exclude himself or herself or itself from the Settlement Class after that date. In order to be valid, the request must include: (a) the name of the case (*In re Pre-Paid Securities, Inc., Litigation*, Civil Action No. 01-0182-C); (b) the Settlement Class Member's name, address, and telephone number; (c) the Settlement Class Member's Social Security or Employer Identification number; (d) the number of shares of Pre-Paid common stock purchased or otherwise acquired by the Settlement Class Member during the Class Period, the price paid therefor, and the number of shares still owned as of the close of trading on May 15, 2001; (e) a statement that the Settlement Class Member requests to be excluded from the Settlement Class; and (f) the signature of the Settlement Class Member, or his, her or its authorized designee. NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST. If the request for exclusion is sought on behalf of a third party (such as a trust or estate), evidence of authorization to act as his, her or its authorized designee must be enclosed.

22. If a Settlement Class Member validly requests exclusion from the Settlement Class, he, she or it (a) will be excluded from the Settlement Class, (b) will not share in the proceeds of the Settlement as set forth in the Stipulation, and (c) will not be bound by any judgment entered in the Appeal.

NOTICE TO BANKS, BROKERS, AND OTHER NOMINEES

23. Not later than ten (10) days after receipt of this Notice of Pendency of Class Action and of Partial Settlement, brokerage firms, banks, financial institutions and other nominees ("Nominees") who, during the Class Period, purchased Pre-Paid common stock in the name of the Nominees on behalf of beneficial owners of such securities who

may be Settlement Class Members, are requested to provide the Claims Administrator, at the address specified in paragraph 12 above, with the name and last known address of each such person or entity for whom the Nominee executed such transactions. If any Nominee elects to provide the Claims Administrator with a list of such beneficial owners' names and addresses, the Claims Administrator shall cause the Notice and the Proof of Claim to be mailed promptly to said beneficial owners. Alternatively, Nominees may request additional copies of this Notice and the Proof of Claim from the Claims Administrator, in which case the Nominees are required to promptly mail the Notice and the Proof of Claim directly to the persons for whom the transactions were made. If you choose to follow this alternative procedure, upon such mailing, you are required to send a statement to the Claims Administrator confirming that the mailing was made as directed. Upon receipt of a timely request for reimbursement, the Claims Administrator shall promptly reimburse the Nominee for all costs reasonably incurred in gathering and forwarding the names and addresses of beneficial owners to the Claims Administrator, or forwarding the Notice and the Proof of Claim to beneficial owners, as the case may be.

ATTORNEYS' FEES AND DISBURSEMENTS

24. Plaintiffs' Co-Lead Counsel, in compensation for their time and risk in prosecuting this Action on a contingent fee basis, intend to apply to the Court for an award of Attorneys' Fees in an amount not to exceed thirty percent (30%) of the Settlement Fund, as well as reimbursement for the reasonable Expenses and Costs actually incurred in the prosecution of this Action in an amount not to exceed \$60,000.

SETTLEMENT HEARING

25. The Settlement Hearing shall be held before the Honorable Robin J. Cauthron, United States District Judge, United States Courthouse, 200 NW 4th Street, Oklahoma City, OK 73102, on December 10, 2004 at 9:00 am. *The Settlement Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Settlement Hearing or at any adjournment or continuance thereof.*

26. At the Settlement Hearing, the Court will determine, among other things, whether to approve finally this Settlement, and whether to fully, finally, and forever release, relinquish, and discharge the Released Claims. The Court will also determine whether the terms and conditions of the Settlement are fair, adequate, reasonable and in the best interests of the Settlement Class.

27. Any Settlement Class Member who has not timely requested exclusion as set forth herein may appear at the Settlement Hearing and, to the extent allowed by the Court, show cause: (i) why the proposed Settlement contained in the Stipulation should not be approved as fair, adequate, reasonable, and in the best interests of the Settlement Class; (ii) why the Final Order should not be entered approving the Settlement and extinguishing the Released Claims in accordance with the terms of the Stipulation; and (iii) why the Appeal should not be dismissed on the merits with prejudice and without costs, only if such Settlement Class Member has filed with the Court on or before November 25, 2004, which is fifteen (15) days prior to the Settlement Hearing, a written notice of intention to appear and object which shall set forth each objection and the basis therefor (a "Notice of Intention to Appear and Object"), copies of any papers in support of that person's or entity's position, and proof that such person or entity is a Settlement Class Member and, contemporaneous with filing such documents relating to such Notice of Intention to Appear and Object, has served such documents by hand delivery or first-class mail on:

Berger & Montague, P.C.
1622 Locust Street
Philadelphia, PA 19103
Attention: Douglas M. Risen, Esq.

