

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

CLASS ACTION SETTLEMENT NOTICE

If you purchased a legal document or legal document assistant service from LegalZoom.com between September 15, 2005 and June 16, 2011, you may be entitled to benefits under this class action settlement.

A Court authorized this Notice. This is not a solicitation from a lawyer.

THERE ARE NO CLAIMS OR ASSERTIONS IN THIS CASE ABOUT THE VALIDITY OF ANY LEGALZOOM DOCUMENT OR SERVICE.

- The Settlement involves a lawsuit that claims LegalZoom.com, Inc.'s ("LegalZoom's") website and advertising contain statements that are misleading and over-promise the services that LegalZoom would provide. It also claims that LegalZoom failed to comply with the California Legal Document Assistant Act.
- If the Settlement is approved by the Court, Class Members will be able to claim economic benefits consisting of sixty (60) free days of enrollment in LegalZoom's Legal Advantage Plus program (for individuals) or Business Advantage Pro program (for businesses) ("Programs"). Enrollment includes the opportunity to consult by telephone with an attorney **for free** on matters of your choosing (including the document you prepared using LegalZoom), as described in more detail below. Instead of free enrollment in the Programs, Class Members who asked for but did not receive a refund from LegalZoom may be eligible to claim a payment of up to \$100. In addition, LegalZoom has agreed to pay all notice and administrative costs for the Settlement, as well as attorneys' fees and expenses for the Class.
- Your legal rights are affected whether or not you act. Please read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT THE ONLINE CLAIM FORM BY MAY 15, 2012	The only way to receive sixty (60) free days of enrollment in LegalZoom's Legal Advantage Plus or Business Advantage Pro program or, if eligible, a payment ("Economic Benefits"). Go to www.LDALitigation.com .
EXCLUDE YOURSELF FROM THE CLASS BY MARCH 1, 2012	Get no Economic Benefits. This is the only option that allows you to retain your right to sue LegalZoom about the legal claims in this case.
COMMENT BY MARCH 1, 2012	Write to the Court about why you do, or do not, like the Settlement. You must remain in the Class to comment in support of or in opposition to the Settlement.
GO TO A HEARING ON APRIL 5, 2012	Ask to speak to the Court about the fairness of the Settlement.
DO NOTHING	Get no Economic Benefits. Give up rights to sue.

- Your rights, options, **and deadlines** are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Your free enrollment in the Legal Advantage Plus or Business Advantage Pro program or payment will be made if the Court approves the Settlement and after any appeals are resolved. Please be patient.

WHAT THIS NOTICE CONTAINS

BACKGROUND INFORMATION 3

- 1. Why did I get this Notice? 3**
- 2. What is this lawsuit about? 3**
- 3. Why is this a class action? 3**
- 4. Why is there a settlement? 3**

WHO IS IN THE SETTLEMENT 3

- 5. How do I know if I am part of the Settlement? 3**
- 6. Are there exceptions to being included? 4**

THE SETTLEMENT BENEFITS 4

- 7. What does the Settlement provide? 4**

HOW YOU GET THE ECONOMIC BENEFITS – SUBMITTING A CLAIM FORM 6

- 8. How can I get free enrollment in the Programs or, if eligible, a payment? 6**
- 9. When would I get my free enrollment or, if eligible, payment? 6**
- 10. What am I giving up to get free enrollment or, if eligible, a payment, or to stay in the Class? 6**

EXCLUDING YOURSELF FROM THE SETTLEMENT 6

- 11. How do I get out of the Settlement? 6**

THE LAWYERS REPRESENTING YOU 7

- 12. Do I have a lawyer in this case? 7**

COMMENT ON THE SETTLEMENT 7

- 13. How do I tell the Court that I like, or don't like, the Settlement? 7**
- 14. What is the difference between commenting and excluding? 8**

THE COURT'S FAIRNESS HEARING 8

- 15. When and where will the Court decide whether to approve the Settlement? 8**
- 16. Do I have to come to the hearing? 8**

GETTING MORE INFORMATION 8

- 17. Are there more details about the Settlement? 8**
- 18. How do I get more information? 8**

BACKGROUND INFORMATION

1. Why did I get this Notice?

The parties have proposed to settle this class action lawsuit. You may be a member of the Class. If the Court approves the proposed Settlement, and you are a member of the Class, your legal rights will be affected. This Notice, which has been approved by the Court, is only a summary. A more detailed document called the "Class Action Settlement Agreement" (the "Settlement Agreement") contains the complete terms of the Settlement. It is on file with the Court, where it is available for your review, and is also available on the Settlement website, www.LDALitigation.com.

