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NEW JERSEY

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SAMPLE

OFFERED BY:
PRE-PAID LEGAL CASUALTY, INC.
ONE PRE-PAID WAY - P.O. BOX 145
ADA, OKLAHOMA 74820
1-800-654-7757

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Dear Member:

By paying the membership fee and abiding by the terms of this Contract, the following services ("Services") are available to the Member ("Member") which is the actual business entity. The Services will be provided by licensed, practicing attorneys selected by Pre-Paid Legal Casualty, Inc. dba LegalShield (the "Company"). The attorneys are referred to as the "Provider Law Firm", "Provider Attorney" or "Referral Attorney". All requests for Services must be directed through the Provider Law Firm in a prompt manner to allow sufficient time for preparation and response. This Contract covers domestic legal matters within the state where the Member's principal place of business is located. Matters involving foreign law are not covered. Should the Member's principal business location change states, the Provider Law Firm and Company must be notified. The Member will be transferred to a membership in the new state, if available.

The Member is the business named on the membership application with 50 or fewer employees. The Member may have only one Employer Identification Number. The Member must be a legal, for profit entity. The Member may not be a publicly-traded business. Individual employee actions are not included as services of the Member.

Any reference to "Contract" refers to this Contract between the Member and the Company. All services under this Contract are part of and are subject to the General Provisions. Please refer to the General Provisions and other sections of this Contract for the definition of capitalized terms.

The "Effective Date" of the Contract is the date on the membership application or the date the application is submitted via the internet. If the application is dated more than 14 days prior to when the Company receives the application, the Effective Date will be the date the application is processed.

PHONE ACCESS

The Member may receive advice about the Member's legal matters through toll-free phone calls. A consultation will last as long as the Provider Law Firm deems needed to adequately advise the Member on each legal matter. The Provider Law Firm will use its Professional Judgment in such instances. If the legal matter cannot be resolved by the first phone consultation, up to one hour of legal research will be provided. Further services will be provided at a discount of 25% from the Provider Law Firm's standard corporate rate. In obtaining advice, the Designated Spokesperson may call the phone number listed on the membership card during regular office hours.

Limitations:

1) This Contract excludes coverage for any matter raised an excessive number of times without substantial change of circumstances.

2) The Provider Law Firm may assign an attorney to handle specific legal issues covered under other services of this Contract. Legal matters covered under other sections of this Contract will be provided under that service. The Designated Spokesperson shall speak only with the specific attorney or attorneys handling those specific issues. This limitation provides the most effective representation of the Member.

3) Legal matters covered under Designated Consultations are not covered under this section.

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LETTERS & CALLS

The consulting Provider Attorney will determine when a letter written on behalf of the Member would be of assistance with a legal matter not specifically covered elsewhere in this Contract. The first such letter for each non-related legal subject matter per Membership Year will be written at no additional charge. If a response is received from a third party to the initial call or letter, a follow-up call or letter may be provided based upon the Provider Attorney's Professional Judgment. Additional letters from the Provider Law Firm after the first one per subject per Membership Year will be provided at a discount of 25% from the Provider Law Firm's standard corporate rate. The Member must provide, in a timely manner, enough documentation to enable the Provider Law Firm to write letters pursuant to this section.

Limitations:

1) This Service is limited to 30 letters per year with no more than six in any one month.

2) The Provider Law Firm will determine whether a letter(s) is appropriate in a given situation.

3) Debt Collection Letters and Designated Consultations, which are highlighted in their own sections, are specifically excluded from this section.

DESIGNATED CONSULTATIONS

Certain legal matters may require the Provider Law Firm to seek outside counsel to assist the Member. The Member may receive a total of three phone consultations, each up to one-half hour in length, for the following legal matters each Membership Year:

- Commodities;
- Trademark;
- International Law;
- Tax;
- Admiralty;
- Patents;
- Copyright;
- Securities;
- Intellectual Property;
- Import/Export or customs matters;
- Antitrust;
- Immigration;
- Those legal matters which arise within the United States but outside of the Member's state of principal place of business.

The Member may also receive one document review each Membership Year regarding domestic legal issues concerning out of state matters.

If further services are required beyond the phone consultation, they will be provided at a discount of 10% to 25% from the standard corporate rate of the attorney handling the legal matter. To obtain advice, the Designated Spokesperson may call the phone number listed on the membership card during regular office hours. No other services are available for these Designated Consultations.