Wolf Haldenstein Adler Freeman & Herz LLP
270 Madison Avenue
New York, NY 10016
Attention: Michael Jaffe, Esq.

as Plaintiffs' Co-Lead Counsel, and

Deloitte & Touche USA LLP
Office of General Counsel
1633 Broadway (37th Floor)
New York, NY 10019
Attention: Barbara A. Mentz, Esq.

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: Stuart J. Baskin, Esq.

Hartzog Conger Cason & Neville, P.C.
1600 Bank of Oklahoma Plaza
201 Robert S. Kerr Ave.
Oklahoma City, OK 73102
Attention: Drew Neville, Esq.

as Defendant's Counsel.

ADDITIONAL INFORMATION

28. This Notice merely provides a brief summary of the litigation and the proposed Settlement. For a more detailed statement of the matters involved in the litigation, you may refer to the pleadings, the Stipulation of Settlement, and the orders entered by the Court and to certain other papers filed in the litigation. These papers may be inspected at the Office of the Clerk of the United States District Court for the Western District of Oklahoma.

29. ALL INQUIRIES CONCERNING THIS NOTICE OR THE PROOF OF CLAIM FORM SHOULD BE MADE TO THE CLAIMS ADMINISTRATOR IN WRITING OR BY E-MAIL TO THE CLAIMS ADMINISTRATOR AT HRSCLAIMSADMINISTRATION.COM. NO INQUIRIES SHOULD BE DIRECTED TO THE COURT.

By Order of the Court
Dated August 6, 2004.

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

In re PRE-PAID SECURITIES, INC., LITIGATION	X : : : : X	No. CIV-01-0182-C
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PROOF OF CLAIM AND RELEASE

ALL CLAIMANTS ARE URGED TO READ *THE NOTICE OF PENDENCY OF CLASS ACTION AND OF PARTIAL SETTLEMENT* (“NOTICE”) ACCOMPANYING THIS PROOF OF CLAIM AND RELEASE (“PROOF OF CLAIM”) WHICH, AMONG OTHER THINGS, DESCRIBES THE PROPOSED CLASS SETTLEMENT WITH DELOITTE & TOUCHE LLP (“DELOITTE”) AND HOW MEMBERS OF THE SETTLEMENT CLASS ARE AFFECTED.

THIS WILL BE YOUR ONLY OPPORTUNITY TO SHARE IN THE BENEFITS OF THE SETTLEMENT WITH DELOITTE. IN ORDER TO RECEIVE ANY PAYMENT TO WHICH YOU MAY BE ENTITLED AS A MEMBER OF THE SETTLEMENT CLASS, YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AS INSTRUCTED BELOW.

IF YOU DO NOT PROPERLY AND TIMELY SUBMIT A VALID PROOF OF CLAIM, YOU WILL NOT BE ENTITLED TO ANY SHARE OF THE SETTLEMENT FUND, BUT IF YOU ARE A SETTLEMENT CLASS MEMBER, AND YOU DO NOT PROPERLY EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS, YOU WILL IN ALL RESPECTS BE SUBJECT TO AND BOUND BY THE RELEASES PROVIDED FOR IN THE STIPULATION, THIS PROOF OF CLAIM, AND THE JUDGMENT, AND YOU WILL BE FOREVER BARRED AND ENJOINED FROM BRINGING ANY RELEASED CLAIM (AS DEFINED BELOW) AGAINST ANY RELEASED PERSONS (AS DEFINED BELOW) IN ANY ACTION OR PROCEEDING OF ANY NATURE.