2. What is this lawsuit about?

This lawsuit was filed in 2010 in Los Angeles Superior Court on behalf of a nationwide class of persons who purchased a legal document or legal document assistant service from LegalZoom. The lawsuit is against LegalZoom and claims that LegalZoom's website and advertising contain statements that are misleading and over-promise what LegalZoom will deliver to its customers including the unauthorized practice of law. It also claims that LegalZoom failed to comply with the following: the California Legal Document Assistant Act; California's Consumers Legal Remedies Act; the California Unfair Competition Law; California Welfare and Institutions Code § 15610.30; and the common law.

THERE ARE NO CLAIMS OR ASSERTIONS IN THIS CASE ABOUT THE VALIDITY OF ANY LEGALZOOM DOCUMENT OR SERVICE.

3. Why is this a class action?

In a class action, one or more people, called Class Representatives, sue on behalf of all people that have similar claims. All of these people are a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

In this lawsuit, the Court has designated Plaintiff Katherine Webster as the Class Representative. The Arns Law Firm and Stebner and Associates are the attorneys for the Class and are called "Class Counsel." Los Angeles Superior Court Judge William Highberger is in charge of this class action.

4. Why is there a settlement?

The Class Representative and Class Counsel reached this proposed Settlement through negotiations with LegalZoom and its counsel after weighing the benefits and risks compared with those of continuing the litigation. The factors that the Class Representative and Class Counsel considered included the uncertainty and delay associated with continued litigation, trial and appeals, and the uncertainty of particular legal issues that have yet to be determined. The Class Representative and Class Counsel balanced these and other risks when deciding that the proposed Settlement is fair, reasonable and adequate in light of all circumstances and in the best interests of Class Members.

LegalZoom has denied and continues to deny each of the claims made in the lawsuit and that it has done anything wrong. LegalZoom has asserted and continues to assert many defenses to the lawsuit, but has decided to settle the lawsuit to avoid the time and expense of litigation.

The Court has not ruled on any of the claims or defenses in the lawsuit. This Notice does NOT represent an opinion by the Court about the merits of any claim or defense.

WHO IS IN THE SETTLEMENT

5. How do I know if I am part of the Settlement?

You are Class Member if you purchased a legal document or legal document assistant service from LegalZoom from 9/15/2005 through 6/16/2011. If you meet the above conditions, you are automatically a Class Member. You can exclude yourself ("opt out") from the Class by following the steps that are described in this Notice. Class Members can get the benefits of the proposed Settlement, and will be bound by the Settlement, if it is approved by the Court. Persons who exclude themselves from the Class will not be bound by the Settlement and will not receive Economic Benefits from the Settlement.

6. Are there exceptions to being included?

The following categories of individuals are excluded from the Class:

- LegalZoom and its parents, affiliates, successors, predecessors, employees, officers, and directors.
- Individuals who validly request exclusion from the Class.
- Individuals who are included on certain government lists of known or suspected terrorists and other individuals, entities and organizations of concern.

THE SETTLEMENT BENEFITS

7. What does the Settlement provide?

The proposed Settlement was negotiated with LegalZoom by Class Counsel. The Class Representative and Class Counsel believe that this proposed Settlement is in the best interests of Class Members. As part of the proposed Settlement, LegalZoom and Class Counsel have agreed to the following:

Economic Benefits

Free Enrollment in Legal Advantage Plus Program or Business Advantage Pro Program: Class Members who submit a valid claim are able to get sixty (60) days of free enrollment in LegalZoom's Legal Advantage Plus program (for individuals) or the Business Advantage Pro program (for businesses). The Programs include the following benefits for Class Members:

- a. Telephone consultations with a participating law firm of up to one half (1/2) hour for each new legal matter. (For example, a Class Member could receive a one half (1/2) hour consultation concerning the Class Member's living trust, a one half (1/2) hour consultation concerning the Class Member's durable power of attorney, and a one half (1/2) hour consultation concerning articles of incorporation.)
- b. Review by the participating law firm of a Class Member's legal documents of up to ten (10) pages. Review is limited to one (1) document for each new legal matter, including one (1) telephone consultation with the participating law firm about the reviewed document and a written summary of the consultation prepared by the participating law firm. Review is not limited to documents prepared using LegalZoom. During the sixty (60) day free enrollment period, there is no page limitation for review of documents prepared by Class Members using LegalZoom. For example, if you prepared a 20-page living trust using LegalZoom, you will be eligible to receive an attorney review of that document and consultation.
- c. An annual legal check-up from a participating law firm, consisting of a one-hour telephone consultation to discuss the Class Member's legal portfolio, potential updates, and recommendations. The annual legal check up also includes a written summary of the consultation and any recommendations to the Class Member's legal documents or strategies. The annual legal check-up shall be available to Class Members once during their sixty (60) free days of enrollment in the Legal Advantage Plus or Business Advantage Pro program, but only once in any twelve month period.
- d. A 10% discount on all LegalZoom products (excluding filing fees and third-party fees).
- e. Access to the LegalZoom form library.
- f. Electronic document storage, including secure vault storage of a copy of last will (if applicable) for so long as the Class Member is enrolled in a Program.
- g. A 25% discount on attorney fees for additional legal work not included under the Legal Advantage Plus or Business Advantage Pro program but undertaken by a participating law firm.

Your participation in the Legal Advantage Plus or Business Advantage Pro program is subject to LegalZoom's Supplemental Terms of Service for Legal Plans, except as modified above. You can review these terms at <http://www.legalzoom.com/subscription-terms-of-service.html>. The benefits described above will remain available to Class Members during their period of free enrollment even if the Supplemental Terms of Service for Legal Plans are changed.

In the event the Legal Advantage Plus and Business Advantage Pro programs are not available in your state: LegalZoom will have twelve (12) months to make the Programs available in your state. If LegalZoom is unable to make the Programs available in your state within twelve (12) months, and you previously submitted a valid claim for free enrollment in the Programs, LegalZoom will give you a cash payment. You will be eligible to get the lesser of:

- i. \$75.00; or
 - ii. 50% of the current base price of the document you obtained from LegalZoom, or if the document has been discontinued, 50% of the base price of the document at the time it was discontinued (excluding any sums charged by third parties for filing fees, taxes or other costs incurred in the preparation and filing of the document).
- Payments made under this paragraph will be capped at \$150,000. If claims under this paragraph exceed \$150,000, the amount per claimant will be reduced proportionately. LegalZoom will retain all rights to any unclaimed funds.

Alternative for People Who Previously Asked for, But Did Not Receive, a Refund from LegalZoom: You may have the option to get cash instead of the sixty (60) days of free enrollment in the Legal Advantage Plus or Business Advantage Pro program described above. You can claim this cash benefit, if you previously asked for but did not receive, a refund from LegalZoom for the purchase price of the legal document you prepared using LegalZoom, and have not already successfully used the document for its intended purpose. If you choose this option, you must submit a valid claim and return the document you prepared using LegalZoom; the document will be destroyed. You will be able to receive the lesser of:

- i. \$100; or
 - ii. The current base price of the document you prepared using LegalZoom, or if the document has been discontinued, the base price of the document at the time it was discontinued (excluding any sums charged by third parties for filing fees, taxes or other costs incurred in the preparation and filing of the document).
- Payments made under this paragraph will be capped at \$250,000. If claims under this paragraph exceed \$250,000, the amount per claimant will be reduced proportionately. LegalZoom will retain all rights to any unclaimed funds.