DOCUMENT REVIEW

The Member may have 30 documents reviewed by the Provider Law Firm each year with no more than six in any month. Each document may be up to 15 consecutive pages. Documents are contracts in which the Member is a contracting party. The contracts must concern separate subject matters and further provide that the contracts are not both part of a single related business transaction.

The Designated Spokesperson for the Member shall mail a copy of the document to be reviewed (retaining the original), together with a phone number, to the Provider Law Firm. The Provider Law Firm will review the document. The Provider Attorney will advise the Member's Designated Spokesperson by phone of any suggested changes. Each review of a document after the first review shall count as a separate document review toward the annual total of 30. If legal services are required beyond the basic document review including, but not limited to, specific research or the negotiation of or drafting of changes, the services will be provided at a discount of 25% from the Provider Law Firm's standard corporate rate. Advice and comment on documents in excess of 15 consecutive pages or documents beyond six in a month or 30 per year will be provided at a discount of 25% from the Provider Law Firm's standard corporate rate.

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DEBT COLLECTION LETTERS

The Member may use this Service only after demand for payment has been unsuccessful. The Provider Law Firm may write up to 10 separate, initial collection letters per month at no charge. A follow-up letter may be available based on response. Additional collection letters will be provided at a discount of 25% from the Provider Law Firm's standard corporate rate. The Provider Law Firm may require additional documents and other written authorization as necessary before proceeding with Services as part of this section.

TRIAL DEFENSE

The Provider Law Firm will provide an annual sum of 75 hours of attorney time for all covered lawsuits in a Membership Year. This time will be used for all lawsuits in which the Member is the named defendant in a covered civil action. The covered lawsuit must be related to the Member's business activities and filed in a state or federal district court. Of the total of 75 hours of attorney time, a maximum of 15 hours will be provided at no extra charge for any and all legal services rendered in defense of all covered lawsuits prior to the actual trial. Such legal services include conferences with associated parties and their attorneys or agents, phone conversations or other efforts to settle cases, arbitration, pre-trial conferences, settlement conferences prior to trial, courts appearances, interrogatories, depositions, briefs and pleadings. The remaining 60 hours shall be available for actual trial time.

Total Services provided under Trial Defense shall not exceed the annual sum per membership amount of 75 hours.

Exclusions (this Service does not cover defense of the following items):

1) Claims or charges relating to worker's compensation, inquiries or actions by a government agency, bankruptcy or alcohol, drugs, substance abuse, chemical abuse or dependency.

2) Class actions, amicus curiae filings or interventions filed in which the Member is a party or potential party.

3) Pre-existing Conditions: Pre-existing Conditions are defined as those acts which give rise to a lawsuit which are alleged to have occurred prior to the Member's enrollment, even though the lawsuit was not filed until after such date.

4) Any claim or defense which, in the opinion of the Provider Law Firm, appears to be frivolous or groundless.

5) Garnishment, attachment or any other post-judgment relief action. The Provider Law Firm will provide services in accordance with the Contract up to the point of final judgment by the court of record.

6) Any claim or charge where the Member has access to coverage by an insurance policy.

The Trial Defense section is a part of and is subject to all General Provisions of this Contract.

REDUCED FEE SERVICES

Services for litigation representation and other legal work within the Member's state of the principal place of business are available at a 25% reduction from the Provider Law Firm's standard corporate rate. This discount does not apply to legal services rendered pursuant to the Designated Consultations section of this Contract, contingency fee cases or fees set by the court.

REDUCED CONTINGENCY FEE SERVICES

The Member may receive up to a five percent discount from the Provider Law Firm's standard contingency fee for legal representation on those matters normally handled on a contingency fee basis. The Provider Law Firm and the Designated Spokesperson will agree to the discount for each given legal service. The Designated Spokesperson must have legal authority to bind the Member. This agreement must be made prior to start of said services. This agreement is subject to the terms of the Attorney-Client Contract.

GENERAL PROVISIONS

A. **Designated Spokesperson:** The Member shall designate, in writing, up to three spokespersons to speak with the Provider Law Firm. The Designated Spokespersons must be employees, owners, partners or officers. The Designated Spokespersons must have authority to legally bind the Member. In the event a Designated Spokesperson is no longer associated with the Member for any reason, the Member must

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notify the Company. If the formerly Designated Spokesperson was speaking with the Provider Law Firm about an on-going legal matter, the Member should also advise the Provider Law Firm. If the Provider Law Firm is not made aware of Designated Spokesperson changes, the attorney and firm are not responsible for any legal issue that may result.