In order to participate in the Settlement of this Action, you must be a member of the following Settlement Class:

All persons and entities that purchased or otherwise acquired Pre-Paid Legal Services, Inc. (“Pre-Paid”) common stock from March 18, 1999 through May 15, 2001, inclusive (the “Class Period”). Excluded from the Settlement Class are: (a) the officers and directors of Pre-Paid, including Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunebaum, and David Savula, and their immediate families; (b) Deloitte, the employees, partners and principals of Deloitte and their immediate families; (c) the legal affiliates, representatives, heirs, controlling persons, successors, and predecessors in interest or assigns of any such excluded party; (d) any entity in which Deloitte or any excluded person or entity has or had a controlling-person interest; and (e) any potential Settlement Class Members who exclude themselves by timely filing a request for exclusion in accordance with the requirements set forth in the Notice of Settlement.

I. GENERAL INSTRUCTIONS

1. To recover as a member of the Class based on your claims in the above-captioned action, including the appeal from the Court’s dismissal of the above-captioned action (collectively, the “Action”), you must complete and sign this Proof of Claim and Release on page 14. If you fail to file a properly addressed (as set forth in paragraph 2 below) Proof of Claim and Release, your claim may be rejected and you may be precluded from any recovery from the Settlement Fund created in connection with the proposed partial settlement of the Action. Submission of this Proof of Claim and Release, however, does not assure that you will share in the proceeds of settlement in the Action. **IF YOU DO NOT TIMELY SUBMIT A VALID PROOF OF CLAIM, YOU WILL BE FOREVER BARRED FROM RECEIVING ANY PAYMENTS PURSUANT TO THE STIPULATION AND THE SETTLEMENT SET FORTH THEREIN BUT YOU WILL IN ALL RESPECTS BE SUBJECT TO AND BOUND BY THE STIPULATION AND SETTLEMENT, INCLUDING THE RELEASES PROVIDED FOR IN THE STIPULATION, THE PROOF OF CLAIM AND THE FINAL ORDER APPROVING CLASS SETTLEMENT (THE “FINAL ORDER”), AND YOU: (1) WILL BE CONCLUSIVELY DEEMED TO HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED ALL RELEASED CLAIMS AGAINST THE RELEASED PERSONS; (2) WILL BE CONCLUSIVELY DEEMED TO HAVE AND BY OPERATION OF THE FINAL ORDER WILL HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED THE RELEASED PERSONS FROM ALL CLAIMS (INCLUDING UNKNOWN CLAIMS) ARISING OUT OF OR IN CONNECTION WITH THE INSTITUTION, PROSECUTION, OR ASSERTION OF THE APPEAL, THE ACTION OR THE RELEASED CLAIMS; (3) WILL BE CONCLUSIVELY DEEMED TO HAVE COVENANTED NOT TO SUE THE RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE WITH RESPECT TO THE RELEASED CLAIMS, AND (4) WILL FOREVER BE ENJOINED AND BARRED FROM ASSERTING THE RELEASED CLAIMS AGAINST ANY RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE, WHETHER OR NOT YOU HAVE FILED AN OBJECTION TO THE SETTLEMENT, THE PROPOSED PLAN OF ALLOCATION, OR ANY APPLICATION BY PLAINTIFFS’ CO-LEAD COUNSEL FOR AN AWARD OF ATTORNEYS’ FEES AND EXPENSES AND COSTS, WHETHER OR NOT YOU PARTICIPATE IN THE SETTLEMENT FUND, AND WHETHER OR NOT YOUR CLAIM IS APPROVED OR ALLOWED BY THE COURT.**

2. YOU MUST COMPLETE AND SIGN THIS PROOF OF CLAIM AND RELEASE AND MAIL IT BY FIRST CLASS MAIL (WITH SUPPORTING DOCUMENTS), POSTAGE PREPAID, POSTMARKED NO LATER THAN MARCH 29, 2005, ADDRESSED AS FOLLOWS:

In re Pre-Paid Securities, Inc. Litigation
Claims Administrator
c/o Heffler, Radetich & Saitta L.L.P.
P.O. Box 190
Philadelphia, PA 19105-0190

DO NOT MAIL THIS PROOF OF CLAIM AND RELEASE TO THE COURT OR TO ANY OF THE PARTIES OR THEIR COUNSEL, AS ANY SUCH PROOF OF CLAIM AND RELEASE MAY BE DEEMED NOT TO HAVE BEEN VALIDLY SUBMITTED.