Business Practices Changes

As described more fully in the Settlement Agreement, LegalZoom must implement certain business practices within sixty (60) days of the date on which the Settlement becomes final. These business practices, which will remain in effect for up to eighteen (18) months, include the following:

- **Changes to LegalZoom.com Website and Advertising:** LegalZoom will remove certain references from its website and advertising and will enhance the disclosures that it provides on its website and in advertising. This includes, among other things, enhanced statements to confirm that: (a) LegalZoom is a legal document assistant; (b) LegalZoom is not a law firm and is not a substitute for an attorney or law firm; (c) communications between the customer and LegalZoom are not protected by the attorney-client privilege or work product doctrine; and (d) LegalZoom can only provide self-help services at your specific direction. LegalZoom cannot provide any kind of advice, explanation, opinion, or recommendation to a consumer about possible legal rights, remedies, defenses, options, selection of forms or strategies.
- **Additional Business Practices Changes:** LegalZoom will make changes to its Terms of Use and Terms of Service to clarify the availability of its Satisfaction Guarantee. LegalZoom will use the contract form set forth in California Administrative Code, Title 16, § 3950, or one that is substantially similar to such form. LegalZoom also will include LegalZoom's identifying information on all documents it prepares using a LegalZoom document template. LegalZoom also will add to its employee handbook a copy of California Business & Professions Code sections 6400-6415.

If the Settlement is not approved, LegalZoom will NOT be required to implement any of these business practice changes.

Fees and Costs

LegalZoom has agreed to pay all costs of notice and settlement administration. In addition, from the beginning of the lawsuit to the present, Class Counsel has not received any payment for services in prosecuting the lawsuit, nor has Class Counsel been reimbursed for any out-of-pocket expenses. If the Court finally approves the proposed Settlement, Class Counsel will apply for an award of attorneys' fees and costs in an amount not to exceed \$2.2 million. LegalZoom has agreed to pay up to that amount, subject to Court approval. Under no circumstance will Class Members be required to pay any attorneys' fees and costs of Class Counsel or the Settlement Administrator. The attorneys' fees and costs were not negotiated until all of the class claims were resolved. The attorneys' fees and costs will be paid separately from, and will not reduce, the benefits provided to Class Members under the Settlement.

Payment to Class Representative

Class Counsel will also ask the Court to award a service award of up to \$7,000 to the Class Representative. This is for her efforts in pursuing the lawsuit on behalf of the Class. LegalZoom has agreed to pay up to that amount, subject to Court approval. This service award will be in addition to any other benefits which the Class Representative may be entitled to receive as a Class Member.

Release

The proposed Settlement is intended to settle all claims covered by the Release in the proposed Settlement Agreement. This includes, but is not limited to, all claims (known or unknown) of Class Members in connection with or that arise out of or relate in any manner whatsoever, in whole or in part, to this lawsuit, the subject matter of this lawsuit, the claims alleged, asserted or otherwise referred to in

this lawsuit or the Settlement Agreement, any and all claims asserted or that could have been asserted in the lawsuit arising out of the LegalZoom.com website, any materials available on or through the LegalZoom.com website, any disclosures or alleged nondisclosures regarding LegalZoom (including in LegalZoom's marketing or advertising or by LegalZoom personnel), LegalZoom's customer service, the unauthorized practice of law (subject to the limitation set forth in the following paragraph), or the purchase or use of documents prepared using LegalZoom, the terms or administration of the Settlement Agreement, or any communications, representations, statements, or omissions to Class Members with respect to any of the foregoing.

The release does not include any non-monetary claims for provisional or permanent injunctive relief based on the unauthorized practice of law brought by a non-customer public or quasi-public entity, including government or quasi-government entities and state or local bar associations. It does not include the specific claims alleged by members of the certified class in *Janson, et al. v. LegalZoom.com, Inc.*, United States District Court for the Western District of Missouri case no. 2:10-CV-04018-NKL, under Missouri Revised Statutes 484.010, 484.020 and 407.020 and for money had and received.

The Settlement releases claims against LegalZoom.com, Inc., and also claims against any of its past, present, and future parents, affiliates, subsidiaries, divisions, predecessors, successors, and assigns, and each of their respective officers, directors, trustees, shareholders, employees, agents, attorneys, auditors, advertising agencies, accountants, experts, contractors, stockholders, representatives, partners, insurers, reinsurers, and other persons acting on their behalf.

You may refer to the proposed Settlement Agreement for a full description of the Release.

If you do NOT exclude yourself from the Class by following the procedures set forth in this Notice and the Court approves the proposed Settlement, you will be considered to have entered into the Release in the Settlement Agreement, whether or not you receive any economic benefits as described above.