B. **Availability of Services:** For any matter involving both the Member and an owner or Designated Spokesperson, only the Member may use the Services. The Member may use the Services outlined in this Contract only to the point such Services are available and permitted by the laws of the state having jurisdiction over the legal matter.

C. **Entire Agreement:** This Contract and the Member's application shall form the entire contract between the parties.

D. **Provider Law Firm:** The Provider Law Firm is an attorney or law firm who has contracted with the Company to provide the Services described in this Contract. This does not require all legal Services under the Contract to be performed by the Provider Law Firm. The Provider Law Firm or the Company, under certain circumstances, may refer matters to a referral attorney ("Referral Attorney"). Referral Attorney and Provider Attorney may collectively be referred to in this Contract as the Provider Law Firm. The Provider Law Firm may be contacted directly at the number provided on your membership card. Information as to how legal services may be obtained is available by calling your Provider Law Firm or by writing the Company at P.O. Box 145, Ada, OK 74821-0145 or by calling the Company at 1-800-654-7757.

E. **Native American Legal Issues Exclusion:** Native American legal issues are excluded from Services. Such issues include legal matters before federal, tribal and/or state courts. This includes, but is not limited to, administrative bodies, arbitration panels or arbitrators, tribunals and/or hearing panels, judges or officers.

F. **Eligibility Period:** The Eligibility Period begins on the Effective Date of the Contract and continues until terminated. The Company may cancel the Contract in accordance with General Provision "L", Cancellation of Contract. Should the Member cancel the Contract, either in writing or by non-payment of membership fees, the Eligibility Period shall end on either the date the Company receives notice of cancellation or on the due date of the last payment.

G. **Membership Year:** The Membership Year shall be defined as the period of time beginning on the Effective Date of the Contract, extending for a period of one year, and each one year period thereafter.

H. **General Exclusions:** The following items are specifically excluded from this Contract and shall not be interpreted as included Services under any provision of this Contract:

1. Any matter, issue, consultation, action, proceeding or dispute between the Member and any owner of the business. Any issue which raises or could raise a conflict between any owner or Designated Spokesperson and the Member. Any issue between any owner and any Designated Spokesperson which affects the Member.

2. Fines, court costs, filing fees, ad litem fees, penalties, expert witness fees, bonds and bail bonds are excluded. Any out-of-pocket expenses are also excluded.

3. Any person or entity who initiates or participates in a lawsuit against the Company or any of its subsidiaries or affiliates, or is named as a defendant or respondent in a lawsuit initiated by the Company or any of its subsidiaries or affiliates, shall be specifically excluded from receiving any of the legal services under any section of this Contract during the pendency of such lawsuit or until its resolution.

4. Any matter, issue, consultation, action, proceeding, lawsuit or dispute between the Member and the Provider Law Firm or the Member and the Company.

5. Any matter which the Provider Law Firm determines is resolved or has been raised an excessive number of times without substantial change of circumstance.

6. Any matters which are covered by any insurance policy.

7. This Contract does not cover any criminal or civil charge against the Member in which the victim of the crime or a member of his/her immediate family or any corporation or partnership in which the victim has a substantial interest contributed to the plan on behalf of the Member.

I. **Attorney-Client Contract and Representation:** Any Services which require payment of anticipated costs shall be subject to the terms of an Attorney-Client Contract. This Attorney-Client Contract is to be agreed upon by the Member and the Provider Law Firm prior to the time Services are rendered. The Provider Law Firm will decide all retainers and anticipated costs to be paid by the Member. When applicable, eligibility for receipt of Services under the Contract is contingent upon payment of such retainers and anticipated costs prior to commencement of legal representation. All Services and legal representa-

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tion will be limited to those available under this Contract and the Provider Law Firm has no duty or relationship beyond the specified Services.

J. **Provider Law Firm's Professional Judgment:** The Company will in no way attempt to influence or affect the Provider Law Firm's judgment in any matter. The Provider Law Firm will make the decision whether to accept any case, including a contingency case, or whether to appeal any judgment or legal decision. The Provider Law Firm will select the defense, as permitted by law, to be used for any legal matter.