If you are NOT a Settlement Class Member DO NOT submit a Proof of Claim and Release Form.

3. If you are a Settlement Class Member and you do not timely request exclusion, you are bound by the terms of any judgment entered in the Action, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM AND RELEASE. IF YOU ARE A SETTLEMENT CLASS MEMBER, AND YOU DO NOT EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS OR TIMELY SUBMIT A VALID PROOF OF CLAIM, YOU WILL BE FOREVER BARRED FROM RECEIVING ANY PAYMENTS PURSUANT TO THE STIPULATION AND THE SETTLEMENT SET FORTH THEREIN BUT YOU WILL IN ALL RESPECTS BE SUBJECT TO AND BOUND BY THE STIPULATION AND SETTLEMENT, INCLUDING THE RELEASES PROVIDED FOR IN THE STIPULATION, THE PROOF OF CLAIM AND THE FINAL ORDER, AND YOU: (1) WILL BE CONCLUSIVELY DEEMED TO HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED ALL RELEASED CLAIMS AGAINST THE RELEASED PERSONS; (2) WILL BE CONCLUSIVELY DEEMED TO HAVE AND BY OPERATION OF THE FINAL ORDER WILL HAVE FULLY, FINALLY, AND FOREVER RELEASED, RELINQUISHED, AND DISCHARGED THE RELEASED PERSONS FROM ALL CLAIMS (INCLUDING UNKNOWN CLAIMS) ARISING OUT OF OR IN CONNECTION WITH THE INSTITUTION, PROSECUTION, OR ASSERTION OF THE ACTION OR THE RELEASED CLAIMS; (3) WILL BE CONCLUSIVELY DEEMED TO HAVE COVENANTED NOT TO SUE THE RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE WITH RESPECT TO THE RELEASED CLAIMS; AND (4) WILL FOREVER BE ENJOINED AND BARRED FROM ASSERTING THE RELEASED CLAIMS AGAINST ANY RELEASED PERSONS IN ANY ACTION OR PROCEEDING OF ANY NATURE, WHETHER OR NOT YOU SUBMIT A PROOF OF CLAIM, WHETHER OR NOT YOU HAVE FILED AN OBJECTION TO THE SETTLEMENT, THE PROPOSED PLAN OF ALLOCATION, OR ANY APPLICATION BY PLAINTIFFS' CO-LEAD COUNSEL FOR AN AWARD OF ATTORNEYS' FEES AND EXPENSES AND COSTS, WHETHER OR NOT YOU PARTICIPATE IN THE SETTLEMENT FUND, AND WHETHER OR NOT YOUR CLAIM IS APPROVED OR ALLOWED BY THE COURT. IF YOU EXCLUDE YOURSELF, YOU WILL NOT BE BOUND BY THE RELEASES, BUT YOU WILL NOT BE ENTITLED TO ANY SHARE OF THE SETTLEMENT FUND.

II. CLAIMANT IDENTIFICATION

1. If you purchased and/or otherwise acquired the common stock of Pre-Paid during the "Class Period" and held the certificate(s) in your name, you are the beneficial owner as well as the record owner. If, however, you purchased and/or acquired Pre-Paid common stock and the certificate(s) were registered in the name of a third-party, such as a nominee or brokerage firm, you are the beneficial owner and the third-party is the record owner.

2. Use Part I of this form entitled "Claimant Identification" to identify each holder of record ("nominee"), if different from the beneficial holder of Pre-Paid stock which forms the basis of this claim. THIS CLAIM MUST BE FILED BY THE ACTUAL BENEFICIAL OWNER OR OWNERS OR THE LEGAL REPRESENTATIVE OF SUCH OWNER OR OWNERS OF THE PRE-PAID STOCK UPON WHICH THIS CLAIM IS BASED.

3. All joint owners must sign this claim. Executors, administrators, guardians, conservators and trustees must complete and sign this claim on behalf of Persons represented by them and their authority must accompany this claim and their titles or capacities must be stated. The Social Security (or Employer Identification) number and telephone number of the beneficial owner may be used in verifying the claim. Failure to provide the foregoing information could delay verification of your claim or result in rejection of the claim.