HOW YOU GET THE ECONOMIC BENEFITS – SUBMITTING A CLAIM FORM

8. How can I get free enrollment in the Programs or, if eligible, a payment?

You must complete and submit the online digital claim form in order to get the sixty (60) free days of enrollment in the Legal Advantage Plus or Business Advantage Pro program, or if eligible to claim the refund. You can find and submit the digital claim form online at www.LDALitigation.com. If you chose to mail in your claim form, it must be mailed to the Settlement Administrator at the following address so that it is received by May 15, 2012:

Webster v. LegalZoom Settlement Administrator
c/o The Garden City Group, Inc.
P.O. Box 9764
Dublin, OH 43017-5663

9. When would I get my free enrollment or, if eligible, a payment?

The Court will hold a Fairness Hearing on April 5, 2012 to decide whether to approve the proposed Settlement. If the Court approves the proposed Settlement, there may be appeals. If there are appeals filed, resolving them can take time, perhaps more than a year. Please be patient. For an update on the status of the proposed Settlement, you may call toll free, 1-888-928-8088, or go to www.LDALitigation.com.

10. What am I giving up to get free enrollment or, if eligible, a payment, or to stay in the Class?

In order to get the economic benefits detailed above, you must stay in the Class and submit a valid claim form. By staying in the Class, you will not be able to sue or be part of any other lawsuit against LegalZoom about the legal issues in this case. In addition, all of the Court's orders will apply to you and legally bind you. This means, for example, that if the Court approves the proposed Settlement, you will be considered to have entered into the Release in the Settlement Agreement.

EXCLUDING YOURSELF FROM THE SETTLEMENT

11. How do I get out of the Settlement?

If you are a Class Member but do not want to remain in the Class, you may exclude yourself. If you exclude yourself from the Class, you will lose any right to participate in the Settlement. You will not get any of the economic benefits from the Settlement. You will

also lose the right to have the Court consider your comments before it rules on the Settlement. You will be free to pursue any claims you may have against LegalZoom on your own behalf, but Class Counsel will not have an obligation to represent you.

In order to exclude yourself from the Class, you must send a letter requesting exclusion, which must include all of the following:

(a) your full name, current address, and current email address; (b) your email and mailing addresses used in connection with your purchase of a legal document or legal document assistant service from LegalZoom; (c) a specific statement that you want to exclude yourself from the lawsuit, such as “Please exclude me from the proposed class in the *Webster v. LegalZoom.com, Inc.* litigation”; and (d) your signature.

Requests for exclusion must be mailed to the Clerk of Court and to the Settlement Administrator at the addresses listed below so that they are received no later than March 1, 2012.

Clerk of Court
Los Angeles County Superior Court
Department 307
600 South Commonwealth Avenue
Los Angeles, CA 90005

Webster v. LegalZoom Settlement Administrator
c/o The Garden City Group, Inc.
P.O. Box 9764
Dublin, OH 43017-5663

If you do not follow these steps and the deadline for exclusion, you will lose any opportunity to exclude yourself from the Class. Your rights will be determined in this lawsuit by the Settlement Agreement, if it is approved by the Court.

THE LAWYERS REPRESENTING YOU

12. Do I have a lawyer in this case?

The Arns Law Firm and the firm of Stebner and Associates represent you and other Class Members. These lawyers are called Class Counsel. You will not be charged for these lawyers. If you do not wish to be represented by Class Counsel, you may hire your own attorney. Your attorney must file a Notice of Appearance, no later than March 1, 2012, with the Clerk of the Court, Los Angeles County Superior Court, 600 South Commonwealth Avenue, Los Angeles, CA 90005, and must send a copy to the parties in care of the Settlement Administrator at the address listed above. Even though your own attorney represents you, you will continue to be a Class Member. If you retain your own attorney, you will be responsible for any attorneys’ fees and costs charged by that attorney.

COMMENT ON THE SETTLEMENT

13. How do I tell the Court that I like, or don’t like, the Settlement?

If you are a member of the Class and you do not request to be excluded, you may comment on the Settlement. You may comment in support or opposition to the certification of the Class, to the terms of the proposed Settlement, to the application by Class Counsel for attorneys’ fees and costs, or to the application for a service award for the Class Representative.