K. **Examination Right:** The Member shall have 10 days after delivery to examine the Contract. If not satisfied for any reason, the Member may send written notice rescinding the Contract and have the paid membership fee refunded. Upon the delivery of written notice of rescission of the Contract to the Company within 10 days of delivery, the Contract shall be void from the beginning and the parties shall be in the same position as if this Contract had not been issued.

L. **Cancellation of Contract:** The Company may cancel this Contract for fraud, non-payment of membership fees, or if the Provider Law Firm determines, in its professional and independent judgment, that the Member is unable, unwilling, or incapable of accepting or understanding legal advice and services. The Company shall give the Member a 30 day written notice of any such cancellation. This Contract will be cancelled immediately for fraud; provided that fraudulent statements made by the Member shall not void coverage or reduce services hereunder after the Contract has been in force for 2 years. The Member may cancel either by giving notice or by nonpayment of membership fees. The Company provides a 31 day Grace Period to remit payment of the member fees that become due and unpaid after the Effective Date. This Contract will continue during the Grace Period. This Contract will be terminated at the end of the Grace Period if the Member's fees remain unpaid. Termination will be effective at 12:01 am on the 32nd day following the due date for which the member's fees remain unpaid. The Member may cancel the Contract at any time by giving notice to the Company. The Member shall be entitled to be reimbursed by the Company the unused portion of the membership fees paid for this Contract. The refund amount will be calculated on a pro-rata basis over the period of the Contract. In the event of cancellation by the Company, Services will only be provided for those matters reported in writing to the Provider Law Firm during the Eligibility Period.

M. **Settlement of Disputes:** All disputes or claims arising out of or related to the Contract between the Company and the Member shall be subject to nonbinding arbitration, according to the Commercial Arbitration Rules of the American Arbitration Association.

N. **Duplication of Coverage:** Services shall be provided under the section the Provider Law Firm determines is most relevant to the existing legal need. The Services contained in this Contract are mutually exclusive and coverage will not be provided under more than one Service for any legal matter. Those covered may not secure services from the Provider Law Firm for the same matter under more than one Company Contract, regardless of the number of such contracts owned.

O. **Mutual Cooperation:** The Member and Company shall work together with the Provider Law Firm to provide effective legal service. At all times, the Member shall act with professionalism and mutual respect.

P. **Change of Contract:** No change in the Contract shall be valid until approved by an officer of the Company. Such a change must be endorsed on or attached to the Contract. No agent or sales associate has authority to change the Contract. No agent or sales associate may waive any of its provisions. A 30 day notice will be given should there be any change in this Contract.

Q. **Reinstatement Procedure:** The Member may reapply for reinstatement of this Contract after cancellation. The Company, at its option, may reinstate this Contract upon receipt of request and payment by the Member of the membership fee, without change in the services of the Contract before cancellation. Upon approval by the Company of such request and receipt of the membership fee the Contract will be reinstated. The Company will notify the applicant in writing within 45 days of denial of reinstatement. Services are not available for any act or occurrence during the lapse period.

R. **Change in Fees:** The Company reserves the right to change the established membership fee for this membership. Changes in the membership fee will only occur after the current payment period has expired. Should the membership fee be changed, the Member will be given a 30 day written notice at the Member's address according to the records of the Company.

S. **Severability:** If any provision of this Contract is deemed invalid or unenforceable in any respect, such provision shall be, to the extent possible, reformed to make it effective. If any provision is deemed invalid and incapable of being reformed, it shall not impact the validity and enforceability of all other provisions of this Contract, which shall remain valid and enforceable.

T. **Release of Information:** Any Member, directly or by survey, submitting to the Company complaints or inquiries about a Provider Attorney's services, authorizes the Provider Law Firm to disclose to the Company any and all communications between the Member and the Provider Attorney. All communications includes privileged and confidential information. This information is needed in order to respond to such complaints or questions.

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U. **Adequate and Timely Notice:** The Member must send the Provider Law Firm adequate facts, required documents and authorizations in a timely manner to receive services. A Trial Defense matter must be reported to the Provider Law Firm within 10 days of receiving first notice of the matter. Failure to timely submit adequate documents and facts to the Provider Law Firm shall render any obligation of the Provider Law Firm to enter an appearance in the matter, or to provide any other Services, null and void.

Jeff Bell
Chief Executive Officer
Pre-Paid Legal Services, Inc.

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