III. CLAIM FORM

1. Use Part II of this form entitled "Schedule of Transactions in Pre-Paid Common Stock" to supply all required details of your transaction(s) in Pre-Paid stock including the number of shares held at the end of trading on March 17, 1999, January 16, 2001 and May 15, 2001. If you need more space or additional schedules, attach separate sheets giving all of the required information in substantially the same form. Sign and print or type your name on each additional sheet.

2. On the schedules, provide the requested information with respect to *all* of your purchases or other acquisitions and *all* of your sales of Pre-Paid stock, which took place at any time beginning March 18, 1999 through and including May 15, 2001, whether such transactions resulted in a profit or a loss. Failure to report all such transactions may result in the rejection of your claim. If your claim is rejected, you will, however, be bound by the Stipulation and the Settlement, including the releases provided for in the Stipulation, this Proof of Claim, and the Final Order as provided in paragraph 1 above (see Part I, General Instructions).

3. List each transaction in the Class Period separately and in chronological order, beginning with the earliest. You must accurately provide the month, day, and year of each transaction you list.

4. Brokers' confirmations or other documentation of your transactions in Pre-Paid stock should be attached to your claim. Failure to provide this documentation could delay verification of your claim or result in rejection of your claim.

VI. RELEASE

1. I acknowledge that, upon the Effective Date, Plaintiffs and each and all of the Settlement Class Members, on behalf of themselves, and their respective heirs, executors, administrators, representatives, predecessors, successors, transferees and assigns (collectively, "Releasors") (which includes me (us) as a person(s) or any person who signs this Proof of Claim and Release on my own behalf and on behalf of any person on whose behalf I sign): (i) shall be conclusively deemed to have fully, finally and forever released, relinquished, and discharged all Released Claims (as defined below) against the Released Persons (as defined below); (ii) shall be conclusively deemed to have and by operation of the Final Order shall have fully, finally, and forever released, relinquished, and discharged the Released Persons from all claims (including Unknown Claims) arising out of or in connection with the institution, prosecution, or assertion of the Action or the Released Claims; (iii) shall be conclusively deemed to have covenanted not to sue the Released Persons in any action or proceeding of any nature with respect to the Released Claims; and (iv) shall forever be enjoined and barred from asserting the Released Claims against any Released Persons in any action or proceeding of any nature, whether or not such Releasors have executed and delivered a Proof of Claim, whether or not such Releasors have participated in the Settlement Fund, whether or not such Releasors have filed an objection to the Settlement, the Proposed Plan of Allocation, or any application by Plaintiffs' Co-Lead Counsel for an award of Attorneys' Fees and Expenses and Costs, and whether or not the claims of such Releasors have been approved or allowed.

2. I acknowledge that, for purposes of this Release, "Released Claims" collectively means and includes any and all claims or causes of action, including "Unknown Claims" (as defined below), debts, suits, rights of action, dues, sums of money, accounts, bonds, bills, covenants, contracts, controversies, agreements, promises, judgments, variances, executions, obligations, demands, rights, liabilities, damages, losses, fees, and costs of any kind, nature and/or description whatsoever, matured or unmatured, liquidated or unliquidated, accrued or unaccrued, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not asserted, threatened, alleged or litigated, at law, equity or otherwise, including, without limitation, claims for contribution or indemnification, or for costs, expenses (including, without limitation, amounts paid in settlement) and attorneys' fees, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, misrepresentation, fraud, breach of fiduciary duty, or violations of any federal, state or local statutes, common law, rules or regulations, that now exist or heretofore existed, that have been or could have been asserted in the Action or any other forum against the Released Persons, whether directly, indirectly, representatively, derivatively or in any other capacity, which arise out of, are based upon or relate to, or are in connection with: (i) the claims asserted in the Action; (ii) the purchase or sale or other acquisition or disposition of Pre-Paid common stock during the Class Period; (iii) any of the facts, circumstances, claims, transactions, events, occurrences, acts, disclosures, statements, representations, omissions or failures to act, or matters of any kind or nature whatsoever, related directly or indirectly to the subject matters referred to, set forth in, or the facts or claims for relief which were or could have been alleged or litigated in the Action, including, without limitation, claims related in any way to Pre-Paid's 1998, 1999, and 2000 financial statements, including, but not limited to, its audited and unaudited financial statements, or any restatement thereof and any public filing, press release, or other public statement whether made during or after the Class Period; (iv) this Settlement or the entry into it; and/or (v) any and all services provided at any time by Deloitte to or with respect to Pre-Paid or any related entity or individual, including, without limitation, their present or former affiliates, predecessors or successors, and their respective directors, officers, employees, partners, principals, stockholders and owners, irrespective of whom such services were claimed to have been performed for or on behalf of.