To do so, you or your attorney must file a written comment that contains all of the following: (a) the name and case number of this lawsuit, *Webster v. LegalZoom.com, Inc.*, Case No. BC438637; (b) your full name, current address, and current email address; (c) your email and mailing addresses used in connection with your purchase of a legal document or legal document assistant service from LegalZoom; (d) the specific reason(s) for your comment; and (e) any and all evidence and supporting papers (including, without limitation, all briefs, written evidence, and declarations) that you would like the Court to consider.

If you wish to appear at the Fairness Hearing and comment personally or through counsel about the Settlement, you must say so in your written comment.

Comments must be mailed to the Clerk of the Court and to the Settlement Administrator, along with any supporting papers or briefs so that they are received no later than March 1, 2012, at the addresses listed below:

Clerk of Court
Los Angeles County Superior Court
Department 307
600 South Commonwealth Avenue
Los Angeles, CA 90005

Webster v. LegalZoom Settlement Administrator
c/o The Garden City Group, Inc.
P.O. Box 9764
Dublin, OH 43017-5663

If you do not follow these procedures, you will lose any opportunity to have your comment considered at the Fairness Hearing or otherwise to challenge the approval of the Settlement or to appeal any orders or judgments entered by the Court in connection with the proposed Settlement.

14. What is the difference between commenting and excluding?

Commenting is simply telling the Court that you like, or do not like, something about the Settlement. You can comment only if you stay in the Class. Excluding is telling the Court that you do not want to be a part of the Class. If you exclude yourself, you have no basis to comment because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

15. When and where will the Court decide whether to approve the Settlement?

On April 5, 2012 at 1:30 p.m., a hearing will be held before the Honorable William F. Highberger, Judge of the Superior Court, in Courtroom 307, Central Civil West Courthouse, Los Angeles County Superior Court, 600 South Commonwealth Avenue, Los Angeles, California 90005 (the "Fairness Hearing"). The purpose of the Fairness Hearing will be for the Court to decide: (a) whether the Class was properly certified; (b) whether the proposed Settlement is fair, reasonable, and adequate and should be approved; (c) whether to approve Class Counsel's application for attorneys' fees and expenses; (d) whether to approve the application for a service award for the Class Representative; and (e) whether the lawsuit should be dismissed with prejudice. The Court may continue or reschedule the Fairness Hearing without further notice to the Class.

16. Do I have to come to the hearing?

Class Members who support the proposed Settlement do not need to appear at the hearing and do not need to take any other action to indicate their approval. Class Members who oppose the proposed Settlement also are not required to attend the Fairness Hearing.

However, if you choose to come to the hearing and want to be heard orally in support of or in opposition to the proposed Settlement, either personally or through counsel, you must indicate your intention to appear at the Fairness Hearing as detailed above. If you do not do so, you will not be allowed to be heard at the Fairness Hearing.

GETTING MORE INFORMATION

17. Are there more details about the Settlement?

This Notice is only a summary and does not describe all details of the proposed Settlement. For full details of the proposed Settlement, you may wish to review the Settlement Agreement. It is on file with the Court and can be looked over at any time during regular business hours at the Clerk's Office, Los Angeles Superior Court, 600 South Commonwealth Avenue, Los Angeles, California, 90005. You may also review the pleadings, records and other papers in this lawsuit at the Clerk's Office. The proposed Settlement Agreement also is available on the Settlement website at www.LDALitigation.com.

18. How do I get more information?

You can get more information by visiting www.LDALitigation.com, calling toll free 1 (888) 928-8088, by sending an e-mail to Class Counsel at LDALitigation@arnslaw.com, or by writing to Class Counsel at The Arns Law Firm, 515 Folsom Street, 3rd Floor, San Francisco, CA 94105, Attn: LDA Litigation Questions.

PLEASE DO NOT WRITE OR TELEPHONE THE COURT, LEGALZOOM, OR ANY OF THEIR AGENTS, FOR INFORMATION ABOUT THE PROPOSED SETTLEMENT OR THIS LAWSUIT.

BY ORDER OF THE COURT

Dated: 12/21/2011

The Honorable William F. Highberger
Judge of the Superior Court