3. I acknowledge that, for purposes of this Release, "Released Persons" means and includes Deloitte (formerly known as D&T Partners LLP), Deloitte & Touche USA LLP (formerly known as Deloitte & Touche LLP, Deloitte & Touche, and Deloitte Haskins & Sells), Deloitte Consulting LLP (successor to Deloitte Consulting Holding LLC), Deloitte Consulting L.P. (successor to Deloitte Consulting LLC (formerly known as Deloitte & Touche Consulting Group LLC)), Deloitte Consulting (US) LLC, and Deloitte Consulting (Holding Sub) LLC and their past, present and future parent companies, subsidiaries, divisions, related or affiliated entities, predecessors and successors, their respective present and former directors, officers, partners, principals, members, stockholders, owners, employees, agents, servants, subrogees, insurers, co-insurers, reinsurers, and attorneys (including, without limitation, Hartzog Conger Cason & Neville, P.C. and Shearman & Sterling LLP, and any present and former partners, directors, or employees thereof), and their respective heirs, executors, representatives, administrators, successors, transferees and assigns, and any and all persons, natural or corporate, in privity with them. Pre-Paid, Harland Stonecipher, Randy Harp, Kathleen Pinson, Peter Grunbaum, and David Savula are expressly excluded from the definition of Released Persons.

4. I acknowledge that, for purposes of this Release, "Unknown Claims" means and includes any and all claims that the Releasor does not know or suspect to exist in his or her favor at the time of the release of the Released Persons, including, without limitation, claims that, if known by him or her, might have affected his or her decision to settle with and release the Released Persons or release the Released Claims, or might have affected his or her decision not to object to the Settlement set forth in this Stipulation.

5. I acknowledge that this Release incorporates all terms of the Stipulation and Agreement of Settlement.

VII. VERIFICATION

The undersigned has read the foregoing Notice of Pendency of Class Action and of Partial Settlement and the Proof of Claim and Release and knows the contents thereof, and states under penalty of perjury under the laws of the United States of America that the information inserted above and set forth in the documents submitted with this form are true and correct to the best of the knowledge or information and belief of the undersigned and that the transactions itemized above constitute all of the transactions of claimant in the common stock of Pre-Paid during the indicated time periods.

(IF THIS CLAIM IS BEING MADE ON BEHALF OF THE JOINT CLAIMANTS, EACH CLAIMANT OR LEGAL REPRESENTATIVE, IF ANY, MUST SIGN):

Date Signed: _____

(Signature of Claimant)

(Type or print your name here)

Date Signed: _____

(Signature of Joint Claimant, if any)

(Type or print your name here)

(Capacity of person(s) signing, e.g. Beneficial Purchaser, Executor or Administrator)

YOU MUST MAIL THIS FORM AND YOUR SUPPORTING DOCUMENTATION
SO THAT IT IS POSTMARKED NO LATER THAN MARCH 29, 2005
Please notify the Claims Administrator promptly if your address changes.

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT AMOUNT OF TIME.
THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Please sign the above release and verification on page 14.
2. Remember to attach copies of supporting documentation.
3. Do not send original or copies of stock certificates.
4. Keep a copy of your claim form for your records.
5. If you desire an acknowledgment of receipt of your claim form, please send it Certified Mail, Return Receipt Requested.
6. If you move, please send us your new address.

In re Pre-Paid Securities, Inc. Litigation,
Claims Administrator
c/o Heffler, Radetich & Saitta L.L.P.
P.O. Box 190
Philadelphia, PA 19105-0190

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PLEASE FORWARD—IMPORTANT LEGAL NOTICE